

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

October 10, 2018
1:30 p.m.

BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room
(Directions on page 2)

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u> Roster of Committee members (<i>Attachment</i>)	(Larsson)	Pg 3
2. <u>Comments by Chair</u>	(Larsson)	
3. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Larsson)	
4. <u>Consent Calendar</u> A. Approval of Minutes from the June 13, 2018 meeting (<i>Attachment</i>)	(Larsson)	Pg 5
5. <u>Reports</u> A. Water Supply - Update B. Implementation of the Long-Term Reliable Water Supply Strategy – Update (<i>Attachment</i>) C. Pilot Water Transfer – Update (<i>Attachment</i>) D. Los Vaqueros Expansion Project – Update (<i>Attachment</i>) E. CEO Letter (<i>Attachment</i>) F. Board Policy Committee Calendar (<i>Attachment</i>) G. Correspondence Packet (<u>Under Separate Cover</u>)	(Sandkulla)	Pg 17 Pg 21 Pg 25 Pg 29 Pg 31
6. <u>Closed Session</u> A. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9: <i>Restore Hetch Hetchy v. City and County of San Francisco, et al.</i> Case Number: F074107 B. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 <i>Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002</i>	(Schutte) (Schutte)	

- C. Conference with Legal Counsel – Anticipated Litigation (Schutte)
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of
Government Code 54956.9 (1 potential case)

7. Comments by Committee Members (Larsson)

- 8. **Adjournment to the next meeting on December 12, 2018 at 1:30pm in the 1st floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo.**

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Directions to BAWSCA

From 101: Take Hwy.92 Westbound towards Half Moon Bay. Exit at El Camino Northbound (move into the far left Lane) Left at the 1st stop light which is Bovet Road (Chase Building will be at the corner of Bovet and El Camino). Proceed West on Bovet Road past 24-Hour Fitness to two tall buildings to your left. Turn left into the driveway between the two buildings and left again at the end of the driveway to the “Visitor” parking spaces in front of the parking structure.

From 92: Exit at El Camino Northbound and follow the same directions shown above.



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Committee Roster:

Gustav Larsson, City of Sunnyvale (Chair)

Tom Zigterman, Stanford University (Vice Chair)

Jay Benton, Town of Hillsborough

Randy Breault, GVMID (BAWSCA Immediate Past Chair)

Mike Kasperzak, City of Mountain View

Rob Kuta, California Water Service Co.

Al Mendall, City of Hayward (BAWSCA Chair)

Barbara Pierce, City of Redwood City (BAWSCA Vice Chair)

Greg Schmid, City of Palo Alto

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD POLICY COMMITTEE**

**June 13, 2018 – 1:30 p.m.
BAWSCA Offices – 155 Bovet Rd., San Mateo – 1st Floor Conference Room**

MINUTES

1. **Call to Order:** Committee Chair Gustav Larsson called the meeting to order at 1:33 pm. A list of Committee members who were present (9) and other attendees is attached.

The Committee took the following actions and discussed the following topics:

2. **Comments by Committee Chair:** Committee Chair Larsson welcomed members of the Committee. He announced that one member of the Committee is joining the meeting by conference, and that all votes will be taken by roll call. One of the items on the agenda is the modification to the General Reserve Policy which incorporates the comments received from committee members at the previous meeting. He thanked the members of the Committee for their comments and appreciates the constructive discussions thus far.

3. **Public Comments:** There were no public comments.

4. **Consent Calendar:** Approval of Minutes from the April 11, 2018 meeting.

Director Kasperzak made a motion, seconded by Director Benton, that the minutes of the April 11, 2018 Board Policy Committee meeting be approved.

The motion passed by roll call vote, with one abstention.

5. **Action Items:**

- A. **Review and Amendment of BAWSCA's General Reserve Policy:** CEO/General Manager, Nicole Sandkulla restated that the current General Reserve is designed to protect the agency against unanticipated deviations in revenue and expenditures. Some past examples of these are unplanned litigation or arbitration. The reserve was also designed and has been used to stabilize variations in assessments to member agencies. The current policy guideline is to have a range of 20% - 35% of the operating budget.

The reserve is currently at 42% of the FY 2017-18 operating budget. Depending upon the expenditures by the end of the fiscal year, the reserve will be at a range of 32% - 35% coming into FY 2018-19.

As part of implementing the Long-Term Reliable Water Supply Strategy (Strategy), staff has identified several potential projects for long-term planning purposes that have been part of reports and discussions with the Board during the budget development. One of those projects is updating the Regional Water Demand Projections (Demand Study) in FY 2019-20. The project is a significant effort with results that are critical for the member agencies' and BAWSCA's long-term planning.

With the discussions of potential long-term projects in the horizon, and in recognizing the current balance of the general reserve, the Board, with its guidance and ideas,

asked the CEO to look at possible modifications to the General Reserve Policy to accommodate the management of additional funds for long-term planning projects.

The idea is to establish a Long-Term Planning Fund within the General Reserve. The proposed modification includes two changes in the current policy. First is to expand the stated purpose of the General Reserve to clearly reflect past practice of funding urgent, but unanticipated expenses. Proposed language will be added to the policy to reflect that both the General Reserve and the Long-Term Planning Fund are for the purposes of maintaining surplus funds to finance urgent but unanticipated expenses, and for one-time non-recurring expenses to moderate variations in annual assessments.

The second change adds language to establish the Long-Term Planning Fund (Fund) within the General Reserve. New language in Section 4 of the proposed revision to the policy, states the agency's ability to transfer surplus funds that is not expended or obligated at the end of the fiscal year, and that is in excess of the maximum general reserve balance guideline of 35%.

The new language also states that before any transfer to the Fund can occur, a separate Board action is required to adopt a list of potential long-term projects that will be paid for by the Fund, and to identify a maximum balance for the Fund. This is a subsequent action if the Committee votes to recommend adoption of the proposed amendment to the General Reserve Policy to establish the Fund.

The current policy states that, as part of the annual budget development process, the General Reserve will be reviewed and considered as part of funding the operating budget. Ms. Sandkulla added that, while it is not a policy, it has been BAWSCA's practice to do a mid-year budget review to provide the Board an opportunity to assess work plan progress and budget expenditures including the General Reserve. This process is valuable for the management of funds as it allows the Board to provide input, which helps the CEO understand what is important to the Board.

The proposed language now codifies the process of reviewing the General Reserve with the Board at mid-year. The language also identifies options that the Board may consider for restoring the General Reserve balance within the guidelines. While the Board already has these options currently available to it, the new language explicitly includes these options in the policy. The Board can use the General Reserve to fund the budget, retain the excess in the General Reserve, or refund the member agencies, all of which the Board has done in the past. Ms. Sandkulla noted that the language is permissive and does not require the Board to do one thing or the other. The management of the General Reserve is at the discretion of the Board.

The floor was opened for questions and Committee discussions ensued.

Director Kuta stated that it seems that the prospective projects identified for the use of the Fund will be funded by excess funds. He asked whether a funding mechanism should be in place since there are known costs.

Ms. Sandkulla explained that establishing the Fund within the General Reserve will be the mechanism to create the funds needed to pay for the potential projects coming in the horizon. She added that the list of projects is a combination of "for sure" projects

such as the demand study, and “potential” projects such as the Los Vaqueros Expansion Project (LVE). While BAWSCA’s involvement in the LVE project is appropriate, no decision has been made by the Board. However, it should be the expectation of the Board that the CEO/General Manager is able to present ideas on how to fund these potential projects that are critical to BAWSCA’s long-term water supply reliability.

This mechanism seems sufficient given the current General Reserve balance and the proposed modification to the policy, which is reflective of the agency’s past practice of using the General Reserve to fund a one-time project versus increasing agency assessments.

While the Fund will be within the General Reserve Policy, it will have its own balance that is approved by the Board.

In response to Director Benton, Ms. Sandkulla explained that the transfer of unexpended or unobligated funds to the General Reserve at the end of the fiscal year will occur automatically when the books are closed. The surplus funds will go to the General Reserve up to 35% of the Operating Budget. Excess, if any, of the 35% will go to the Fund. Financial documents will show the General Reserve and the Fund separately.

Director Benton asked whether the agency needs 35% of the operating budget in the General Reserve.

Ms. Sandkulla explained that the 35% was built around the risks surrounding the agency at the time the policy was amended in 2011. With 3 potential lawsuits, Ms. Sandkulla stated that 35% is appropriate. She added that the proposed policy is written so that the Board has discretion to the use of the money in the Fund.

At the request of Director Pierce, Ms. Sandkulla explained that there are two other funding mechanisms, set up through the WSA, that are available to BAWSCA. One is potential access to the Balancing Account set up through the Water Supply Agreement, which allows BAWSCA access to surplus funds for certain uses under specified conditions including water conservation or water supply projects administered by BAWSCA. The other mechanism is the Water Management Charge, which member agencies utilized in 2010 to pay for Phase IIA of the Strategy.

BAWSCA member agencies have not used the Balancing Account as a source of funds for BAWSCA’s water management purposes to date. In discussions with legal counsel and BAWSCA’s Water Management Representatives, member agencies would like to leave the Balancing Account as is for rate stabilization.

Director Kasperzak asked what the alternative would be to address the pending issues and long-term projects without the Fund. Could they be planned out?

Ms. Sandkulla explained that the demand study is a project that BAWSCA controls the schedule to best serve the member agencies. One of the things the study will be used for is to help agencies with their urban water management plans that are required every 5-years. BAWSCA knows when the study should happen and the value it offers to the agencies, and therefore can plan for it.

Projects like the LVE and the Pilot Water Transfer plan, however, are projects that are not controlled by BAWSCA. But they are significant projects that have potential benefits to the BAWSCA region, and therefore, recognizing when they may arise, and what to do when they come up is a discussion that is important for the Board to have.

Director Kasperzak recognized the intentions for the Fund and referenced it to cities' capital improvement programs which have, for example, a 5-year spending plan for a specific project that sometimes gets postponed. However, he expressed his overall concern on whether the budget is kept tight enough, and whether the board has had enough discussions around what the agency 'have to' versus 'want to' accomplish.

He cautioned against budgeting for anticipated expenses that if deferred or postponed year after year, leads to a growing reserve and careless budgeting.

Ms. Sandkulla stated that while monitoring the SFPUC's WSIP was one of BAWSCA's major focus when it was established in 2002, the enabling legislation speaks to BAWSCA as a regional water supply reliability agency. The Strategy was developed because of BAWSCA's role as a multi-county agency authorized to plan for and acquire supplemental water supplies, and to encourage conservation and use of recycled water on a regional basis. The Board adopted the Strategy's recommendations in 2015, which included a Pilot Water Transfer to determine if that is the next best way to ensure the supply of high quality water, investing in storage with other partners to see if that is the next best option for drought year supplies, and investing in studies to assist in all these efforts to make sure they happen.

Ms. Sandkulla stated that each of the long-term projects proposed for the Fund go back directly to the Strategy's dry year reliability goal to ensure BAWSCA agencies and its water customers have sufficient supplies both in normal years and dry years.

Director Mendall recommended a grammatical change on section 4, and made a motion to move the staff recommendation.

Director Schmid seconded.

The grammatical change was to include a "the" or "an" in the last sentence of section 4 so that it reads; "...Fund will not exceed "the" amount approved..."

Further committee discussion ensued.

Director Mendall stated that the Board has full discretion on managing funds in the general reserve. Having a specific guideline to establish the Fund within the general reserve as a way to manage funds in excess of the maximum 35% is a very good thing. He anticipates the Fund to be funded over several years and if anything changes, the Board can evaluate its course of action year after year.

The recommended modification to the existing General Reserve policy acknowledges in writing what the reserve, in accordance with the 20%-35% guideline, can be used for knowing what is coming in the horizon.

Director Kasperzak suggested the Committee consider the condition of having no assessment increase in the year that money will be transferred to the Fund. He stated

that the money being transferred to the Fund is money the agency has as opposed to money the agency needs, and raising assessments would appear that BAWSCA is raising fees to increase surplus. He added that if the agency is saving money for future projects, then they should be included in the budget.

Director Schmid expressed his support for establishing the Fund and urged the Committee to recommend it to the Board. But he noted that the language on Section 4 suggests that the transfer can only occur when the general reserve is above 35% of the maximum guideline.

Director Schmid made a friendly amendment to the motion to clearly state that the Board has the option to transfer money into the Fund from the General Reserve when it is in excess of 30% or above.

Nicole explained that the language provides the Board discretion to decide at what level, 35% or below, it wants the General Reserve balance to be. As currently proposed, 35% is the trigger to automatically transfer money into the Fund.

Director Benton shared the same interpretation. He added that management of the General Reserve balance to ensure it does not get too high, places more obligation on the Board and ensures the Board is making wise decisions. Ultimately, no project that the Fund will finance, occurs unless approved by the Board. This places responsibility on future Boards to carefully examine the value of the projects to the region before approving to fund it. Director Benton stated his support for some stipulation that states once the General Reserve balance hits a percentage, the Board or CEO has discretion to transfer money in the Fund.

Following comments from Committee members, Director Mendall suggested against listing a specific percentage.

Director Mendall countered the friendly amendment to the motion; that the policy state, using appropriate legal wording, that the Board has the authority to transfer funds into and out of both the General Reserve and the Long-Term Planning Fund through Board action, regardless of the percentages in each.

Director Schmid accepted.

Additional comments were expressed by Committee members.

Director Kasperzak emphasized his struggle with raising dues and putting surplus into a fund, even if there is a list of projects approved by the Board which the Fund will be allocated for. He would prefer putting long-term projects, like the LVE, in the normal budgeting process and recognizing that it is forthcoming in the next 2 years. While this process will exceed the budget, it provides a specifically identifiable fund for a specifically identifiable project that the money is to only be spent on.

Director Breault offered two comments. The purpose of the proposed policy is to provide a general guidance to staff so that administrative processes are not brought back to the Board. The General Reserve funds and the proposed Long-Term Planning Fund serve as BAWSCA's best planning efforts. The CEO, Legal Counsel, and

BAWSCA staff have, and will continue to closely monitor and navigate through the developments of activities affecting the BAWSCA service area to know when issues are coming forward, so they can report to the Board when action is needed. The Committee maybe expending a lot of energy thinking that this policy is the one and only policy that can never be changed. That is not the case.

Secondly, the Board needs to make sure that it is crystal clear with the customers, if and when BAWSCA need to fund the reserves and the long-term planning fund out of excess amounts, in addition to raising the assessments. That is part of the process with staff to evaluate the situation every year to execute whatever is necessary with the proper communication.

Director Benton stated that he would support the policy stating, “not greater than 35%” because if the General Reserve is above, and the Fund is filled, he would be inclined to refund the agencies.

Ms. Sandkulla stated that the policy anticipates that situation and is the reason why the policy codifies the mid-year budget review which is a process that is separate from the development of the budget.

Director Pierce appreciated the thorough conversation and that the proposed policy provides Board discretion on how to address long-term projects, and keep the reserve under control while maintaining transparency. She noted that the intent is not to gouge the water customers but to take care of their needs.

Director Larsson echoed Director Pierce and expressed his appreciation for the separation between the Long-Term Planning Fund and the General Reserve, the flexibility that is built in to the policy, and the responsibility it puts on the Board to understand and to keep track of each of the reserves and their potential uses.

Director Benton stated that he will vote for the motion as it stands, but noted that he believes the proposed language is soft in terms of the 35%.

The motion passed as amended by an 8:1 roll call vote

Ayes: Larsson, Zigterman, Benton, Breault, Kuta, Mendall, Pierce, Schmid

Nayes: Kasperzak

- B. Establish a List of Potential Long-Term Planning Fund Projects and Adopt the Maximum Balance of the Long-Term Planning Fund: Ms. Sandkulla reported that the modification to the General Reserve Policy to establish a Long-Term Planning Fund requires a separate action by the Board to establish a list of projects and adopt a maximum balance for the Fund before money can be transferred to the Fund from the General Reserve.

Ms. Sandkulla presented a list of potential projects for consideration, each relating directly back to the recommendations from the Strategy which the Board acted to direct staff to pursue in 2015. Staff has been working on these specific projects over a period of time, and at this point, can identify a range of cost. The projects listed are the most developed and appropriate for the needs of the BAWSCA agencies. But

because they are in different stages of development, Ms. Sandkulla stated that it is premature to recommend moving forward with any of them at this time.

As previously stated, the demand study is a project that is critical to the agencies and will be implemented in FY 2019-20.

The pilot water transfer plan is an ongoing effort that was started in 2014. BAWSCA will continue to pursue this project as it develops in the next 2 years.

BAWSCA has been a direct participant in the LVE project, and while it has yet to be determined, BAWSCA anticipates participating in the design phase, which is the next step for the project.

The PREP Phase 3 is the Peninsula Potable Reuse Exploratory Project with Silicon Valley Clean Water in Redwood City. BAWSCA has been participating in Phases 1 and 2 of the project. Phase 2 will be completed at the end of the current fiscal year. While BAWSCA has not yet determined its participation in Phase 3, the project is included on the list.

The pilot water transfer, the LVE, and PREP Phase 3 speak to the member agencies' drought year reliability need. The demand study supports the member agencies' regional planning efforts.

The recommended action is to adopt a resolution that establishes a list of projects and a maximum balance of \$1.5 M for the Long-Term Planning Fund. The proposed maximum cap amount of \$1.5 M came from the largest cost of a single project on the list.

Ms. Sandkulla emphasized that adoption of the resolution does not approve the projects included on the list. Projects will be brought to the Board for consideration, either as part of the operating budget, or as a separate action with the recommendation to fund it through the General Reserve or the Fund. Ms. Sandkulla stated that this process fosters ongoing conversation with the Board. Having a separate process required by the General Reserve Policy speaks to the Board's need to review the projects, the projects' status, and its value to the service area.

In response to Committee member questions, Ms. Sandkulla stated that the Board's review of the General Reserve Policy at mid-year will encompass the review of the list of projects and the amount in the Fund.

Ms. Sandkulla explained that the list of projects was included in the resolution at the request of the Chair for the purpose of supporting the existence and amount of the Fund. While each project has previously been discussed with the Board before and during the budget development, the list helps in making the projects more concrete.

Director Benton noted that the list of projects should be a support to the resolution rather than being a part of the resolution because the fund may be used for a project that is not on the list.

In response to Director Kasperzak, Ms. Sandkulla noted that BAWSCA's Pilot Water Transfer plan and LVE can potentially be eligible for grant funding. BAWSCA is a participant in the Bay Area Regional Reliability (BARR) partnership which received federal grant to test water markets. BAWSCA is positioning the pilot water transfer to be funded by this grant.

The LVE is on the list of projects that can potentially be funded by Prop 1. It has made it through the last round with a significant score, and if awarded, BAWSCA will benefit from that grant funding.

The PREP is not far enough along to prove eligible for grant funding.

Ms. Sandkulla explained that BAWSCA has no grant money in its revenue. BAWSCA serves as a conduit for grant money that goes directly to the agencies for their conservation efforts.

Directors Zigterman, Kuta, Kasperzak and Schmid noted that the use of the term "long-term planning" needs clarification to better reflect BAWSCA's purpose of addressing anticipated activities that are not quite ready yet, but are worthy efforts when they solidify. As opposed to "long-term planning" that refers to identifying projects or strategies.

In response to Director Kuta's question about the process for allocating funds to projects as they materialize, Ms. Sandkulla stated that while a process has not been established yet, it should be the Board's expectation of the CEO and Staff to provide a report on a project forecast during the mid-year review and budget development.

She added that any project that materializes from the list, or in general, will require the Board's approval of the project and project funding, in whatever combination it chooses between the operating budget, general reserve and the Fund, such that the total funding needed is achieved.

Ms. Sandkulla further explained that the working capital of the ongoing efforts with the pilot water transfer, LVE and PREP have been, and are currently funded as part of the annual operating budget. The Fund is specifically for the significant step of implementing the project.

Director Kuta appreciated how the \$1.5 million maximum cap was identified, but suggested having a recital to serve as an explanation that the amount was determined on a risk adjusted basis.

Director Pierce noted that she views the Fund as BAWSCA's initial preparation for potential efforts that are not far developed enough to be budgeted for, and a mechanism for managing the General Reserve so that funds can be set aside prudently. She believes the method allows the Board to be thrifty and effective so that an assessment refund, which member agencies do not have an accounting process for, are avoided.

Director Benton commented that the Committee has gone into a lot of details and noted that essentially, the intent is to find a prudent mechanism to manage the General Reserve and put the money towards anticipated activities.

Director Breault stated that he expects further conversation on this with the full board when staff brings forward the first project that materializes. The proposed recommendation provides 1) good policy for staff to work with, 2) allows the Board to identify and allocate the use of the money so that the Board is not complacent that there is a robust general fund when there is not, and 3) avoids spikes in the assessments to the member agencies.

Director Breault made a motion to approve the staff recommendation.

Director Pierce seconded.

The motion passed unanimously by roll call vote.

- C. Process and Schedule for CEO Annual Evaluation: Director Mendall presented the current process and schedule for the CEO's Annual Performance Evaluation. The Committee is requested to review the proposed schedule and evaluation form which will be presented to the Board for approval at its meeting in July.

The evaluation form is designed to solicit Board opinions and feedback. Following the Board's approval at the July 19th meeting, the evaluation form and an annual report from the CEO, which will specifically identify what was achieved based on the work plan, will be distributed for Board Members to complete and return to the Chair who will compile the responses. A summary report from the Chair will be provided to the Board in the agenda packet for the September meeting, in which the Board will consider a recommendation under Closed Session.

Chair Mendall has no recommended changes to the current process, unless suggestions are provided by the Committee.

In response to Director Kuta, Chair Mendall stated that 65% of the Board responded last year, which is an increase from previous years.

Director Breault added that while there has never been a 100% response from the Board, the general reason has been lack of time for completion or their newness on the Board to provide a substantial evaluation. Timing plays a factor since the process is done between July and August.

Director Kuta stated that in fairness to the CEO and the level of work entailed, he suggested being more explicit in the management and leadership objectives to speak to the important role of the CEO. It is high-level work which are important to call out.

In response to Director Zigterman, Director Mendall stated that the open-ended questions in the evaluation form provides feedback from Board members which the Chair and the Vice-Chair of the Board reviews and discusses with the CEO. In the last couple of years, this process has allowed the identification of specific actions and improvements the Board wants the CEO to meet in the coming year.

Director Benton noted that the questions seem narrow, particularly on the subject of management objectives. The questions do not go into the quality of the work completed. For example, how well-received the proposed work plan was by the Board and how many revisions did it need. The answers may be coming out of the narrative responses in the open-ended questions but Director Benton expressed concern with the lack of an easy check on whether the CEO meets or exceeds the essential qualities of some of the line items.

Director Kasperzak noted the importance of trends and suggested including the acknowledgement of whether areas for improvements identified in the previous year were fulfilled.

Director Mendall thanked the Committee for their input. He noted his flexibility to improve the process and evaluation form. He would appreciate receiving the specific language from committee members for his consideration to include in the form.

Director Kasperzak made a motion that the Committee recommend Board review of the revised form, as discussed by the Committee, during its July meeting for subsequent use as part of the FY 2017-18 CEO/GM performance evaluation.

Director Benton seconded.

The motion passed unanimously by roll call vote

6. Reports:

- A. Water Supply Conditions: Ms. Sandkulla was pleased to report that overall water supply conditions are good. As of June 9th, Hetch Hetchy was spilling and snow remains in the mountains. Cherry Reservoir underwent valve repairs in Fall 2017, which have been successfully completed and the reservoir is now up to 83% of capacity.

While it was a median year for precipitation and a less than median year for snowpack, the regional water system benefitted from last year's storage that carried over in the reservoirs this year, which enabled the systems to fill back up.

BAWSCA member agency monthly water use in 2018 is lining up with 2016 and 2017, and remains 26% below 2013.

Calaveras is 30 feet from being at the top level. SFPUC expects to be able to start filling Calaveras by next winter (2019), in compliance with existing Safety of Dams (SOD) regulations. But if 2018 is a wet year, it can fill this coming season, notwithstanding the regulations.

- B. Water Supply Agreement Amendments: Ms. Sandkulla reminded the Committee that the adopted FY 2018-19 work plan anticipated negotiations for amendments to the WSA. They are administrative amendments that deal with specific items including the settlement of the FY 2010-11 Wholesale Revenue Requirement, revised completion

date of the WSIP, and implementation of the Regional Groundwater and Storage Recovery Project.

BAWSCA has initiated discussions with the SFPUC and meetings are now happening regularly. While BAWSCA is working with the SFPUC to represent the member agencies' interests, the WSA is a contract between the member agencies and San Francisco. BAWSCA is coordinating with the member agencies through the appointed Water Management Representatives (WMR) as each agency have a significant role in the results of the negotiations. BAWSCA will continue to work with the WMRs and keep the Board apprised of developments

7. **Closed Session:** The meeting adjourned to Closed Session at 3:23pm
8. **Open Session:** The meeting convened to open session at 3:29pm. Legal Counsel, Allison Schuttee, reported that no action was taken during Closed Session.
9. **Comments by Committee Members:** There were no further comments from the Committee members.
10. **Adjournment:** The meeting was adjourned at 3:20 pm. The next meeting is August 10, 2018.

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

NS/le

Attachments: 1) Attendance Roster

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – June 13, 2018

Roster of Attendees:

Committee Members Present

Gustav Larsson, City of Sunnyvale (Chair)
Tom Zigterman, Stanford (Vice Chair)
Jay Benton, Town of Hillsborough
Randy Breault, City of Brisbane/GVMID (Immediate Past BAWSCA Chair)
Mike Kasperzak, City of Mountain View
Rob Kuta, California Water Service Co.
Al Mendall, City of Hayward (BAWSCA Chair)
Barbara Pierce, City of Redwood City (BAWSCA Vice Chair) *by teleconference*
Gregg Schmid, City of Palo Alto

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager
Tom Francis	Water Resources Manager
Adrienne Carr	Sr. Water Resources Specialist
Christina Tang	Finance Manager
Lourdes Enriquez	Assistant to the Chief Executive Officer
Deborah Grimes	Office Manager
Allison Schutte	Legal Counsel, Hanson Bridgett, LLP
Bud Wendell	Management Communications

Public Attendees:

Taylor Chang San Francisco Public Utilities Commission

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Implementation of the Long-Term Reliable Water Supply Strategy**

Summary:

This report was tabled at the July 19th Board Meeting due to time constraints.

This memorandum was prepared to provide an update on the implementation progress for six water supply project areas of BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy). In FY 2017-18, BAWSCA made significant and measurable progress on Project Area #6 of the Strategy, the development of a Regional Reliability Model (Model). The Model will be used to evaluate the benefits of possible water supply options proposed under the Strategy. Information regarding Model development is discussed herein.

Recommendation:

This item is for information and discussion purposes only. No action is requested at this time.

Background:

In 2009, BAWSCA initiated development of the Strategy to provide a comprehensive, regional assessment of the BAWSCA member agencies' water supply reliability needs, complete an evaluation of potential water management actions that could be implemented to meet these needs, and identify recommended actions for consideration by BAWSCA to achieve an increased level of regional reliability. Various types of water supply projects were evaluated as a part of the Strategy analysis: non-potable recycled water, groundwater, local capture and reuse, desalination, and water transfer projects. BAWSCA has continued to fund and implement actions consistent with the Strategy recommendations since February 2015.

Discussion:

BAWSCA is pursuing multiple actions and projects in order to implement the Strategy recommendations to ensure water supply reliability for its member agencies. Work on different projects is varied during this implementation phase, as different projects require diverse types of actions. What follows are updates on implementation of six different project areas of BAWSCA's Strategy.

Project Area # 1 - Participation in the Bay Area Regional Reliability (BARR) Partnership

The BARR Partnership was one of the regional planning studies identified in the Strategy, and BAWSCA has been an active participant in the BARR Partnership since its inception in 2014.

BARR agencies, including BAWSCA, recently collaboratively developed a Drought Contingency Plan (DCP) to approach drought mitigation and response from a regional, integrated perspective, while taking stock of BARR agencies' existing water resources and assets. The DCP identified potential new water supply projects that, if implemented, would improve the region's water supply reliability. Examples include interties (or connections) between neighboring water suppliers, desalination facilities, and potable reuse projects. Other

approaches, such as establishing a Bay Area Regional Water Market for water exchanges and transfers, were also included. The DCP was finalized in Dec. of 2017.

In the spring of 2017, the BARR partner agencies submitted a WaterSMART Water Marketing Strategy Grant application to the U.S. Bureau of Reclamation (Bureau) for funds to develop a "Bay Area Regional Water Market (Exchange/Transfer) Program." That application was successful as of September 2017, and the BARR partners are currently working with the Bureau to enter into the funding agreement.

Project Area # 2 - Water Transfers and Storage

BAWSCA continues to pursue a pilot water transfer with East Bay Municipal Utility District (EBMUD) for implementation in winter 2019-2020, at the earliest. BAWSCA is working with the BARR partners to advocate for BAWSCA's pilot water transfer to be included in the forthcoming BARR Bay Area Regional Water Market (Exchange/Transfer) Program as detailed above, so regional funding could be leveraged to support this project. BAWSCA believes that extensive work that has been done to date on BAWSCA's pilot water transfer makes it an ideal choice for inclusion in the program.

Project Area # 3 - Recycled Water

In July 2017, BAWSCA released a white paper on recycled water that provided an overview of the regulations that have been developed at the state level, the SFPUC's interest on the topic, and of BAWSCA's strategy moving forward. BAWSCA has also been participating in two water reuse projects conceptually sited in the South Bay and along the Peninsula:

- **Potable Reuse Exploratory Plan (PREP)**: In November 2016, BAWSCA, California Water Services Company (Cal Water), SFPUC, and Silicon Valley Clean Water (SVCW) finalized a Memorandum of Understanding (MOU) to perform an initial exploration of potential potable reuse/purified water opportunities on the Peninsula. The partnership has since expanded to include two additional organizations, Redwood City and the City of San Mateo. An early feasibility study was developed under Phase 1 of the project and Phase 2 of the project, which expands the feasibility analysis, kicked off in June 2018.
- **Feasibility Study to Evaluate Alternatives to Participate in the Expedited Purified Water Program**: Since the spring of 2017, BAWSCA has been partnering with SFPUC and the Santa Clara Valley Water District (SCVWD) to study potential opportunities for BAWSCA and/or SFPUC to participate in SCVWD's Expedited Purified Water Program. That work continues at a gradual pace.

Project Area # 4 - Groundwater

In August 2018, San Mateo County finalized the San Mateo Plain Groundwater Basin Assessment that the County has been working to complete since the spring of 2016. BAWSCA participated in the County's study of the Basin, including attending the County's nine stakeholder meetings and providing the County with BAWSCA's Strategy Groundwater Model.

BAWSCA developed the Strategy Groundwater Model to evaluate a potential brackish desalination project on the Peninsula. The Strategy Groundwater Model was the first regional model covering most of the Bay Area: it combined previously developed groundwater models and addressed areas not previously covered in groundwater models in the region. The County

updated the groundwater model with additional data collected for the Assessment, and the new model has proven to be a very useful tool in evaluating conditions in the Basin.

BAWSCA and San Mateo County have been coordinating to help the agencies in the San Mateo Plain Sub-basin form a California Statewide Groundwater Elevation Monitoring (CASGEM) monitoring entity. In January and June 2018, San Mateo County hosted meetings of land and water use agencies to discuss and receive feedback on potentially becoming a CASGEM monitoring entity. Many agencies expressed interest in participating in this voluntary program, and additional discussion will take place this coming fiscal year.

Project Area # 5 - Local Reuse

Since 2015, BAWSCA has been an active participant in an effort by Sustainable Silicon Valley (SSV) to explore on-site water reuse in buildings in San Mateo and Santa Clara counties. Most recently, BAWSCA staff attended SSV's Navigating Bay Area Water: Emerging Technology Solutions event on Thursday, May 31st. BAWSCA continues to support SSV's efforts to bring corporate leaders, technologists, and water agencies together to implement on-site water reuse.

BAWSCA also continues to partner with the City/County Association of Governments of San Mateo County in support of the San Mateo Countywide Water Pollution Prevention Program by administering a county-wide rain barrel rebate program.

Project Area #6 - BAWSCA's Regional Water Supply Modeling Tool

BAWSCA has completed development of its new independent Regional Water Supply Modeling Tool (Model). BAWSCA's Model is intended to serve as an analysis tool that BAWSCA staff will utilize to evaluate regional water supply reliability, considering all water supplies available to BAWSCA's member agencies. In addition to evaluating the reliability of the region under the current water supply portfolio, BAWSCA will use the Model to evaluate how new supplies could improve water supply reliability in the future.

The Model explicitly includes both local and regional supply sources and is capable of capturing the supply and demand interactions that affect regional water supply reliability. Incorporated into the Model are the various sources of supply that one or more BAWSCA member agencies have access to (e.g., San Francisco Regional Water System supplies, Santa Clara Valley Water District supplies, State Water Project supplies). Member agency water demands are also incorporated into the Model as input data (current as well as future demand estimates).

As a part of the approved FY 2018-19 Work Plan, BAWSCA will use the model to investigate three different water supply development scenarios. BAWSCA will also conduct a workshop to elicit feedback from BAWSCA member agencies on the Model.

Next Steps:

BAWSCA will continue to make progress on all fronts in implementing the Strategy. Regular updates will be provided to the Board when there is information to share, at least annually.

Policy action in support of implementing the Strategy actions occurs as part of the annual work plan development and operating budget adoption, approval of expenditures associated with planning agreements with other agencies, and approval of contracts with other agencies and consultants to implement specific projects as necessary.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: Pilot Water Transfer - Update

Summary:

Implementation of a one-time pilot water transfer is a key recommended action identified in BAWSCA's *Long-Term Reliable Water Supply Strategy – Strategy Phase II Final Report* (February 2015). BAWSCA's goal for conducting a pilot water transfer is to demonstrate the feasibility of delivering additional water supplies to BAWSCA member agencies in times of future supply interruptions or water shortages. This temporary water transfer would (1) test the viability of and impacts to the existing infrastructure, and (2) identify and verify the necessary elements of the multiple institutional approvals and agreements required to deliver such transfer supplies. Prior negotiations to implement a pilot water transfer stalled during the height of the most recent drought.

Current Status

BAWSCA recently initiated discussions with Amador Water Agency (AWA) for the purchase of water to be used for a one-time pilot water transfer to secure up to 1,000 acre-feet of water from AWA. Such a transfer could meet the interests of AWA as well. At its August 9, 2018 meeting, the AWA Board authorized its staff to begin water transfer negotiations with BAWSCA.

AWA would make the transfer water available to BAWSCA at East Bay Municipal Utility District's (EBMUD) Pardee Reservoir on the Mokelumne River. From that location, BAWSCA would take delivery of the transfer supplies, which would be conveyed to the BAWSCA service area under a wheeling agreement currently under negotiation with EBMUD. BAWSCA intends for EBMUD to use its facilities to wheel and treat the water, delivering it to BAWSCA via the Hayward Intertie for ultimate use primarily within the City of Hayward, a BAWSCA member agency. The Hayward Intertie is jointly owned by EBMUD and the San Francisco Public Utilities Commission (SFPUC) and is operated by the City of Hayward. The attached Figure 1 presents a map with the path of the pilot water transfer and some key facilities.

The agreement between BAWSCA and AWA will cover financial details as well as operational requirements associated with the transfer of water. Separate agreements between BAWSCA and SFPUC as well as between BAWSCA and the City of Hayward also must be negotiated. A final agreement governing the use of the Hayward Intertie for the pilot will also be necessary.

BAWSCA will conduct the pilot water transfer in accordance with all requirements, terms and conditions as stipulated for such a one-time transfer per the guidelines set forth by regulatory agencies and in compliance with CEQA. BAWSCA anticipates a streamlined CEQA review for this one-year transfer.

Schedule

It is expected that the pilot would take place to coincide with a planned shutdown of SFPUC's Hetch Hetchy system during the winter of 2019-2020. This item will be brought to the Committee and Board for authorization when agreements are finalized, which could be as soon as summer 2019.

Fiscal Impact:

Funds for development of pilot water transfer agreements are included in the adopted FY 2018-19 budget. Implementation of the pilot water transfer would need to be funded through a separate, future Board action.

Recommendation:

This item is for information and discussion purposes only. No action is recommended at this time.

Background:

BAWSCA has been investigating water transfers as one alternative to improve the future water supply reliability of its member agencies as part of BAWSCA's Long-Term Reliable Water Supply Strategy planning process. Since 2012, BAWSCA has partnered with EBMUD to investigate water transfer projects to improve the future water supply reliability of each agency including the development of a short-term, one year pilot water transfer. In July 2015, BAWSCA released a detailed technical memorandum, describing the extensive efforts on the pilot water transfer.¹

Key information regarding the pilot water transfer is provided below.

Elements of the Pilot Water Transfer

A pilot water transfer would have the following key elements:

- **Water Transfer Amount:** 1,000 AF (0.89 MGD) delivered over approximately 22 days
- **Source of Supply:** BAWSCA is in negotiations with Amador Water Agency
- **Type of Water Right:** Pre-1914 Water Right
- **Point of Diversion:** EBMUD's Pardee Reservoir
- **Timing of Deliveries:** Goal to coincide with a shutdown on the Hetch Hetchy water conveyance system

Agreements Necessary to Implement the Pilot Water Transfer

The following five key agreements necessary to conduct a pilot water transfer:

- **Water Purchase Agreement:** Agreement for the purchase of water from willing seller;
- **BAWSCA-EBMUD Wheeling Agreement:** Agreement outlines the terms and conditions for EBMUD to wheel the transfer water, secured and purchased by BAWSCA, through EBMUD facilities to the Hayward Intertie;
- **Hayward Intertie Pilot Transfer Agreement:** Three-party agreement that defines the terms for the use of Hayward Intertie for a pilot water transfer among EBMUD, SFPUC, Hayward, and BAWSCA;
- **BAWSCA-Hayward Agreement:** Agreement outlines the procedures for documenting and reimbursing Hayward for appropriate costs incurred to implement the transfer and identifies terms of use for Hayward's system beyond the EBMUD point of delivery;
- **BAWSCA-SFPUC Agreement:** Agreement outlines the operational and water accounting guidelines between BAWSCA and SFPUC for conveying purchased transfer

¹ Technical Memorandum: BAWSCA-EBMUD Pilot Water Transfer Phase II Pilot Plan (July 2015), available at: http://bawasca.org/uploads/agendas/15_07_16_Agenda_FINAL_PACKET.pdf, pp. 61-85.

water to member agencies through the San Francisco Regional Water System.

Pilot Water Transfer Costs

Early work on the pilot water transfer identified estimated costs for a pilot water transfer including water purchase, wheeling, operations and maintenance, and administrative cost associated with a potential transfer. BAWSCA continues to work with the pilot water transfer partners to refine the cost estimates, and the following cost details are those presented in BAWSCA’s Long-Term Reliable Water Supply Strategy – Strategy Phase II Final Report (February 2015). All costs remain preliminary at this time.

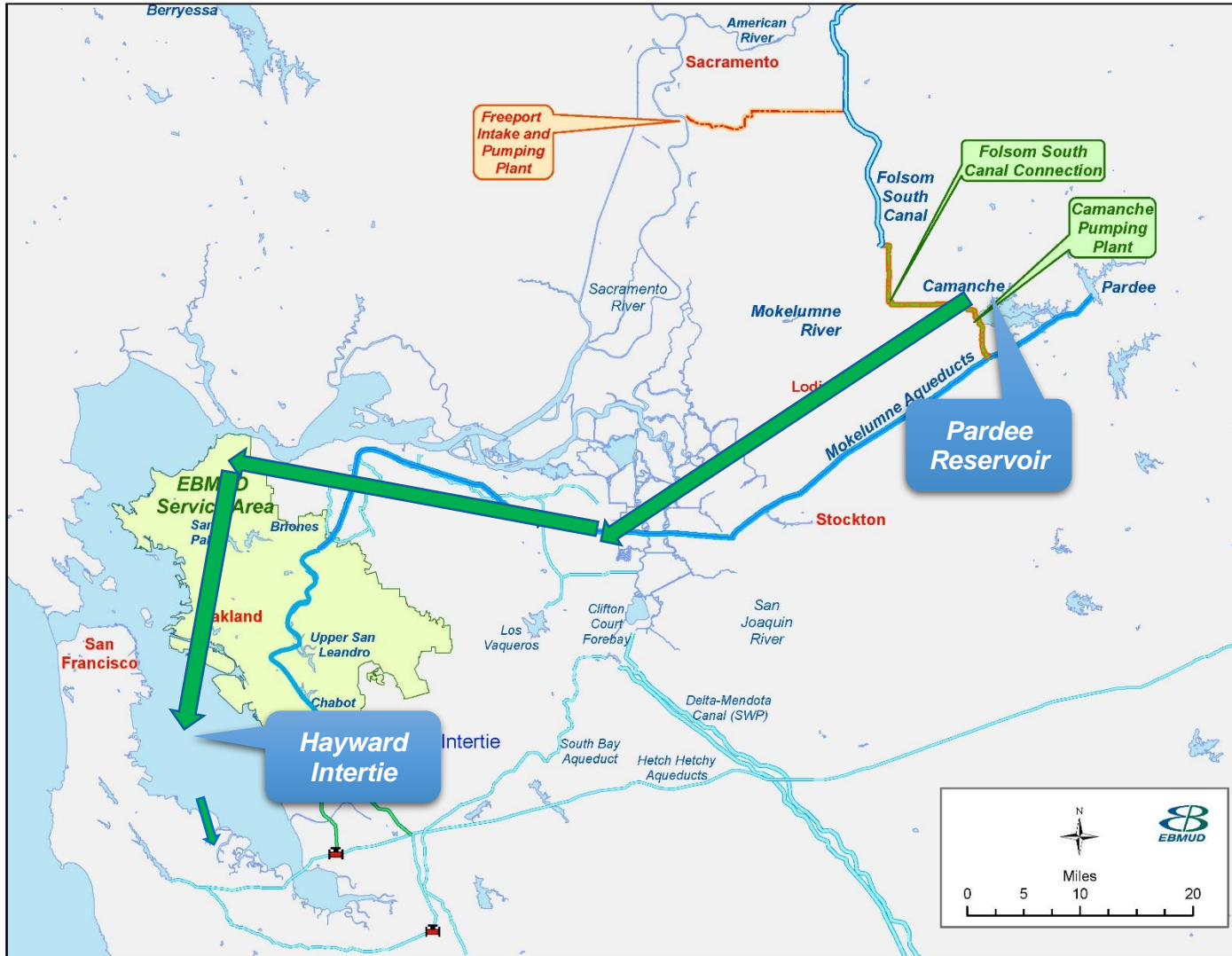
Table 1: Estimated Preliminary Pilot Water Transfer Costs			
<i>Type of Cost</i>	<i>Recipient</i>	<i>Est. Cost (\$/AF)</i>	<i>Est. Total Costs</i>
Water Purchase	Water Seller	\$50-\$350	\$50,000 - \$350,000
Wheeling ⁽¹⁾	EBMUD	\$360 - \$550	\$360,000 - \$550,000
Hayward Facilities	Hayward	\$100 - \$200	\$100,000 - \$200,000
SF RWS	SFPUC	\$420-\$620	\$420,000 - \$620,000
<i>Total Estimated Costs</i>		<i>\$930-\$1720 / AF</i>	<i>\$930,000-\$1,720,000</i>

(1) Note that these wheeling costs were developed assuming use of EBMUD’s Freeport Facilities, which would not be used for a water transfer with Amador Water Agency.

Attachments:

1. Figure 1. Path of the Pilot Water Transfer from Pardee Reservoir to the Hayward Intertie.

Figure 1. Path of the Pilot Water Transfer from Pardee Reservoir to the Hayward Intertie.



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Los Vaqueros Expansion Project**

Summary:

This memorandum serves to provide an update to the Board on the status and upcoming actions for the Los Vaqueros Expansion Project (LVE Project). In January 2017, BAWSCA and SFPUC entered into a Memorandum of Understanding (MOU) with Contra Costa Water District (CCWD) for participation in the planning stages of the LVE Project. This MOU provides the roles and cost share for preparation of the Proposition 1 funding application and execution of a funding agreement with the California Water Commission (CWC).

Current Status

CCWD and the CWC are nearly complete with the execution of the Prop 1 funding agreement, at which point the existing MOU will expire. BAWSCA is coordinating with CCWD on the development of a new MOU to specify work efforts and associated cost shares for the next stage of the project planning efforts.

The next LVE Project stage will include continued environmental review, hydrologic modeling, governance development, and other associated work efforts. The new MOU will specify costs of work anticipated to be performed from Fall 2018 through calendar year 2019. BAWSCA and other project partners will each execute the MOU with CCWD. BAWSCA understands that the partnership funding share for continued project participation is estimated at \$250,000. BAWSCA staff, including BAWSCA's attorneys, have reviewed and provided initial comments on CCWD's draft MOU and have met with CCWD to discuss the MOU and overall next steps regarding project governance.

CCWD has requested that partner agencies review and reconfirm their specific interests in the project, namely to identify or refine the total volume of water supply that they would seek from the project and the water supply conditions under which this supply would be needed. CCWD is also studying various governance options for the LVE Project, such as a Joint Powers Authority, given the number of entities with potential interest in the project. It has developed a preliminary financial model which will be presented to project partners on October 11th.

Additional details on the project will be shared with the Board once BAWSCA receives the proposed final MOU, including any potential recommended action for BAWSCA participation. At this time, this next step is anticipated to occur at the end of October.

Fiscal Impact:

No funding authorization is currently requested, and no decision has been made by BAWSCA regarding participation beyond the current effort. The potential cost range for project design, should BAWSCA elect to continue project partnership, is \$500,000 to \$1,000,000. The LVE Project was included as a potential future project in the BAWSCA Long-Term Planning Fund.

Recommendation:

This item is for information and discussion purposes only. No action is requested at this time.

Background:

Los Vaqueros Reservoir is an existing off-stream reservoir in Contra Costa County that provides water quality, drought emergency supply, and non-drought emergency water supply benefits to CCWD customers. The original reservoir was completed in 1998. The first expansion of Los Vaqueros was completed in 2012, increasing storage capacity from 100 thousand acre feet (TAF) to 160 TAF of water.

The LVE Project would enlarge the existing reservoir again from 160 TAF to 275 TAF, making it a regional facility that would provide public benefits, including ecosystem benefits to south-of-Delta wildlife refuges, drought and non-drought emergency water supply benefits for a large number of local agency partners, and recreation benefits, while also providing non-public benefits to regional water supply agencies, integration with state water systems to increase flexibility and efficiency of operations, and enhanced opportunities for sustainable groundwater and recycled water management.

In 2016, CCWD reached out to other local water agencies, including SFPUC and BAWSCA, to determine if they had an interest in a portion of the new storage that would be created as part of the LVE Project. Interested agencies were asked to enter into agreements formalizing their respective participation in studies and environmental documentation, and provide a financial contribution toward the cost of the associated work effort. The potential partners in the LVE Project include 10 local water agencies, including Alameda County Water District, BAWSCA, Byron-Bethany Irrigation District (BBID), City of Brentwood, East Bay Municipal Utility District, East Contra Costa Irrigation District, and fourteen south-of-Delta wildlife refuge units in the San Joaquin Valley.

The total estimated LVE Project cost is \$980 million. On July 24, 2018, the California Water Commission announced that \$459 million of Proposition 1 funding will be slated for the LVE Project to pay for the public benefits of the LVE Project design and construction, including ecosystem improvement, recreation, and emergency response. The award includes \$13.65 million of early funding to cover fifty percent of the estimated planning and permitting costs. CCWC and the CWC are currently negotiating a funding agreement.

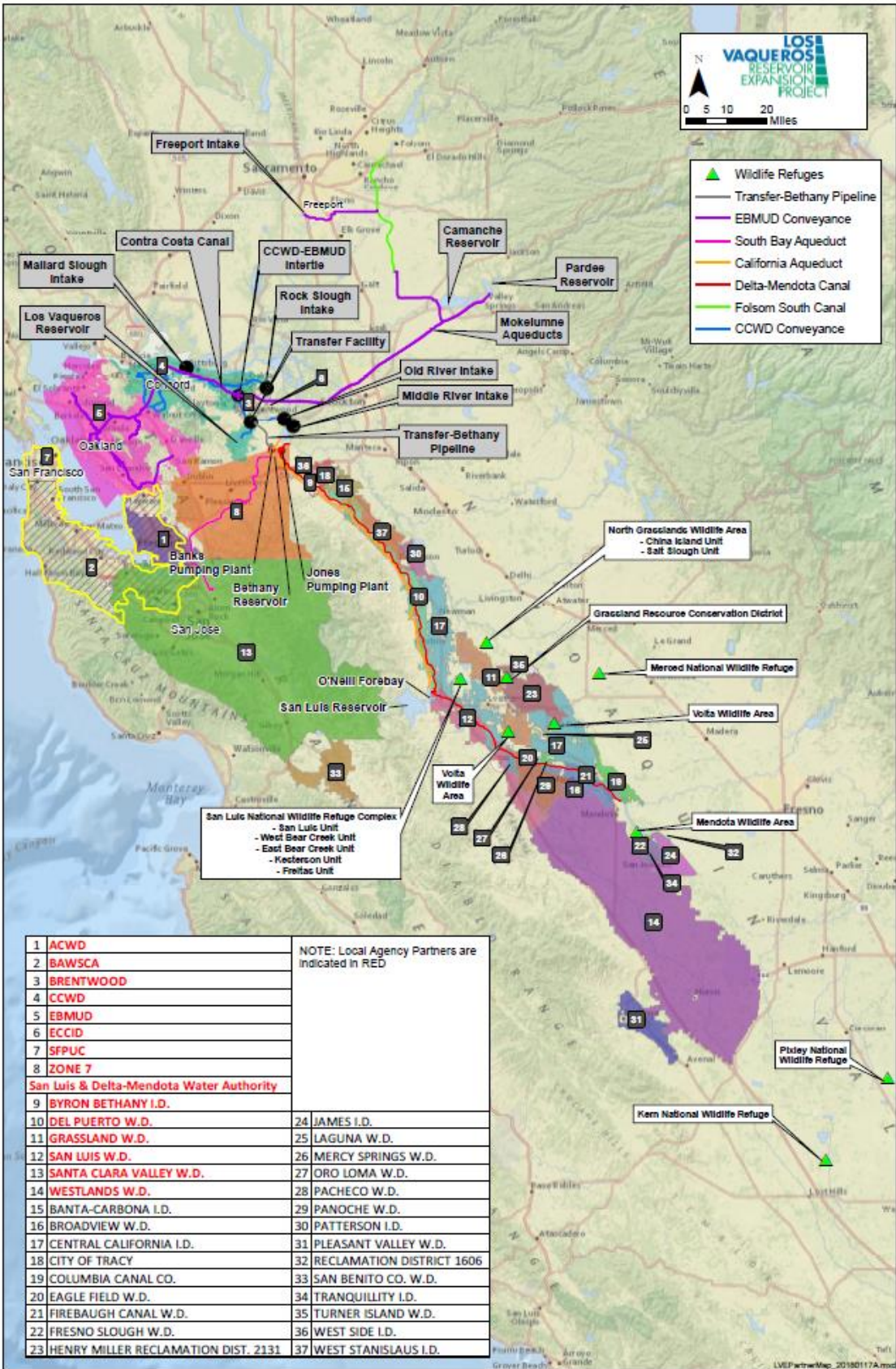
The LVE Project has the potential to provide both normal year and dry years supplies for SFPUC as well as additional dry year supplies for BAWSCA. SFPUC is evaluating the project's ability to provide up to 16,700 acre-feet per year of normal year supply to SFPUC as well as an additional 57,000 acre-feet per year supply in dry years. BAWSCA is evaluating the project as a means to provide up to 10,000 acre-feet per year of supply in dry years as part of the Long-Term Reliable Water Supply Strategy implementation.

In February of 2017, BAWSCA entered into an MOU with CCWD formalizing BAWSCA's potential interest in a share of future Los Vaqueros storage and willingness to participate in the work effort. Similarly, SFPUC entered into an MOU, and provided a financial contribution of \$100,000 on behalf of both BAWSCA and SFPUC. The term of that MOU is now nearing completion.

Attachment

Figure 1: LVE Project Partner Map

Figure 1: LVE Project Partner Map



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BAWSCA

Bay Area Water Supply & Conservation Agency

155 Bovet Road, Suite 650
San Mateo, California 94402
(650) 349-3000 tel. (650) 349-8395 fax

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: October 4, 2018
SUBJECT: Chief Executive Officer/General Manager’s Letter

Water Conservation as a California Way of Life

BAWSCA continues to make progress on Phase 2 of its “Making Conservation a Way of Life” Strategic Plan, which includes specific studies to prepare agencies for implementation of the legislation. Phase 2 includes (1) an indoor-outdoor water use study to evaluate current levels of indoor and outdoor water use within BAWSCA member agency service areas and identify remaining opportunities for improved efficiency and (2) a commercial/industrial water audit pilot program to evaluate cost-effectiveness for ongoing implementation of such a program.

For the indoor-outdoor water use study, in-depth analysis is being undertaken for up to five BAWSCA agencies, including the Alameda County Water District, Town of Hillsborough, Redwood City, City of Mountain View, and potentially the City of Palo Alto. The agencies that volunteered for this analysis provide a representative cross-section of the overall BAWSCA service area in terms of land use, climate and water use, and have the necessary data for analysis.

For the CII pilot program, the consultant team is currently preparing an initial set of questions for the CII Online Self-Audit tool. A workshop with the BAWSCA agencies interested in participating in the pilot will be held in November to further refine the tool and define the customer outreach approach.

In addition, BAWSCA agencies have recently submitted annual water audit to the State Water Resources Control Board as required by SB 555. The BAWSCA Water Loss Management Program (WLMP), a new Subscription Program launched in FY 2018-19 as recommended by Phase 1 of the Strategic Plan, provided technical assistance and audit validation to the BAWSCA agencies to support compliance with this requirement. Sixteen BAWSCA agencies participated in the WLMP.

Bay Area Clean Water Agencies (BACWA) Membership

BAWSCA recently became an associate member of the Bay Area Clean Water Agencies (BACWA). BACWA is a joint powers authority whose membership includes local clean water agencies (i.e., agencies that collect, treat, discharge wastewater) that provide sanitary sewer services to the more than seven million people living in the nine county San Francisco Bay Area. BACWA was founded, and continues, to assist agencies in carrying out mutually beneficial projects, and to facilitate the development of scientific, economic and other

information about the San Francisco Bay environment and the agencies that work to protect it and public health. As an associate member of BACWA, BAWSCA would not be a voting member and would not be subject to paying for the bulk of BACWA's costs, however BAWSCA would be eligible to participate in workshops, weigh-in on regulatory issues, and hold leadership positions

BAWSCA's membership in BACWA supports BAWSCA's work in recycled water and purified water projects that are a key part of implementing BAWSCA's Long-Term Reliable Water Supply Strategy. Because its membership is made up of the wastewater agencies that are a critical partner in any potential recycled water project, BACWA provides a venue for establishing regional collaboration and also facilitates communication about important regulatory and policy developments associated with recycled water and purified water projects. As a member of BACWA, BAWSCA will be able to leverage region-specific information about regulatory and utility management concerns and also member resources, talent and expertise.

Demand Study

BAWSCA is preparing to issue a Request for Proposals for a Regional Water Demand Study. The purpose of the demand study is to develop transparent, defensible, and uniform demand projections for each BAWSCA member agency using a common methodology. The demand study will support development of BAWSCA agencies' 2020 Urban Water Management Plans, conservation planning and implementation to comply with "Making Conservation a California Way of Life" requirements, and other regional planning efforts.

BAWSCA agencies have requested that the demand projections be complete by June 2020 in order to allow sufficient time for UWMP preparation. To support this request, BAWSCA intends to complete the consultant procurement in January 2019. A recommendation for a consultant contract will be brought to the BAWSCA Board in either January 2019 or March 2019.

BAWSCA's most recent demand study was completed in July 2014. The study was conducted over a 15-month period at a total cost of \$370,000.

AB1234 – Training:

BAWSCA Board members and certain staff are required to complete formal training in "general ethical principles and ethics laws" under AB 1234. The requirement is a 2-hour training every 2 years.

BAWSCA has arranged for Hanson Bridgett to provide this training to Board and Staff members on December 4th at 9am-11am. The training will be held in the 1st Floor Conference Room of the BAWSCA office building, 155 Bovet Rd., San Mateo.

BAWSCA added AB 1234 and AB 1661 in its SouthTech Systems compliance management, which is the system you used to file your Annual FPPC Form 700's. This system allows BAWSCA's Form 700 filers to upload their training certificate electronically, and sends participants a reminder notice as subsequent 2-year deadlines approach for required training.

Please contact Lourdes Enriquez with any questions about training requirements and expirations.

Board Policy Committee Calendar Through April 2019

Meeting Date	Purpose	Issue or Topic
December 2018	D&A D&A D&A D&A R	Enlarged Los Vaqueros MOU & Potential Project Participation Consideration of Consultant Contract for Demand Study Annual Review and Consideration of Statement of Investment Policy FY 2018-19 Mid-Year Review & Management of General Reserve Review of Water Supply Forecast
February 2019	D&A D&A R R	Review of Agency Personnel Handbook Consideration of BAWSCA Bond Surcharges for FY 2019-20 Presentation of Preliminary FY 2019-20 Work Plan and Budget Review of Water Supply Forecast
April 2019	D&A D&A R	Consideration of Proposed FY 2019-20 Work Plan and Budget Consideration of Annual Consultant Contracts Review of Water Supply Forecast