

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING**

**San Mateo Main Library –55 W. 3rd Ave., San Mateo
Oak Room**

(Directions on Page 2)

Thursday, July 18, 2019

6:30 P.M.

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Pierce)	
2. Comments by the Chair	(Pierce)	
3. Board Policy Committee Report <i>(Attachment)</i>	(Chambers)	<i>Pg 3</i>
4. Public Comments <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Pierce)	
5. SFPUC Report	(Kelly/Ramirez)	
A. Peninsula and Alameda Watershed Fire Risk Reduction		
6. Consent Calendar <i>(Attachments)</i>	(Pierce)	
A. Approve Minutes of the May 16, 2019 Meeting		<i>Pg 13</i>
B. Receive and File Budget Status Report – As of May 31, 2019		<i>Pg 17</i>
C. Authorization to negotiate and enter into an agreement with West Yost Associates to conduct an SFPUC Asset Management Program Audit. <i>The Board Policy Committee voted unanimously to recommend the proposed Board Action</i>		<i>Pg 19</i>
D. Authorization to negotiate and enter into a Memorandum of Understanding with Regional Water Authority (RWA) to implement a Regional Smart Controller Program. <i>The Board Policy Committee voted unanimously to recommend the proposed Board Action.</i>		<i>Pg 25</i>
7. Reports		
A. Water Supply Update	(Sandkulla)	
B. Bay Delta Plan – Update <i>(Attachment)</i>	(Sandkulla)	<i>Pg 31</i>
C. Pilot Water Transfer – Update	(Francis/Carr)	
D. CEO/General Manager Performance Evaluation Process	(Pierce)	
E. CEO/General Manager’s Letter <i>(Attachment)</i>	(Sandkulla)	<i>Pg 33</i>
F. Board of Directors Policy Calendar <i>(Attachment)</i>	(Sandkulla)	<i>Pg 37</i>
G. Correspondence Packet <i>(Under Separate Cover)</i>	(Sandkulla)	
8. Closed Session	(Schutte)	
A. 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>		

B. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 *San Joaquin Tributaries Authority, et al. v. California State Water Resources Control Board (Tuolumne County Superior Court Case No. CV62094).*

9. **Directors’ Discussion: Comments, Questions and Agenda Requests** (Pierce)
10. **Date, Time and Location of Future Meetings** (Pierce) Pg 39
(See attached schedule of meetings)
11. **Adjourn to next meeting scheduled for September 19, 2019 at 6:30pm** (Pierce)
- NOTE: Location of September Board Meeting is Wind Room of the Foster City Community Building, 1000 E. Hillsdale Blvd., Foster City**

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Directions to San Mateo Main Library San Mateo – 55 W. 3rd Avenue

From San Jose via Hwy. 280 Northbound, Exit Hwy-92 East towards San Mateo/Hayward. Exit 12B onto Ca-82 N/S El Camino Real. Turn Left on 3rd Ave. The Library is on your left. Street parking and underground parking are available. The Oak Room is on the main floor to the left of the main Library entrance.

From San Francisco via Hwy 280 Southbound, Exit Hwy-92 East towards San Mateo/Hayward. Exit 12B onto CA-82 N/S El Camino Real. Merge onto CA-82, turn Left on W. 3rd Ave. The Library is on your left. Street parking and underground parking are available. The Oak Room is on the main floor to the left of the main Library entrance.

BAWSCA

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: BAWSCA Board Members
FROM: Nicole Sandkulla, Chief Executive Officer/General Manager
DATE: July 12, 2019
SUBJECT: Summary of Board Policy Committee meeting held June 12, 2019

1. **Call to Order:** Committee Vice Chair, Tom Chambers, called the meeting to order at 1:30 pm. A list of Committee members who were present (8), absent (1) and other attendees is attached.

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

2. **Comments by Committee Chair:** Committee Vice Chair Chambers welcomed the members of the committee and briefed the Committee on the agenda items.
3. **Public Comments:** Two public comments were made.

First was by Peter Drekmeier from TRT on Water Supply Assessments, encouraging the use of a 6-year drought planning model versus an 8-year and work with the State for legislation that provides water supply to urban areas during worst drought scenarios.

The second was by Dave Warner, Palo Alto resident, encouraging use of local water sources and asking BAWSCA to be a leader, through its member agencies, in providing approaches to reducing the need for water imports, thereby increasing water supply reliability during times of drought. This improves water resilience, reduces the risk of losing development due to lack of water, it is good for the environment, and presents the opportunity for member agencies to provide great leadership. He asked for a meeting with BAWSCA Chair Pierce, Director Cormack and Ms. Sandkulla to discuss this idea, and with their approval, will work with Lourdes in scheduling a meeting.

4. **Consent Calendar:** Approval of Minutes from the April 10, 2019 meeting.

Director Wood made a motion, seconded by Director Larsson, that the minutes of the April 10, 2019 Board Policy Committee meeting be approved.

The motion carried unanimously.

5. Action Calendar:

- A. Authorization to Negotiate and Enter into an Agreement with a Consultant for an Asset Management Audit: Sr. Water Resources Specialist, Andree Johnson, reminded the Committee that the adopted work plan for FY 2019-20 includes the initiation of an audit of SFPUC's asset management practices for the San Francisco Regional Water System. The efforts will begin with Phase 1 which will include review and documentation of SFPUC's existing management program processes and practices, and assessment of which processes, plans and systems warrant further evaluation. Phase 1 is anticipated to be completed in early FY 2020-21 to inform the development of BAWSCA's workplan and subsequent efforts needed for the following fiscal year.

The audit was anticipated during the negotiation of the 2009 Water Supply Agreement. The WSA includes a clause that requires the SFPUC to cooperate with such an audit. BAWSCA is exercising the clause for the first time as the WSIP nears completion. The audit will support BAWSCA's goal of ensuring that the significantly large capital improvements are appropriately managed in the long-term.

The SFPUC is aware and is supportive of BAWSCA's efforts to conduct and complete the audit in FY 2020-21.

BAWSCA's RFP was reviewed by the SFPUC and was sent to 9 consultants. One response to the RFP was received from West Yost Associates.

A selection panel that was formed prior to the release of the RFP conducted a full review of the proposal received. The panel was comprised of BAWSCA staff and two outside panelists from CalWater and EBMUD with asset management expertise. The panel's review confirmed that West Yost Associates demonstrated the expertise that meets BAWSCA's needs and proposes a cost that is within BAWSCA's budget.

In response to Director Pierce, Ms. Johnson stated that BAWSCA reached out to the consulting firms who did not respond. She reported that because BAWSCA's audit is a small budget project compared to SFPUC's multiple higher value projects, the firms were concerned with the potential conflicts of interests should they pursue SFPUC proposals.

Director Kuta asked if the audit will look at how the SFPUC is performing against existing programs. It would be useful to know what the SFPUC uses to improve and encourage greater asset management efforts, how they measure against their own program, as well as against industry standards.

Ms. Johnson stated that she anticipates Phase 1 to generate this type of parallel information. Otherwise, it could be something to consider in future phase of BAWSCA's auditing efforts.

Director Pierce made a motion, seconded by Director Cormack, to:

- 1. authorize the CEO/General Manager to negotiate and execute an agreement with West Yost Associates, for a not-to-exceed amount of \$55,000, subject to legal counsel review, to complete the Asset Management Program Audit; and,**

The motion carried unanimously.

- B. Authorization to Negotiate and Enter into an Agreement with the Regional Water Authority (RWA) to partner in their implementation of a Regional Smart Controller Program: Ms. Johnson reported that the Regional Smart Controller Program would be offered as a new subscription conservation program in which all BAWSCA member agencies would have the option to participate, and participating agencies would pay their share of the program costs, including the rebate costs and administration costs.

The goal of the program is to improve single-family outdoor water use efficiency by providing rebates and installation support services for smart irrigation controllers.

The program will be implemented in partnership with Regional Water Authority (RWA), a Joint Powers Authority based in Sacramento that operates a range of water conservation programs for their member agencies. BAWSCA coordinates with RWA on a variety of conservation related topics, and through its course of work, BAWSCA and RWA recognized their similar interests in implementing a regional smart controller program in similar timelines. With RWA's existing staff resources and grant funding, they took the lead in the procurement and contracting processes. BAWSCA participated in the procurement process in coordination with legal counsel. If approved, BAWSCA would partner with RWA through a Memorandum of Understanding (MOU).

Through a competitive procurement process, Rachio, in partnership with Valley Soil, was selected to implement the program.

Ms. Johnson explained that smart irrigation controllers are devices that automatically adjust watering schedule based on local weather data. These controllers are designed to make outdoor irrigation easier to manage for the homeowners, as well as help homeowners better understand outdoor irrigation. The specific controller, Rachio 3, selected for the program, is smart phone enabled and will allow homeowners to view and manage their outdoor irrigation through an app.

BAWSCA is currently negotiating the cost structure with Rachio and RWA. Rachio proposes an overall cost that includes: \$10,000 program implementation, \$175 per controller, and \$195 per installation.

The program implementation cost would be shared between RWA, BAWSCA and among the participating agencies.

Participating agencies will likely have the option of selecting their respective rebate amounts per controller and if they choose to provide support for installation. The recommended rebate amount is \$75 per controller. The assumption is that the customer will pay the \$100 to cover the \$175 cost per controller as well as the \$195 installation cost per controller. Agencies can consider providing a subsidy for the installation cost. The primary goal is to make sure that the installation service is available so that the controllers are appropriately set up for the type of landscaping the homeowner has. Ms. Johnson added that RWA has grant funding available that may be used to offset the overall program implementation costs.

Director Kuta asked how Rachio's cost per unit compared to others in the market. Ms. Johnson stated that the Rachio 3 controllers retail at approximately \$200.

In response to Director Chambers, Ms. Johnson stated that through the conservation legislation implementation process, each water utility will be required to meet an overall water use target on an annual basis. That target will be calculated based on assumed efficient levels of indoor and outdoor residential use, and large irrigation use. This is one of the programs that will help reduce outdoor residential use. The specific targets for each agency will not be available until 2022, but given the short turn-around time to meet the requirements, this program provides agencies a jump-start.

Director Larsson asked whether the ongoing workload for the program will have an impact to BAWSCA's staff resources.

Ms. Johnson stated that the program is structured for Rachio to take on a majority of the program implementation. She added that it will be in line with the other subscription program implemented with 3rd party contractors. There will be minimal BAWSCA staff time spent each year specifically on contract renewal, invoicing, and setting the program costs. Agencies typically pay BAWSCA \$150 for administration fee per year.

For this particular controller, Director Larsson inquired whether it would take into account certain city provisions. For example, in the last drought, the City of Sunnyvale required odd numbered homes to water at certain days versus even numbered homes.

Ms. Johnson said that Rachio, through the app, will have push notifications for its users letting them know about local watering restrictions. It will also provide a portal for the agencies to view water use patterns of their water customers in general, and how the watering guidelines are being followed.

In response to Director Cormack, Ms. Johnson explained that the utility app that will be used by this program will track water use in zones, providing user privacy. The agency will not see the specific address at which a certain water use activity is taking place.

Ms. Johnson stated that while there is no set goal for how many controllers are to be installed, each participating agency can set its own goal based on its budget and number of households. Results of this program, as well as other subscription and core conservation programs, will be reported in BAWSCA's Annual Conservation Report that is posted on BAWSCA's website.

Director Kuta asked about cost distribution and whether a larger number of subscribers can lower the costs?

Ms. Johnson reported that Rachio's current proposal does not include any economies of scale. While BAWSCA is currently discussing that possibility with Rachio as a means to encourage broader participation in the program, the results remain to be seen.

Director Kuta requested a re-opener depending on the results of the discussion.

Director Mendall noted that technology will change and so will costs, and therefore encouraged monitoring the changes to ensure that BAWSCA is not paying for a 4 year old cost of technology. He asked what the duration of the contract is.

Ms. Johnson explained that the contract, similar to most of BAWSCA's subscription programs, will have a 1-year duration from July 1st through June 30th, with an option to extend on an annual basis for additional years, as desired by the Board.

Ms. Sandkulla added that all subscription programs run on an annual basis because agencies budget their conservation programs on a year to year basis. This provides the opportunity to make necessary program and participation adjustments.

Director Kuta asked whether the data flows through a portal, or if it is open source, so that if there are changes to the contractor, BAWSCA will have access to the data.

Ms. Johnson explained that the data will be through the Rachio specific portal and BAWSCA will not have access to the data on the Rachio controllers if the program is discontinued.

Ms. Johnson clarified that the water customers' capabilities to purchase Rachio 3 Controllers are independent of the agencies' ability to participate in the program. If an agency discontinues their program participation, the water users of that agency who purchased the controllers will continue to have access to the Rachio 3 technology.

Director Larsson made a motion, seconded by Director Wood, to:

- 1. authorize the CEO/General Manager to negotiate and execute an MOU with Regional Water Authority, subject to legal counsel review, to implement the Regional Smart Controller Program; and,**

The motion carried unanimously.

6. Reports:

- A. Water Supply Update: Ms. Sandkulla reported that water storage is in very good condition, with significant amounts of snow still in the Sierras. As of April, total potable use was 25% less than April 2013. Current system total water use, including San Francisco retail use, is consistent with 2018. The May data is anticipated to drop in comparison to previous years because of the significantly wet and cold weather patterns that occurred this year.

Current water use trends continue to be interesting to follow. The Demand Study is anticipated to provide useful information in learning about the changes in the region's water use trends and to support better planning moving forward.

- B. Bay Delta Plan: Ms. Sandkulla reported BAWSCA's continuing efforts following the adoption of the Bay Delta Plan by the State Water Resource Control Board (State Board) in December 2018. The State and stakeholder activities are now focused on the Voluntary Agreement (VA). The assigned Secretaries of Natural Resources, Wade Crowfoot, and CAL EPA, Jared Blumenfeld, are continuing to facilitate and lead the VA discussions.

BAWSCA continues to closely monitor developments and coordinate with the SFPUC, which is directly involved in the discussions. The Secretaries have made the process open for all stakeholders, including BAWSCA, to participate. But Ms. Sandkulla stated that at this time, BAWSCA is working appropriately with the SFPUC in monitoring the developments.

Ms. Sandkulla presented the milestones that were identified in the Secretaries' March 2019 report released to the State Board. The Secretaries have committed to sending a document to the State Board on June 30th that address the critical path issues for this Voluntary Agreement, and refine some elements of the project description.

The specifics of the document are unknown, but the deadline of June 30th is holding firm, which Ms. Sandkulla stated is a sign of progress. She noted that holding firm to the date is important, regardless of what the documents contains, because it forces the ongoing discussions towards the other deadlines of August 1st; completion of further analysis with SWRCB, and September 1st; requesting the State to circulate a draft comprehensive SED.

The intent is for the State Board to consider a Voluntary Agreement as early as December 1, 2019. The Committee and the Board will be kept apprised on all developments following June 30th.

A topic that has been commented on in relation with the Bay Delta Plan are Water Supply Assessments (WSA). Ms. Sandkulla explained that a WSA is an informational documents that a water supplier is obligated to provide to an entity that approves development. It is part of a planning process and is triggered when a proposed water demand is equal to or great than the needs of a 500 unit development.

Ms. Sandkulla reported that San Francisco has had a number of WSA's adopted in which they presented future water supply reliability uncertainties in 3 scenarios.

The first scenario is status quo: No implementation of the Bay Delta Plan or March 1st proposed VA. In this scenario, there is systemwide rationing on the San Francisco Regional Water System of up to 20%.

The second scenario implements the March 1st proposed VA which provides an additional incremental increase in rationing.

The third scenario implements the Bay Delta Plan Update, which provides a significant increase in rationing of up to 50% systemwide.

Ms. Sandkulla reminded the Committee that BAWSCA's comments to the State Board identify that a 50% cutback systemwide will have significant impacts to the region.

She presented a map, which BAWSCA has included in its comments to the State, that identifies the agencies that will have to implement a potential development moratorium if there is a 50% systemwide cutback. The map was developed based on the most recent Urban Water Management Plan (UWMP) which are adopted by the agencies' governing bodies every 5 years.

BAWSCA is working closely with the Water Management Representatives on this issue as many will have to address their own agency's WSA's.

BAWSCA and its member agencies continue to support the objective of the Bay Delta Plan and remains focused on the Voluntary Agreement as the best solution to resolve this critical issue.

Peter Drekmeier provided public comments.

- C. CEO Evaluation Procedure: BAWSCA Board Chair Pierce reported that the CEO Evaluation Procedure is initiated every year in July. Following the July 18th BAWSCA Board Meeting, Chair Pierce will be emailing the Annual Report of Results Achieved compiled by the CEO/GM. Also in the packet will be the evaluation criteria and form.

Chair Pierce reported that there are no recommended changes to the procedure and process currently in place.

The forms will be due August 7th. Prompt responses are encouraged. Reminders will be sent. Chair Pierce will compile the responses and data in a report that will be sent to the Board for discussion under closed session at the September meeting.

In response to Director Kuta, Director Mendall, as former Chair, reported that the response rate last year was less than half. He commented that the CEO's evaluation is the Board's job and he expected every member of the Board to respond. He hopes for a better turn-out this year.

Director Pierce stated that this is a process that allows members of the Board to share their opinions and give data. If directors are new and feel uneasy with the process, she welcomes even just an indication of what has been observed, as well as insights.

In response to Director Wood, Chair Pierce stated that there has not been a salary comparison since Nicole was hired. Chair Pierce directed the CEO/General Manager to look into conducting a salary comparison.

- D. CEO Letter: Director Kuta inquired about the permanent and long-term improvements to Moccasin mentioned in the CEO letter.

Mr. Francis reported that the long-term improvements are being driven by the Division of Safety of Dams (DSOD) and involve assessing the need to build a new dam and spillway. As a result of a new storm of record, the spillway in the Moccasin Dam has been identified as undersized. While the dam is currently fully operational, there may be no place to put the required enlarged emergency spillway. Therefore, the SFPUC is evaluating how best to construct a new Dam that also has the required emergency spillway capacity in their long-term design analysis.

Alternatives will be looked at should the cost for a new dam and spillway prove to be extreme. An example of a potential alternative is replacing the reservoir pool with extremely large tanks to fulfill the hydraulic purpose of Moccasin Reservoir. BAWSCA recognizes the financial magnitude of building a new dam and spillway, and will closely monitor what the analysis shows as alternatives.

Mr. Francis added that the Moccasin dam and spillway are not the only facilities of the SF RWS that the DSOD is having SFPUC re-examine.

Director Kuta asked if there will be enough headway to consider how the SFPUC will finance such a required improvement to Moccasin Dam. Ms. Sandkulla stated that because this is fairly new item on the list, the SFPUC will have a process of outlining how they will address this issue in an updated CIP.

Director Mendall commented that this speaks to the importance of the CIP oversight. The Board just recently approved Phase 1, a small portion of that effort, and he expects a lot more work that will be required in the future. He expects more money spent on consultants and more staff time put into the CIP oversight. Hopefully, there can be a standard process for the SFPUC to voluntarily evaluate CIP projects with BAWSCA without BAWSCA's pursuit. He reiterated his previous comments about keeping pressure on the CIP oversight, and avoiding the temptation to postpone the effort because of its long-term turn-around.

7. **Closed Session**: The meeting adjourned to Closed Session at 2:16pm
8. **Open Session**: The meeting convened to Open Session at 2:40pm. Legal Counsel, Allison Schutte, reported that no action was taken during Closed Session.
10. **Comments by Committee Members**: Director Wood announced that she has been re-appointed on the BAWSCA Board for another 4-year term.
11. **Adjournment**: The meeting was adjourned at 2:41 pm. The next meeting is August 14, 2019.

Bay Area Water Supply and Conservation Agency

**Board Policy Committee Meeting
Attendance Roster**

Agency	Director	Jun. 12, 2019	Apr. 10, 2019	Feb. 13, 2019	Dec. 12, 2018	Oct. 10, 2018	Aug. 8, 2018	Jun. 13, 2018
Stanford	Zigterman, Tom (Chair)		✓	✓	✓	✓	M T G C A N C E L L E D	✓
Westborough	Chambers, Tom (VChair)	✓	✓	✓	n/a	n/a		n/a
Palo Alto	Alison Cormack	✓	✓	n/a	n/a	n/a		n/a
Foster City	Hindi, Sam	✓			n/a	n/a		n/a
Cal Water	Kuta, Rob	✓	✓☎	✓		✓		✓
Sunnyvale	Larsson, Gustav	✓	✓		✓	✓		✓
Hayward	Mendall, Al	✓	✓	✓	✓	✓		✓
Redwood City	Pierce, Barbara	✓	✓	✓	✓			✓
Brisbane	Wood, Sepi	✓	✓	✓	n/a	n/a		n/a

✓: present

☎: Teleconference

June 12th Meeting Attendance

BAWSCA Staff:

Nicole Sandkulla CEO/General Manager
 Tom Francis Water Resources Manager
 Adrienne Carr Sr. Water Resources Specialist
 Andree Johnson Sr. Water Resources Specialist
 Christina Tang Finance Manager
 Lourdes Enriquez Assistant to the CEO/General Manager
 Allison Schutte Legal Counsel, Hanson Bridgett, LLP
 Nathan Metcalf Legal Counsel, Hanson Bridgett, LLP
 Bud Wendell Strategic Counsel

Public Attendees:

Paul Sethy ACWD, Director
 Manisha Kothari SFPUC
 Peter Drekmeier Tuolumne River Trust
 Dave Warner SEFT

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING**

**May 16, 2019 – 6:30 p.m.
San Mateo Library – 55 W. 3rd Ave.
Oak Room**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 6:30 pm

BAWSCA Chair, Barbara Pierce, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Eighteen (18) members of the Board were present at roll call. Two Directors arrived after roll call. A list of Directors present (20) and absent (6) is attached.

2. Board Policy Committee (BPC) Report: Director Zigterman reported the discussions and actions taken by the Board Policy Committee at its meeting on April 10, 2019. They are reflected in the BPC summary report included in the packet.**3. Comments by the Chair:** Chair Pierce reported that it is Director Kasperzak's last BAWSCA meeting as his term ends on June 30, 2019. Director Kasperzak is an original Board member from when BAWSCA was established in 2003. He has served on the BAWSCA Board for a total of eight years, serving as Vice-Chair of the Board in 2005 and 2006. The Board is thankful for his wisdom and leadership.

Chair Pierce encouraged Board members to reach out to the CEO/General Manager prior to Board meetings to address questions they may have on items on the agenda and to have the opportunity to discuss the facts that will inform their Board decisions.

Chair Pierce noted that the agenda includes the Board's consideration of the proposed work plan and operating budget for FY 2019-20.

4. Public Comments: Peter Drekmeier of Tuolumne River Trust provided public comments.**5. SFPUC Report:** Assistant General Manager for Water Enterprise, Steve Ritchie, provided an SFPUC report. Director of Water Capital Programs, Dan Wade, provided a status report on the Water System Improvement Program (WSIP).**6. Consent Calendar:**

Director Wood made a motion, seconded by Director Quigg, to approve the Minutes of the March 21, 2019 meeting, and receive and file the Budget Status Report, the Investment Report, the Bond Surcharge Collection Report, and the Director's Reimbursement Report as of March 31, 2019,

The motion carried unanimously.

7. Report and Discussion:

A. Review of Water Supply Agreement (WSA) Balancing Account: CEO/General Manager Nicole Sandkulla provided an informational report on the history of, the

WSA provisions on, and the current administrative process of, the Balancing Account.

8. Action Calendar: Part 1 of 2

A. Proposed FY 2019-20 Work Plan and Operating Budget

Director Kasperzak made a motion, seconded by Director Chambers, that the Board:

1. **approve the proposed FY 2019-20 Work Plan and Results to be Achieved;**
2. **approve the proposed Operating Budget of \$4,569,750; and,**
3. **approve the proposed funding plan of a 3% assessment increase, transfer of \$77,971 from the General Reserve, and authorize the CEO/General Manager to direct SFPUC to transfer \$805,000 from the 2009 Water Supply Agreement Balancing Account, in accordance with Section 6.05.B.a of the 2009 Water Supply Agreement, for the water supply projects administered by BAWSCA.**

The motion carried unanimously.

B. Approval of Professional Services Contracts for FY 2019-20

Director Wood made a motion, seconded by Director Keith, that the Board approve the eighteen (18) contracts, subject to legal counsel's review, for legal, engineering, financial, strategic, and water conservation services needing to be in place by July 1, 2019.

The motion carried unanimously.

9. Reports: Ms. Sandkulla provided a report on current water supply conditions and the Bay Delta Plan.

Public Comments on the Bay Delta Plan were provided by Peter Drekmeier of Tuolumne River Trust.

Senior Water Resources Specialist, Andree Johnson, reported on the Los Vaqueros Expansion Project. Finance Manager, Christina Tang provided a report on the results of the FY 2016-17 Wholesale Revenue Requirement Review.

10. Closed Session: The meeting adjourned to Closed Session at 8:02pm

11. Report After Closed Session: Legal Counsel, Allison Schutte, reported that Closed Session was concluded at 8:25, and no action was taken during Closed Session.

12. Action Item: Part 2 of 2

A. Amendment to Hanson Bridgett Professional Services Contract

Director Breault made a motion, seconded by Director Wood, to authorize the CEO/General Manager to:

1. **amend the professional services contract with Hanson Bridgett by \$100,000 for a total not to exceed amount of \$919,000.**

The motion carried unanimously.

13. Directors' Discussion: Comments, Questions and Agenda Requests: Directors who were not able to attend the May 3rd Calaveras Dam completion celebration were informed that they can pick up mementos at the end of the meeting.

14. Date, Time and Location of Next Meeting: The next meeting is scheduled on July 18, 2019 at 6:30pm, in the Oak Room, of the San Mateo Main Library.

15. Adjournment: The meeting adjourned at 8:26pm.

Respectfully submitted,

Nicole M. Sandkulla
Chief Executive Officer/General Manager

NMS/le

Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

**Board of Directors Meeting
Attendance Roster**

Director	Agency	May 16, 2019	Mar. 21, 2019	Jan. 17 2019	Nov. 15 2018	Sept. 20 2018	Jul. 19 2018	May 17 2018
Benton, Jay	Hillsborough	✓		✓	✓	✓		✓
Breault, Randy	Guadalupe	✓		✓	✓	✓		
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓	✓
Cormack, Alison	Palo Alto	✓	✓	✓*	✓*	*	✓*	✓*
Davis, Debi	Santa Clara		✓	vacant	✓*	*	✓*	✓*
Hindi, Sam	Foster City		✓	✓	*	*	*	*
Jordan, Steve	Purissima	✓	✓	✓*	✓*	✓*	✓*	*
Kasperzak, Mike	Mountain View	✓	✓		✓			✓
Keith, Kirsten	Menlo Park	✓					✓	✓
Kuta, Rob	Cal Water	✓	✓	✓	✓	✓	✓	✓
Larsson, Gustav	Sunnyvale	✓	✓	✓		✓	✓	✓
Liccardo, Sam	San Jose							
Manalo, Juslyn	Daly City		✓			✓	✓	
Mendall, Al	Hayward	✓	✓	✓	✓	✓	✓	✓
Mickelsen, Chris	Coastside		✓	✓			✓	
Montano, Carmen	Milpitas	✓	✓	*	*	*	*	*
Moody, Larry	East Palo Alto	✓	✓		✓	✓		✓
O'Connell, Irene	San Bruno	✓	✓	✓	✓	✓	✓	✓
O'Mahony, Rosalie	Burlingame	✓		✓	✓	✓	✓	✓
Piccolotti, Tom	North Coast	✓	✓		✓	✓		✓
Pierce, Barbara	Redwood City	✓	✓	✓	✓	✓	✓	✓
Quigg, Dan	Millbrae	✓		✓	✓		✓	
Wood, Sepi	Brisbane	✓	✓	✓	✓	✓	✓	✓
Vella, Lou	Mid-Peninsula		✓	✓		✓	✓	✓
Weed, John	ACWD	✓	✓	✓	✓	✓	✓	
Zigterman, Tom	Stanford	✓	✓		✓	✓	✓	✓

✓ : Present

* : Predecessor

BAWSCA

Bay Area Water Supply & Conservation Agency

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

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 9, 2019

SUBJECT: Budget Status Report as of May 31, 2019

This memorandum shows fiscal year budget status for FY 2018-19. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the eleven-month period ending May 31, 2019, 92 percent into the fiscal year, total expenditures were \$3,713,069 or 87 percent of the total budget of \$4,278,585.

Table 1. Operating Budget Summary as of May 31, 2019

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,791,080	1,511,729	84%
Fair Pricing	301,000	204,189	68%
Administration	130,000	107,458	83%
Subtotal	2,222,080	1,823,376	82%
Administration and General			
Salary & Benefits	1,673,955	1,574,225	94%
Other Expenses			
BAWSCA	376,850	315,007	84%
BAWUA	1,050	0	0%
Subtotal	4,273,935	3,712,607	87%
Capital Expenses	3,000	0	0%
Budgeted Contingency	0	0	0%
Regional Financing Authority	1,650	462	28%
Grand Total	4,278,585	3,713,069	87%

Overview:

Overall expenditures for FY 2018-19 are tracking within budget.

Consultants

The \$127,500 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 62 percent expended. The Operating Budget allocation of \$170,000 for strategic counsel was 92 percent expended. The Operating Budget allocation of \$919,000 for legal counsel was 97 percent expended. The \$460,200 budget for water management and conservation-related activities was 67 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 94% and 84% percent expended respectively.

Use of CEO's Discretionary Spending Authority:

The CEO entered into the following agreement under her discretionary spending authority:

- A contract amendment in the amount of \$20,000 for Management Communications (Bud Wendell) for increased work related to Water Supply Agreement contract amendments and the legislative process (May 2019).

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2017-18 were \$253,892. The BAWSCA reserve balance as of May 31, 2019 shown below reflects this deposit. In accordance with the adoption of the FY 2018-19 annual budget in May 2018, the Board approved transferring \$321,688 from the General Reserve to fund the FY 2018-19 budget. The reserve balance as of May 31, 2019 shown below reflects this transfer.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 03/31/19)	Account Balance (As of 05/31/19)
General Reserve	\$1,115,848	\$1,115,848

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Authorization to Negotiate and Enter into an Agreement with West Yost Associates to Conduct an SFPUC Asset Management Program Audit**

Summary:

The BAWSCA FY 2019-20 Adopted Work Plan includes the initiation of an audit of the SFPUC's asset management practices for the San Francisco Regional Water System (SF RWS). The Asset Management Program Audit (Audit) Phase 1, to be completed in FY 2019-20, includes the review and documentation of the existing SF RWS asset management program in place at the SFPUC. Phase 1 will provide a report with details of SFPUC's current asset management program, a summary of the data and technology systems in use by SFPUC, and an assessment of which asset management processes, plans, and systems warrant further evaluation.

A Request for Proposals (RFP) for the Audit was released on May 3, 2019, proposals were due on May 31, 2019. Although nine consultants were made aware of the RFP, only one proposal was received. A selection panel consisting of BAWSCA staff as well as two outside panelists with asset management expertise reviewed and scored the proposal. Based on the results of the proposal review, the selection panel recommended that BAWSCA award the contract to West Yost Associates.

Fiscal Impact:

Phase 1 of the Audit, to be completed in FY 2019-20, has a proposed budget of \$55,000. Funding of \$55,000 for this effort was included in the FY 2019-20 Operating Budget.

It is anticipated that the Plan will be a multi-year effort and that the work completed in Phase 1 will inform the budget needs for FY 2020-21 and subsequent years.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute an agreement with a West Yost Associates, for a not-to-exceed amount of \$55,000, subject to legal counsel review, to complete the Asset Management Program Audit.

Discussion:

The BAWSCA FY 2019-20 Adopted Work Plan includes the initiation of an audit of the SFPUC's asset management practices. Phase 1 of the Audit, to be completed in FY 2019-20, includes the review and documentation of the existing SF RWS asset management program in place at the SFPUC. Per Section 3.10c of the 2009 WSA, San Francisco is required to cooperate with such an audit, consider findings and recommendations of such an audit, and provide written response within 90 days after receipt of the final audit report.

Phase 2 of the Audit may be considered by the BAWSCA Board as a separate action for completion in FY 2020-21. Phase 2 may include a gap assessment, identification and

prioritization of recommended improvements to the SFPUC asset management program, and preparation of a letter-style report to SFPUC documenting the Phase 2 findings and recommended actions.

Consultant Selection Process

The proposed selection and contracting process has been reviewed by BAWSCA's legal counsel and is consistent with BAWSCA's policies and procedures for acquiring professional services.

BAWSCA released the RFP for Phase 1 on May 3, 2019. The RFP was sent to nine firms and was publicly advertised on the BAWSCA website. Proposals were due back on May 31, 2019. A panel consisting of BAWSCA staff and two outside panelists with asset management expertise reviewed the one proposal received.

The proposal was evaluated based on the following criteria:

- Qualifications and experience of firm and key personnel (25%);
- Understanding of the project and approach to the scope of work (25%);
- Ability to meet project timeline (25%); and
- Overall value illustrated by the proposer as provided within the project budget (25%).

The panel concluded that the proposal submitted by West Yost is sufficiently detailed and appropriate to demonstrate that the firm possesses the necessary expertise to complete the Audit within the proposed timeframe to meet BAWSCA's needs. Based on its evaluation of the written proposal, the panel unanimously recommended contract award to West Yost Associates, subject to successful final negotiations that may be necessary.

Scope of Work

The Scope of Work, as included in the RFP, is provided as Attachment A. The key tasks include:

- **Data Collection and Review:** Contractor will review existing documentation on the SFPUC asset management program, which may include reports, web information, spreadsheet documentation, system specifications or manuals, and/or other information. Contractor will prepare a list of information needed in order to thoroughly understand and document the SFPUC asset management program.
- **Interview SFPUC Staff and Review Systems:** Contractor will conduct interviews and perform asset management process reviews with key SFPUC staff and will document the existing SFPUC water enterprise asset management program.
- **Prepare Report:** Contractor will prepare a document that summarizes the existing asset management program in place at the SFPUC. That document will include details of the current asset management program, a summary of the data and technology systems in use by SFPUC, and an assessment of which asset management processes, plans, and systems warrant further evaluation.
- **Project Management:** Consultant will provide day to day administration of the project and will periodically meet with BAWSCA to discuss Project goals, progress, and outcomes.

- Optional Year 2 Services: Following completion of the aforementioned tasks in FY 2019-20, BAWSCA, at its sole discretion, may opt to engage the Contractor for Year 2 of the Asset Management Audit. These services may include a gap assessment, identification and prioritization of recommended improvements in the SFPUC asset management operational practices, and preparation of a letter to SFPUC documenting recommended actions.

Schedule

BAWSCA anticipates commencing work in July 2019 and proposes the following overall schedule to ensure that key information is available in time for the development of the BAWSCA FY 2020-21 Work Plan.

Milestone	Proposed Completion Date
Work commences	July 2019
Document review complete and topic list provided to SFPUC	September 2019
Interviews begin	October 2019
Interviews complete	January 2020
Draft report provided to BAWSCA for review	March 2020
Draft report provided to SFPUC for review	April 2020
Final report complete	May 2020

Alternatives Considered:

The following alternatives to achieve the necessary results have been considered:

- Alternative #1: Support the Recommended Actions. The Asset Management Program Audit was a key task included in the FY 2019-20 Work Plan. The proposal received by West Yost Associates demonstrated that the firm possesses the necessary expertise to complete the Audit within the proposed timeframe. Award of the contract to West Yost Associates will support completion of the Asset Management Program Audit Phase 1 activities in FY 2019-20 as originally anticipated.
- Alternative #2: Re-issue Request for Proposals in July 2019. The BAWSCA Board can choose to re-issue the RFP and seek additional proposals. This alternative would delay the Audit start by at least two months, which would pose a significant challenge in completing the work in FY 2019-20. In addition, it is unclear that a re-issue of the RFP would result in any additional proposals. Informal feedback from consultants that chose not to propose indicate a concern with a potential future conflict with the SFPUC. **This alternative is not recommended.**

**Attachment A
DRAFT Scope of Work: “Asset Management Program Audit - Phase 1”**

BAWSCA seeks to conduct an audit of the SFPUC Asset Management Program. Phase 1 of the audit, to be conducted in FY 2019-20, will focus on documenting existing SFPUC asset management program and practices (Project). BAWSCA intends to enter into a one-year contract with the Contractor. Phase 2, anticipated to be conducted in FY 2020-21 under separate agreement, will include a standards assessment and gap analysis.

Through Phase 1 of the audit, the following information on the SFPUC Asset Management Program shall be documented:

- Asset registry processes.
- Information technology capabilities to support asset management.
- Processes for determining asset criticality and risk.
- Processes for operations and maintenance improvements.
- Processes for assessing asset condition and remaining useful life.
- Processes for forecasting future financial requirements for asset repair and renewal.
- Level of service goals.
- Linkage(s) of asset management to strategic plans, capital improvement programs, etc.

Phase 1 shall include the following Tasks 1 – 4 below. In addition, following completion of Tasks 1 – 4, BAWSCA, at its sole discretion, may opt to engage the Contractor for Year 2 of the Asset Management Audit (Task 5 below).

Task 1 - Project Management

Contractor will provide administrative services to oversee the day to day implementation of the Project. To keep the work on schedule and budget, Contractor must provide BAWSCA with monthly status and budget updates by task. The information can be shared via phone or email in combination with updated Excel spreadsheets detailing budget and schedule status.

Consultant will periodically meet with BAWSCA project manager and management, either via phone or in person, to discuss Project goals, progress, and outcomes.

Task 2 – Review Existing Documentation and Prepare Topic List

Contractor will review existing documentation on the SFPUC asset management program, which may include reports, web information, spreadsheet documentation, system specifications or manuals, and/or other information.

Contractor will prepare a list of information needed in order to thoroughly understand and document the SFPUC asset management program. The list is anticipated to be broad enough to covers all probable components of an active, robust asset management plan that can be expected to be in place at a large water utility. BAWSCA envisions that that broad list is likely to align with the items mentioned under Section 4 of this proposal.

The goal of developing and providing this list is to gather as much needed information as is made available by the SFPUC in advance of conducting in-person interviews and site visits. Consultant will provide the list to the SFPUC project liaison to support identification of appropriate SFPUC staff members to engage in data collection and follow-up interviews.

Task 3 – Interview SFPUC Staff and Review Systems

Contractor will conduct interviews and perform asset management process reviews with key SFPUC staff. Interviews may include a combination of telephone interviews, written questionnaires, in-person interviews, and workforce shadowing. Interviews may also include in-person review(s) of SFPUC computer systems applicable to the asset management program.

It is anticipated that consultant staff will coordinate directly with SFPUC to schedule interviews; however, BAWSCA staff may accompany Contractor to some interviews.

Contractor will document the existing SFPUC water enterprise asset management program. It is anticipated that these this task will be completed through a combination of interviews with key staff, review of existing documentation, and in-person review of existing systems.

Task 4 – Prepare Report

Contractor will prepare a document that summarizes the existing asset management program in place at the SFPUC. That document will include, at a minimum:

- a) Discussion detailing current asset management objectives, policies, goals, business processes, roles and responsibilities, performance reporting, regulatory compliance, and service commitments.
- b) A summary of data and technology systems in use by the SFPUC (including both computer systems and manual/paper systems) to support asset management activities, including systems that are currently in production, being deployed, or in planning/design stage.
- c) Write-up identifying those asset management processes, plans, information systems, and operational activities that warrant further evaluation.

Contractor shall prepare two drafts of the report, including a first draft for BAWSCA review and a second draft for SFPUC review, as well as a final report. Contractor shall provide 10 printed copies of the final report as well as an electronic copy.

Task 5 – Optional Year 2 Services

Following completion of Tasks 1 – 4, BAWSCA, at its sole discretion, may opt to engage the Contractor for Year 2 of the Asset Management Audit. Year 2 services are anticipated to include the following tasks:

- Identify gaps in asset management processes, plans, information systems, and operational activities.
- Identify and prioritize opportunities for improvements in the SFPUC asset management practices.
- Identify specific actions required to achieve asset management improvements.
- Develop a letter to SFPUC documenting the specific opportunities for improvement and recommended actions.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Authorization to Negotiate and Enter into a Memorandum of Understanding with the Regional Water Authority to Implement a Regional Smart Controller Program**

Summary:

BAWSCA is seeking to partner with the Regional Water Authority (RWA) to implement a Regional Smart Controller Program (Program). The Program, which would be implemented as a new Subscription Program as part of the BAWSCA Regional Water Conservation Program, will offer the residential water customer a rebate for a smart controller purchase along with installation support services. The goal of the Program is to improve water use efficiency in single-family households through the management of outdoor water use.

The Program will be managed by RWA, a joint powers authority representing two dozen water providers and affiliates in the greater Sacramento region. BAWSCA and RWA desire to partner on this effort to increase the economy of scale for the program and provide cost savings for the participating agencies. The Program will initially be implemented in FY 2019-20, with an opportunity to extend further into future years as desired by RWA and BAWSCA.

Through a competitive procurement led by RWA, Rachio was selected to implement the Program. On May 22nd, the RWA Executive Committee approved the consultant selection. To participate in the program, BAWSCA would enter into a Memorandum of Understanding (MOU) with RWA.

Fiscal Impact:

The Program will be offered on a subscription basis, and only those agencies that elect to participate in the program will pay the cost of the selected outside service provider.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and enter into a Memorandum of Understanding with the Regional Water Authority, subject to legal counsel review, to implement a Regional Smart Controller Program.

Discussion:

The BAWSCA FY 2019-20 Adopted Work Plan includes the implementation of an expanded outdoor landscaping rebate program with a new smart irrigation controller rebate and installation component. Smart controllers are weather-based irrigation controllers that use current weather data to properly adapt irrigation schedules. Consistent with the Work Plan, BAWSCA is seeking to partner with RWA to implement a Regional Smart Controller Program. The Program, which would be implemented as a new Subscription Program as part of the BAWSCA Regional Water Conservation Program, will provide the residential water customer a rebate for the purchase of a smart controller along with installation support services.

The goal of the Program is to improve water use efficiency in single-family households through

the management of outdoor water use. The Program is anticipated to support BAWSCA agencies in complying with the new urban water use objective mandated by the State under AB 1668 and SB 606.

Consultant Selection Process

RWA issued a Request for Qualifications (RFQ) for the Program on April 11, 2019. The RFQ was sent to sixteen consulting firms with known experience in smart controller equipment and programs, and was also posted on the RWA web site. Proposals were due on May 9, 2019. BAWSCA staff and legal counsel participated in the RFQ development, and BAWSCA staff served on the consultant selection panel.

Only one response to the RFP was received from Rachio (submitted in partnership with their subcontractor, Valley Soil). After the review and scoring of the proposal, the review panel unanimously recommended Rachio as the consultant for this program to the RWA Executive Committee. Rachio demonstrated a past history of similar projects in California, industry standard landscape/irrigation staff qualifications, a robust customer service and marketing package, and a reasonable fee schedule.

Scope of Work

The Scope of Work, as included in the RFQ, is included in Attachment A. The program has four main tasks:

1. Provide Program design and administration framework, including an online platform to facilitate RWA's Program oversight and management.
2. Provide marketing, online sign up platform, customer assistance, training and installation services necessary to implement a "turnkey" multiagency smart controller program.
3. Develop and provide Program evaluation metrics.
4. Provide Program status and completion reports.

Schedule

BAWSCA anticipates that implementation of the Program will begin in September 2019 and be offered to interested BAWSCA member agencies as a subscription conservation program through June 30, 2020. This timeline may be adjusted depending on the length of time required to negotiate and execute the MOU with RWA. If mutually desired by BAWSCA and RWA, the program could be extended for additional years.

Alternatives Considered:

The following alternatives to achieve the necessary results have been considered:

- **Alternative #1: Support the Recommended Actions.** The Program will support reductions in outdoor water use. Through partnership with RWA, BAWSCA is able to leverage economies of scale, in particular for project initiation costs, to implement the Program cost-effectively for the BAWSCA agencies. Near-term implementation of the program will support the BAWSCA agencies in complying with State long-term water use efficiency requirements.
- **Alternative #2: Seek to Implement a Program Separate from RWS.** The BAWSCA Board can opt to decline the partnership opportunity with RWA and to seek to implement the Program directly. This alternative would delay the Program start by at least two months and would likely result in higher costs to the BAWSCA agencies for program initiation. **This alternative is not recommended.**

**Attachment A
DRAFT Scope of Services: Regional Smart Controller Program**

<p>Nature of Services</p>	<p><u>Program Description:</u> The Regional Water Authority (RWA) is seeking support for the implementation of a Regional Smart Controller Program (Program). Situated in the central valley of California, the Sacramento region’s residential outdoor water use is estimated to be between 50-60% of a household’s total use. The goal of the Program is to convert higher water use households to more water efficient households through the installation of smart controllers to manage outdoor water use. The Program timeline is June 2019-March 2020 with an opportunity to extend further into 2020 and beyond, pending RWA approval and available funding. Currently funding for the Program is \$110,000. There may be additional opportunities to expand the Program into other parts of northern California, in partnership with RWA, pending partner water agency approval and available funding. For this Program, smart controller is defined as a weather-based irrigation controller that uses current weather data to properly adapt irrigation schedules.</p> <p>RWA is seeking responses from Consultants that can perform the following tasks. Tasks may be modified throughout the Program time period on the approval of both RWA and the selected Consultant.</p> <p>TASK 1. Program Design and Administrative Framework</p> <p>Program Design: Consultant will work with RWA staff to design a Smart Controller Program that will fit the needs of RWA and its member water agencies. Design includes the selection of smart controllers to be offered through the Program, associated customer costs (if any) and customer target audience.</p> <ul style="list-style-type: none"> • Smart controllers distributed through the Program must be certified by the United States Environmental Protection Agency (USEPA)’s WaterSense Program (www.epa.gov/watersense/irrigation-controllers). Other controller features must include an optional associated mobile phone application, ability to program customized irrigation zones and watering days and a noninvasive installation process. Some participating agencies may choose to add in additional irrigation related devices such as high efficiency sprinkler nozzles to compliment the controller and increase water savings. All products distributed/installed through this Program must be WaterSense labeled, if applicable. Estimated cost per controller is required in Attachment C. • RWA is open to considering a variety of customer cost scenarios including 100% RWA funded and cost share (customer and RWA funded) options, with the understanding the RWA has a limited budget. RWA encourages the submitting Consultants to propose Program funding ideas based on previous experience/observations, customer satisfaction ratings and
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	<p>customer participation research. Proposal should also include a Program design option that allows for different customer cost scenarios among participating cities and water providers for continued participation of RWA agencies beyond the initial \$110,000 funding and for additional participation from potential multiregional partners. For example, controllers may be partially funded for some service areas and entirely funded for others.</p> <ul style="list-style-type: none">• Consultant will work with RWA to define and identify the ideal customer target audience in the region. RWA prefers to focus on high water use customers. Definitions of high water use customers may vary between participating RWA member water agencies and partnering agencies. <p>Administrative Framework: Consultant must provide RWA with a web-based online platform to provide information on the number of active controllers in the region, irrigation schedules, and respective water agency for each controller location. Exact location and customer data is not needed. The platform will be used by RWA to provide monthly Program updates to water agency members and will be included in any related reports. Ideally summary information would be easily downloadable from the online platform in excel or PDF format.</p> <p>TASK 2. Customer Focus</p> <p>Marketing: Consultant will work with RWA staff and member agencies to refine customer target audience and provide a marketing plan to reach the identified audience. The marketing plan will include a variety of direct and digital marketing strategies to promote customer installation of smart controllers and may include email and social media campaigns, neighborhood based groups and/or referral programs. Consideration will also be given for those customers that may not have access to digital resources or prefer more traditional outreach methods like flyers and postcards. Marketing efforts should reflect available Program budget.</p> <p>Customer Assistance: Consultant will provide a service telephone number to field customer questions regarding the Program. This telephone number will be included on all printed and digital outreach materials. Customer inquiries to the phone line will be returned within 24 hours. The telephone number will remain active for the full duration of the Program unless agreed otherwise by RWA and Consultant.</p> <p>Customer Eligibility: Consultant will work with RWA to develop an online customer sign up portal/website to confirm customer eligibility according to RWA Program rules and regulations. Eligibility requirements have not been determined yet but may include location/address, account number verification, approved landscape irrigation audit, and/or water use thresholds.</p>
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Product Warranty: Consultant will provide a minimum of one year product warranty for all smart controllers and other devices distributed or installed through the Program. Warranty may be a manufacturer’s warranty. Information about the warranty will be provided to the customers upon delivery/installation of the smart controller and/or other devices.

Participation/Sign Up: Consultant must provide an online customer sign up portal/website for the Program. Portal must be able to verify customer information, allow customer to select products for purchase/rebate, accept customer payments (as needed), allow for customer sign up for optional installation services, and provide some level of customer support with Program questions. Portal must be user and mobile friendly. Customer interface portal should allow for clear delineation of program options available based on customer’s address and/or water agency.

Installation: Consultant will acquire, train, and manage installation professionals that will perform work in RWA member service areas for the duration of the Program. Through the online platform, customers will have the option to receive a controller (and potentially other devices) via mail and customers can also select to have the controller installed for a fee. Consultant may also provide an option for customers to have an on-site irrigation system audit. Fee for controller installation and/or irrigation audit may be partially paid by RWA/participating water agency or may be solely paid by the customer desiring such services. Fee structure for installation and irrigation audit may vary by city or water provider. Consultant is solely responsible for all liability from installations on customers’ properties and will develop and collect liability forms from all customers choosing installation services. Consultant will confirm that installation professionals have the required training and licensing to perform installations for controller and additional devices. Consultant will track and submit data to RWA listing customers that participated in installation services. Estimated fee per installation is required in Attachment C.

Training: Consultant will design and provide two in-person customer training sessions throughout the Program timeframe. The training sessions serve two purposes: 1) to provide customers with additional information about operating and maintaining their smart controller; and 2) to provide water agency staff additional information on how to assist customers with questions about smart controllers over time. Sessions will be held in geographically diverse, publicly accessible locations in the region in partnership with RWA and member water agencies. Consultant will also provide an online training session (webinar or similar format) that can be accessed by customers, RWA, and partner agencies outside of the training sessions in perpetuity. Consultant will also provide an educational handout with every smart controller distributed through the Program. Content of the handout will be approved by both Consultant and RWA.

	<p>TASK 3. Evaluation Metrics</p> <p>Consultant will provide options for tracking and evaluating Program participation for the entire regional Program as well as by individual participating water agency. Metrics may include post installation/participating customer satisfaction survey. Metrics will be approved by RWA Program Manager and will be included in Program Status and Completion Reports (Task 4). Metrics may be changed during the Program timeframe to respond to changing Program needs. Real time online downloadable summary of metrics is preferred.</p> <p>TASK 4. Program Status and Completion Reports</p> <p>Consultant will provide RWA with Program status reports on a quarterly basis and one final completion report at the end of the Program. Reports will include but are not limited to the following: participating water customers information, number and type of controllers and/or irrigation equipment distributed and/or installed, type of controller removed from customer’s residence (if installation services were provided), incurred Program costs, customer complaints (if any), etc. Consultant will work with RWA to define report outline prior to Program start. Report outline may be modified during the Program timeframe to meet unforeseen reporting needs.</p>
<p>Program Expansion Opportunities</p>	<p>Several other regional and wholesaler agencies in northern California may be interested in participating in this Program. Consultant should brainstorm and present potential management options in the RFP response to incorporate other regional/wholesaler agencies. RWA would serve as the Program lead for any expansion efforts and the partner agencies would enter into an agreement with RWA to piggyback on the contract resulting from this solicitation. Consultant should incorporate the following considerations into their proposal:</p> <ul style="list-style-type: none"> • How would your company expand the requested RWA services (administrative framework, customer portal, installation services, marketing, etc.) to other agencies? • What services are customizable for other participating agencies? Selection of products? • List benefits from expanding the Program beyond the RWA member service areas. Potential to offer discounts for product and services? • List potential challenges from expanding the Program beyond the RWA member service areas. <p>Potential partners include: BAWSCA and the BAWSCA Member Agencies and Sonoma Water and its contractors.</p>

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Bay Delta Water Quality Control Plan – Phase 1 Update; Voluntary Agreement Development Efforts**

Summary:

This memorandum serves to update the BAWSCA Board on recent activities related to the development of a Voluntary Agreement (VA) for the Tuolumne River as well as other tributaries of the Sacramento River and San Joaquin River.

Recommendation:

No action is recommended. This item is for informational purposes only.

Discussion:

On July 1, 2019, California Secretary of Environmental Protection Jared Blumenfeld and Secretary for Natural Resources Wade Crowfoot jointly issued a “Voluntary Agreements Progress Report”. The report details how their agencies are helping to collaboratively develop VAs for implementing the State Water Resources Control Board’s (Water Board) updated water quality objectives for the Sacramento and San Joaquin rivers, their tributaries, and the Sacramento-San Joaquin Delta. A copy of the report is included in the meeting correspondence packet.

The report notes the following:

- The effort has been ongoing since Governor Gavin Newsom took office in January 2019.
- The process underway is evaluating the initial VAs that the Water Board received from stakeholders, including the SFPUC, back in December 2018 concurrent with the Water Board’s hearing to consider the adoption of the Bay-Delta Water Quality Control Plan – Phase 1 Update (Bay-Delta Plan Update).
- The VAs that are being developed are an alternative mechanism to provide reasonable protection of native fish, wildlife and other beneficial uses as required by law and identified in the Bay-Delta Plan Update.
- The VAs seek to improve conditions for native fish and wildlife through targeted river flows and a suite of habitat-enhancing projects that also balance the needs of the other identified beneficial uses, which include municipal, domestic and agricultural water supplies, recreation, and navigation.
- The VAs reflect extensive collaboration among the State Team, Bureau of Reclamation and an array of stakeholders, including dozens of public water agencies and environmental conservation groups.
- The work on the VAs is advancing through three primary work groups: Assets to Outcomes Work Group; Governance, Science and Adaptive Management Work Group, and Policy Work Group. SFPUC is involved in each of the Work Groups. A description of each work group and status of work is presented in the report.
- A Plenary meeting of all groups participating in the VA development guides the work of the three Work Groups. The Plenary meetings occur every three weeks and are led by the Secretaries.

The report identifies the following schedule moving forward:

- Over the next three months, work groups will continue to finalize needed components of the proposed VAs, including modeling and scientific analysis and governance and adaptive management structure.
- By mid-October, the State Team will determine “whether the VAs can provide the reasonable protection of beneficial uses required by law”, and if so, will recommend that the Water Board consider the VAs.
- Independent peer review of the scientific basis report associated with the VAs will be performed and should be complete by Spring 2020 and provided to the Water Board.
- Water Board will release a Draft Environmental Impact Report (EIR) anticipated in Summer 2020 and Final EIR by Summer 2021.

BAWSCA will continue to track the VA efforts independently and through on-going discussions with and updates from the SFPUC. Targeted outreach will also be conducted to inform State officials, including Mr. Blumenfeld and Mr. Crowfoot, as well as key legislative representatives from our region, as to BAWSCA’s position on the VA in development for the Tuolumne River.

BAWSCA

Bay Area Water Supply & Conservation Agency

155 Bovet Road, Suite 650
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(650) 349-3000 tel. (650) 349-8395 fax

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: July 18, 2019
SUBJECT: Chief Executive Officer/General Manager’s Letter

Capital Improvement Program Comparison Study:

In recognition of the need for the SFPUC to have a well-maintained and efficient water supply system, BAWSCA pays particular attention to capital improvements that are proposed and implemented for the Regional Water System (RWS). Given the importance of having a sound Capital Improvement Plan (CIP), BAWSCA has performed a study to summarize the capital planning processes in place at the SFPUC in comparison with other water suppliers (participating agencies) to identify best practices. The Comparison Study was conducted through a review of CIP documents as well as through interviews and electronic communications with staff from participating agencies. Note that eight water suppliers, aside from SFPUC, were selected to participate in the study. This number of participating agencies was small enough to be manageable yet large enough to afford for meaningful comparisons to be drawn.

A final draft of the Comparison Study was sent to each participating agency, including SFPUC, for review and comment in June. BAWSCA has asked for comments by July 19, 2019. Those comments will be considered and necessary edits made such that the final report is anticipated to be available in August of 2019. Findings from the report will be presented to the Board when complete.

Los Vaqueros Expansion Project – Update:

As previously reported to the Board earlier this year, the Los Vaqueros Expansion (LVE) Project schedule was extended to include more time for Contra Costa Water District (CCWD) to develop engineering details, cost updates, and governance documents. During the past two months, CCWD developed and sought comments on a draft proposed “Term Sheet” that each participant agency would enter into at some point in the future.

The purpose of the Term Sheet is to provide an overview of potential commercial terms for the Project for review and discussion by the Parties. The Term Sheet is preliminary, for discussion purposes only, and does not bind any party in any manner. It details the many agreements and requirements that must be met as the LVE Project moves into construction and ultimately operation. BAWSCA and its legal counsel reviewed the draft proposed term sheet and have provided comments to CCWD for consideration.

BAWSCA staff continues work on the Project including further refinement of possible operational plans to convey the water to the BAWSCA service area and treat it prior to delivery to BAWSCA. For example, several discussions have taken place with those agencies with existing access to the South Bay Aqueduct (SBA) to determine if and how BAWSCA could secure capacity in that facility. BAWSCA would be reliant on the SBA agencies to wheel water from the SBA to an agency connected to the BAWSCA service area for treatment and delivery to BAWSCA.

Significantly more analysis is needed for BAWSCA to better understand the viability of those delivery options, including, but not limited to, the cost of securing water conveyance and treatment commitments. Work on those and other aspects of LVE will continue through all of 2019 and well into 2020. A workshop with the Water Management Representatives will be scheduled in late September/early October to review LVE Project details.

Wholesale Revenue Requirement Reviews - Update:

On March 8, 2018, BAWSCA reached an agreement with the SFPUC related to the costs allocated to Wholesale Customers in FY 2015-16, except for three issues. Two issues were included in a tolling agreement with an initial deadline of September 8, 2018 for the parties to reach an agreement or for the wholesale customers to file a demand for arbitration on any unsolved issues for FY 2015-16. The parties have extended that initial deadline four times. The current deadline is July 31, 2019 through the fourth amendment to the tolling agreement dated June 28, 2019. The third issue will take longer than the timeframe anticipated to resolve the other two issues outlined in the tolling agreement. The parties plan to discuss the solutions for the third issue during the annual WRR review for FY 2017-18.

On March 29, 2019, BAWSCA and the SFPUC reached an agreement related to the costs allocated to Wholesale Customers in FY 2016-17, except for five issues that include the three issues from FY 2015-16 mentioned above. At the same time, the parties entered into a tolling agreement for the five outstanding issues with a deadline of June 30, 2019. Recently, the parties extended the deadline to July 31, 2019 through the first amendment to the tolling agreement dated June 28, 2019. As of June 28, 2019, the parties expect to resolve all five outstanding issues without arbitration.

In terms of the FY 2017-18 WRR review process, the SFPUC expects the annual compliance audit to be completed by July 15, 2019. Pursuant to Section 7.06 of the 2009 Water Supply Agreement (WSA), BAWSCA will perform its review of SFPUC's calculation of the annual WRR and the changes in the balancing account for FY 2017-18 after the compliance auditor's report is issued. The WSA requires resolution of the WRR within twelve months from BAWSCA's receipt of the compliance auditor's report.

California State Groundwater Elevation Monitoring (CASGEM) in the San Mateo Plain Sub-basin:

San Mateo County (County) Office of Sustainability recently announced their intent to lead efforts to develop a groundwater monitoring program for the San Mateo Plain Sub-Basin (Basin) that complies with the California Statewide Groundwater Elevation Monitoring (CASGEM) program. Through CASGEM, the State maintains a database of groundwater-level data collected by local agencies. The CASGEM database is accessible to the public and can be used to support groundwater studies and basin management.

The issue of CASGEM participation was raised by the County reports that were produced for the San Mateo Plain Groundwater Basin Assessment that was completed July 2018. The

County's Phase 1 Report states that CASGEM compliance "... could be an important first step in setting the Basin up for long-term sustainable management and funding." For the Basin to become CASGEM compliant, one or more agencies would need to register as a Monitoring Entity and be responsible for compiling and reporting groundwater level data at least twice per year.

Basin stakeholders, including several BAWSCA member agencies, met during 2018 to discuss CASGEM participation. BAWSCA is appreciative of the County's willingness to fund initial efforts to develop a monitoring plan, hold stakeholder meetings, perform the first two rounds of groundwater monitoring, and develop a data upload portal to be used by stakeholders going forward.

The County intends to kick off this effort by the end of July 2019 and estimates the initial work will be complete by June 2020.

Making Water Conservation a California Way of Life – Update:

A continuing effort included in BAWSCA's FY 2018-19 Work Plan and Operating Budget was support for BAWSCA member agencies in meeting the new water use efficiency targets as established by the "Making Conservation a California Way of Life" Executive Order and subsequent legislative actions. The BAWSCA "Making Conservation a Way of Life" Strategic Plan (Plan) is structured to be a multi-year effort, designed to align with the state's proposed schedule for implementing new water use efficiency targets and regulations.

Phase 2 of the Plan was conducted in FY 2018-19. Activities scheduled to take place during that period either have been or will soon be wrapped up. Specifically, a residential Indoor-Outdoor Water Use Study has been completed. The results of the study are being used and referenced in the Regional Water Demand Study, which is currently in development. Additionally, a Pilot Regional/Commercial/Industrial/Institutional (CII) Audit Program was implemented beginning in November of 2018, with 10 agencies taking part in the pilot. Results will be reviewed in FY 2019-20 to inform the upcoming Work Plan for FY 2020-21. Finally, a new Water Loss Control Subscription Program was developed for interested agencies and implemented in FY 2018-19. In total, 16 BAWSCA agencies participated. That program will continue to be implemented in FY 2019-20.

Request for Proposals for Customer Meter Testing:

BAWSCA is preparing to issue a Request for Proposal (RFP) for customer water meter accuracy testing services. The program, to be offered as a new subscription program to the BAWSCA agencies, will provide volumetric customer meter testing services concordant with American Water Works Association (AWWA) best-practice methodology for small meters (3" and smaller) and large meters (4" and larger).

BAWSCA has obtained assistance from member agencies with development of the RFP as well as identification of potential interested vendors. BAWSCA plans to issue the RFP in July and request Board authorization in September to enter into a consultant contract to implement this program on a subscription basis.

California Urban Water Institute:

The California–United Water Conference was held June 26 through 28 in Auburn, California. The conference was hosted by the Urban Water Institute, Mesa Water District, Mountain Counties Water Resources Association, and BAWSCA. BAWSCA Board attendees included

Vice President Larsson and Director Kuta. Tom Francis and Andree Johnson were the BAWSCA staff attendees. Conference attendance was limited to invitees only, with a total of 65 in attendance.

The bulk of the conference consisted of an all-day tour of Placer County watersheds and the water agencies located in those watersheds. Particular attention was given to how lands are managed to promote healthy watersheds for water supply. Concerns associated with wildfires, including how fires can impact water supply and forest health, were discussed. At each stop in the tour, speakers shared details regarding how their agency addressed watershed management.

On the last day of the conference, elected representatives spoke to conference attendees about watershed and water supply topics. Congressman McClintock, who represents the 4th Congressional District that includes much of the Tuolumne River watershed, was among those elected officials that spoke.

BAWSCA Board Members and staff present enjoyed the presentations / discussions that took place at the conference, and found the tour of watersheds particularly worthwhile.

Annual Survey – FY 2017-18:

Each year, BAWSCA conducts an annual survey of its members in order to update key BAWSCA service area information including population, current and projected water use, and climatology. BAWSCA has found that there is significant outside interest in member agency water use data, and since BAWSCA's survey collects information for the 26 member agencies, the report serves as a good summary of regional water use.

The Annual Survey for FY 2017-18 is complete and is available on BAWSCA's website at <http://bawasca.org/water/reliability>.

Annual Water Conservation Report – FY 2017-18

Each year, BAWSCA prepares an annual water conservation report to document member agency progress on water conservation as well as to document the core water conservation programs and subscription water conservation programs that were offered as part of the BAWSCA Regional Water Conservation Program in FY 2017-18.

As described in the report, there was a reduction in conservation program activity within the BAWSCA region in FY 2017-18. That trend matches what has been observed within other Bay Area water agencies and is largely due to decreased customer interest and lower agency budgets for water conservation activities following a surge in activity during the 2014-2017 drought.

The Annual Water Conservation Program Report for FY 2017-18 is complete and is available on BAWSCA's website at <http://bawasca.org/water/reliability>.

Board Of Directors Policy Calendar Through November 2019

Meeting Date	Purpose	Issue or Topic
July 2019	R&A D&A D&A R&D	CEO Performance Evaluation Authorization of Consultant Agreement for an Asset Management Audit Authorization of Consultant Agreement for a Regional Smart Controller Program Discussion of Bay Delta Plan
September 2019	D&A D&A D&A D&A R&D	CEO/General Manager Evaluation Resolution Approving Temporary Appointment of A. Jensen as Special Counsel to the CEO/General Manager Consideration of Agreements Related to BAWSCA's Pilot Water Transfer; CEQA Determination; Funding Approval Authorization of Consultant Agreement for a Customer Meter Testing Program Review of CERBT Fund Update
November 2019	D&A D&A D&A D&A R&D R&D	Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy Review of Agency Personnel Handbook Consideration of Action to Extend Current Tier 2 Drought Plan LVE Update & Feedback from Agency Workshop Demand Study Update

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**Bay Area Water Supply and Conservation Agency
and Regional Financing Authority**

Meeting Schedule through July 2020

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – July 18, 2019	Oak Room, San Mateo Main Library
Thursday – September 19, 2019	Wind Room, Foster City Community Building <i>(Venue for Month of September Meetings until 2022)</i>
Thursday – November 21, 2019	Oak Room, San Mateo Main Library
Thursday – January 16, 2020	Oak Room, San Mateo Main Library
Thursday – March 19, 2020	Oak Room, San Mateo Main Library
Thursday – May 21, 2020	Oak Room, San Mateo Main Library
Thursday – July 16, 2020	Oak Room, San Mateo Main Library

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – January 16, 2020	Oak Room, San Mateo Main Library

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
<u>Date</u>	<u>Location</u>
Wednesday – August 14 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 9, 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 11, 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – February 12, 2010	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – April 8, 2020	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 10, 2020	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.