

**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 3)**

Thursday, May 16, 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. Board Policy Committee Report <i>(Attachment)</i>	(Zigterman)	<i>Pg 5</i>
3. Comments by the Chair	(Pierce)	
4. Public Comments	(Pierce)	
<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>		
5. SFPUC Report	(Kelly/Wade)	
6. Consent Calendar <i>(Attachments)</i>	(Pierce)	
A. Approve Minutes of the March 21, 2019 Meeting		<i>Pg 19</i>
B. Receive and File Budget Status Report – As of March 31, 2019		<i>Pg 23</i>
C. Receive and File Investment Report – As of March 31, 2019		<i>Pg 25</i>
D. Receive and File Bond Surcharge Collection Report – As of March 31, 2019		<i>Pg 27</i>
E. Receive and File Directors' Reimbursement Report – As of March 31, 2019		<i>Pg 31</i>
7. Report and Discussion		
A. Review of Water Supply Agreement Balancing Account <i>(Attachment)</i>		<i>Pg 33</i>
8. Action Calendar – Part 1 of 2		
A. Proposed FY 2019-20 Work Plan and Operating Budget <i>(Attachment)</i>	(Sandkulla)	<i>Pg 41</i>
1. Approval of Proposed FY 2019-20 Work Plan and Results to be Achieved;		
2. Approval of Proposed Operating Budget of \$4,569,750; and,		
3. Approval of 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.2.a of the 2009 Water Supply Agreement, for the water supply projects administered by BAWSCA.		

The Committee voted 7:1 to recommend approval the proposed Board Action.

B. Approval of Professional Services Contracts for FY 2019-20 (<i>Attachments</i>)	(Sandkulla)	Pg 69
<u>Consultant Contracts for Technical and Administrative Services</u>		
1. Burr, Pilger, Mayer (Auditing, WSA)		Pg 73
2. Geosyntec (Engineering)		Pg 77
3. Hanson Bridgett, LLP (Legal Counsel)		Pg 81
4. Harlan Wendell (Strategic Counsel)		Pg 89
5. Hazen & Sawyer (Engineering)		Pg 95
6. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant, WSA)		Pg 101
7. Immersiv Media (Database)		Pg 105
8. Kelling, Northcross, Norbriga (Financial Advisor)		Pg 109
9. Orrick, LLP (Bond Documents Legal Support)		Pg 113
10. Public Trust Advisors, LLC (Investment Advisor)		Pg 117
11. Stetson Engineering (Water Analyses, WSA)		Pg 121
12. Terry Roberts (Engineering Consultant – WSIP, 10-year CIP)		Pg 125
<u>Consultant Contracts for Conservation Programs</u>		
13. ConserveTrack, LLC (Online Database System)		Pg 129
14. EarthCapades (School Assembly Program)		Pg 137
15. Global Sun Landscape (Lawn Be Gone Inspection Services)		Pg 143
16. Resource Action Program (School Education Programs)		Pg 147
17. Waterfluence, LLC (Large Landscape Conservation Services)		Pg 167
18. Water System Optimization		Pg 173

As these items are considered annually and do not represent new policy action for board consideration, and therefore, were not presented to the Committee.

9. Reports

A. Water Supply and Use Update		
B. Bay Delta Plan Update		
C. Los Vaqueros Expansion Project		
D. Results of FY 2016-17 Wholesale Revenue Requirement Review (<i>Attachment</i>)		Pg 181
E. CEO/General Manager's Letter (<i>Attachment</i>)		Pg 185
F. Board Policy Calendar (<i>Attachment</i>)		Pg 189
G. Correspondence Packet (Under Separate Cover)		

10. Closed Session

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

11. Reconvene and Report from Closed Session **(Schutte)**

12. Action Calendar – Part 2 of 2 (Attachment)

A. Second Amendment to Hanson Bridgett Professional Services Contract (Sandkulla) Pg 191

13. Directors' Discussion: Comments, Questions and Agenda Requests (Pierce)

14. Date, Time and Location of Future Meetings (Pierce) Pg 195
(See attached schedule of meetings)

15. Adjourn to next meeting scheduled for July 18, 2019 at 6:30pm (Pierce)

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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.

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MEMORANDUM

TO: BAWSCA Board Members
FROM: Nicole Sandkulla, Chief Executive Officer/General Manager
DATE: May 10, 2019
SUBJECT: Summary of Board Policy Committee meeting held April 10, 2019

1. **Call to Order:** Committee Chair, Tom Zigterman, called the meeting to order at 1:30 pm. A list of Committee members who were present (7), absent (1) and other attendees is attached.

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

2. **Public Comments:** There were no comments from the public.
3. **Comments by Committee Chair:** There were no comments from Chair Zigterman.
4. **Consent Calendar:** Approval of Minutes from the February 13, 2019 meeting.

Director Larsson made a motion, seconded by Director Chambers, that the minutes of the February 13, 2019 Board Policy Committee meeting be approved with the corrections provided by Director Cormack; misspelling of “re-assess” on the last sentence of the second paragraph on page 4 of the minutes.

The motion carried unanimously by roll call vote.

5. **Action Calendar:**

- A. **Proposed Fiscal Year 2019-20 Work Plan and Operating Budget:** Ms. Sandkulla reported that the proposed work plan and operating budget is what was presented to the Board at its May 21st meeting. She noted a bullet point that she added in her presentation that speaks to a major component of BAWSCA’s work plan, which is continuing its critical role in managing the 2009 water supply agreement. It is work that falls in the background of the agency’s functions but is critically important.

The proposed operating budget is \$4,569,750. It includes the new Water Resources Specialist position and a not-to-exceed budget of \$10K for Art Jensen’s as-needed special counsel service moving forward. Ms. Sandkulla explained that Mr. Jensen’s consulting services after his retirement counseled BAWSCA as it worked through the asset allocation component of the WSA amendments, during which she was able to obtain guidance from his

institutional knowledge of both BAWSCA and the SFPUC. Ms. Sandkulla anticipates having critical questions that would require the same level of historical knowledge, and she would like to have a budget to address those needs.

Ms. Sandkulla presented the allocation of the budget between agency operational expenses and BAWSCA's three goals of reliable, high-quality water supply at a fair price. The majority of the budget is applied to work on ensuring water supply reliability. A small portion of the budget is applied to water quality because it is the SFPUC that is obligated to meet the water quality requirements on the supply it delivers. The critical work is on SFPUC's side of the turnouts. BAWSCA's role in water quality involves monitoring SFPUC's compliance reports and facilitating communication between the SFPUC and the wholesale customers.

The funding alternatives remain the same as what was presented to the Board in March. The Board indicated its preference to alternative #2, which is a combination of a 3% assessment increase, a transfer of funds from the General Reserve and the 2009 WSA Balancing Account.

In response to the Board's request to obtain feedback from the Water Management Representatives (WMR) about the work plan, the operating budget and the funding plan, Ms. Sandkulla reported her discussion with the group at its meeting on April 4th.

She emphasized the critical role the WMRs have as the liaison between BAWSCA and its appointing agency, as the technical resource for each Board member, and; as a group, an advisory body to the BAWSCA CEO/General Manager.

The WMR is formed at the direction of the BAWSCA CEO/General Manager. City and District Managers of each member agency are specifically asked for a primary staff contact to represent their agency with BAWSCA. While the WMR is copied on all Board and BPC materials, it is not a policy body. It is however, a critical source for BAWSCA's understanding of each agencies' needs. They are also a technical resource for each Board member to align the technical perspectives with policy perspectives, especially for robust topics such as the Los Vaqueros Expansion (LVE) project.

Overall the WMR had no comments on the work plan, and no specific comments "for" or "against" the proposed operating budget or funding plan. A few representatives questioned the need for additional staffing and associated long-term commitment. Ms. Sandkulla responded to the comments by explaining the board's interests in maintaining the work plan.

The WMR did emphasize caution on the use of the Balancing Account as it is used primarily for rate stabilization.

Chair Zigterman opened the floor for committee member questions and comments.

Director Pierce asked the CEO to go over with the Committee, prior to entertaining a motion for this item, the uses included in the 2009 WSA for the Balancing Account.

Committee discussions ensued on the Balancing Account.

Director Kuta thanked the CEO and Legal Counsel for the memo on the Balancing Account in response to his request for more information. He stated his concern over the absence of calculations that identifies the amounts attributable to each Wholesale Customer.

Ms. Sandkulla explained that water rates are set by the SFPUC Finance Department based on projected sales. The source of the funds in the Balancing Account is from wholesale water revenue that was paid in excess of what was projected in sales. Projected sales used for rate setting is not estimated at the individual agency level. It is estimated for the region as a whole, and is based upon trends established by the SFPUC Finance Department.

Ms. Sandkulla further explained that the Wholesale Revenue Requirement represents the wholesale share of the SFPUC's total actual costs in a given fiscal year. The wholesale rates are based on an estimate of total sales as a group, and it is not related in any way to the member agencies' contract amount, or supply guarantee.

Director Kuta noted that he understands the intent and purpose of the Balancing Account as well as its value. However, given the high balance of over \$60 million versus the 10% of annual revenue requirement, he is curious to know how much of the funds in the Balancing Account pertain to individual agencies. He asked if there would be interest from the Committee to tighten the process to identify the amount on an individual agency basis.

Director Wood stated that she has a similar method in her projections that she refers to as "variations in projections". She sees the Balancing Account as a way to address variations in projections that is cumulative.

Ms. Sandkulla stated that the Balancing Account is variations in projections to actual costs and actual sales that is trued up once a year. There is no readily available way to correctly project sales and to relate that to what the finance group would want to do in San Francisco to project for sales. To go back, and to individually track that, would be a herculean effort.

Director Chambers added that if it were tracked and managed individually, it would be really hard to utilize the money in the Balancing Account for rate stabilization, which is really what the main purpose has been of the Balancing Account. Whether there is overpayment or underpayment in a particular year, Director Chambers stated his preference for stable rates over individual calculations of funds in the Balancing Account.

Director Mendall agreed with Director Chambers and stated that the rate stabilization provided by the Balancing Account is of more value for the member agencies than calculating the distribution of the funds for each member agency.

Director Zigterman asked if this is a generally acceptable accounting practice to follow.

Nicole noted that this is the same practice that has been in place for the Balancing Account since the 1984 Settlement Agreement between the wholesale customers and San Francisco, with the exception that it used to be zeroed out at the end of every year. That practice was a problem for the agencies as it resulted in constantly changing wholesale rates, and particularly for the private utilities because they did not have the flexibility of adjusting their rates within their 3-year rate cycle. There was a significant interest from the wholesale customers to create some greater flexibility on the use of the Balancing Account, and to use the Balancing Account to help with rate stabilization.

As shown in Table 2 of the staff memo, there was money owed to San Francisco between FY 2005-06 to FY 20011-12. That was the result of San Francisco significantly increasing their capital investment and bond funding even before the WSIP was adopted. The WSIP

construction started in 2008 and the negative balance started in FY 2005-06. San Francisco allowed those rate increases to go in over time so that the wholesale customers got rate stabilization from the Balancing Account.

Director Kuta noted that the significant jump of \$30 million in the Balancing Account between FY 16-17 and FY 17-18 and the roughly \$36 million in excess of the target 10% of the wholesale revenue requirement would behoove each agency to know how the balance relates to individual agency.

He apologized for not having asked the questions earlier in the process, but he expressed his concerns with the use of the Balancing Account for augmentation of the proposed operating budget for FY 2019-20 as presented.

Ms. Sandkulla stated that a change in the procedure on the accounting within the balancing account would be a significant task that would require an amendment to the WSA.

She stated that as history has shown, the Balancing Account has provided the stability that the agencies were looking for. She encouraged Directors to talk with their agency managers about how the Balancing Account has been in the past, and how it has demonstrated its benefits when a zero percent rate increase was achieved 5-years into the WSIP.

Director Kuta stated that he is not suggesting to change or eliminate the existing language in the WSA around the Balancing Account, but rather to find a way or means to identify the contributions to it on a member agency basis.

Director Larsson commented that the established process of accounting for the Balancing Account in the WSA is not something the Committee or the Board can independently discuss and vote on.

Ms. Sandkulla stated that while she is not familiar with the disciplines of the California Public Utilities Commission (CPUC), it can refer to the 2009 WSA in which the Balancing Account is written. She noted that the WSA has a suite of unique components, including the Balancing Account, to fit the unique needs of San Francisco's wholesale customers, that no other agency may have in a wholesale type contract.

Director Mendall suggested for staff to provide an estimate of how much of the Balancing account is attributable to each member agency based on projections over the last 2-3 years.

Director Larsson, stated his reluctance to estimate the attributable portions of the Balancing Account to individual member agencies in absence of an existing policy framework. He noted that since the WSA allows for the proposed type of expenditure for the Balancing Account, he trusts that this was part of the discussion and consideration when the WSA was established. He stated his support for the use of the Balancing Account for the proposed operating budget.

Director Chambers noted that the allocation based upon consumption is done for the bond allocation, and that those data can be used to identify each agency's usage for a certain fiscal year to calculate how much of the Balancing Account is attributable to each agency. He stated his support for the use of the Balancing Account for the proposed operating budget without having to do the calculations.

Director Cormack stated her support for Alternative 2, if in parallel, a policy is developed for when the Balancing Account is used in the future.

Staff provided additional information in response to Director Kuta's questions.

Christina Tang, BAWSCA Finance Manager, explained that there are different SFPUC documents that indicate the FY 2017-18 year-end balance in the Balancing Account. Table 2 of the staff memo provides the balance from the audited Statement of Changes in the Balancing Account up to FY 2016-17. The balance provided for FY 2017-18 is from the pre-audited Statement of Changes in the Balancing Account. She noted that the SFPUC's presentation provided at the recent annual wholesale customer meeting included an outdated FY 2017-18 year end estimate.

Ms. Sandkulla explained that the application of COLA adjustments based on merit is a 2-step process. Because BAWSCA staff members are not represented by a union, BAWSCA has developed a practice of maintaining competitive salary ranges for approved job classifications. Each year, there is Board consideration of applying COLA to the top end of salary ranges. A salary survey is conducted every 2 years to confirm the salary ranges and to identify any adjustments necessary to the salary range to stay competitive and ensure appropriate budget planning. All salary ranges are approved by the Board.

This process creates the boundaries in which adjustments to the pay of each position can be made by the CEO/General Manager.

With regards to the \$1-\$1.5 million estimated cost for the pilot water transfer, Nicole explained that the proposed FY 2019-20 budget includes only the remaining legal and technical expenses associated for the Pilot Water Transfer effort. It does not include the purchase or the conveyance costs, estimated at \$1-\$1.5 million, of water for the pilot water transfer because the Board has not acted to approve the transfer itself. To date, staff has reported that the pilot water transfer will not be funded through assessments, but through one of two funding alternatives; the Balancing Account or the Water Management Charge with San Francisco.

Board action is currently scheduled to occur in July 2019. A funding plan was going to be presented with the recommended Board action in July, but Ms. Sandkulla offered to bring it to the Board at its May Board meeting for an additional discussion opportunity.

Director Cormack inquired about the 10% increase in employee salaries and benefits, which Ms. Sandkulla identified as a net increase resulting from a pre-Public Employee Pension Reform Act (PEPRA) hire to replace a PEPRA employee. Director Cormack suggested the consideration of fully funding BAWSCA's pension costs as a good fiscal discipline moving forward, and noted the importance of long term efforts for the Board's consideration in future budgets.

With no further comments or discussions, Chair Zigterman opened the floor for a motion.

Director Wood made a motion, seconded by Director Pierce, with the clarification that the use of the Balancing Account is in accordance with the WSA, to recommend that the Committee recommend Board approval of the:

- 1) Proposed FY 2019-20 Work Plan and Results to be Achieved;**
- 2) Proposed Operating Budget of \$4,569,750; and**
- 3) Proposed funding plan of a 3% assessment increase, transfer of \$77,971 from the General Reserve, and transfer of \$805,000 from the 2009 Water Supply Agreement Balancing Account.**

Ms. Sandkulla stated that the Board action in May will include reference to Section 6.05.B.2.a which provides that, “The Wholesale Customers shall, through BAWSCA, direct that the positive balance be applied to one of more of the following purposes:...(d) water conservation or water supply projects administered by or through BAWSCA”.

The motion carried 7:1 by roll call vote.

6. Reports and Discussion

- A. Review of Water Supply Agreement Balancing Account: Ms. Sandkulla explained that the 2009 WSA is unique in the Wholesale Customers’ cost sharing arrangement with San Francisco. The entire premise of the contract is that San Francisco’s wholesale customers pay only their fair share of costs for the benefits they receive. It is set up that way as an outcome of a financial settlement of a law suit from Palo Alto against San Francisco in the 1980s.

Each May, SFPUC adopts the wholesale water rate. This rate is determined by dividing the wholesale customer’s share of regional water system costs by estimated wholesale purchases from the regional water system. The wholesale customers’ share of regional costs is determined based on the ration of wholesale customers’ estimated use of system compared to retail purchases from the system applied to the estimated costs to operate the regional water system as set through SFPUC’s annual budget process. At the end of the year, the SFPUC computes the actual costs attributed to the wholesale customers as a whole. This process is called the calculation of the Wholesale Revenue Requirement (WRR) which is defined under the WSA.

The difference between the WRR and the amounts billed to the wholesale customers is applied to the Balancing Account. Funds are added to the Balancing Account if too much is paid, and a deduction to the Balancing Account is made if less is paid.

One of the reasons for the current positive balance in the Balancing Account is due to San Francisco’s financial department’s estimates of how low wholesale customers’ water use was going to be during the drought. As a result, wholesale water rates were calculated higher and the SFPUC collected excess revenue. With the drought over, wholesale customer purchases have slightly increased, but San Francisco’s sales projection remains low. Ms. Sandkulla noted that the Demand Study will help provide a better sense of what is occurring in the region’s water usage to inform rates moving forward.

The WSA establishes the rules for the Balancing Account including the application of credits and debits, reporting, and calculations. It also authorizes the review and audit by BAWSCA.

Ms. Sandkulla explained that the WSA does not target 10% of the WRR, but provides specific applications for a positive balance if it is 10% or more in 3 successive years.

There are 6 instances specified in the WSA for the use of the Balancing Account. Two instances – amortization of any remaining negative balance from the ending balancing account under the 1984 agreement, and pre-payment of the existing asset balance under Section 5.03 – have gone away because of the bond issuance. Four specific instances remain including usage for “water conservation or supply projects administered by BAWSCA”.

Ms. Sandkulla noted that BAWSCA was only 6 years old when the WSA was signed. BAWSCA was in the midst of developing the Long-Term Reliable Water Supply Strategy (Strategy), and there was anticipation that BAWSCA may pursue water supply projects. As a result, water conservation or water supply projects administered by BAWSCA were specifically called out as potential use for excess funds.

While BAWSCA or the Board are not a signatory to the WSA, BAWSCA does have defined roles per the WSA. One of BAWSCA’s responsibilities is to conduct the annual review of the WRR calculations and the Balancing Account. This audit and review are done by Christina Tang, and over the past 16 years, BAWSCA’s reviews have saved member agencies \$43.7 million. The identified credits to the wholesale customers from the WRR reviews are applied to the Balancing Account.

Ms. Sandkulla referenced Section 8.04(c) of the WSA, which provides that “unless otherwise explicitly stated, the administrative authority delegated to BAWSCA may be exercised by the General Manager/CEO of BAWSCA, rather than requiring action by the BAWSCA Board of Directors”. To date, Ms. Sandkulla has exercised administrative functions which involves signing off on the annual audit of the WRR whether it is settled or litigated.

The Committee was presented with the history of the balancing account from FY 2001-2002 through FY 2017-18. Ms. Sandkulla emphasized the member agencies’ preference for rate stabilization and stated that they do not like fluctuations in wholesale rates. Alternatively, the SFPUC does not want to surprise wholesale customers with rate increases, or have rate complaints.

The SFPUC provides a multi-year wholesale water rate projection at least twice a year. The first opportunity is at the contractually required annual meeting between SFPUC and the wholesale customers, which is typically held in February. As part of that meeting, the Finance Director presents SFPUC’s financial outlook as well as the 10-year wholesale water rate projections. Additionally, there is an annual rate notice that usually occurs in April, which provides further information on how San Francisco anticipates applying the Balancing Account over the next 5 years for the purpose of rate stabilization.

In discussing the work plan for FY 2019-20 with the Committee and the Board, three large water supply projects have been presented; the Regional Water Demand (\$450K), Los Vaqueros Expansion Project (\$350K), and Pilot Water Transfer (\$1-\$1.5M). These projects are special one-time projects, that would typically be funded through the General Reserve. The 2014 Water Demand Projection was one such project that was funded by the General Reserve in the past. Under current circumstances; however, it is appropriate for the Board to consider funding alternatives for the three projects.

The use of the Water Management Charge is an additional alternative source of funding that the Board can consider. It was used once before to fund the Strategy in 2010 at an expense

total of \$1.5 million. The cash flow for this alternative involves San Francisco billing the wholesale customers directly with a specific line item.

Ms. Sandkulla does not anticipate the use of the Balancing Account outside of the three major projects. She expects that further water supply projects that BAWSCA would engage with in the future will have ongoing expenses. Participation in the Los Vaqueros JPA, for example, would have an ongoing cost and would require separate and long-term funding considerations

Director Larsson commented that an additional column on Table 2 that shows the amount of change in the balancing account from year to year would be helpful to clearly show that while there are years where the balance has had a significant increase, there are also years where the balance has gone down significantly. It would also be helpful to extend the table to provide the projections over the next 5 years.

Director Pierce suggested, if possible, to include any explanation as to why the changes in trends are occurring.

The following information were provided in response to Director Kuta's questions.

Legal Counsel, Nicole Witt, explained that there are a couple of different points under the WSA in which BAWSCA gets involved with the use and calculations of the Balancing Account. Section 6.05.B.2.a of the WSA allows the wholesale customers, through BAWSCA, to direct how they might want to handle the excess funds in the Balancing Account. There are six options of which two no longer exists, as previously explained by Ms. Sandkulla. One of the options remains as rate stabilization, and Section 8.04 of the WSA, addresses BAWSCA's responsibility to audit and review the calculations every year to confirm the actual balance in the balancing account.

The overarching concept is that fundamentally, the Balancing Account is for rate stabilization. If the balance reaches a certain threshold, 10% or more over three successive years, the wholesale customers, through BAWSCA, can direct the use of the Balancing Account as stated under the WSA.

Ms. Sandkulla clarified that the balance is at the SFPUC's discretion until it reaches the threshold of 10% or more over three successive years.

Additionally, BAWSCA does not have a defined role under the WSA in SFPUC's rate setting. There is, however, a process that takes place in late January, in which the SFPUC asks the wholesale customers for their purchase projections for the current and following fiscal year to inform SFPUC's sales estimate for the current and following fiscal year. The SFPUC is not contractually obligated to do this level of interaction.

Ms. Sandkulla stated that if the Wholesale Customers were not satisfied with SFPUC's rate setting, it would be a matter that would be brought up as part of San Francisco's rate setting process.

Ms. Tang explained that the Wholesale Revenue Coverage Reserve in the WSA represents an additional 25% of the Wholesale Customers' proportional share of SFPUC's net annual debt service payments that are include in wholesale rates each year. The coverage is a promise to hold cash in reserve to fulfill the SFPUC's debt service obligations.

Nicole explained that the \$43.7 million identified through the annual WRR reviews are savings to the wholesale customers, and are not a reconciliation of sales versus deliveries. The \$43.7 million represents reductions in WRR as a result of BAWSCA's reviews. The WRR review is a cost auditing function and application of the contract, in which costs that have been inappropriately applied to the wholesale customers are recovered through BAWSCA's efforts.

BAWSCA does not monitor SFPUC's cost of service. Ms. Sandkulla explained that BAWSCA does not yet have an active role in auditing the SFPUC's overhead, administrative, or operational costs. But, it has been BAWSCA's major focus in its efforts to monitor the SFPUC's WSIP, and now the CIP. A major component of BAWSCA's oversight is making sure that SFPUC's capital projects are the appropriate projects that the wholesale customers benefit from.

Additional comments from the committee members included the following.

Director Mendall suggested adding a column in Table 2 that shows the changes in the balance of the Balancing Account in percentages. He is comfortable with the use of the Balancing Account as proposed in the FY 2019-20 operating budget because of its current high balance. But he encourages BAWSCA to remain mindful of the Balancing Account, develop guidelines, and to make it an active decision on whether to draw it down or not. It should not to be on auto pilot.

He noted that it is difficult to gauge whether to draw down the Balancing Account without knowing whether SFPUC's projections are modest or not. If the projections are significant, it is obvious to maintain the balance for rate stabilization. But if the projections are modest, then drawing down the balancing account provides some consideration.

Ms. Sandkulla reported that San Francisco's finance department, which does the sales projections for the rate-setting, have projected a slight decrease in both retail and wholesale purchases moving forward. Ms. Sandkulla has discussed this matter with the WMRs and they are comfortable with the calculation for this year. They want to engage with San Francisco in early December 2019 when more information on water use trends from this current year is available for further analysis. For now, there is potential that the wholesale customers will be owed again, making the balance in the balancing account increase.

In addition, Ms. Sandkulla reported that there are unknowns potential increases in San Francisco's CIP that are coming from what may be required of existing dams in response to the spillway modifications from the Division of Safety of Dams (DSOD). This issue could significantly increase the CIP and depending upon timing, could require San Francisco to aggressively implement a project, in which the Balancing Account would come into play. Ms. Sandkulla stated that this is not in the CIP yet, but can be anticipated.

Director Cormack shares Director Mendall's concerns with the magnitude of the current balance, and reiterated her preference for having a robust policy guideline for when the Balancing Account is used in the future. She noted that the proposed amount to augment the operating budget is 1.3% of the Balancing Account. There are 2 components in the current balance; the principal and the interest. She highlighted that the Balancing Account's interest rate of 1% has earned that amount over time, and that only a small portion of the principal will be withdrawn.

Director Chambers noted that an alternative to drawing down the Balancing Account is to lobby against San Francisco's 0% rate change. Staff can consider adding a column in table 2 to show the percent of San Francisco's rate change.

In response to Director Wood's question, Ms. Sandkulla stated that the rate calculations are not influenced by San Francisco's economic factors, and reiterated that the structure of the WSA is that wholesale customers pay only for the benefits they receive.

Ms. Sandkulla noted that her recommendation to use the Balancing Account instead of the Water Management Charge as a funding alternative for the water supply projects is because the amount being targeted is a small percent of the whole Balancing Account. She emphasized that member agencies want their rates stable because fluctuations can be difficult for water suppliers.

Director Pierce commented that the member agencies' stipulation for rate stabilization was made clear during discussions when the SFPUC was looking into raising rates by 30%.

Director Zigterman noted that the post-drought rebound and the water supply challenges, real or not, are creating the perfect opportunity to move forward with the water supply reliability efforts using the financial resources available. He suggested including this report in the May board agenda.

- B. Los Vaqueros Expansion (LVE) Project – Update: Sr. Water Resources Specialist, Andree Johnson, reported that Contra Costa Water District (CCWD) has made a schedule change in the LVE project which provides project partners more time in completing the next phase of work to make a decision on whether to join the Joint Powers Authority. Based on the length of time used to negotiate the cost-share agreement among the project partners for the current phase of work, and the associated delays in the technical work needed to inform the JPA decision, CCWD adjusted the schedule to provide an additional year.

The decision to join the JPA is moved to the mid-2020. It can come sooner if the work goes smoothly and all necessary information to form a JPA becomes available in mid-2020.

Ms. Johnson reported that proceeding more quickly provides financial benefits because of the Prop 1 funding that has been granted for the project. Prop 1 is anticipated to cover approximately half of the project cost. However, it is not inflation adjusted, therefore, the project would receive more value from the grant money if work can begin sooner than later.

Additionally, CCWD can potentially lose Prop 1 funding if the JPA is not formed by mid-2020; therefore making mid-2020 as the drop-dead deadline for forming the JPA.

Based on CCWD's schedule changes, BAWSCA has adjusted the schedule for Board discussions and review of the technical information and policy decisions for the project over the next 18 months.

Ms. Johnson reported that information about BAWSCA's ability to use the South Bay Aqueduct to move water from Los Vaqueros to the BAWSCA agencies will be presented to the Board at its meeting in July 2019.

BAWSCA anticipates to hold a technical workshop in Fall 2019 to review available information and initiate discussions that will help inform agencies and the Board about what project

structure will be most effective for BAWSCA agencies; regional structure or subscription structure. Information from the workshop will be presented to, and discussed with, the Board at its November 2019 meeting.

BAWSCA hopes to provide a complete cost estimate on both the LVE project itself and the conveyance at the January 2020 Board meeting. The preliminary terms for the JPA structure is anticipated to be available by the March Board meeting, and results of the work effort under the current cost share agreement by the July Board Meeting. These pieces of information would set the board up for decision making on whether to proceed as a JPA partner in November 2020.

BAWSCA continues its efforts to obtain project cost estimates. CCWD has provided the cost estimates for the LVE project itself, the water supply, and the new project facilities. The missing piece is the cost of conveyance. There are three major cost components for the conveyance; use of the South Bay Aqueduct (SBA), the San Francisco Regional Water System (SF RWS), and the Milpitas Intertie and associated wheeling costs with Santa Clara Valley Water District (SCVWD)

CCWD has been provided BAWSCA with the preliminary analysis on the available capacity to move water through the SBA. BAWSCA is working with Hazen and Sawyer, the consultant hired to complete BAWSCA's regional reliability model, to evaluate the use of SBA at the times BAWSCA would need supply.

BAWSCA has prepared an initial analysis on the cost for delivering water from LVE through SF RWS. This information will be shared with the Board when the full analysis is complete.

BAWSCA is scheduled to meet with SCVWD on April 12th to begin discussions on the use of the Milpitas Intertie.

Monthly discussions are ongoing with BAWSCA's WMR. Ms. Johnson reported that the WMRs were appreciative of the clarification of their role as technical resources for their respective Board member about the LVE project and the project's impacts and values to the member agencies. Feedback received from the WMRs at its April 4th meeting were consistent with BAWSCA's and the Board's expectations of the LVE. They share the Board's desire to get as complete cost information as possible, as soon as possible, to inform the discussions and decision points of the project.

The WMRs were highly supportive of a workshop to review the technical details on the project, and expressed interest in clarifying the roles of the overlapping agencies participating in the LVE.

Because BAWSCA, SCVWD, SFPUC and ACWD are all independent LVE partners, there is interest from the WMRs to understand each agencies' interest in the project, whether the interests are complimentary, contradictory, or redundant, and how the overlapping participation impacts the costs.

As part of the overall efforts to learn as much about the LVE as possible, BAWSCA asked the WMR to stay informed on the project through the monthly discussions at WMR meetings and staff reports, so they are prepared to discuss the project with their respective Board member, as well as to provide their technical insights that can support policy level decisions. They

were also asked to consider and be prepared to respond to questions of what their agency's interests are in supplemental supplies during shortage, and what their cost sensitivities are for those supplemental supplies.

There were no questions or comments from members of the Committee.

Director Zigterman asked for the workshop be held so that information from it can be available to the BPC at its meeting in October.

7. Reports:

Water Supply Update: Ms. Sandkulla reported that water supply conditions are good. Calaveras is at 69% of capacity. While it may not fill, DSOD has released all restrictions on the storage.

- A. Bay Delta Plan Update: Ms. Sandkulla reported that on February 13, 2019 BAWSCA moved to intervene in the lawsuit filed by San Joaquin Tributaries Authority, including San Francisco, in Tuolumne County. Since then, other lawsuits have been filed, including one by SCVWD. The most recent one was filed on March 28, 2019 by the US Justice Department and the US Department of the Interior for civil actions against the State Water Resources Control Board (SWRCB) for failing to comply with CEQA.

BAWSCA's intervention was granted with no comments or oppositions.

The Voluntary Settlement Agreement discussions continue. BAWSCA stays engaged with the SFPUC who is directly and actively involved in the discussions. The Governor's appointed Secretaries for the Natural Resources and CAL EPA are directing the negotiations, and have set June 30th as the deadline for resolving the critical path items. The SWRCB may consider VSA's as early as December 1, 2019.

- 8. Closed Session:** The meeting adjourned to Closed Session at 3:05pm

- 9. Open Session:** The meeting convened to Open Session at 3:19pm. Legal Counsel, Nicole Witt, reported that no action was taken during Closed Session.

- 10. Comments by Committee Members:** Director Zigterman thanked the members for their questions and encouraged members to reach out to the CEO/General Manager regarding any concerns they may have.

- 11. Adjournment:** The meeting was adjourned at 3:38 pm. The next meeting is June 12, 2019.

Bay Area Water Supply and Conservation Agency

**Board Policy Committee Meeting
Attendance Roster**

Agency	Director	Apr. 10, 2019	Feb. 13, 2019	Dec. 12, 2018	Oct. 10, 2018	Aug. 8, 2018	Jun. 13, 2018	Apr. 11, 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	n/a
Palo Alto	Alison Cormack	✓	n/a					
Foster City	Hindi, Sam			n/a	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	n/a

✓: present

April 10th 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
 Nathan Metcalf Legal Counsel, Hanson Bridgett, LLP
 Nicole Witt Legal Counsel, Hanson Bridgett, LLP
 Bud Wendell Strategic Counsel

Public Attendees:

Paul Sethy ACWD, Director
 Leonard Ash ACWD
 Karla Dailey Palo Alto
 Michelle Novotny San Francisco Public Utilities Commission

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

**March 21, 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. Comments by the Chair: Chair Pierce welcomed the new members of the Board; Alison Cormack from Palo Alto, Debi Davis from Santa Clara, Steve Jordan from Purissima Hills Water District, and Carmen Montano from Milpitas.

Chair Pierce noted the need for the Board to stay engaged on the critical matters that will require the Board's attention, specifically the Los Vaqueros Expansion Project and the decision by the State Water Resources Control Board regarding the Bay Delta Plan Update.

The preliminary work plan and budget for FY 2019-20 reflects increasing efforts to address water supply reliability, as well as the threats to the water customers of the BAWSCA region.

3. Board Policy Committee (BPC) Report: Director Zigterman reported the discussions and actions taken by the Board Policy Committee at its meeting on February 13, 2019. They are reflected in the BPC summary report included in the packet.**4. SFPUC Report:** Assistant General Manager for Water Enterprise, Steve Ritchie, provided a report on Water Supply Conditions and an update on the Bay Delta Plan.**5. Public Comments:** There were no public comments.**6. Consent Calendar:**

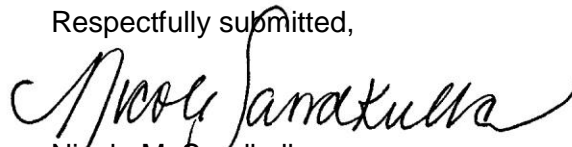
Director Kasperzak made a motion, seconded by Director Wood, to approve the Minutes of the January 17, 2019 meeting, receive and file the Budget Status Report as of January 31, 2019, the Bond Surcharge Collection, Account Balance, and Payment Report as of December 31, 2018, and authorize the CEO/General Manager to enter into a Memorandum of Understanding with Solano County Water Agency for Implementation of the Regional Bay Area Qualified Water Efficient Landscaper (QWEL) Training Program.

The motion carried unanimously.

7. Reports and Discussions:

- A. Los Vaqueros Expansion (LVE) Project: Sr. Water Resources Specialist, Andree Johnson reported on the Los Vaqueros Expansion Project highlighting the potential water supply benefits of the project for the member agencies, considerations for how the water supply and cost would be allocated among the agencies, and preliminary cost information as well as developing information.
- B. Preliminary Fiscal Year 2019-20 Work Plan and Results to be Achieved: Ms. Sandkulla presented the preliminary work plan and results to be achieved for FY 2019-20 and addressed the comments and questions received from the Board at the budget planning session during the January Board meeting.
- 8. Reports:** Ms. Sandkulla provided a report on the Bay Delta Plan and current water supply conditions.
- 9. Closed Session:** The meeting adjourned to Closed Session at 8:31pm
- 10. Report After Closed Session:** Legal Counsel, Allison Schutte, reported that Closed Session was concluded at 8:35, and no reportable action was taken during Closed Session.
- 11. Action Item:** Amendment to Hanson Bridgett Professional Services Contract
Director Zigterman made a motion, seconded by Director Mendall, authorize the CEO/General Manager to:
- 1. amend the professional services contract with Hanson Bridgett by \$150,000 for a total not to exceed amount of \$819,000;**
 - 2. to transfer \$50,000 from the General Reserve to the Operating Fund to fund a portion of this contract increase; and**
 - 3. to use \$57,500 from budgeted contingency to fund a portion of this contract increase.**
- The motion carried unanimously.**
- 12. Directors' Discussion: Comments, Questions and Agenda Requests:** Director Kasperzak noted the Water Now Alliance Summit in May. Registration is still open.
- Director Weed suggested for the Board Policy Committee to look at the OPEB liabilities of San Francisco's Water Enterprise.
- 13. Date, Time and Location of Next Meeting:** The next meeting is scheduled on May 16, 2019 at 6:30pm, in the Oak Room, of the San Mateo Main Library.
- 14. Adjournment:** The meeting adjourned at 8:37pm.

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	Mar. 21, 2019	Jan. 17 2019	Nov. 15 2018	Sept. 20 2018	Jul. 19 2018	May 17 2018	Mar. 15 2018
Benton, Jay	Hillsborough		✓	✓	✓		✓	✓
Breault, Randy	Guadalupe		✓	✓	✓			
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓	✓
Cormack, Alison	Palo Alto	✓	✓	✓		✓	✓	✓
Davis, Debi	Santa Clara	✓	vacant	✓		✓	✓	✓
Hindi, Sam	Foster City	✓	✓	na	na	na	na	na
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

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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

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: April 29, 2019

SUBJECT: Budget Status Report as of March 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 nine-month period ending March 31, 2019, 75 percent into the fiscal year, total expenditures were \$2,982,321 or 70 percent of the total budget of \$4,278,585.

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

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,811,080	1,137,238	63%
Fair Pricing	301,000	170,520	57%
Administration	110,000	90,641	82%
Subtotal	2,222,080	1,398,399	63%
Administration and General			
Salary & Benefits	1,673,955	1,319,396	79%
Other Expenses			
BAWSCA	376,850	264,064	70%
BAWUA	1,050	0	0%
Subtotal	4,273,935	2,981,859	70%
Capital Expenses	3,000	0	0%
Budgeted Contingency	0	0	0%
Regional Financing Authority	1,650	462	28%
Grand Total	4,278,585	2,982,321	70%

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 50 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 84 percent expended. The Operating Budget allocation of \$819,000 for legal counsel was 96 percent expended. The \$490,200 budget for water management and conservation-related activities was 51 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 79% and 70% 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 \$10,000 for KNN Public Finance, Inc. for services related to the Water Supply Agreement. (April 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 March 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. At its March 2019 meeting, the Board authorized a transfer from the General Reserve of \$50,000 to fund a portion of the \$150,000 First Amendment for Hanson Bridgett. This transfer increases the Operating Budget by \$50,000. The reserve balance as of March 31, 2019 shown below reflects this transfer.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 01/31/19)	Account Balance (As of 03/31/19)
General Reserve	\$1,165,848	\$1,115,848

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: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: April 29, 2019

SUBJECT: Investment Report – As of March 31, 2019

In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The Board most recently reviewed and re-affirmed the investment policy at the January 17, 2019 board meeting. No changes were recommended or adopted as part of that review.

Funds in excess of \$250,000 are deposited in the BAWSCA Local Agency Investment Fund (LAIF) account throughout the year to ensure compliance with BAWSCA's investment policy.

BAWSCA's prior and current period LAIF account balances are shown below:

<u>12/31/18</u>	<u>3/31/19</u>
\$2,420,363	\$2,434,988

Of the total in the BAWSCA LAIF account as of March 31, 2019, \$1,115,848 represents BAWSCA's General Reserve Fund, equivalent to approximately 26 percent of FY 2018-19 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

Recent historical quarterly interest rates for LAIF deposits are shown below:

<u>12/31/18</u>	<u>03/31/19</u>
2.40%	2.55%

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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: Nicole Sandkulla, CEO/General Manager

FROM: Christina Tang, Finance Manager

DATE: April 30, 2019

**SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report
as of March 31, 2019**

BAWSCA's Revenue Bond Series 2013A and Series 2013B (Taxable) were issued to prepay the remaining capital cost recovery payments that the BAWSCA agencies owed San Francisco as of June 30, 2013, when the payments were paid off. The bond transaction and the prepayment program was anticipated to generate approximately \$62.3 million in net present value savings over the term of the bonds, or about 17% of the \$356.1 million in principal prepaid from bond proceeds to San Francisco at the end of February 2013.

Bond Surcharge Collections

BAWSCA collects the bond surcharge from member agencies through the SFPUC as a separate item on SFPUC's monthly water bills to agencies. The bond surcharge payments are used to make debt service payments on BAWSCA's revenue bonds.

All surcharges billed for the months of January and February in 2019 have been collected. Payments of surcharges billed for March 2019 are still being received. Table 1 below presents a summary of financial transactions related to BAWSCA's Bond Series 2013A and 2013B for the three months.

Table 1: Summary of Surcharges Remitted to Trustee for Quarter Ending 3/31/2019

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>
January 2019	\$2,057,198	\$2,057,198
February 2019	\$2,057,198	\$2,057,198
March 2019	<u>\$2,057,198</u>	<u>\$ 923,441</u>
Total	\$6,171,594	\$5,037,837

Bond Surcharge Account Balances

All surcharge payments are deposited with the Bank of New York, the Trustee who manages BAWSCA’s accounts and administers debt service payments.

BAWSCA’s account balances at the Bank of New York and the account activities in the past quarter are shown in Table 2 below.

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 3/31/2019

	22,206,371	Account Market Value as of 12/31/2018
<i>plus:</i>	6,195,886	<i>Surcharge Collected in January 2019 through March 2019</i>
<i>plus:</i>	60,969	<i>Money Market Fund Interest, Security Coupons/Accrued Interest Received</i>
<i>plus:</i>	<u>75,521</u>	<u><i>Change in Market Value of Held Treasury Bonds</i></u>
	28,538,747	Account Market Value as of 3/31/2019

There are two ways interest is earned by BAWSCA on the collected surcharge payments and balances held in the stabilization funds. First, interest is automatically earned on the account balance in the Bank of New York Bond Trustee money market account. Second, BAWSCA has the ability to invest the collected surcharge payments by purchasing U.S. Treasury securities, possibly earning a higher rate of return than the money market account.

Based upon an evaluation of the available yields, it was determined that BAWSCA would realize a moderate earnings benefit by purchasing U.S. Treasury securities instead of staying invested in the money market account. Following further evaluation, BAWSCA determined that a strategy that involved both a rolling and a laddered security structure provided the Agency with the most appropriate balance of safety, liquidity, and yield. Consequently, this investment strategy was implemented in October 2015. With the Investment Advisor’s assistance, BAWSCA re-evaluated the investment strategy in April 2018 and determined that a modest extension of portfolio maturity was appropriate to pursue higher yields while still satisfying the primary objectives of safety and liquidity. Following the April debt service payment, BAWSCA began the transition to a 0-5 year laddered portfolio strategy. In November 2018, BAWSCA evaluated the credit quality, market price risk, and liquidity characteristics of all investment instruments permitted by the Bond Indenture. Based on the results of the evaluation, no changes in the investment strategy were made.

As of March 31st, the market yield on BAWSCA’s revised portfolio strategy was 2.32% compared to 2.31% for the money market fund. The Federal Reserve left short term interest rates unchanged over the quarter. However, longer term interest rates (e.g., one through five years) declined, reflecting growing expectations that the next change to monetary policy may be a reduction in short term interest rates. As a result, the yield curve has flattened/inverted with short term interest rates equal to or greater than longer term interest rates. Historically, the flattening/inverting of the yield curve has preceded periods of economic slowdown and often times declining interest rates. As the yield curve remains flat, BAWSCA believes that maintaining the current 0-5 year laddered portfolio strategy remains appropriate to protect against reinvestment rate risk associated with potential declines in short term interest rates that could occur in 2019.

All investment interest earnings are deposited directly in the Trustee account, and will be used to pay for future expenses and debt service of the bonds. Ultimately, all interest earnings are returned to the member agencies through annual savings and through distribution of the Stabilization Fund, including interest, once the bonds are fully paid.

Revenue Bond Series 2013A and Series 2013B Debt Service Payment Status

The recent debt service payment of \$6,073,900 was made on April 1, 2019. It was paid using the bond surcharges collected from the agencies, consistent with the bond indenture. The next debt service payment of \$18,598,900 will be made on October 1, 2019. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1st and October 1st of each year until 2034.

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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: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: April 19, 2019

**SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending
March 31, 2019**

In March 2006, the board adopted a directors' expense reimbursement policy consistent with the Government Code that requires a quarterly report on the Agency's reimbursement of directors' expenses. This report shall show the amount of expenses reimbursed to each director during the preceding three months.

There were no director expenses reimbursed for the quarter ending March 31, 2019.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Review of Water Supply Agreement Balancing Account**

Summary:

This item provides information on the Balancing Account under the Water Supply Agreement, as requested by the Board at its meeting on March 21st. The attached report from Legal Counsel provides details on the history of, WSA provisions on, and the current administrative process of the Balancing Account.

Fiscal Impact:

None.

Board Policy Committee Action:

The Committee took no action but did suggest modifications to table 2 to provide additional future information as well as year-over year comparison calculations.

Recommendation:

There is no action requested from the Committee. This item is for information and discussion purposes only.

Discussion:

The attached report from legal counsel provides information on the background of the Balancing Account and BAWSCA's role in its administration as written in the WSA.

Attachment:

1. Memorandum from Allison Schutte on Review of Water Supply Agreement Balancing Account

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Memorandum

TO: Board of Directors

FROM: Allison Schutte and Nicole Witt

CC: Nicole Sandkulla, CEO

DATE: April 23, 2019

RE: Review of Water Supply Agreement Balancing Account

In response to your request at the March 21st Board meeting, included here is a report on the balancing account as described in the Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County (WSA).

BACKGROUND AND BAWSCA'S ROLE

At the end of each Fiscal Year, SFPUC computes the actual costs attributable to the Wholesale Customers (the Wholesale Revenue Requirement or WRR), based on actual costs to operate the Regional Water System and actual amounts of water used by the Wholesale and Retail Customers. If there is a difference between the WRR and the amounts billed to the Wholesale Customers, the difference, positive or negative, is posted to the Balancing Account.

Pursuant to Section 8.04 of the WSA, the Wholesale Customers delegated authority to BAWSCA to conduct the annual review of SFPUC's calculation of the Wholesale Revenue Requirement and the Balancing Account. Table 1 provides the annual financial impact to the Wholesale Customers resulting from BAWSCA's annual comprehensive review. Over the past 16 years, BAWSCA's reviews have resulted in a total of \$43.7 million in savings to the Wholesale Customers. The final year-end calculation of the Balancing Account is the end result of the comprehensive evaluation of the Wholesale Revenue Requirement.

The analysis of options and recommendation of uses for a long-term positive balance in the Balancing Account is consistent with BAWSCA's role in implementing the WSA and reviewing and evaluating the Wholesale Revenue Requirement. WSA Section 8.04.C provides that "unless otherwise explicitly stated, the administrative authority delegated to BAWSCA may be exercised by the General Manager/CEO of BAWSCA, rather than requiring action by the BAWSCA Board of Directors."

DISCUSSION

I. PROVISIONS OF THE WSA APPLICABLE TO THE BALANCING ACCOUNT

The WSA addresses the Balancing Account in the following ways: 1) establishes the process for operating the Balancing Account and applying positive and negative amounts as part of the wholesale rate setting process, 2) provides for inclusion of the Balancing Account in

SFPUC's annual report on the Wholesale Revenue Requirement, 3) specifies what will be included in the Balancing Account calculation and what interest the Wholesale Customers are entitled to, and 4) authorizes audit and review of the Balancing Account.

Of particular relevance here, a positive balance in the Balancing Account must be taken into account by the SFPUC in establishing wholesale rates. The SFPUC need not apply the entire positive balance in the subsequent fiscal year, but may prorate it over three years to avoid fluctuations in the wholesale rates.

Under Section 6.05.B.2.a of the WSA, a positive balance that is maintained for three successive years and represents 10 percent or more of the Wholesale Revenue Requirement for the most recent fiscal year may be used for the Wholesale Customer's preferred application of the balance. Specifically, the WSA anticipated and specifies the following applications: (a) transfer to the Wholesale Revenue Coverage Reserve, (b) amortization of any remaining negative balance from the ending Balancing Account under the 1984 Agreement, (c) prepayment of the existing asset balance under Section 5.03, (d) water conservation or water supply projects administered by or through BAWSCA, (e) immediate reduction of wholesale rates, or (f) continued retention for future rate stabilization purposes. As a note, items (b) and (c) above are no longer applicable since: (b) the 1984 Balancing Account has been zeroed out and (c) the net book value of existing regional assets under the 1984 Agreement was paid off to San Francisco through the 2013 BAWSCA bond issue.

Item (f), "continued retention for future rate stabilization purposes," is effectively a credit to the Wholesales Customers. It forgoes an immediate reduction in the wholesale rates, which would otherwise be applied directly to the Wholesale Customers in the following fiscal year, in favor of long term rate stability. Most recently, at the Wholesale Customer Annual Meeting in February, the SFPUC CFO presented the projected five year rate estimate and included the following transfers from/(to) the Balancing Account for the next five Fiscal Years:

FY 2019-20	\$12.9 million
FY 2020-21	\$22.7 million
FY 2021-22	\$28.9 million
FY 2022-23	\$1.2 million
FY 2023-24	(\$2.9 million)

II. TRENDS IN THE AMOUNT OF THE BALANCING ACCOUNT OVER TIME

Please see the attached Table 2 for the yearly ending balance in the Balancing Account compared to the annual Wholesale Revenue Requirement over time. The Balancing Account represents excess (or deficient) Wholesale Customer rate revenue received by SFPUC and is not segregated by Wholesale Customer. Neither BAWSCA nor SFPUC currently calculates the percentage of the Balancing Account that is theoretically attributable to each Wholesale Customer.

III. INTEGRATION OF POSITIVE BALANCING ACCOUNT AMOUNTS WITH THE WHOLESALE RATE SETTING PROCESS (SECTION 6.05.B.2.a)

Historically, the Balancing Account has been used for rate stabilization. To our knowledge, BAWSCA has never entered into an agreement with SFPUC regarding an excess positive Balancing Account amount. The current proposal regarding use of excess funds to

fund the FY 2019-20 Operating Budget is the first such occasion. In 2018, the SFPUC consulted with BAWSCA regarding the potential options regarding the Balancing Account given the positive balance owing to the BAWSCA agencies. After receiving input from the Member Agencies through their Water Management Representatives, BAWSCA suggested that the SFPUC retain the positive balance for use in forestalling future rate increases.

The current level of the Balancing Account is \$62.1 million. BAWSCA staff is proposing to transfer \$805,000 from the Balancing Account to BAWSCA in FY 2019-20 to fund specific water supply projects to meet the water supply reliability needs of its Member Agencies. The CEO is also consulting with and receiving input from the Member Agencies through their Water Management Representatives.

The Balancing Account serves a critical rate stabilization role and BAWSCA has never formally directed the transfer of excess balancing account funds. The 1984 Agreement required the Balancing Account to be zeroed out at the end of every fiscal year, which caused substantial rate fluctuations that were difficult for the agencies to manage. Furthermore, in the event the Wholesale Revenue Coverage Reserve is less than the total Water Enterprise and Hetch Hetchy Enterprise working capital requirement, SFPUC will take the deficiency from the Balancing Account. If there are insufficient funds in the Balancing Account to meet this need, the Wholesale Customers may face a rate shock in the subsequent fiscal year.

IV. GENERAL RESERVE AND OTHER WATER SUPPLY PROJECT FUNDING MECHANISMS

BAWSCA's General Reserve Policy is designed to protect the agency against unanticipated deviations in revenue and expenditures, and stabilize or attenuate variations in assessments to member agencies. Within the General Reserve, the Board of Directors created a Long-Term Planning Fund to permit the agency to transfer surplus funds in excess of the maximum reserve balance of 35% of the annual operating expenses for specific long-term projects. The Board reviews and evaluates the General Reserve balance and any refunds to member agencies during the mid-year review process. In FY 2018-19, the Board authorized the use of \$649,188 from the General Reserve. As of January 1, 2019, the General Reserve balance is within the budgetary guideline at 28% of the FY 2018-19 Operating Budget. The Long-Term Planning Fund currently has a \$0 balance due to recent expenditures for the Demand Study and Los Vaqueros Expansion Projects approved by the Board.

The WSA provides another potential funding mechanism at the direction of BAWSCA. Under WSA Section 3.06.A, BAWSCA may direct SFPUC to include a Water Management Charge on the Wholesale Customer's bills for the purpose of water conservation programs and developing alternative supplies within the Wholesale Customer's service areas. This serves as another mechanism for funding projects. BAWSCA has used the Water Management Charge only once, in 2010, to fund the development of the Long-Term Reliable Water Supply Strategy.

Please contact Nicole Sandkulla (650) 349-3000 or Allison Schutte (415) 995-5823 if you have any additional questions.

Table 1. Savings to Wholesale Customers Resulting from BAWSCA's Annual Wholesale Revenue Requirement Review

Fiscal Year	Savings to Wholesale Customers
2001-02	\$698,095
2002-03	\$1,568,857
2003-04	\$476,825
2004-05	\$5,726,908
2005-06	\$1,229,604
2006-07	\$718,267
2007-08	\$1,917,328
2008-09	\$461,670
2009-10	\$1,635,005
2010-11	\$893,914
2011-12	\$5,352,720
2012-13	\$739,965
2013-14	\$102,952
2014-15	\$11,903,057
2015-16	\$6,266,980
2016-17	\$3,987,471
Total	\$43,679,618

Table 2. Balancing Account Year End Balance vs. Annual Wholesale Revenue Requirement

Fiscal Year	Ending Balance of Balancing Account (BA)	\$ Change from Prior Year	Annual Wholesale Revenue Requirement (WRR)	\$ Change from Prior Year	BA as % of WRR	Wholesale Water Rate (\$/Ccf)	% Change from Prior Year
2001-02	\$9,354,685		\$75,812,199		12.3%	\$0.88	
2002-03	\$2,880,837	(\$6,473,848)	\$82,301,597	\$6,489,398	3.5%	\$0.88	0.0%
2003-04	\$11,895,158	\$9,014,321	\$92,804,851	\$10,503,254	12.8%	\$1.10	25.0%
2004-05	\$7,272,068	(\$4,623,090)	\$99,930,037	\$7,125,186	7.3%	\$1.13	2.7%
2005-06	(\$8,964,718)	(\$16,236,786)	\$101,822,169	\$1,892,132	-8.8%	\$1.02	-9.7%
2006-07	(\$12,881,853)	(\$3,917,135)	\$110,902,794	\$9,080,625	-11.6%	\$1.22	19.6%
2007-08	(\$20,625,889)	(\$7,744,036)	\$118,672,955	\$7,770,161	-17.4%	\$1.30	6.6%
2008-09	(\$21,860,867)	(\$1,234,978)	\$123,388,788	\$4,715,833	-17.7%	\$1.43	10.0%
2009-10	(\$15,194,740)	\$6,666,127	\$131,367,056	\$7,978,268	-11.6%	\$1.65	15.4%
2010-11	(\$26,313,110)	(\$11,118,370)	\$137,655,168	\$6,288,112	-19.1%	\$1.90	15.2%
2011-12	(\$7,823,759)	\$18,489,351	\$160,529,498	\$22,874,330	-4.9%	\$2.63	38.4%
2012-13	\$27,349,579	\$35,173,338	\$172,405,401	\$11,875,903	15.9%	\$2.93	11.4%
2013-14	\$27,033,814	(\$315,765)	\$179,693,746	\$7,288,345	15.0%	\$2.45	-16.4%
2014-15	\$27,253,857	\$220,043	\$195,098,156	\$15,404,410	14.0%	\$2.93	19.6%
2015-16	\$15,712,070	(\$11,541,787)	\$214,208,639	\$19,110,483	7.3%	\$3.75	28.0%
2016-17	\$40,417,740	\$24,705,670	\$209,059,370	(\$5,149,269)	19.3%	\$4.10	9.3%
2017-18*	\$62,099,673	\$21,681,933	\$240,189,973	\$31,130,603	25.9%	\$4.10	0.0%
2018-19*	\$61,800,000	(\$299,673)	\$258,100,000	\$17,910,027	23.9%	\$4.10	0.0%
2019-20*	\$50,500,000	(\$11,300,000)	\$257,400,000	(\$700,000)	19.6%	\$4.10	0.0%
2020-21*	\$29,100,000	(\$21,400,000)	\$255,300,000	(\$2,100,000)	11.4%	\$4.10	0.0%
2021-22*	\$1,200,000	(\$27,900,000)	\$254,000,000	(\$1,300,000)	0.5%	\$4.10	0.0%
2022-23*	(\$2,800,000)	(\$4,000,000)	\$290,300,000	\$36,300,000	-1.0%	\$4.72	15.1%
2023-24*	(\$1,800,000)	\$1,000,000	\$313,500,000	\$23,200,000	-0.6%	\$5.11	8.3%

Data Source: Audited Statement of Changes in the Balancing Account for the fiscal years through 2016-17. *Data for the fiscal years 2017-18 through 2023-24 are the SFPUC projections provided at the 2019 annual wholesale customer meeting.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Proposed Fiscal Year 2019-20 Work Plan and Operating Budget

Summary:

This memorandum presents the proposed Fiscal Year 2019-20 Work Plan and Results to be Achieved, proposed Operating Budget, and proposed funding plan for the Operating Budget. Comments received from the Board at the January 17, 2019 Budget Planning Session have been reviewed and addressed, as well as input received from the Committee in February and the Board in March.

The proposed Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. Major work areas include increased activity in implementing the recommended Long-Term Reliable Water Supply Strategy (Strategy) actions with completion of new regional water demand projections, participation in Los Vaqueros Expansion Project, and implementation of the pilot water transfer; development of a new Tier 2 drought allocation plan among the BAWSCA agencies; activities to support BAWSCA member agency efforts to meet the "Making Water Conservation a Way of Life" requirements; participation in the State Water Resources Control Board (SWRCB) Bay-Delta Water Quality Control Plan Update to ensure member agency interests are represented; participation as an intervenor on FERC proceedings for Don Pedro Reservoir; increased oversight of the SFPUC's capital improvement program and Regional Water System (RWS) asset management program, including initiation of an audit of SFPUC's asset management practices; and completion of an initial Emergency Response Review for the RWS.

The proposed FY 2019-20 Operating Budget is \$4,569,750, which is 8.1% above the current FY 2018-19 Operating Budget. The proposed Operating Budget represents approximately a 16 cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$2.50 per person per year. Considerations for funding the proposed Operating Budget are presented below for further discussion.

Board Policy Committee Action:

The Committee voted 7:1 to recommend approval of the proposed Board action.

Recommendation:

That the Board approve the:

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

Discussion:

Proposed Work Plan:

Next year's Work Plan addresses all of the forward-looking issues discussed with the Committee in December and with the Board in January.

The proposed FY 2019-20 Work Plan includes the following major efforts:

- Oversight of the SFPUC's WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program, including the following actions:
 - Participate in SFPUC's development of its Water Enterprise 2020-2029 CIP.
 - Secure legislative extension of State oversight on WSIP through program completion.
 - Initiate an audit of the SFPUC's asset management practices per Section 3.10c of the 2009 Water Supply Agreement.
- Implement BAWSCA's Strategy, as documented in the Strategy Phase 2 Final Report, including the following actions:
 - Complete Potable Reuse Exploratory Plan Phase 2 pre-feasibility study with SFPUC and Silicon Valley Clean Water and plan for next phase of work. Engage with advocacy groups to access technical, legislative, and legal information to support these studies.
 - Finalize pilot water transfer agreements with EBMUD, Hayward, and others to implement BAWSCA's pilot water transfer in FY 2019-20.
 - Participate in development of the Bay Area Regional Reliability Partnership (BARR) Bay Area Regional Water Market (Exchange/Transfer) Program, with possible inclusion of BAWSCA's pilot water transfer.
 - Participate in Los Vaqueros Expansion studies to inform upcoming project decisions.
 - Promote the continued sustainable use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Groundwater Reliability Partnership and other multi-party efforts.
- Evaluate potential water supply projects using BAWSCA's new regional water system and supply reliability modeling tool;
- Support BAWSCA member agency efforts to meet the new State of California "Making Water Conservation a Way of Life" requirements, including the following actions:
 - Facilitate development of regional source meter testing plan.
 - Implement a Water Loss Control Subscription Program.
 - Expand implementation of Regional/Commercial/Industrial Audit Program.
 - Implement an expanded Outdoor Landscaping Rebate Program with a new weather based irrigation controller rebate and installation component.
 - Implement the Qualified Water Efficient Landscaper (QWEL) program to train and certify drought-smart/water efficient landscapers.
 - Implement regional conservation programs to support member agencies and their customers.
- Take actions to protect member agencies' water supply interests in administration of the 2009 WSA;

- Participate in the SWRCB's Bay-Delta Water Quality Control Plan Update to ensure member agency interests are represented;
- Participate in the Don Pedro and La Grange FERC proceedings to protect regional water supplies;
- Administer the 2009 Water Supply Agreement (WSA) including performing comprehensive annual Wholesale Revenue Requirement (WRR) review. Appendix H and Table H-1 present a summary of the savings to Wholesale Customers resulting from BAWSCA's annual WRR review; and
- Administer BAWSCA's bonds.

Table 1 presents the proposed FY 2019-20 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the activities that are not included in the proposed Work Plan. Any of these items could be added at a later date, if needed, following further discussion with the Board concerning available resources and priorities.

New or Significantly Rescoped Activities for FY 2019-20:

There are six new, significantly rescoped, or expanded activities included in the proposed FY 2019-20 Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA member agencies.

**1. Initiate Audit of SFPUC's Asset Management Program for the Regional Water System (RWS)
Estimated FY 2019-20 Cost: \$55K**

This task was originally planned for FY 2018-19 but has been postponed for reconsideration in FY 2019-20. Through this task, BAWSCA would perform an audit of the SFPUC's asset management program for the RWS. The 2009 WSA anticipated this issue and requires San Francisco to cooperate with such an audit, consider findings and recommendations of such an audit, and provide written response within 90 days after receipt of final audit report. A scope has been developed for this effort and a Request for Proposals prepared. Outside consultant services will be used to perform this audit with support and management provided by BAWSCA staff.

**2. Develop New Tier 2 Drought Allocation Plan
Estimated FY 2019-20 Cost: \$10K**

The allocation of water supply from the Regional Water System among the BAWSCA agencies is determined by the Tier 2 Drought Allocation Plan. On May 17, 2018, the BAWSCA Board of Directors extended the expiration of the Plan by one year from December 31, 2018 to December 31, 2019. The BAWSCA Board has the authority to continue to adopt 1-year extensions of the current Tier 2 Plan until a new plan is developed and agreed to by the member agencies.

Member agencies have expressed a significant desire for a new Tier 2 Plan to be negotiated and adopted as soon as possible to support their Urban Water Management Plans, which are due July 2021. Performing this work in FY 2019-20 is no guarantee that it will be completed in one year given that all agencies must agree and adopt the Plan.

3. Complete Regional Water Demand and Conservation Projections Study (Demand Study)

Estimated FY 2019-20 Cost: \$300K

The Board authorized this 2-year effort at its January 17, 2019 meeting for implementation beginning in FY 2018-19 and completion by June 2020 for a total budget of \$450K. The goal of the Demand Study is to develop water demand and conservation projections through 2045 for each BAWSCA agency and the region as a whole. It will provide valuable insights on long-term water demand patterns and conservation savings potential for the BAWSCA agencies to support regional efforts, such as implementation of the Long-Term Reliable Water Supply Strategy (Strategy). The Demand Study will also provide necessary information to support individual agency efforts such as compliance with the new State water efficiency requirements and completion of Urban Water Management Plans (UWMPs).

4. Implement Pilot Water Transfer in Winter FY 2019-20

Estimated FY 2019-20 Cost: \$60K funded via Operating Budget for legal and environmental consulting support; funding for remaining cost of water transfer, including purchase of water (estimated at up to \$1,669K) will be recommended as a transfer from the 2009 Water Supply Agreement (WSA) Balancing Account

In 2012, BAWSCA initiated efforts to study a possible pilot water transfer. BAWSCA's Strategy Phase II Final Report (February 2015) included execution of a pilot water transfer with East Bay Municipal Utility District (EBMUD) as a recommended action. Planning work was halted in 2015 due to conflicts associated with the historic drought. Significant progress has been made in FY 2018-19, and completion of the necessary agreements to execute this transfer is anticipated with potential BAWSCA Board actions in July and September 2019.

If approved, the pilot water transfer would be executed in winter 2019-20. At this time, the preliminary estimated cost of the pilot transfer is between \$930K and \$1,729K for 1,000 acre-feet of water. This cost is not proposed to be included in the BAWSCA FY 2019-20 Operating Budget. Rather, funding the pilot water transfer via the existing Balancing Account between SF and its Wholesale Customers established in the WSA will be recommended. Specifically, the WSA states that the "Wholesale Customers shall, through BAWSCA, direct that positive balance to be applied to one or more of the following.....(d) water conservation or water supply projects administered by or through BAWSCA." (WSA, Section 6.05.B.2.a). As of 6/30/18, the balance in the Balancing Account was \$62.1M.

5. Participate in Los Vaqueros Expansion (LVE) Project Studies

Estimated FY 2019-20 Cost: \$227.6K

The Board authorized BAWSCA's participation in the upcoming phase of the LVE Project at its January 17, 2019 meeting. This next phase of work begins in FY 2018-19 and will be completed in FY 2019-20 for a total budget of up to \$355K. Estimated FY 2019-20 costs include legal support for necessary agreements and other legal issues.

The LVE Project has the potential to provide dry year water supplies for BAWSCA to accomplish the Strategy goals. Specifically, 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 Strategy implementation.

6. Complete Initial Emergency Response Review for San Francisco Regional Water System

Estimated FY 2019-20 Cost: \$35K

Based on feedback from the Committee in February 2019, the proposed FY 2019-20 Work Plan includes a task to complete an initial Emergency Response Review for San Francisco Regional Water System. The scope of this work is still being developed, yet is anticipated to look at the means and methods used to respond to emergency situations such as wildfire, unplanned system outages, etc. Input and feedback from individual member agencies gained by engaging with BAWSCA's Water Management Representatives will be used to help inform the study scope. The proposed budget anticipates a modest amount of effort in year 1 that will inform future years' activity.

Initial Work Plan Identified Work Load Constraints That Were Discussed With Committee:

BAWSCA's Work Plan development process begins by reviewing and updating the major activities and long-term future challenges through 2050. From that, the critical results that need to be achieved in the upcoming fiscal year are identified, and a "bottom up" estimate of staff hours and consultant resources needed to complete those critical results are identified. These hours are totaled for all staff and used to understand workload and resources necessary. This process is effective for BAWSCA because the activities and associated workload vary significantly each year depending upon the specific results needed.

The initial development of the FY 2019-20 Work Plan identified that all water resources staff members were allocated hours in excess of a full time equivalent employee (FTE) and one staff member was allocated at 165% of a FTE. The need to access more resources (either staff or consultant resources) or reduce the Work Plan was discussed with the Committee.

At the February 13, 2019 Committee meeting, a discussion of the potential impact on the Work Plan was discussed and the Committee provided unanimous direction to the CEO to include the addition of a new water resources staff member for BAWSCA as part of the Operating Budget, and to reflect that staff member availability as part of the Work Plan.

Proposed Work Plan and Budget Includes Addition of New Water Resources Staff:

At the direction of the Committee and in response to the identified work load constraints, the proposed Work Plan and Budget includes the addition of a new junior-level water resources specialist staff position.

With this new staff member, two of the major rescope tasks (discussed above) were added back into the Work Plan:

- Develop a new Tier 2 Drought Plan; rescope to be completed by staff as opposed to securing outside consultant support services; and
- Complete initial Emergency Response Review of the Regional Water System.

The new staff member is anticipated to provide assistance in all water resources Work Plan areas. The addition of the new staff member has resulted in more appropriate work load allocations for the three existing water resources staff members.

The proposed Operating Budget includes a budget of \$141,883 for salary and benefits for the new staff member with a salary of \$115,000 based on BAWSCA's current job description for a Water Resources Specialist with 3-5 years experience.

Results of January 17, 2019 Work Plan and Budget Preparation Planning Session:

During BAWSCA's January 17, 2019 meeting, the Work Plan and Budget Preparation Planning Session was held with the Board as part of its regular meeting agenda. The focus of the planning session was to receive input from Board members on possible Work Plan items for the coming fiscal year. Table 3 presents the detailed comments provided by Board members during the planning session and the staff response that was subsequently prepared. These comments and responses are reflected in the proposed FY 2019-20 Work Plan and Results to be Achieved.

Anticipated Future Work Plan Changes and Potential Future Large Cost Project Expenditures:

During the February 13th Committee meeting, staff was requested to identify anticipated Work Plan changes for the next decade as well as prepare for the Board a list of potential future large-cost project expenditures or budget items, as a means of assisting the Board in its deliberation of both the current funding plan for FY 2019-20 and beyond.

Looking forward for the next 10 years, major areas of increased focus for BAWSCA will be:

- Implementation of Strategy recommendations including water supply projects such as participation in LVE and design and implementation of a potable reuse project;
- Overseeing SFPUC's implementation of water supply projects to meet their existing level of service requirements, including projects necessary to address Bay Delta Plan impacts;
- Updating BAWSCA's Long-Term Reliable Water Supply Strategy, which was last initiated in 2009;
- Overseeing SFPUC's increasing 10-Year CIP, consistent with recently adopted WSA amendments and BAWSCA's new oversight role;
- Ongoing assessment of SFPUC's asset management program, to ensure that SFPUC continues to maintain the assets it is responsible for to ensure reliable water supply; and
- Increasing involvement in emergency response preparedness.

Table 4 presents a rough estimate for the outside consultant or other expenses associated with future large cost project expenditures or budget items. Increased staff or legal counsel time is not reflected in Table 4 at this time.

Alternatives to the Proposed Work Plan and Results to be Achieved:

The major alternative to the proposed Work Plan is to not include the addition of a new staff member, which would require the following Work Plan items to be deleted or reduced:

- Delete development of a new Tier 2 Drought Plan;
- Delete completion of initial Emergency Response Review of the Regional Water System;
- Reduce level of effort related to monitoring SFPUC's asset management practices;
- Delete changes and any expansion to BAWSCA's landscape education program;
- Delete expansion of BAWSCA's outdoor landscaping rebate program; and
- Delete potential participation with SFPUC and ACWD on their potable reuse efforts with Union Sanitary District.

This alternative is not recommended as several results that are critically important to the water customers and BAWSCA's member agencies would not be completed.

Proposed FY 2019-20 Operating Budget:

The proposed Operating Budget of \$4,569,750 presented in Table 5 reflects the funding necessary to achieve the full Work Plan and includes estimated costs to fund the Annual Required Contribution (ARC) for Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this fifth year of funding.

Explanation and Alternatives for Salaries and Benefits: The increase for salaries and benefits of \$301,545 shown in the proposed budget is a result of a variety of changes. The largest of these changes is the addition of the proposed new staff member, for a budgeted cost of \$141,883. The other changes include increases in retirement contributions, health benefit costs and salary adjustments. The proposed Operating Budget also includes the following for all employees except the CEO:

- \$37,858 for a COLA adjustment to existing FY 2018-19 top step salary; and
- \$4,664 merit allowance separate from COLA adjustment.

A Cost of Living Allowance (COLA) adjustment of 4.398% to the top step of salaries is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic, but can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix B to this memo.

The size of the merit allowance would permit potential salary increases of up to 5%, or to top step for the position, whichever is less.

Consistent with practice over the past two years, a budget allowance of \$21,683 for a potential merit increase for the CEO has been included in the proposed Operating Budget. For budgeting purposes, this amount is consistent with the merit increase budgeted for the CEO in FY 2018-19.

Funding Considerations for the Operating Budget: Four principles have historically been used by BAWSCA when considering how to fund the Operating Budget:

1. Budget sufficient resources to achieve the desired Work Plan results.
2. Spend only what is needed to achieve the results.
3. Apply incremental and prudent increases in assessments as necessary.
4. Maintain a prudent General Reserve balance within Board guidelines.

The adopted FY 2018-19 funding plan increased assessments to \$3,579,397 (a 1% increase) and used \$649,188 from the General Reserve to fund the current FY 2018-19 Operating Budget.

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix K presents historical budget data including use of the General Reserve to fund special studies, fund the Operating Budget, and provide a one-time refund to the member agencies in November 2011.

At this time, it is estimated that the FY 2018-19 Operating Budget will be 95% expended at year end, or an estimated unspent budget of \$211k at the end of the fiscal year. Any post-audit excess funds will be transferred to the General Reserve in Fall 2019.

As of January 31, 2019, the General Reserve balance is within the 20-35% budgetary guideline at \$1,165,848, or 28% of the FY 2019-20 Operating Budget. The Board approved an increase to legal counsel's budget at its March 21, 2019 meeting that includes a transfer of \$50,000 from the General Reserve to fund a portion of this budget increase. This transfer brought the General Reserve balance to \$1,115,848, or 26% of the FY 2019-20 Operating Budget.

Given the ongoing legal issues facing BAWSCA next fiscal year and beyond, use of the General Reserve to fund a portion of the Operating Budget should be considered very carefully.

Funding Alternatives Evaluated: Section 6.05.B.2.a of the 2009 WSA states that a positive amount in the balancing account, which represents 10 percent or more of the Wholesale Revenue Requirement for the most recent fiscal year and is maintained for three successive years may, at the direction of the Whole Customers, exercised through BAWSCA, be used for one of the purposes described in the WSA. Specifically, the WSA anticipated and specifies six applications including, water conservation or water supply projects administered by or through BAWSCA.

Four alternatives for funding the FY 2019-20 Operating Budget have been evaluated and the analysis is presented in Table 6. Three of the funding alternatives rely on a transfer of \$805K from the Balancing Account to pay for the approved LVE Project and Updated Regional Water Demand Study:

- Alternative 1: No assessment increase, transfer of \$805K from Balancing Account, and a transfer of \$185,353 from BAWSCA's General Reserve.
- Alternative 2: 3% assessment increase, transfer of \$805K from the Balancing Account, and a transfer of \$77,971 from BAWSCA's General Reserve.
- Alternative 3: 5% assessment increase and transfer of \$805K from Balancing Account; no transfer from BAWSCA's General Reserve.
- Alternative 4: 27.7% assessment increase; no transfer from Balancing Account or BAWSCA's General Reserve.

The \$805K transfer from the Balancing Account would cover the costs associated with two water supply projects approved by the Board at its January 2019 meeting: participation in Los Vaqueros Expansion Project (total 2-year cost up to \$355K) and development of a Regional Water Demand and Conservation Projections Study (total 2-year cost of \$450K). These projects and associated expenses are anticipated to occur in FY 2018-19 and FY 2019-20.

Recommended Funding Plan for Proposed FY 2018-19 Work Plan and Operating Budget: The CEO/General Manager recommends Alternative 2 for funding the Proposed Work Plan and Operating Budget. Alternative 2 includes a modest assessment increase and small transfer from the General Reserve paired with a transfer of \$805k from the Balancing Account. At its March 2019 meeting, the Board indicated its preference for Funding Alternative 2.

Table 1. Proposed FY 2019-20 Work Plan and Results to Be Achieved

(Percent of Proposed Operating Budget for Each Item Shown in Parenthesis, *New/Expanded items shown in blue italic font*)

RELIABLE WATER SUPPLY

- 8.0% **1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, and Asset Management Program**
 - a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through to completion. Press the SFPUC and the city's political leadership to meet the adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests. Work with the legislature to extend State oversight of WSIP and RFA.
 - b. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.
 - c. Review and monitor SFPUC’s Asset Management Program to ensure long-term protection of system assets, including *performing an audit of SFPUC's asset management practices per WSA Section 3.10.c.*
 - d. *Perform an Initial Emergency Response Review for the San Francisco Regional Water System.*
- 22.2% **2. Long-Term Supply Solutions: Implement the Long-Term Reliable Water Supply Strategy to Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed**
 - a. *Complete Regional Water Demand and Conservation Projections Study.*
 - b. Complete Potable Reuse Exploratory Plan Phase 2 pre-feasibility study with SFPUC and Silicon Valley Clean Water and plan for next phase of work. Engage with advocacy groups to access technical, legislative, and legal information to support these studies.
 - c. *Implement Pilot Water Transfer in winter FY 2019-20.*
 - d. Participate in development of Bay Area Regional Reliability (BARR) Phase 2 (Water Marketing Strategy) in partnership with other Bay Area water agencies & promote implementation of BAWSCA’s Pilot Water Transfer as a component of the Phase 2 work effort.
 - e. *Participate in CCWD’s Los Vaqueros Expansion Project Studies to evaluate BAWSCA’s interest and ensure key information is available to support upcoming decisions.*
 - f. Promote the continued sustainable use of San Mateo Plain Groundwater Basin for long-term water supply reliability.
 - g. Facilitate development of other local water supply options including monitoring/tracking member agency efforts.
 - h. Complete water supply reliability model scenario studies to evaluate proposed drought supply projects, potential impacts of regulatory decisions or changing conditions, and incorporate Tier 2 proposal(s) into model.
- 8.7% **3. Near-term Supply Solutions: Water Conservation and Drought Response**
 - a. Implement Phase 3 of BAWSCA’s “Making Water Conservation a Way of Life” work plan:
 - Estimate Urban Water Use Objective for each agency through Regional Demand Study
 - Expand implementation of the Regional Commercial/Industrial/Institutional (CII) Audit Subscription Program.
 - Facilitate development and implementation of a Regional Source Meter Testing Plan with the SFPUC.
 - b. Represent agencies in regional and State-level discussions related to water conservation-related regulations.
 - c. Administer, implement, and expand core water conservation programs that benefit all customers, including BAWSCA participation in a in a region-wide training and certification effort titled the “Qualified Water Efficient Landscaper Program” (QWEL), designed to train and certify landscapers regarding drought tolerate designs.
 - d. Administer and expand subscription conservation rebate programs that benefit, and are paid for by, participating member agencies, including *an expanded Outdoor Landscaping Rebate Program with a new weather-based irrigation controller rebate and installation subscription program.*
- 7.8% **4. Take Actions to Protect Members’ Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
 - a. Adopt temporary extension of existing Tier 2 drought allocation plan that expires Dec. 2019.

- b. *Develop new Tier 2 Drought Allocation Plan that aligns with the “Making Conservation a Way of Life” requirements.*
- c. Protect members’ water supply and financial interests in the SFPUC’s 2028 decisions and Water Mgmt. Action Plan (WaterMAP).
- d. Protect members’ water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals.

12.0% 5. Protect Members’ Interests in a Reliable Water Supply

- a. Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented.
- b. Participate in the Don Pedro Project/La Grange Project FERC licensing process, via legal intervention, to protect customers’ long-term interests in Tuolumne River water supplies.

0.2% 6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts

- a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs.
- b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability, such as possible future BARR Phase 3 effort(s).
- c. Investigate potential for grant funds to support the implementation of the Strategy.

0.6% 7. Reporting and Tracking of Water Supply and Conservation Activities

- a. Complete BAWSCA FY 2018-19 Annual Survey.
- b. Complete BAWSCA FY 2018-19 Annual Water Conservation Report.
- c. In partnership with member agencies, operate and maintain BAWSCA’s Water Conservation Database.

HIGH QUALITY WATER

0.9% 8. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues

- a. Coordinate member agency participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs.
- b. Relay important water quality information (notices as received from SFPUC) to BAWSCA member agencies when made aware of changes that have the potential to impact water quality (e.g., taste, odor, blending, etc.).
- c. Review and act on, if necessary, State legislation affecting water quality regulations.

FAIR PRICE

9.3% 9. Perform Matters that Members Delegated to BAWSCA in the Water Supply Agreement

- a. Administer the Water Supply Agreement with SF to protect the financial interests of member agencies.
- b. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.

AGENCY EFFECTIVENESS

3.7% 10. Maintain Community Allies and Contacts with Environmental Interests

- a. Maintain close relationships with BAWSCA’s local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities.
- b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.
- c. Maintain effective communications with member agencies, customers, & others to achieve results and support goals.
- d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.

15.4% 11. Manage the Activities of the Agency Professionally and Efficiently

Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2019-20

<p>RELIABLE SUPPLY</p> <ol style="list-style-type: none">1. Engage in extended or complex applications for State or Federal grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Urban Water Conservation Council, or other agencies.2. Introduce major new legislation or supporting/opposing legislation initiated by others including legislation related to the Bay-Delta and California Water Fix. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.3. Initiate new, unanticipated litigation or support/oppose new, unanticipated litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.4. Implementation of a BAWSCA Pilot Water Transfer is included in the FY 2019-20 Work Plan however <u>funding the pilot water transfer is not included in the Proposed Operating Budget</u> at this time and will be considered at a later time as part of the project approval.
<p>FAIR PRICE</p> <ol style="list-style-type: none">5. Develop alternative wholesale rate structures that the SFPUC might consider. Actions will be limited to facilitating communication with SFPUC, development of goals and objectives relevant to Wholesale Customers, and addressing the potential relationship to alternative retail rate structures member agencies might consider to stabilize water rates and water revenues.6. Arbitrate issues related to the 2009 Water Supply Agreement.
<p>HIGH WATER QUALITY</p> <ol style="list-style-type: none">7. Perform technical studies of water quality or San Francisco’s treatment of the water it delivers to the BAWSCA agencies.8. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.
<p>AGENCY EFFICIENCY</p> <ol style="list-style-type: none">9. Add resources to support additional Board, Board committee, or technical committee meetings.10. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, <u>other than tours done in coordination with San Francisco.</u>

Table 3. FY 2019-20 Work Plan and Budget Planning Session – Comments and Suggested Work Plan Items for Further Consideration
(Questions presented in alphabetical order by Board Member)

#	Board Member	Board Member Comment	Staff Response
1	Kuta	Has BAWSCA considered a risk assessment/review of emergency situations like wildfire and emergency readiness with regard to the Regional Water System?	Based on feedback from the Committee, the proposed FY 2019-20 Work Plan was modified to include a task to complete an initial Emergency Response Review for San Francisco Regional Water System. The scope of this work is still being developed and will involve input from the member agencies via the Water Management Representatives.
2	Mendall	Encourage Board and CEO to focus on agency priorities given the magnitude of current issues.	Agreed. As part of the FY 2019-20 the Work Plan and budget development process, the CEO will identify the challenges anticipated in balancing work load and priorities for input from the Board.
3	Mendall	Important that BAWSCA not lose sight of the importance of SFPUC CIP and that BAWSCA move forward with audit of SFPUC’s asset management practices for the Regional Water System.	Oversight of SFPUC’s CIP remains a critical task for BAWSCA including implementation of SFPUC’s new contractual obligations to formally engage with BAWSCA on its 10-year CIP development. The proposed FY 2019-20 Work Plan currently includes an audit of the SFPUC’s asset management practices for the Regional Water System.
4	O’Connell	Encourage Board and CEO to continue efforts to build & maintain relationships with legislators; look for opportunities to build relationships with others.	Agreed and included in the proposed FY 2019-20 Work Plan. BAWSCA’s CEO actively maintains existing relationships with our allies, including our legislative contingent. In addition, the CEO pursues building new relationships with potential allies and other elected officials.
5	Pierce	Encourage CEO to make Board aware of information on opportunities for member agencies to share water as part of the discussion of sources of additional water supply and water needs of member agencies.	Agreed. This work is included in the proposed Work Plan as it directly relates to the technical and policy level decisions that must be made by BAWSCA this year with regard to future involvement in the Los Vaqueros Expansion Project and other potential water supply projects, either independently or jointly with another water agency. Through the new Regional Demand Study which will be complete in FY 2019-20, BAWSCA and its member agencies will have an updated analysis of water needs through 2045.
6	Pierce	Encourage CEO to look for opportunities to build relationships with others.	Agreed and included in the proposed Work Plan to support identified results.

#	Board Member	Board Member Comment	Staff Response
7	Schmidt	Provide greater clarifications of the relationship between the 184 mgd Supply Assurance and the requirements of the State’s “Making Water Conservation a Way of Life” requirements.	BAWSCA’s Regional Demand Study will provide a technical analysis of the actions that must be taken to achieve the water efficiency required by the BAWSCA member agencies as part of “Making Water Conservation a Way of Life.” The 184 mgd Supply Assurance is the quantity of water that San Francisco is obligated to supply to the Wholesale Customers in perpetuity and it is not tied to or restricted by the State’s water efficiency requirements.

Table 4. Potential Future Large Efforts

Project Name	Cost Updates (For FY 2018-19 and Beyond)			Discussion
	FY 2018-19 (Actual/Budgeted)	FY 2019-20 (Projected)	FY 2020-21 & Beyond	
Regional Demand Projections Update	\$150K	\$300K	NA, effort will be complete	In January 2019, the Board authorized the Demand Study for a 2-year total cost of \$450K and completion in June 2020.
Implement Pilot Water Transfer	Staff and legal time	\$1-\$1.5M	NA, effort will be complete	BAWSCA anticipates implementing a pilot water transfer in FY 2019-2020. For FY 2019-20; the CEO will recommend funding this task via a transfer from the Balancing Account with SFPUC, as provided by the 2009 Water Supply Agreement.
Los Vaqueros Expansion (LVE)	\$177.6K	\$177.6K (approved, Jan. 2019) Up to \$350K for next phase	With a decision to participate in the project, costs will increase significantly for design, construction and operations	In January 2019, the Board authorized BAWSCA participation in the next planning phase for the LVE Project for up to \$355K through calendar year 2019 (costs split between FY 2018-19 and FY 2019-20). The next phase is anticipated to begin in calendar year 2020 with an estimated cost of \$350K.
Potable Reuse Exploratory Plan (PREP) Phase 3	\$10K	\$10K	Thru FY 2022-23 \$10K-\$50K CEQA scheduled to start in fall 2023; costs to participate would expand	BAWSCA is a current partner in the PREP project, which is in the early planning stage. No decision has been made by BAWSCA regarding participating beyond the current effort.
Update Long Term Reliable Water Supply Strategy (Strategy)	n/a	n/a	\$1.5-\$2.5M; estimated based on \$2.2M cost for initial Strategy development	BAWSCA initiated its first regional long-term planning effort in 2009. It would be appropriate for BAWSCA to update the Strategy in the 2020-2025 time period given updated conditions including demands, supply reliability, regulatory and climate change impacts, etc.

Table 5. Proposed FY 2019-20 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2018-19 Budget (\$)	Proposed FY 2019-20 Budget (\$)	Change from FY 2018-19 Budget (\$)
Consultants/ Direct Expenditures			
Reliability	1,703,580	1,797,550	93,970
Fair Pricing	301,000	233,000	(68,000)
Administration	110,000	110,000	-
<i>Subtotal Consultants</i>	2,114,580	2,140,550	25,970
Administration			
Employee Salaries & Benefits	1,591,580	1,893,500	301,920
Other Post-Emp. Benefits (net)	82,375	82,000	(375)
Operational Expenses	376,850	390,500	13,650
<i>Subtotal Administration</i>	2,050,805	2,366,000	315,195
Total Operating Expenses	4,165,385	4,506,500	341,165
Capital Expenses	3,000	3,000	-
Budgeted Contingency	57,500	57,500	-
Regional Financing Authority	1,650	1,650	-
Bay Area Water Users Assn.	1,050	1,050	-
Grand Total Operating Budget	4,228,585	4,569,750	341,165

Table 6. Analysis of Alternative Funding Options

Fund Source	FY 2018-19*	FY 2019-20			
	Adopted Funding Plan	Alt. 1 0% Assessment Increase	Alt. 2 3% Increase	Alt. 3 5.2% Increase	Alt. 4 27.7% Increase
Assessments	\$3,579,397	\$3,579,397	\$3,686,779	\$3,764,750	\$4,569,750
Transfer from General Reserve	\$649,188	\$185,353	\$77,971	\$0	\$0
Transfer from Balancing Account	\$0	\$805,000	\$805,000	\$805,000	\$0
Total Available Operating Funds/Operating Budget	\$4,228,585	\$4,569,750	\$4,569,750	\$4,569,750	\$4,569,750
Potential End of Year Transfer to General Reserve	\$0				
Estimated Year-End Reserves	\$1,165,848	\$980,495	\$1,087,877	\$1,165,848	\$1,165,848
% of Budget	28%	21%	24%	26%	26%
Assessment to Budget Ratio	85%	78%	81%	82%	100%

*For FY 2018-19, these value reflect the changes adopted by the Board in January 2019.

APPENDICES

Appendices A through J present additional detail about the proposed Work Plan and Operating Budget.

Appendix A: Uses of Professional Services

Outside professional services are used to provide specialized services and augment staff:

1. Professional engineering services for: a) evaluating and monitoring SFPUC's Asset Management Program; b) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program development and implementation; c) evaluating Water System Improvement Program project scopes during design and construction; d) monitoring WSIP project cost estimates, bids and schedules; e) monitoring and assessing San Francisco's performance in implementing the overall WSIP; f) assessing San Francisco's method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; g) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; h) analyzing hydraulic records used by San Francisco in setting the wholesale water rates; and g) providing as needed groundwater technical assistance.
2. Water resources analysis and planning services to: a) evaluate potential water supply projects using BAWSCA's new regional water supply reliability modeling tool; and b) support BAWSCA member agency efforts to meet the new State of California "Making Water Conservation a Way of Life" requirements.
3. General legal services for BAWSCA and the RFA; specialized legal services to support administration of the Water Supply Agreement; specialized legal services for addressing matters related to water supply reliability including Restore Hetch Hetchy litigation, Bay Delta Plan Update, and FERC intervention.
4. Strategic counsel for identifying and addressing strategic and political issues associated with maintaining the progress of the Water System Improvement Program, assisting the Board and the CEO in developing and implementing an effective policy making process that supports implementation of the Long-Term Reliable Water Supply Strategy, providing legislative and political support, and providing advice to the CEO and the Board on other issues significant to the water customers and the effectiveness of the agency.
5. Financial advisory services to conduct specified capital financing and rate impacts analyses on a task order basis.
6. Accounting/auditing expertise to assist with implementing the Water Supply Agreement, as well as an independent auditor to prepare and review annual financial statements.

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and achieving critical results. Many of BAWSCA's consultants have been under contract with BAWSCA since its creation, and a few of those consultants have been in place even longer, in that they served as consultants to Bay Area Water Users Association, BAWSCA's predecessor organization.

Each year, the Board acts on each consultant contract following consideration of the annual Work Plan and Operating Budget. Information provided to the Board at that time relates to expertise, current scope of work, budget, and billing rates.

Appendix B: History of Salary and Benefits Adjustments

The information below presents the history of salary and benefits adjustments for BAWSCA staff. Where Cost of Living Adjustments (COLA) to the salary ranges are considered by the Board, BAWSCA relies on the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the SF-Oak-SJ area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit.

- FY 2009-10: There was no COLA adjustment. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2010-11: The Board approved a 3.01 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2011-12: The Operating Budget included no adjustment to the salary for any employee for COLA, merit, or any other reasons.
- FY 2012-13: The Board approved a 3.10 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2013-14: The Board approved a 2.312 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2014-15: The Board approved a 2.60 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2015-16: The Board approved a 2.09 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2016-17: The Board approved a 3.15 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2017-18: The Board approved a 3.025 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2018-19: The Board approved a 3.084 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.

Appendix C: Proposed Budget for the Bay Area Water Users Association (BAWUA)

The proposed FY 2019-20 budget for BAWUA is \$1,050 and includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2019-20 Operating Budget.

Appendix D: Proposed Budget for the Regional Financing Authority Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the Regional Financing Authority (RFA), at least until it becomes more actively involved and required significant resources. Assuming a continued low level of activity in FY 2019-20, the proposed RFA budget is \$1,650. This budget amount includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2019-20 Operating Budget. The RFA will formally consider and adopt this budget in January 2020.

Appendix E: Funding for Subscription Conservation Programs

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA’s subscription water conservation programs. The staff time to be devoted to those programs during FY 2019-20 is estimated to be 948 hours. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are not included in the Operating Budget.

Appendix F: Select Financial Details for BAWSCA’s Subscription Conservation Program

Table F-1 provides select financial information for BAWSCA’s subscription conservation programs for the past five years, including BAWSCA staff costs that are reimbursed by the participating member agencies. Other costs are not included in Table F-1, for example, rebates and other costs paid directly by the participating member agencies and quantification of grant funds used. More complete details on BAWSCA’s subscription programs, cost, and level of activity is included in BAWSCA’s Annual Water Conservation Report.

**Table F-1: Select Financial Details Related to BAWSCA
Subscription Conservation Programs**

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
2013-14			
EarthCapades	\$61,325	\$2,120	
HET		\$6,785	\$300
Large Landscape Audit	\$85,996	\$1,184	
Lawn Be Gone		\$2,420	
Water Wise Ed. Kits	\$89,864	\$2,668	
Washing Machine Rebate	\$325,775	\$9,964	\$1,104
Total	\$562,960	\$25,141	\$1,405
2014-15			
EarthCapades	\$53,380	\$1,980	
HET		\$9,066	\$319
Large Landscape Audit	\$92,521	\$1,332	
Lawn Be Gone		\$6,340	
Water Wise Ed. Kits	\$95,346	\$2,599	
Washing Machine Rebate	\$308,313	\$4,667	\$104
Watersense Giveaways	\$8,893		
Rain Barrel Rebate	\$22,164		
Total	\$580,617	\$25,984	\$423

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Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
2015-16			
EarthCapades	\$64,575	\$2,360	
Free Sprinkler Nozzles	\$2,988		
HET		\$9,965	\$300
Large Landscape Audit	\$99,808	\$1,332	
Lawn Be Gone		\$3,380	
Lawn Be Gone Inspections	\$7,704		
Water Wise Ed. Kits	\$101,701	\$2,393	
Washing Machine Rebate	\$157,945	\$ 4,546	\$1,170
Watersense Giveaways	\$10,930		
WaterSmart Reports	\$209,380		
Rain Barrel Rebate	\$11,144		
Total	\$666,175	\$23,976	\$1,470
2016-17			
EarthCapades	\$61,345	\$2,120	
Free Sprinkler Nozzles	\$7,585		
HET		\$6,340	\$300
Large Landscape Audit	\$94,260	\$1,184	
Lawn Be Gone		\$1,860	
Lawn Be Gone Inspections	\$2,858		
Water Wise Ed. Kits	\$104,716	\$1,860	
Washing Machine Rebate	\$114,530	\$1,900	\$1,055
Watersense Giveaways	\$20,886		
WaterSmart Reports	\$313,128		
Rain Barrel Rebate	\$2,300		
Total	\$660,263	\$13,144	\$1,355
2017-18			
EarthCapades	\$61,435	\$2,260	
Free Sprinkler Nozzles	\$1,577		
HET		\$4,055	\$13
Large Landscape Audit	\$85,793	\$1,184	
Lawn Be Gone		\$1,380	\$14
Lawn Be Gone Inspections	\$2,284		
Water Wise Ed. Kits	\$98,229.89	\$2,295	
Watersense Giveaways	\$10,734		
WaterSmart Reports	\$298,405		
Rain Barrel Rebate	\$3,395		
Total	\$561,853	\$11,174	\$27

Appendix G: Value for the Cost

The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA’s members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. Table G-1 below provides the estimate annual cost per person and per household (assuming three persons per household) for BAWSCA’s Operating Budget.

Table G-1. Historical Estimated Annual Cost of BAWSCA Operating Budget per Service Area Household

Fiscal Year	Est. Annual Cost Per Person	Est. Annual Cost Per Household
2010-11	\$1.64	\$4.93
2011-12	\$1.53	\$4.60
2012-13	\$1.52	\$4.56
2013-14	\$1.82	\$5.47
2014-15	\$1.70	\$5.11
2015-16	\$1.84	\$5.51
2016-17	\$1.96	\$5.88
2017-18	\$2.08	\$6.24
2018-19	\$2.34	\$7.02
2019-20	\$2.50 (proposed)	\$7.51 (proposed)

Appendix H: Savings Resulting from BAWSCA’s Annual Wholesale Revenue Requirement (WRR) Review

Pursuant to Section 8.04 of the Water Supply Agreement, the Wholesale Customers delegated authority to BAWSCA to conduct the annual review of SFPUC's calculation of the Wholesale Revenue Requirement (WRR) and the Balancing Account. Table H-1 provides the annual financial impact to the Wholesale Customers resulting from BAWSCA’s annual comprehensive review. Over the past 16 years, BAWSCA’s reviews have resulted in a total of \$43.7 million savings to the Wholesale Customers. This total includes the savings resulting from resolution on the issues discovered by BAWSCA prior to the WSA 7.06 process and savings from settlements during the formal 7.06 process.

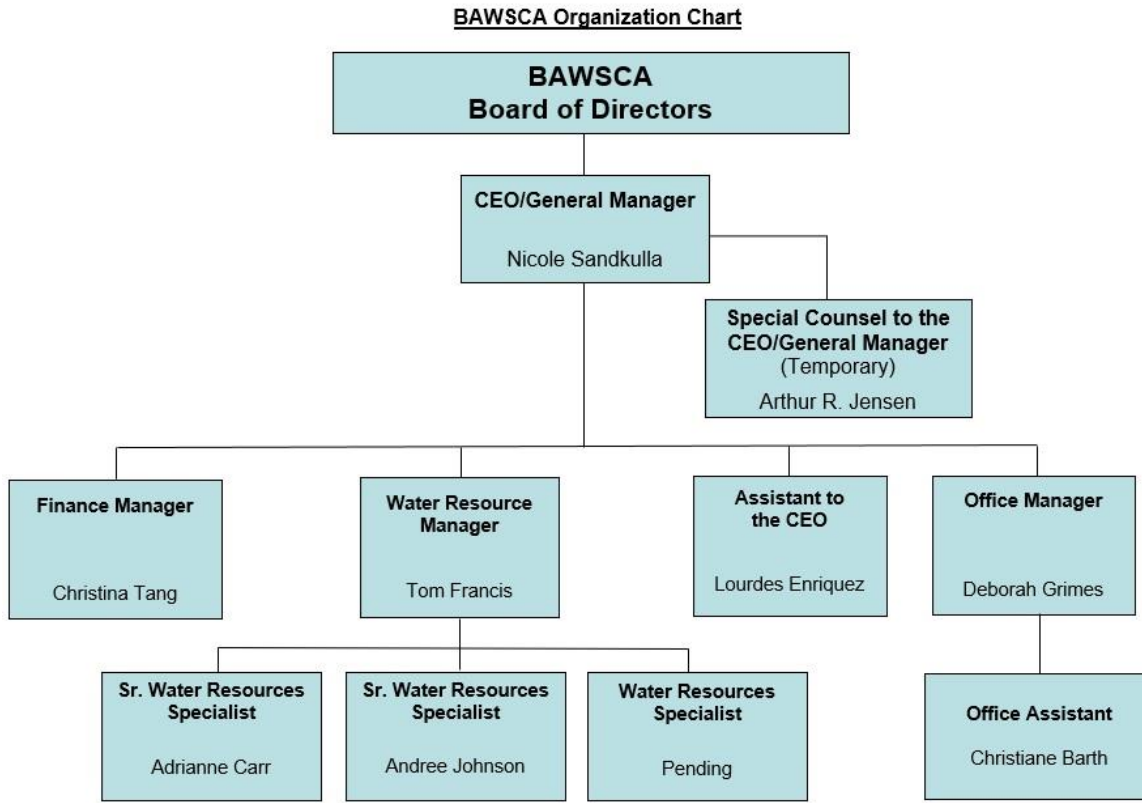
Note that the savings shown in Table H-1 do not include the ongoing savings resulted from any specific year's settlement. For example, the revised 525 Golden Gate operating and capital cost allocation methodology as a result of the FY11-12 and FY12-13 settlements generates an ongoing WRR savings to the Wholesale Customers in an approximate amount of \$400,000 each year from FY13-14 until various final debt service payment dates.

**Table H-1. Savings to Wholesale Customers Resulting from
BAWSCA’s Annual Wholesale Revenue Requirement Review**

Fiscal Year	Savings to Wholesale Customers
2001-02	\$698,095
2002-03	\$1,568,857
2003-04	\$476,825
2004-05	\$5,726,908
2005-06	\$1,229,604
2006-07	\$718,267
2007-08	\$1,917,328
2008-09	\$461,670
2009-10	\$1,635,005
2010-11	\$893,914
2011-12	\$5,352,720
2012-13	\$739,965
2013-14	\$102,952
2014-15	\$11,903,057
2015-16	\$6,266,980
2016-17	\$3,987,471
Total	\$43,679,618

Appendix I: Current Organization and Staffing

The figure below represents the current reporting relationships in the organization.



Appendix J: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers

Each year, BAWSCA’s Work Plan development process starts by reviewing and updating the major activities over the next 20 to 30 years. These activities require coordinated action by BAWSCA and its member agencies to ensure a reliable supply of high quality water at a fair price.

Table J-1 lists these activities as they were updated as part of the FY 2019-20 proposed Work Plan development. In each case, the results identified in Table J-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

Table J-1: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2019-20)

BAWSCA Goal and Associated Challenges	FY 2019-20 (Near-Term)	2020-2035 (Mid-Term)	2035-2050 (Long-Term)
Reliable Supply: Ensure Long-Term Water Supply Reliability			
Protection of member agencies' interests in long-term water supply reliability need from the SF RWS and 184 MGD Supply Assurance in light of climate change and regulatory challenges.	X	X	X
Protection of BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts.	X	X	X
Reflection of member agencies' long-term water supply needs and investments in regional planning efforts.	X	X	X
Representation of member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability.	X	X	
Representation of member agencies in Bay Delta Plan Update to protect RWS water supply reliability.	X	X	
Meeting the new Statewide "Making Water Conservation a California Way of Life" requirements thru 2030.	X	X	
Protection of member agencies' interests in San Francisco's December 2028 decisions including deciding whether to make San Jose and Santa Clara permanent customers.	X	X	
Development of a new Tier 2 drought allocation plan.	X		
Reliable Supply: Ensure SF RWS Facility Reliability			
Protection of water supply and financial interests of water customers in SFPUC's development and implementation of its 10-Year CIP.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's WSIP implementation.	X	X	
High Quality Supply & Fair Price: Enforce 2009 Water Supply Agreement			
Enforcement of the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations.	X	X	X
Protection of member agencies' water supply reliability interests against threats by outside forces including efforts by others to drain Hetch Hetchy that disregard their interests in reliability, quality and cost.	X	X	X
Protection of water customers interests in ensuring SF maintains its Tuolumne River water rights.	X	X	X
Management of BAWSCA's revenue bonds in accordance with Bond Indenture and other applicable laws to ensure accountability and ultimately to reduce overall cost to regional water customers (thru 2034).	X	X	
Extension or renegotiation of the Water Supply Agreement before it expires in 2034.		X	

Appendix K: Historical BAWSCA Operating Budgets and Assessments

BAWSCA's annual Operating Budget is developed to pay for the cost of the annual work plan, which is reviewed by the Committee and approved by the Board. Each year, the Work Plan is designed to achieve results that support BAWSCA's three goals – a reliable supply of high-quality water at a fair price – and to implement BAWSCA's purpose as stated in AB 2058. As a special district, BAWSCA is not like a city council or other community agency. BAWSCA is an issue-driven organization that responds to the needs of its member agencies and the water users who pay for BAWSCA's work. BAWSCA uses experienced consultants to limit fixed costs.

Two historical examples of significant annual Operating Budget increases to address one-time or unexpected issues that required BAWSCA's actions, in addition to its on-going programs, are:

- In FY 2008-09, the approved budget was 10% higher than the previous year; issues included: increased conservation efforts, new contract with SF, and WSIP oversight.
- In FY 2013-14, the approved budget was 18% higher than the previous year; issues included: long-term water supply reliability, administration of bonds to accelerate paying off capital debt to save significant money for member agencies; administration of the Water Supply Agreement; an unexpected threat from Mountain Tunnel; and monitoring the SFPUC's Capital Improvement Plan and its Asset Management Program.

Resolution of issues also reduces budgets as shown below in FY 2010-11 (-3%), FY 2011-12 (-2%), and FY 2014-15 (-10%). Table K-1 displays the history of BAWSCA's Operating Budget, assessments, and year-end reserves.

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Table K-1. Historical Annual Assessments, Budget, Reserve Balance, and Use of Reserves

Fiscal year	Assessments	% Change	Budget	% Change	% of Budget Spent	Transfers from Reserve	Notes on Transfers from Reserve	Unspent Funds Transfer to Reserve	Year-End Reserve Balance	Reserve as a % of Budget	# of Full Time Authorized Staff	Major New/Increased Work Plan Focus
2003-2004	\$1,668,550	22%	\$1,821,350								6	Operated under BAWUA budget
2004-2005	\$1,641,995	-2%	\$1,838,490	0.94%	80.99%			\$240,000			6	1st BAWSCA Budget Est.
2005-2006	\$1,953,998	19%	\$2,099,975	14.22%	79.36%			\$414,000	\$240,000	11%	7	WSIP Oversight, 2009 WSA neg.
2006-2007	\$2,117,904	8%	\$2,291,904	9.14%	81.85%			\$428,474	\$654,000	29%	7	2009 WSA negotiations
2007-2008	\$2,117,904	0%	\$2,508,967	9.47%	89.54%	\$391,000	To fund budget	\$270,000	\$691,474	28%	7	2009 WSA Negotiations, WSIP PEIR
2008-2009	\$2,309,000	9%	\$2,763,196	10.13%	95.31%	\$349,000	To fund budget	\$149,718	\$507,474	18%	7	WSIP PEIR, 2009 WSA, develop WCIP
2009-2010	\$2,517,000	9%	\$2,766,945	0.14%	84.79%	\$250,000	To fund budget	\$409,965	\$407,192	15%	7	WCIP Yr. 1 implementation, 2009 WSA Admin Yr. 1, Transition from old Contract, WSIP legislation
						\$105,000	WCIP					
2010-2011	\$2,517,000	0%	\$2,680,394	-3.13%	83.26%	\$163,394	To fund budget	\$435,324	\$653,763	24%	7	WCIP Yr. 2, 2009 WSA (Strategy funded thru Water Mgmt. Charge)
2011-2012	\$2,517,000	0%	\$2,619,705	-2.26%	87.28%	\$172,190	Assessment refund	\$264,000	\$916,897	35%	7	WCIP Yr 3
2012-2013	\$2,517,000	0%	\$2,780,504	6.14%	93.53%	\$130,000	Pilot Transfer		\$985,897	35%	7	Bond investigation, Demand Projections, Pilot Water Transfer, 2009 WSA
						\$65,000	Demand Study					
2013-2014	\$2,516,812	0%	\$3,280,188	17.97%	93.24%	\$300,000	Demand Study		\$521,897	16%	8	1st year bond administration, funding one-time cost of OPEB, Regional Water Demand Projections, pilot water transfer, WSIP legislation, new water resources staff position authorized
						\$98,000	OPEB FY 13-14					
						\$66,000	Technical support					
2014-2015	\$2,642,653	5%	\$2,939,286	-10.39%	93.42%	\$296,436	To fund budget	\$198,781	\$225,461	8%	8	Net increase for OPEB, 10yr CIP oversight, increase legal support for Strategy, WSIP legislation
2015-2016	\$3,276,889	24%	\$3,201,679	8.93%	88.34%			\$453,246	\$776,620	24%	8	1st year Strategy implementation thru Operating Budget, 2014 Settlement Agmt.
								\$352,378 ⁽¹⁾				
2016-2017	\$3,440,734	5%	\$3,468,008	8.32%	84.60%	\$27,274	To fund budget	\$519,167	\$1,202,592	35%	8	RHH litigation, 2014 Settlement Agmt, 2018 decisions, WaterMAP
2017-2018	\$3,543,957	3%	\$3,704,572	6.82%	90.00%	\$160,615	To fund budget	\$253,892	\$1,561,144	42%	8	RHH litigation, Bay-Delta Plan, FERC
2018-2019	\$3,579,397	1%	\$4,228,585	14.14%		\$321,688	To fund budget		\$1,115,848 (estimated)	28%	8	RHH litigation, Bay-Delta Plan, FERC to participate in LVE Project and to fund Demand Study
						\$177,500	Los Vaqueros					
						\$150,000	Demand Study					

Footnotes

(1) Remaining unspent Strategy development funds transferred to General Reserve in 2015-16

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Approval of Professional Services Contracts for Fiscal Year 2019-20

Summary:

Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's work plan and results to be achieved for FY 2019-20. To ensure work begins promptly or continues without interruption, eighteen (18) contracts need to be in place by July 1, 2019.

This memorandum presents the overall objectives and scopes for each of these contracts. Individual memoranda present the purpose, qualifications and scopes for these professional services contracts.

Following consideration and adoption of a budget for FY 2019-20, the Board will consider each of the eighteen (18) contracts. Other consulting services that may be needed to complete the FY 2019-20 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for the 12 professional services contracts that need to be in place on July 1, 2019 and which are funded by the Proposed FY 2019-20 Operating Budget is \$1,372,700.

The additional six contracts are for subscription conservation programs and as such, have no Operating Budget implications.

Recommendation:

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.

Discussion:

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and addressing issues related to: 1) the administration of the 2009 Water Supply Agreement (WSA), 2) future actions by Restore Hetch Hetchy, 3) ensuring water supply reliability and water customers' interests are protected in the Bay Delta Plan, SWRCB actions, and FERC process, 4) SFPUC's Water System Improvement Program (WSIP) and 10-Year Capital Improvement Program (CIP), 5) actions to implement BAWSCA's Long-Term Reliable Water Supply Strategy, 6) actions to implement BAWSCA's "Making Water Conservation a Way of Life" workplan, and 7) implementing water conservation assistance programs.

A general description of the services provided through each of the twelve professional services contracts funded by the Proposed FY 2019-20 is presented below. In addition, a separate memorandum for each professional service contract presents the qualifications of the service providers and the draft scopes of work for FY 2019-20. BAWSCA’s standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the 12 professional services contracts funded by the Proposed FY 2019-20 Operating Budget that need to be in place by July 1, 2019. The combined budget for these professional services is \$1,372,700. The corresponding approved consulting budgets for FY 2018-19 are also shown in the table.

Table 2 summarizes the six professional services contracts needed to be in place by July 1, 2019 to implement subscription programs that are paid for by participating member agencies. For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

Table 1: Annual Professional Services Funded Through the Operating Budget

12 Consultant (Services Provided)	FY 2018-19	Proposed FY 2019-20
1. Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
2. GeoSyntec (Groundwater)	\$17,686	\$10,000
3. Hanson Bridgett (Legal Counsel)	\$819,000*	\$799,500
4. Harlan Wendell (Strategic Counsel)	\$150,000	\$150,000
5. Hazen & Sawyer (Engineering)	\$134,314	\$135,000
6. Hilton Farnkopf Hobson (Financial, WSA)	\$20,000	\$13,000
7. Immersiv Media (Conservation)	\$7,200	\$7,200
8. KNN Public Finance (Financial Counsel)	\$53,500**	\$53,500
9. Orrick LLP (Bond Documents, Legal Support)	\$12,000	\$12,000
10. Public Trust Advisors (Investment Advisor)	\$10,000	\$10,000
11. Stetson Engineering (WSA, Water Use Analyses)	\$52,500	\$52,500
12. Terry Roberts Engineering (WSIP, 10–Year CIP)	\$115,000	\$115,000
Total	1,406,200	\$1,372,700

**As amended by the Board in March 21, 2019*

***Reflects budget increase authorized by CEO in April 2019*

**Table 2: Annual Professional Services to Implement
Subscription Conservation Programs Paid for by Participating Agencies**

6 Consultant/Vendor (Conservation Program/Assistance Provided)
1. ConserveTrack (Online Rebate System)
2. EarthCapades (School Assembly Program)
3. Global Sun Landscape (Lawn Be Gone Inspection Services Program)
4. Resource Action Program (School Education Programs)
5. Waterfluence (Large Landscape Conservation Services)
6. Water System Optimization (Water Loss Management Program)

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA’s legal counsel. The proposed budget for legal services is 2% lower than the currently approved budget for FY 2018-19. Legal counsel’s budget reflects a continued focus on activity associated with water supply reliability, including the SWRCB’s Bay Delta Plan Update and Voluntary Settlement Agreement efforts, the FERC relicensing of New Don Pedro, activities implementation of BAWSCA’s Strategy, SFPUC’s WaterMAP, and administration of the 2009 Water Supply Agreement (WSA).

Strategic Counsel Services Funded by the Operating Budget:

Mr. Wendell has provided strategic counsel for the CEO/General Manager and Board (BAWSCA and BAWUA) since FY 2000-01. In this role, Mr. Wendell has advised the CEO/GM and the Board on a large number of critically important issues that relate directly to BAWSCA’s goals of a reliable supply of high-quality water at a fair price, and the results achieved to date by the agency.

Technical Services Funded by the Operating Budget:

GeoSyntec, Hazen and Sawyer, Hilton Farnkopf Hobson (HFH), Immersiv Media, Stetson Engineering, and Terry Roberts Engineering are engineering consultants with different areas of expertise.

GeoSyntec provides technical support for BAWSCA’s overall efforts related to groundwater, including but not limited to the WSIP Regional Groundwater Storage and Recovery Project and the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin.

Hazen and Sawyer began development of BAWSCA’s new regional water supply reliability modeling tool (Model) in FY 2017-18. For FY 2019-20, Hazen and Sawyer will use the Model to evaluate three different water supply scenarios to support BAWSCA’s water supply planning needs.

HFH will provide as needed support to BAWSCA on matters related to implementation of the WSA, including matters associated with cost allocation and potential support for development of a new Tier 2 drought allocation plan among the BAWSCA agencies.

Immersiv Media will provide hosting, maintenance, and technical support for the ongoing implementation of the BAWSCA website and BAWSCA Water Conservation Database

(WCDB). The WCDB is an online database system that allows agencies to track their water conservation activities, water usage, and other agency-specific information used by BAWSCA to complete the Annual Survey and Annual Conservation Report.

Stetson Engineering assists BAWSCA in ensuring that the SFPUC's allocations of costs to the Wholesale Customers are based on accurate data and calculated as specified in the WSA.

Mr. Roberts has a track record of successfully implementing complex capital improvement programs for local Bay Area cities including San Jose's \$3.5 billion 5-year capital improvement program. The technical support from Mr. Roberts gives BAWSCA the ability to contribute constructive recommendations to the SFPUC on project implementation, including construction and program management for the WSIP, the 10-Year CIP, and the SFPUC's repair and maintenance programs. His services help BAWSCA ensure that member agencies' needs can be met reliably during and after construction, and that issues pertinent to serving their customers and saving money are identified and addressed.

Financial Services Funded by the Operating Budget:

Burr, Pilger and Mayer (BPM), KNN Public Finance (KNN), Orrick LLP, and Public Trust Advisors (PTA) are accounting, financial, investment, or bond consultants with different areas of expertise.

BPM is a major accounting firm and supports BAWSCA's administration of the WSA. Their expertise is vital to the proper conduct and interpretation of the annual contract compliance audit performed by San Francisco's auditors.

KNN is BAWSCA's financial advisor. KNN provides services on an as-needed basis. Their expertise protects the Wholesale Customers by ensuring that San Francisco adheres to the many financial provisions in the Water Supply Agreement. Specific examples of value added are provided in the staff report for KNN. KNN provided the preliminary assessment of whether there would be added value for BAWSCA to prepay capital debt owed to San Francisco by Wholesale Customers, and guided BAWSCA through the process of securing other bond-related professional services, securing a high bond rating, and provided financial counsel during the negotiated sale of the bonds.

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco. Orrick has been providing BAWSCA legal support on the bond documents on an as-needed basis since the bonds were issued.

PTA is BAWSCA's investment advisor for the bond funds. PTA monitors market conditions and the agency's circumstances on an ongoing basis to identify the investment opportunities available to the agency's stabilization fund, interest fund, and principal fund deposited at the BNY, while satisfying all cash flow, safety and liquidity considerations in a manner consistent with Board's investment policy.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Burr, Pilger and Mayer (Audit/Accounting Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Burr, Pilger and Mayer (BPM) for FY 2019-20 to provide audit and accounting services. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$15,000 is included in the Proposed FY 2019-20 Operating Budget for external auditing services associated with the wholesale revenue requirement and compliance audit. The proposed budget is the same as the current year's adopted operating budget with no increase in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and BPM, subject to legal counsel's final review, for a not-to-exceed amount of \$15,000 to provide audit and accounting services.

Discussion:

Burr, Pilger and Mayer is a full-service accounting and business consulting firm with expertise in tax preparation, planning, assurance, and audits. Every year, the SFPUC conducts an audit of the Wholesale Revenue Requirement to ensure that the wholesale customers' share of operating and capital expenses for the Regional Water System have been allocated between in-City retail and wholesale customers per the 2009 Water Supply Agreement. BPM's primary role is to assist BAWSCA with its review of the annual Wholesale Revenue Requirement and the annual compliance audit and other SFPUC financial statements.

Scope of Services – Results to be Achieved:

The draft scope of services with BPM for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 billing rates for this contract:

- Partner \$375/hour

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EXHIBIT A

TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Burr, Pilger and Mayer
Auditing and Accounting Advisors

DRAFT

FY 2019-20 SCOPE OF WORK

Purpose:

For FY 2019-20, BAWSCA requires on going professional auditing and accounting analysis to assist in its review of the annual wholesale revenue requirement/compliance audit.

Work to be Performed:

Anticipated tasks include the following:

Task 1. If needed, assist BAWSCA in guiding the procedures to be used in future compliance audits, commencing with the compliance audit for FY 2018-19.

Task 2. Attend the FY 2018-19 compliance audit kick-off meeting (Fall 2019) with the SFPUC's compliance auditor and staff. Represent the wholesale customers' interests in the development of the compliance auditor's work plan.

Task 3. Review the independent compliance auditor's report for the FY 2018-19 wholesale revenue requirement, changes to balancing account, and accompanying management letter. Comment on the report and letter for thoroughness, with special attention paid to any notes concerning internal controls, procedures, material weaknesses, or significant deficiencies, as well as management's response to such, including stated corrective measures.

Not to Exceed Contract Limit: \$15,000

Rates & Charges:

The hourly billing rate is shown below.

- Partner: \$375

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Geosyntec Consultants (Engineering)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Geosyntec Consultants (Geosyntec) for as needed assistance to support BAWSCA's efforts related to groundwater and the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin (Partnership) during FY 2019-20. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract for a not-to-exceed amount of \$10,000 is included in the proposed FY 2019-20 Operating Budget. The proposed budget is less than the amount included in the FY 2018-19 adopted operating budget of \$17,686 and reflects a 3.5% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Geosyntec, subject to legal counsel's final review, for a not-to-exceed amount of \$10,000 to provide as needed assistance to support BAWSCA's efforts related to groundwater and the Partnership during FY 2019-20.

Discussion:

Geosyntec Consultants was brought under contract in October 2016 to perform the following tasks, which are anticipated to be needed again in FY 2019-20: (1) monitoring and regular reporting to BAWSCA on State and regional groundwater policy resulting from the implementation of the Sustainable Groundwater Management Act of 2014, and (2) on-call technical support for local groundwater issues.

BAWSCA has taken a lead role in promoting sustainable use of groundwater resources in its service area by establishing the Partnership. BAWSCA's direct interests in this effort relate to BAWSCA's investigation and potential development of a brackish groundwater project as part of the Strategy. BAWSCA's member agencies in all three counties have an interest in this basin due to the interrelationship with all neighboring groundwater basins (e.g. the Niles Cone sub-basin and the Santa Clara sub-basin). In addition, BAWSCA continues to participate in other multi-party efforts including the WSIP's Groundwater Storage and Recovery Project in the Westside Basin. Geosyntec has been successfully supporting BAWSCA in all of these matters related to groundwater since October 2016.

Scope of Services – Results to be Achieved:

The draft scope of services with Geosyntec for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 hourly billing rates for this contract:

John Gallinatti	\$214
J. Michael Harty	\$214

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EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Geosyntec Consultants**

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose:

For FY 2019-20 BAWSCA requires on-going professional support for BAWSCA's efforts related to groundwater issues and the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin (Partnership). As directed, Geosyntec will provide necessary technical work, attend meetings with BAWSCA staff, and provide written reports or updates as required.

Work to be Performed:

1. Monitoring and regular reporting to Agency on State and regional groundwater policy resulting from the implementation of the Sustainable Groundwater Management Act of 2014;
2. On-call technical support for local groundwater issues.

Not to Exceed Contract Limit: \$10,000

Rates and Charges:

<u>Name</u>	<u>Hourly Rate</u>
John Gallinatti	\$214.00/hour
J. Michael Harty	\$214.00/hour

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hanson Bridgett LLP (Legal Services) for FY 2019-20**

Summary:

The annual contract for legal services should be executed by July 1, 2019. In addition to providing general legal services for BAWSCA, BAWUA, and the RFA, next year's proposed scope includes work related to protecting member agency water supply and financial interests in implementing the 2009 Water Supply Agreement (WSA), State Water Resources Control Board (SWRCB) Bay Delta Plan, Don Pedro FERC negotiations, pilot water transfer, and implementation of solutions for meeting near-term and long-term water needs.

This item requests authorization for the CEO/General Manager to execute a contract with Hanson Bridgett for FY 2019-20. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$799,500 and is contained in the FY 2019-20 Proposed Operating Budget. The proposed budget of \$799,500 is \$19,500 less than the currently approved budget for FY 2018-19. Continued higher levels of work are anticipated to 1) protect water supplies during the SWRCB Bay Delta Plan Update process, the FERC process, and the SFPUC WaterMAP process; 2) participation in Los Vaqueros Expansion planning studies; 3) preparation for BAWSCA's pilot water transfer, and; 4) represent member agencies' financial interests in implementing the 2009 WSA.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Hanson Bridgett for a not-to-exceed amount of \$799,500.

Discussion:

Hanson Bridgett's scope includes routine general legal services and costs related to contract reviews, personnel and other administrative functions. The scope also supports work related to achieving specific results such as water contract administration for the 2009 WSA, implementing solutions for meeting near-term and long-term water needs, assisting in efforts to get the system rebuilt in a way that satisfies water customer needs, protecting the water supply on which member agencies depend, assistance with legislation and defending BAWSCA in anticipated or occurring litigation.

Hanson Bridgett has been providing legal assistance to BAWSCA and its predecessor agency, BAWUA, for more than 35 years. Hanson Bridgett helped negotiate both the prior and the current 2009 WSA with San Francisco. The Firm drafted the legislation that now pressures San Francisco to fix the regional water system, formed the RFA, and enabled the formation of BAWSCA.

Hanson Bridgett has successfully arbitrated settlements totaling several millions of dollars on behalf of the wholesale water customers. Hanson Bridgett's familiarity with the business relationship between the wholesale customers and San Francisco, and their knowledge of the Water Supply Agreement supports continuation of their services through the proposed annual professional services contract.

Exhibit A includes a draft scope of work and cost breakdown for specific activities. The proposed budget is not intended to cover the costs of new arbitration proceedings, litigation, development of legislation, or other major legal activities outside the defined scope of work.

Exhibit B presents the rates and charges for FY 2019-20.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Hanson Bridgett LLP
Legal Services**

DRAFT

FY 2019-20 SCOPE OF WORK

PURPOSE

Hanson Bridgett's legal counsel services typically cover two primary areas:

1. General legal support (e.g., administration, contracting and personnel administration)
2. Assistance for achieving results during FY 2019-20.

General Legal Services. Provide general legal services for BAWSCA, RFA and BAWUA on an as-needed basis. General legal services for BAWSCA will include legal counsel for activities such as:

- Employee benefits administration
- Personnel management
- Professional services contracts and grant applications
- Maintaining prudent levels of insurance
- Preparation of documents such as Board resolutions and amendments to the Rules of the Board; providing advice on meeting procedures (Brown Act)
- Evaluation of public records act requests
- Other matters associated with the management and administration of a public agency that benefit from legal advice and counsel

General legal services associated with BAWUA will be minimal and largely confined to financial and administrative matters.

General legal services for the RFA are expected to be minimal and administrative. San Francisco has stated it does not foresee using the RFA as a funding mechanism at this time.

Assistance Achieving FY 2019-20 Results. In addition to general legal support, legal counsel will assist in forming and implementing approaches to a number of activities

impacting BAWSCA member agencies and their customers. Planned activities include assistance with:

- Implementation and administration of the 2009 WSA, including the recently adopted WSA amendments
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir
- Represent BAWSCA and its member agencies during the Bay Delta Plan Update litigation and provide legal support for protecting the water supply interests of the agencies in the voluntary settlement agreement negotiations
- Legal support for monitoring the SFPUC's 10-Year CIP, system maintenance programs, and the WSIP, including the water supply level of service goal and related activities being implemented by SFPUC
- Implementation of Long-Term Reliable Water Supply Strategy recommended actions, including the pilot water transfer
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in the SFPUC Water MAP and the SFPUC's related 2028 decisions
- Legal support for responding to new statewide conservation requirements, including consideration of the 2009 WSA drought provisions and BAWSCA's facilitation of an updated Tier 2 drought allocation plan among the BAWSCA agencies
- Implementation of activities under BAWSCA's Water Conservation Implementation Plan and BAWSCA's Making Water Conservation a California Way of Life implementation plan, including both core and subscription water conservation programs
- Routine contract reviews for water conservation activities, partnerships with other agencies, and professional services

The above-mentioned activities may require legal counsel to:

- Provide ongoing counsel to the CEO and Board of Directors.
- Provide support for interpreting the WSA. In situations where differences cannot be resolved administratively, legal counsel may be asked to initiate arbitration proceedings on behalf of the wholesale customers.
- Provide legal input on the preparation and implementation of the new subscription water conservation programs to be offered to member agencies.
- Meet with the CEO and attend meetings of the BAWSCA Board of Directors and the Board Policy Committee.
- Prepare, or approve as to form, resolutions, contracts, all changes to the Rules of the Board and other documents requiring legal review related to the business of BAWSCA, RFA or BAWUA.

- Represent BAWSCA in proceedings before other government agencies, regulatory bodies, and in contacts with professional and public agencies and organizations.
- Meet and confer with other BAWSCA consultants.
- Upon request, review and make recommendations to BAWSCA concerning proposed Federal, state or local legislation, regulations, litigation and/or administrative proceedings and required filings related to the business of BAWSCA, the RFA or BAWUA.
- Represent BAWSCA's Board and management in all suits, administrative proceedings, arbitration hearings and other legal matters to which BAWSCA is a party or in which it is legally interested, except in those instances when BAWSCA determines that the matter should be handled by special counsel

Budgeted Activities and Not to Exceed Contract Limit: \$799,500

The total budget request is based on the following estimates of fees and costs for specified activities:

Conservation, FERC, Bay Delta Plan	\$414,000
Water Supply Agreement Administration Fair Pricing	\$85,000
Water Supply Agreement Administration Reliability	\$137,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$81,500
BAWSCA (General legal)	\$80,000
RFA & BAWUA (General legal)	\$2,000
Total	\$799,500

This breakdown of activities is based on estimates at the time of budgeting. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$799,500. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

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Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2019-20

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters, including legal services to support arbitration under the Water Supply Agreement and services provided to BAWSCA in connection with the FERC relicensing and Bay Delta Plan. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2019-20 represent an approximate 2% to 3% increase compared to FY 2018-19 rates. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$799,500.

FY 2018-19 RATES

Partner	\$400 per hour
Senior Counsel	\$355 per hour
Associates	\$330 per hour

OUT OF POCKET EXPENSES

At Cost

OTHER CHARGES

Large Scale Photocopying	At cost
Long Distance Telephone	At cost
Mileage	IRS applicable rate

COST SAVING ADJUSTMENTS

In house photocopying	no charge
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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Harlan P. Wendell, Management Communications (Strategic Counsel)**

Summary:

This item requests authorization for the CEO/General Manager to execute a contract with Mr. Wendell for FY 2019-20.

Fiscal Impact:

The not-to-exceed amount of \$150,000 for strategic services is included in the proposed Operating Budget for FY 2019-20.

If large unanticipated legislative or other efforts that arise during FY 2019-20 require additional strategic counsel, the Board would be asked to reprogram the FY 2019-20 Work Plan and budget resources, and authorize any additional strategic resources needed.

Recommendation:

That the Board authorize the CEO/General Manager to execute a contract between BAWSCA and Mr. Wendell, subject to legal counsel's final review, for a not-to-exceed amount of \$150,000 to provide strategic services.

Discussion:

Mr. Wendell provides strategic counsel for the CEO/General Manager and Board of Directors. He has provided such counsel for BAWSCA and BAWUA since FY 2000-01. Mr. Wendell's hourly rate and total contract amount have remained unchanged since FY 2007-08.

During FY 2018-19, Mr. Wendell advised the CEO/General Manager and the leadership of the Board on a variety of issues. Examples include the following:

- a) Provided strategic counsel to the CEO/General Manager in assessing and responding to the State Water Resources Control Board Bay Delta Water Quality Control Plan, the relicensing of the New Don Pedro Project through the Federal Energy Regulatory Commission (FERC), and subsequent related activities.
- b) Provided strategic counsel in representing the member agencies, collectively and individually (e.g., East Palo Alto, San Jose, Santa Clara), in the negotiation and adoption of the seven Water Supply Agreement amendments that have been adopted by SFPUC and the BAWSCA agencies in FY 2018-19.
- c) Provided strategic counsel in assessing and responding to the ongoing Restore Hetch Hetchy litigation.
- d) Provided strategic counsel in working with Senator Hill, other local legislators, and the state legislature in having SB 699 submitted which would extend state oversight of

SFPUC state mandated capital improvement program, and extend the revenue bond authority of the Regional Financing Authority.

Examples of the historical and ongoing value provided by Strategic Counsel:

1. Continuing counsel for the CEO/General Manager to set strategies to interact with elected officials at the state and local level.
Examples: Meetings with state legislators and local elected officials, private-sector allies, and the San Francisco Mayor's office.
2. Creating and executing strategies for successful passage of State legislation.
Examples: Strategic services for successful passage of three bills passed by the State legislature and signed by the governor in 2002, and for legislation amending the prior bills during 2006, 2008, 2010, 2014, and 2019.
3. Counseling the CEO/General Manager on the most effective ways to present ideas and information in pursuit of BAWSCA's goals.
Examples: Assisting the CEO/General Manager in developing negotiating strategies for the 2009 Water Supply Agreement (WSA) and the 2019 WSA amendments, and communicating at critical junctures to achieve successful completion of the new agreement and amendments between San Francisco and BAWSCA's member agencies.
3. Anticipating public issues and avoiding public disputes.
Examples: Potential Mountain Tunnel failure and unplanned outage of Hetch Hetchy water; Monitoring WSIP performance and SFPUC's adoption of changes to WSIP.
4. Assisting the CEO/General Manager with media relations to improve public understanding of BAWSCA's work and accurate communication of information.
Examples: Assisting the CEO/General Manager to prepare for communications with national and local media on potentially significant stories about water supply, drought, and conservation.
5. Facilitating BAWSCA's operations.
Examples: Providing advice about materials to ensure clarity, transparency, understanding and effectiveness of communications and presentations.

Qualifications:

Mr. Wendell helped create the Federal Health, Education and Welfare Department, a cabinet form of government for the State of Delaware, and a reorganization of government in the state's largest city. He was director for California U.S. Representative Ed Zschau's campaign for the U.S. Senate and counsel for several mayoral, gubernatorial and congressional campaigns.

His corporate communication experience includes assignments with the chief executives of DuPont, Ford Motor Company, Boeing, Proctor & Gamble, Stanford University, General Electric Aircraft Engines, and Sumitomo Corporation.

Locally, Mr. Wendell assisted former State Senator Becky Morgan to develop and promote Joint Venture: Silicon Valley. Working for BAWSCA's predecessor organization, BAWUA, Mr.

Wendell developed and implemented the legislative strategy that resulted in passage of the three Hetch Hetchy bills.

Scope of Services:

Strategic Counsel identifies organizational, political, and communication issues facing the organization, recommends strategies that will successfully address the issues, and provides tactical advice and support necessary to implement the strategies.

For FY 2019-20, strategic services are needed to help BAWSCA achieve its results. Two major results to be produced in FY 2019-20 will be protection of the interests of the water customers in the State Water Resources Control Board Bay Delta process and the Don Pedro FERC relicensing process.

A third major result to be produced in FY 2019-20 is the successful passage of SB 699 (Hill).

Mr. Wendell will also continue to support the CEO/GM in issues pertaining to Restore Hetch Hetchy and the possible outcome of the recent litigation.

Strategic support is an integral activity to pursue reliable water supply, ensure the water system is rebuilt, create a productive business relationship with San Francisco, and assist in structuring action items so that informed decisions can be made by the BAWSCA Board or individual member agencies, as required. The proposed level of effort supports routine work with legislators and other public officials, but does not necessarily support major legislation or lobbying efforts.

To help manage these challenges and achieve BAWSCA's desired results, Mr. Wendell brings a 65-year governmental and corporate career with extensive organizational, political and communication experience.

BAWSCA operates in a political environment in the best, non-partisan sense of those words. It was established by the state legislature to help get the regional water system rebuilt, find solutions for other regional water problems, and get results through political entities that operate and use the regional system.

The CEO/General Manager spends a significant amount of time working within this political environment to achieve BAWSCA's goals, and requires experienced political support, as well as technical and legal support.

Bud Wendell has experience working with local, state and federal government, as well as the private sector. He has provided invaluable political and strategic counsel for the past ten years.

Exhibit A includes a draft scope of work.

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EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Harlan P. (Bud) Wendell, Management Communications**

Strategic Counsel

DRAFT

FY 2019-20 SCOPE OF WORK

PURPOSE

Strategic counsel identifies organizational, political, and communication issues facing the organization, recommends strategies, which will successfully address the issues, and provides tactical advice and support necessary to implement the strategies.

Work to be Performed:

Mr. Wendell will recommend organizational, political and communication policies and strategies for the CEO/General Manager and Board to:

- Meet BAWSCA's goals and achieve its results effectively.
- Create a positive identity, based on actions, to earn and maintain public support.
- Maintain close relationships with legislative and other public officials, allies, special interest groups, community leaders, media and other audiences.
- Develop and manage a new, assertive, proactive, collaborative relationship with San Francisco to address BAWSCA's concerns, and fixing the water system.
- Build constructive relationships with other entities and avoid public controversies.
- Identify and address political issues.
- Report to the Board and committees on issues and strategies as needed.
- Provide strategic support for the Long-Term Reliable Water Supply Strategy and BAWSCA's efforts related to SFPUC's Water Map.
- Provide strategic support for passage of SB 699 (Hill)
- Provide strategic support for addressing the outside threats to water supply reliability.

Not to Exceed Contract Limit: \$150,000

Rates and Charges:

Out-of-pocket expenses will be charged at cost.

<u>Name</u>	<u>Hourly Rate</u>
Harlan P. Wendell	\$185

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hazen and Sawyer**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract amendment with Hazen and Sawyer for developing and evaluating water supply scenarios using BAWSCA's Regional Water System & Supply Modeling Tool (Model) for FY 2019-20. The contract amendment will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract amendment for a not-to-exceed amount of \$135,000 for water supply scenario evaluation using the Model is included in the proposed FY 2019-20 Operating Budget. The proposed budget is 0.5% (\$686) more than the current year's adopted operating budget and includes increases in billing rates of between 0% and 3.5% for different positions.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract amendment with Hazen and Sawyer, subject to legal counsel's final review, up to an amount not to exceed \$135,000 for water supply scenario evaluation using the Model.

Discussion:

A key effort included in BAWSCA's FY 2017-18 Work Plan was the development of an independent Regional Water System & Supply Modeling Tool (Model). To date, BAWSCA had relied on the SFPUC's modeling resources to inform long-term planning decisions. However, as BAWSCA's and the member agencies' needs grew, it was not effective to rely on the SFPUC for modeling work to meet BAWSCA's analytical and schedule needs.

On March 24, 2017, BAWSCA issued a request for proposals (RFP) for a consultant to develop the Model and for ongoing support services for up to five years. After completing the RFP process, Hazen and Sawyer was awarded a one-year contract, with the option for an additional four, one-year extensions, to develop the Model and provide support services.

The development of the baseline Model was complete in FY 2017-18. In FY 2018-19, BAWSCA extended the Agreement to exercise its option for the services contemplated in the RFP, including development of three different water resources scenarios and conducting a workshop to elicit feedback from BAWSCA member agencies on the baseline Model. For example, BAWSCA is using the model to evaluate the feasibility and potential benefits of participating in the Los Vaqueros Expansion Project.

For FY 2019-20, five major tasks to be completed have been identified: using the Model to evaluate three different water resources development scenarios, update the existing model scenarios with the results of the ongoing Water Demand Study, and provide as-needed support.

Scope of Services – Results to Be Achieved:

The draft scope of services with Hazen and Sawyer for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 billing rates for this contract:

Vice President (Marc Solomon)	\$300.00
Senior Associate (Grantley Pyke)	\$208.04
Associate (Luke Wang)	\$160.43
Principal Engineer (Alex Gorzalski)	\$160.43
Assistant Engineer (Kinsey Hoffman)	\$112.82

Exhibit A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Hazen and Sawyer**

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose:

On March 24, 2017, BAWSCA issued a request for proposals (RFP) for a consultant to develop the Regional Water System & Supply Modeling Tool (Model) and for ongoing support services for up to five years. The RFP also gave BAWSCA the option to request that the consultant use the calibrated Model to investigate and evaluate additional regional reliability scenarios. After completing the RFP process, Hazen and Sawyer (Consultant) was awarded a one-year contract to develop the Model and provide support services. In FY 2018-19 BAWSCA extended the Agreement to exercise its option for the services contemplated in the RFP. The Scope of Work for FY 2018-19 included four tasks, 6A through 6D. BAWSCA has independently analyzed the results generated from the Model, and for FY 2019-20 BAWSCA continues to require specialized services for development and testing of BAWSCA's Model, including continuation of work on tasks 6A and 6C that were initiated in FY 2018-19. BAWSCA now wishes to extend the Agreement again as further described below.

Work to Be Performed:

Task 6A - New/Alternate Supply Sources Scenario

Under Task 6A, BAWSCA and the Consultant will use the Model to continue to evaluate the effect of new storage or supply sources in the region. Work to be performed under Task 6A includes:

- Modifications to the existing LVE Model scenario created in FY18-19 under Task 6A.
- Modifications to include both model network and RiverWare Policy Language (RPL) associated with operations at the Milpitas Intertie and the Hayward Intertie.
- Modifications to the Model representation of LVE deliveries to ACWD, including exchanges between ACWD and SFPUC.
- Modifications to the Model representation of LVE deliveries for SFPUC (as necessary).
- Updates to LVE availability based on updated CALSIM results from Contra Costa Water District (CCWD).
- Identification and parameterization of other new and/or expanded supply source(s)
- Modifications to the model network linking new supply source(s) to the appropriate member agency demand nodes
- Modifications to the RiverWare Policy Language (RPL) supply allocation preferences/operating rules taking into account the new supply source(s)
- Coordination with regional supply agencies/modelers to provide associated model comparison and/or parallel model runs
- Associated model calibration and post processing of results
- Meeting and presentation to BAWSCA staff reviewing results
- Associated project management and quality control

Task 6C - Short-Term Drought or Infrastructure Outages Scenario

Under Task 6C, the Model will continue to be used to examine how current or acute system conditions (e.g., current total available storage, infrastructure condition) affect reliability and shortages in the near-term. Work to be performed under Task 6C includes:

- Modifications to the existing infrastructure outage or drought Model scenario created in FY18-19 under Task 6C
- Modifications to the RiverWare model network (if necessary)
- Associated model calibration and post processing of results
- Coordination with regional supply agencies/modelers to provide associated model comparison and/or parallel model runs
- Meeting and presentation to BAWSCA staff reviewing results
- Associated project management and quality control

Task 6E – Integration of Updated Demand Projections

Under Task 6E, BAWSCA and the Consultant will update the Model with new demand forecasts through 2045. Work to be performed under Task 6E includes:

- Updates to the Model demand inputs for each Member Agency using the most recent 2045 demand projections. Demand projections for each Member Agency will be provided to the Consultant by BAWSCA.
- Re-execution of the following existing Model scenarios with updated demands:
 - Baseline
 - Potable Reuse Exploratory Plan (PREP)
 - LVE
- Associated model calibration and post processing of results.
- Meeting and presentation to BAWSCA staff reviewing results.
- Associated project management and quality control.

Task 6F – New Regulations and Restrictions on Water Supplies

Under Task 6F, BAWSCA and the Consultant will develop a new Model scenario representing potential new regulations and restrictions on water supplies. Work performed under Task 6F includes:

- Identification of affected regional supply sources and modification of assumed availabilities in the Model based on time of year and hydrologic condition.
- As needed modifications to the RPL supply allocation preferences/operating rules considering affected water supply availabilities.
- Coordination with regional supply agencies/modelers to provide associated model comparison and/or parallel model runs.
- Re-execution of the following Model scenarios with updated supply availabilities and updated (2045) demands:
 - Baseline
 - PREP
 - LVE
- Associated model calibration and post processing of results.
- Meeting and presentation to BAWSCA staff reviewing results.
- Associated project management and quality control.

Task 6G – As-Needed Support

Under Task 5, the Consultant will provide as-needed support for BAWSCA inclusive of the following work items:

- Preparation of a technical memorandum providing documentation of Model scenarios and results identified in Tasks 6A, 6C, 6E, and 6F.
- Preparation of modeling results and meeting materials in support of one BAWSCA Board of Directors meeting.
- Preparation of modeling results and meeting materials in support of meetings with Member Agencies outside of regional supplier coordination under Tasks 6A, 6C, 6E, and 6F.
- As-needed modifications to the baseline scenario pertaining to updated Member Agency or regional supplier operations or infrastructure assumptions.
- Conceptual development / planning of future Model scenarios, e.g. climate change, Calaveras Reservoir expansion. Conceptual development / planning is inclusive of review of expected operations and inputs but does not include modifications to the Model network or RPL.
- Additional coordination with SFPUC modeling staff associated with development / release of a new system model replacing HH/LSM.

Budgeted Activities:

The total budget request is based on the following *estimates*:

Task 6A: New/Alternate Supply Sources	\$44,881
Task 6C: Short Term Drought/Infrastructure Outage	\$27,891
Task 6E: Integration of Updated Demand Projections	\$12,206
Task 6F: New Regulations/Restrictions on Supply	\$27,891
<u>Task 6G: As-Needed Support</u>	<u>\$22,131</u>
Sub-Total	\$135,000

Not-to-Exceed Contract Amendment Limit: \$135,000

Rates and Charges:

The following are the FY 2019-20 billing rates for this contract amendment:

Vice President (Marc Solomon)	\$300.00
Senior Associate (Grantley Pyke)	\$208.04
Associate (Luke Wang)	\$160.43
Principal Engineer (Alex Gorzalski)	\$160.43
Assistant Engineer (Kinsey Hoffman)	\$112.82

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hilton, Farnkopf and Hobson (Engineering/Financial Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Hilton, Farnkopf and Hobson (HFH) for as needed assistance in administering the 2009 Water Supply Agreement (WSA) and other related activities during FY 2019-20. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract for a not-to-exceed amount of \$13,000 is included in the proposed FY 2019-20 Operating Budget. The proposed budget is \$7,000 less than the current year's adopted operating budget with no increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and HFH, subject to legal counsel's final review, for a not-to-exceed amount of \$13,000 to provide as needed assistance in administering the 2009 WSA and other activities during FY 2019-20.

Discussion:

HFH has been providing BAWUA (the Bay Area Water Users Association) and BAWSCA key financial and rate setting advice for over two decades (though not under contract every year). One of the firm's principals, John Farnkopf, was instrumental in developing the 1984 Master Contract, and assisted in negotiating the WSA. HFH has assisted BAWSCA staff with analyzing the water shortage allocation plan alternatives, and has extensive knowledge of water rate setting, having developed over 120 rate studies for retail and wholesale water, wastewater, and storm water agencies. Mr. Farnkopf's past experience is invaluable for analyzing certain cost allocation issues during administration of the WSA that ensure the member agencies pay only their fair share of costs associated with the Regional Water System as consistent with the WSA.

For FY 2019-20, HFH will provide financial analyses associated with the implementation of the WSA and assist in the preparation of an updated Tier 2 plan spreadsheet used to allocate available water supply during times of declared droughts on an as-needed basis.

Scope of Services – Results to be Achieved:

The draft scope of services with HFH for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 billing rates for this contract:

Vice President	\$235
Sr. Analyst/ Sr. Assoc.	\$160
Associate/Analyst	\$103-129

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EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Hilton, Farnkopf and Hobson, Financial Advisors**

2019-20 SCOPE OF SERVICES

Purpose

For FY 2019-20, BAWSCA requires ongoing professional analytical work and expert advice in conjunction with the implementation of the 2009 Water Supply Agreement (e.g., water supply allocation, wholesale rate structure, conservation rates, wholesale revenue requirement, calculation of the wholesale capital fund, etc.). As directed, HFH will provide the necessary analytical work, attend meetings with BAWSCA and/or SFPUC staff, and provide written reports or updates as required.

Work to be Performed:

Task 1. As requested, assist with the implementation of the 2009 Water Supply Agreement; particularly in the areas of cost allocation, wholesale capital fund, interim supply limitations, drought allocations and related tasks.

Task 2. If needed, assist in the preparation of an updated Tier 2 plan spreadsheet used to allocate available water supply during times of declared droughts. Development of the Tier 2 plan itself will be performed by BAWSCA staff with significant input from BAWSCA member agencies. No attendance at BAWSCA workshops as may be held during the course of plan development is proposed.

Budget

Total allowable costs to be billed under both Task 1 and Task 2 in Fiscal Year 2019-20 shall be no greater than \$13,000.

Schedule

Schedule requirements for assignments shall be determined at the time of the request for assistance from BAWSCA.

Rates & Charges:

Vice President	\$235
Sr. Analyst/ Sr. Assoc.	\$160
Associate/Analyst	\$103-129

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Immersiv Media to Support the Implementation of the BAWSCA Website and Water Conservation Database for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Immersiv Media (Immersiv) to provide hosting, maintenance, and technical support services for the on-going implementation of the BAWSCA website and BAWSCA Water Conservation Database (WCDB) for FY 2019-20.

Fiscal Impact:

The proposed FY 2019-20 BAWSCA budget includes \$7,200 for consulting support services for technical support and hosting of (1) the BAWSCA website at a cost of \$300/month and (2) the WCDB at a cost of \$300/month. The proposed budget is consistent with the current year's adopted operating budget.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Immersiv, subject to legal counsel's final review, for a not-to-exceed amount of \$7,200 to provide hosting, maintenance, and technical support services for the implementation of the website and WCDB in FY 2019-20.

Discussion:

The WCDB and website are both critical to BAWSCA's communication and information sharing. The WCDB has enhanced member agency's water conservation and Annual Survey reporting efforts at reasonable cost. Immersiv was selected through two competitive processes to provide website development and maintenance services and WCDB development and maintenance services.

Website Hosting, Maintenance and Technical Support Services

In FY 2015-16, BAWSCA selected Immersiv, through a competitive procurement process, to redesign the BAWSCA website. Since the website was completed in February 2016, Immersiv has provided BAWSCA with hosting, maintenance, and technical support services at a cost of \$3,600 per year (\$300 per month). For FY 2019-20, the proposed cost will remain unchanged at \$300 per month for the website services.

Water Conservation Database Hosting and Technical Support Services

The WCDB is an on-line database system that allows agencies to track their water conservation activities, water usage, and other agency-specific information in a consistent and standard format. The WCDB is used to facilitate completion of the BAWSCA Annual Survey and the Annual Conservation Report as well as to support updates to the Decision Support System (DSS) Models for water demand and conservation savings projections.

In FY 2016-17, BAWSCA contracted with Immersiv to upgrade the WCDB at a budget of \$39,000. Immersiv was selected through a competitive procurement process, separate from the website procurement process previously discussed. Since the upgraded WCDB launched in June 2017, Immersiv has provided BAWSCA with ongoing hosting and technical support services at a flat rate of \$300 per month. For FY 2019-20, the proposed cost will remain unchanged at \$300 per month for the WCDB services

Scope of Services – Results to be Achieved:

The draft scope of services for FY 2019-20 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Immersive Media**

DRAFT

SCOPE OF SERVICES – FY 2019-20

Purpose:

To provide hosting, maintenance, and customer support services for (1) the BAWSCA website and (2) the BAWSCA Water Conservation Database (WCDB).

Work to Be Performed:

Task 1 — BAWSCA Website Hosting, Maintenance, and Support Services

A. Customer Support Services

Immersiv will provide ongoing customer support services which includes, but is not limited to, website troubleshooting, content development, and support for any website-related problems that arrive. Maximum response time for customer support requests will be one business day.

B. Website Analytics

Immersiv will prepare periodic website analytics reports. As requested by BAWSCA staff, Immersiv will assist with web marketing campaign to help increase online visibility with BAWSCA's target audience, increase web traffic, and build name recognition and participation in BAWSCA's conservation programs. Services may include utilizing analytical tools to monitor website and visitor trends such as:

- Web traffic analysis
- Search engine ranking
- Path analysis
- Visitor trends
- Page views
- Entry/exit pages
- Top pages
- Length of stay
- Technical analysis
- Social media advertising
- Social media analytics

C. Web Hosting

Immersiv will provide server and network infrastructure support to host the website.

Task 2 — BAWSCA WCDB Hosting and Maintenance

A. Customer Support Services

Immersiv will provide ongoing customer support services to BAWSCA and member agency staff which includes, but is not limited to:

- Identification and troubleshooting of technical issues
- Modification of and additions to data entry fields
- Development of additional data export formats
- User help with system operations
- Management of user accounts

B. WCDB Website Hosting

Immersiv will provide server and network infrastructure support to host the WCDB.

Not to Exceed Contract Limit: \$7,200

Rates & Charges:

Website Hosting Services: \$300/month

WCDB Hosting and Maintenance: \$300/month

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with KNN Public Finance (Financial Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with KNN Public Finance (KNN) for FY 2019-20. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$53,500 is included in the proposed FY 2019-20 Operating Budget. The proposed budget is the same as the FY 2018-19 revised budget with no increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and KNN, subject to legal counsel's final review, for a not-to-exceed amount of \$53,500 to provide BAWSCA assistance with its analyses of SFPUC's reports and financial information.

Discussion:

KNN has been BAWSCA's financial advisor since FY 2002-03. KNN provides analyses that assist BAWSCA's review and interpretation of SFPUC reports and other financial information. For example, KNN assisted BAWSCA in reviewing the SFPUC's revenue and expenditure projections, bond refund authorizations and proposed operating and capital budgets. During FY 2018-19, KNN assisted BAWSCA in reviewing debt service and capital spending calculations and other components of the Wholesale Revenue Requirement, and also the amendment to the 2009 Water Supply Agreement.

For FY 2019-20, KNN will assist in reviewing the FY 2018-19 Wholesale Revenue Requirement calculation, verifying the wholesale share of SFPUC's debt service, supporting BAWSCA's ongoing bond administration, and providing recommendations that best serve the interests of the water customers. KNN will also assist BAWSCA to resolve all five issues included in the FY 2016-17 Tolling Agreement with the SFPUC.

Scope of Services – Results to be Achieved:

The draft scope of services with KNN for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 billing rates for this contract:

Managing Director	\$345
Vice President	\$315
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$265
Associate	\$220
Analyst	\$195

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EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And KNN Public Finance**

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose

For FY 2019-20, BAWSCA requires on-going professional financial analysis and advice in conjunction with the wholesale revenue requirement, rate and financial implications, bond administration and ongoing implementation of the 2009 Water Supply Agreement.

Work to be Performed:

Anticipated tasks include the following:

Task 1. Review and provide comments on the SFPUC's financing plan, proposed budget, wholesale rate impacts, revenue funded capital projects, debt coverage and working capital components, specific schedules associated with the wholesale revenue requirement or Water Supply Agreement, or other documents or reports related to SFPUC's implementation and/or financing of the Water System Improvement Program (WSIP) or its annual operating and capital budgets or fund balances, or BAWSCA's ongoing bond administration.

Task 2. Provide other analyses as directed or required. Such activities could include updating the database to incorporate revisions to San Francisco's WSIP debt issuances; evaluating the impact of reserve levels on future SFPUC bond issues or ratings; evaluating the advantages and disadvantages of changes in the wholesale rate structure; or other assignments assigned.

Not to Exceed Contract Limit: \$53,500

Rates & Charges:

Managing Director	\$345
Vice President	\$315
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$265
Associate	\$220
Analyst	\$195

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Orrick, LLP (Legal Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Orrick for FY 2019-20 for as needed legal support on the bond documents. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$12,000 is included in the Proposed FY 2019-20 Operating Budget, and is for on-going legal support on the bond documents associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013. The proposed budget is the same as the current year's adopted Operating Budget with an average 5% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Orrick, subject to legal counsel's final review, for a not-to-exceed amount of \$12,000 to provide as needed legal support on the bond documents.

Discussion:

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco. They prepared the bond documents and provided a broad range of legal advice necessary to establish feasibility of the bond issuance and to achieve the objective of saving member agencies money. The consultant also provided ongoing bond counsel services through the closing of the bonds.

Orrick has been providing BAWSCA legal support on the ongoing bond documents associated with the Revenue Bonds since FY 2013-14.

For FY 2019-20, the consultant will continue providing legal support on the bond documents on an as-needed basis to support cost-effective and correct implementation of the bonds. A list of those documents is included in the draft Scope of Work.

Scope of Services – Results to be Achieved:

The draft scope of services with Orrick for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 billing rates for this contract:

Stephen A. Spitz	\$950/hour
Devin Brennan	\$895/hour
Richard J. Moore	\$950/hour

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EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Orrick, LLP**

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose:

For FY 2019-20, BAWSCA requires on-going legal support on the bond documents prepared by Orrick associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013.

Work to be Performed:

If needed, assist BAWSCA in connection with questions relating to the bond documents. The bond documents include:

- Revenue Bond Indenture
- First Supplemental Indenture
- Continuing Disclosure Certificate
- Official Statement
- Prepayment and Collection Agreement with the SFPUC
- Bond Purchase Agreement

Such work will not include any arbitrage rebate calculation services, investment advice, or representation in any litigation or other dispute.

Not to Exceed Contract Limit: \$12,000

Rates and Charges:

<u>Name</u>	<u>Hourly Rate</u>
Stephen A. Spitz	\$950/hour
Devin Brennan	\$895/hour
Richard J. Moore	\$950/hour

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Public Trust Advisors, LLC
(Investment Advisory Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Public Trust Advisors, LLC (PTA) for FY 2019-20 to provide investment advisory services for BAWSCA's bond funds deposited at the Trustee with respect to the Revenue Bonds, Series 2013A and 2013B issued in February 2013. The contract will be prepared in BAWSCA's standard form of agreement with clauses necessary for the agreement to comply with Securities and Exchange Commission (SEC) requirements.

Fiscal Impact:

The total not-to-exceed amount of \$10,000 with PTA is included in the Proposed FY 2019-20 Operating Budget. The proposed budget is the same as in the current year's adopted Operating Budget for investment advisory services with no increases in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and PTA, subject to legal counsel's final review, for a total not-to-exceed amount of \$10,000 to provide investment advisory services for BAWSCA's Series 2013A and B bond funds deposited at the Trustee.

Discussion:

During FY 2018-19, PTA provided ongoing investment advisory services for all BAWSCA's bond funds deposited at the Trustee and identified the investment alternatives available for the stabilization fund.

For FY 2019-20, PTA will monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds deposited at the BNY while satisfying all cashflow, safety and liquidity considerations in a manner consistent with Board's investment policy. The opportunities include improving returns and reducing risks associated with management of BAWSCA's investments to BAWSCA's financial benefit. The consultant will also prepare monthly and quarterly investment reports which reconcile all the account investment holdings and activities.

Scope of Services – Results to be Achieved:

The draft scope of services with Public Trust Advisors for FY 2019-20 is shown in Exhibit A.

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EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Public Trust Advisors LLC**

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose

For FY 2019-20, BAWSCA requires on-going professional investment advisory services on the agency's Series 2013A and B bond funds deposited at the Bank of New York in a manner consistent with Board's investment policy.

Work to be Performed:

Anticipated tasks may include the following:

Task 1. Monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds (including stabilization funds, interest funds and principal funds) deposited at the Bank of New York while satisfying all cashflow, safety and liquidity considerations. The opportunities include improving returns and reducing risks.

Task 2. Prepare monthly and quarterly investment reports which reconcile all of the account investment holdings and activities.

Not to Exceed Contract Limit: \$10,000

Rates & Charges:

8 basis points (0.08%) multiplied by the average market value of stabilization funds under management.

Due to the short investment horizon and the current low short-term investment yields, the not to exceed contract limit amount of \$10,000 is a result of PTA waiving all their management fees for the interest funds and principal funds.

However, PTA anticipates that short-term investment yields may rise during the course of FY 2019-20 providing the agency an opportunity to improve investment earnings by actively investing amounts held in the interest and principal funds. As a result, based upon market conditions and the agency's circumstances, PTA may propose to manage the investments held in the interest and principal funds more actively and charge the agency management fees for such additional services subject to the agency's approval. In that event, the additional earnings, net of PTA's management fees, resulting from such active management of amounts held in the interest and principal funds would be expected to exceed the earnings the agency would have otherwise realized had such amounts remained invested in the money market fund.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Stetson Engineering**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Stetson Engineering for FY 2019-20 to assist with administration of the 2009 Water Supply Agreement (WSA). The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$52,500 is included in the Proposed FY 2019-20 Operating Budget. The proposed budget is the same as the current year's adopted operating budget with no increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Stetson Engineering, subject to legal counsel's final review, for a not-to-exceed amount of \$52,500 to assist BAWSCA with administration of the 2009 WSA.

Discussion:

Wholesale and in-City retail customers pay their share of operating and maintenance costs of the Regional Water System based on their proportionate share of water used. Outside engineering services are utilized to ensure proper calculation and measurement of metered water deliveries. Stetson Engineering has provided these services since 1984.

Stetson's familiarity with these assignments has proved valuable to the wholesale customers. In the early 1990's, Stetson discovered inaccuracies in the SFPUC water meters increasing the proportion of costs allocated to the wholesale customers. The savings due to the discovery and correction of the under-recording meters resulted in a one-time payment of \$2M and an ongoing savings estimated at \$1.2M per year.

While the analytical portion of these services could be performed in-house, BAWSCA staff provides greater value doing other tasks that cannot be performed as well by outsiders. Due to Stetson's unique knowledge of the system and water metering equipment, the specialized work, and their competitive hourly rates, continuation of their services is recommended.

Scope of Services – Results to be Achieved:

The draft scope of services with Stetson Engineers for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2019-20 billing rates for this contract:

Supervisor I	\$200
Associate I	\$115
Associate II	\$110
Assistant I	\$115
Assistant II	\$110
Administrative I	\$70

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Stetson Engineering, Inc.

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose:

Stetson Engineering performs two vital tasks associated with administering the Water Supply Agreement (WSA):

1. Compiling and analyzing water usage information that is the basis for assigning costs between the wholesale customers and the City
2. Monitoring the repair and calibration of the system meters which measure water usage.

Work to be Performed:

Stetson Engineering will analyze the prior year's (FY 2018-19) water usage information and calculate water use factors in accordance with Exhibit J of WSA. Stetson Engineering will also monitor whether San Francisco performs mainline water meter repair, calibration and testing in accordance with the provisions of the Agreement. As required, Stetson will bring issues and recommendations to the BAWSCA General Manager or designated staff contact. In addition, Stetson will assist on an as needed basis in the implementation of the new water supply agreement.

Specific tasks will include:

- **Task 1.** Compile and analyze monthly water usage data collected by the SFPUC's Customer Services Division and daily totalizer data and monthly reports collected by the Operations division.
- **Task 2.** Record maximum water usage based on daily totalizer data collected by the SFPUC.
- **Task 3.** Concurrent with the SFPUC analyses, prepare J-tables and associated worksheets used in allocating operating and capital expenditures between in-City and suburban users. If necessary, prepare for and attend meetings with the SFPUC pertaining to the finalization of J-tables. Compare analysis with SFPUC, resolve any differences, and reach agreement with the SFPUC on J-table allocation factors.
- **Task 4.** Continue to monitor SFPUC efforts to recalibrate, maintain, or install new meters (system input, J-table, or county-line meters) and provide periodic written updates.

- **Task 5.** As requested, prepare for and attend meetings with the Board or General Manager, attend meetings or conduct field trips with SFPUC representatives when necessary or required, conduct other analyses as directed, and prepare monthly progress and billing reports.

Budgeted Activities:

The total budget request is based on the following *estimates*:

Administration/General	\$ 5,250
Analyze Water Usage	21,500
Max. Day	1,000
J-Tables	5,250
System/County-line Meters	17,000
<u>Unexpected Activities</u>	<u>2,500</u>
Sub-Total	\$52,500

Not-to-Exceed Contract Limit: \$52,500

Rates and Charges:

Hourly billing rates are shown below:

Supervisor I	\$200
Associate I	\$115
Associate II	\$110
Assistant I	\$115
Assistant II	\$110
Administrative I	\$70

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Terry Roberts Consulting, Inc. for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Terry Roberts Consulting, Inc. for FY 2019-20. Mr. Roberts' experience and insights have been an integral part of BAWSCA's review of SFPUC's management of the Water System Improvement Program (WSIP) and Water Enterprise 10-Year Capital Improvement Program (10-Year CIP), as well as preparation of recommendations for SFPUC's consideration. BAWSCA's recommendations to date have ensured that tens of millions of dollars in savings have remained available to benefit the water customers. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$115,000 is included in the Proposed FY 2019-20 Operating Budget for these services. The proposed budget remains the same as in this current fiscal year with a 3% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Terry Roberts Consulting, Inc., subject to legal counsel's final review, for a not-to-exceed amount of \$115,000 to provide BAWSCA professional services needed in monitoring SFPUC's implementation of the WSIP and 10-Year CIP.

Discussion:

In November 2007, Mr. Roberts was retained to assist in reviewing the progress of the WSIP. In FY 2019-20, the SFPUC's efforts in implementing the WSIP will continue to be focused on two key remaining WSIP projects: the Regional Groundwater Storage and Recovery Project and the Alameda Creek Recapture Project. Mr. Roberts' expertise is critically important to BAWSCA in its continuing review of the WSIP during this period as the program nears its scheduled completion in December of 2021.

Beginning in FY 2013-14, BAWSCA began reviewing the SFPUC's 10-Year CIP in an effort to influence the scope, schedule and budget of that effort in the early development stages. In FY 2017-18, BAWSCA expanded its efforts to track the SFPUC's 10-Year CIP. With the adoption of amendments in 2019 to the 2009 Water Supply Agreement (WSA), SFPUC is contractually required to engage BAWSCA more formally in development of its CIP. BAWSCA will use the services of Mr. Robert's and his team during this CIP review, tracking, and engagement effort.

Mr. Roberts' prior experience in implementing complex CIPs in the public sector brings significant value to BAWSCA's review of the WSIP and SFPUC's CIP. As former Deputy City Manager for the City of San Jose, Mr. Roberts' was directly responsible for implementation of that city's \$3.5 billion, 5-year CIP, which included \$390 million in utilities, \$350 million in transportation, \$1 billion in airports, \$550 million in libraries, parks and community centers, \$175 million in police and fire facilities, and a \$380 million new city hall. For this project, over 180

projects were completed in each of the last three years for a total of over 850 projects completed in a 5-year period. This “on-the-job” experience has proven invaluable in looking at the overall implementation of the WSIP from the perspective of the water suppliers who will pay 2/3rds of the regional cost, and who are in the communities in which much of the infrastructure is located.

Scope of Services – Results to Be Achieved:

The draft scope of services with Mr. Roberts for FY 2019-20 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 hourly billing rates for this contract:

Terry Roberts	\$216
Jean Gardner	\$137.50

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Terry Roberts Consulting, Inc.**

Draft

FY 2019-20 SCOPE OF SERVICES

Purpose:

Provide expertise in the areas of major capital project development and implementation, project cost estimating, project controls, project scheduling, construction management, and asset management that pulls these areas together to support BAWSCA's continuing review of the SFPUC's WSIP, 10-Year CIP, and asset management program from the perspective of the water agencies and customers that rely upon the Regional Water System.

Work to be Performed:

- Meet or teleconference regularly with BAWSCA staff and other technical resources to identify opportunities to improve water system reliability and coordinate activities.
- Assist BAWSCA with 10-Year CIP and WSIP Development and Implementation. For FY 2019-20, given SFPUC is preparing an updated 10-Yr CIP, work will focus on assisting BAWSCA staff in the review of draft CIP proposals as they are put forward by the SFPUC. For both WSIP and CIP projects, consultant will identify critical project or program issues that might warrant BAWSCA's attention or formal comment.
- Assist BAWSCA in review of the SFPUC asset management program and 10-Year CIP.
- Support BAWSCA's efforts to monitor detailed progress on the overall regional 10-Year CIP and WSIP by project and as a program, and on a quarterly basis following the release of the SFPUC Quarterly Reports. Contractor shall (1) provide a brief written report of such progress and (2) identify any specific project(s) that require more detailed analysis.
- Participate in discussions with SFPUC staff and consultants and provide expert advice for producing and maintaining realistic project cost estimates and schedules and construction management.
- Work with BAWSCA staff to review and comment on related reports prepared by SFPUC and others including Annual AB1823 Reports to State, AB 1823 Program Change Reports, Reports from the California Seismic Safety Commission and Department of Health.

Not to Exceed Contract Limit: \$115,000

Rates and Charges:

The following are the FY 2018-19 hourly billing rates for this contract:

Terry Roberts	\$216.00
Jean Gardner	\$137.50

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with ConserveTrack, LLC to Maintain a Conservation Management System for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with ConserveTrack, LLC to implement the Conservation Management System for FY 2019-20. The system includes an online conservation rebate application system (Online Rebate System) for submittal, processing, and tracking of customer rebate applications for BAWSCA's three rebate programs.

Fiscal Impact:

The BAWSCA budget for FY 2019-20 includes \$1,312 for consulting support services for hosting and maintaining BAWSCA's portion of the Online Rebate System. BAWSCA uses this system for its conservation program reporting and analysis.

The annual maintenance costs for ConserveTrack's Online Rebate System, estimated at \$984 per agency, will be funded by BAWSCA member agencies participating in BAWSCA rebate programs. The Data Management System will be offered as a separate program on a subscription basis. For FY 2019-20, only those agencies that elect to participate in this program will pay the cost of the outside service provider.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and ConserveTrack, LLC, subject to legal counsel's final review, for implementation of the Conservation Management System in FY 2019-20; and,**
- 2. Offer participation in the Online Rebate System to interested BAWSCA agencies on a subscription basis.**

Discussion:

ConserveTrack Online Rebate System, launched in August 2016, provides an online conservation rebate application system (Online Rebate System) to streamline the rebate application process for applicable BAWSCA rebate programs. This system is used by all 16 BAWSCA member agencies that participate in the Lawn Be Gone!, High Efficiency Toilet, and Rain Barrel Rebate Programs.

A contract with ConserveTrack, LLC for FY 2019-20 is needed to support the ongoing operation and maintenance of the Online Rebate System.

As part of the FY 2019-20 Work Plan, BAWSCA anticipates modification to its rebate program, including the discontinuation of the High Efficiency Toilet Rebate Program and redesign of the outdoor (Lawn Be Gone and Rain Barrel) rebate programs into a single, more comprehensive program. It is anticipated that the continued use to ConserveTrack will be re-evaluated during these modifications.

BAWSCA previously offered an additional subscription program through ConserveTrack, the Data Management System, to support BAWSCA agencies' in tracking and managing individual conservation program data. This portion of the ConserveTrack program will not be offered to the BAWSCA agencies in FY 2019-20 as no agencies are currently using this feature.

Alternatives:

The alternative to the recommended action included herein is to not support the Conservation Management System in FY 2019-20.

BAWSCA does not recommend the above alternative for FY 2019-20. Through a competitive selection process in 2015, BAWSCA received proposals from firms qualified to perform the services requested. The Online Rebate System supports the cost-effective administration of water conservation activities for BAWSCA and its member agencies. To abandon the system would pose significant challenges in the continued administration of the BAWSCA rebate programs.

Conclusion:

The Conservation Management System Program provides a cost-effective means of managing and implementing water conservation programs. Use of the system for program reporting and analysis will be particularly critical during the program closeout process for the High Efficiency Toilet program. For this reason, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2016-17 agreement is shown in Exhibit A. BAWSCA's original agreement with ConserveTrack specifies that the contract may be extended, at BAWSCA's discretion, to provide ongoing operation and maintenance of the Online Rebate System, as well as the ongoing option for BAWSCA member agencies to implement the Data Management System. As such, no changes to the FY 2016-17 Scope of Work are proposed for FY 2019-20.

EXHIBIT A

ConserveTrack Conservation Management System Implementation - FY 2016-17

SCOPE OF WORK

Implementation Plan

ConserveTrack LLC will implement the BAWSCA system according to the following plan. At each step of the way we will work with BAWSCA and Agency staff to confirm requirements and obtain feedback on the design in an incremental fashion.

Detailed Requirements Definition and Project Plan

The first step is to work with BAWSCA and Agency staff to define and document the detailed requirements and preferences. The Requirements Document will contain the results of this step, and it will guide all the development.

Design and Prototype

Based on the detailed requirements a strawman prototype of the entire system will be developed. This may be in the form of PowerPoint slides that illustrate the detailed user interface and behavior, and portions of the system that are working software.

Programming and Testing

After the detailed design and prototyping are complete, we will begin detailed programming and unit testing.

After the key software units are completed we will conduct integrated system testing. This consists of testing the communications between the BAM Rebate System and the multiple DMS Agency systems.

Stress Testing: We will simulate typical and heavy use loads on the system. This will include simulated multiple simultaneous Rebate Center users and multiple DMS user logins in multiple DMSs. We will simulate typical behaviors and monitor system load and responsiveness.

Final Testing: We will conduct a final test before beginning Beta Testing with BAWSCA and Agency staff.

Note: A very significant amount of the software required for the Agency DMS is already available in ConserveTrack. The majority of the features are ready to use.

Training

After development is nearly complete, training for BAWSCA and Agency staff will be conducted. See Section F for training plan details.

Beta Testing

Beta Testing will be conducted with BAWSCA Staff, and 1-2 Member Agency's staff.

The purpose of beta testing is to use the system as if they were actually using it to complete their everyday work. In this case, it will include coordinated use by BAWSCA and Agency staff, using pre-scripted activities that simulate actual usage.

The second part of the Beta testing will be to use the entire system, 'in parallel' with the current system. The purpose of this test is to verify that the same data (or more) is saved, and that the new system will work reliably and consistent with how the previous system worked. We suggest 2-3-week period of parallel usage.

When BAWSCA and Agency staff are satisfied of the proper operation of the system, it will be considered accepted.

Historical Rebate Cases Import

For both BAWSCA and Member Agencies, there may be historical Rebate Cases that will require importing into the current systems (BRC and DMS).

We will work with BAWSCA and Agency staff to obtain these past rebate records, to convert and import these into the new system. This work will be dependent on the help and support of technical support staff at BAWSCA and each Agency.

Final Installation and Configuration

After acceptance, we will re-initialize the entire system by clearing out any test data and loading any initial data that is required (such as rebates from the previous system or other type cases into the DMS for the Agencies that choose to use ConserveTrack).

We will verify the configuration and then conduct final checks.

Rollout

We recommend both the new and previous systems be used in parallel for a period of two-three weeks. This is the rollout period. During this period, the previous system will be the 'master'. During this time the two systems will be compared and the new system will be validated.

After the rollout period, the previous system will be discontinued. This provides a safety option so that if there is any substantial issue found in the new system, users can revert to using the previous system until the issue is resolved. This is considered highly unlikely as any such issues will be considered in the design phase, testing phase or during beta testing.

To begin use of the new system a Start Date will be selected. On that date, users will begin using the new system.

Ongoing Hosting, Maintenance and Support Services

This section defines the services we will provide as part of the ongoing hosting, software maintenance, user support and technical support.

System Hosting and Maintenance

The ConserveTrack server will be hosted at a physically secure network facility with dedicated redundant power supplies, and dedicated ultra-high speed, redundant internet connections.

ConserveTrack will provide all hardware, software, software licenses and services required to install and operate the system. Nothing will need to be installed at BAWSCA except the system to execute the periodic export of data from the CC&B billing system to ConserveTrack.

ConserveTrack will be hosted on a professionally managed ConserveTrack server. Only the ConserveTrack staff and the hosting facilities technicians will have access to the computers. The data base will be protected from internet access. The system will be monitored constantly. System performance and responsiveness will be reviewed regularly.

The services included are:

1. Physical server computer(s) and networking equipment.
2. All software, including Microsoft and other third party licenses
3. Facilities: power, air conditioning, and physical security
4. Backups and storage, and emergency RESTORE if needed.
5. System Monitoring

Software Maintenance

The ConserveTrack software is continuously updated and improved. In addition, underlying technology changes require periodic software updates. This section defines the various software maintenance tasks.

1. Software Maintenance and Support, including:
 - a. Bug fixing – any software issues will be resolved in a timely manner
 - b. Technology updates when Operating System and other related software changes
 - c. Version updates of purchased modules and features
 - d. Ongoing system enhancements such as improved user interface
2. Software Enhancements
 - a. Minor software changes are included in the services, for example:
 - i. Text and label changes on web forms and letters
 - ii. Minor changes to reports or letters such as updating text, graphic elements, and formatting.
 - b. The quoted service does not include adding new features, changes or additions such as:
 - i. Any new feature requiring coding changes
 - ii. New reports
 - iii. New letters
 - iv. New web pages or functions on existing pages
 - v. Major changes to pages such as adding new fields, calculations
 - vi. These types of changes will require a change order and normally will require additional costs. We will provide a written quote for any change request.

User Support

ConserveTrack will provide user support services as a part of the hosted ConserveTrack service:

- User Support – ConserveTrack will provide technical support for users via phone, screen sharing and email. Support will be provided during normal BAWSCA business hours (9 AM – 5 PM).
- Training as needed. We ask that training sessions be scheduled in advance but brief training via GoToMeeting is always available.

Required IT Support

We will require some initial and ongoing support from your IT staff. We try to minimize the impact on IT. ConserveTrack will need the support and help from your IT staff in the following ways:

1. Initial Billing System Synchronization
 - a. We will work with the IT/Utility Billing System technical staff to create scripts to query and extract the required information for ConserveTrack.
 - b. This is a one-way data transfer from the billing system to ConserveTrack
 - c. This may be in the form of computer files, or possibly a read-only direct database connection (this depends on the IT preference and system capabilities)
 - d. Configure the data transfer method (e.g. FTP or direct database connection)
 - e. Test the extract data and make necessary adjustments.

2. Ongoing Billing System Synchronization
 - a. On a weekly basis, generate the extracts
 - b. This may be automated or a manual process. Automated is preferred.
 - c. Provide occasional assistance as needed in case of problems

3. Initial Case Data Extract
 - a. We will import all of historical rebate cases into ConserveTrack Cases
 - b. To do this we will need to work with a person who is technically familiar with your current databases, and can help us extract the required data.
 - c. This is a onetime task completed as part of the ConserveTrack setup.

BAWSCA Rebate Center System Costs		Quote	
ConserveTrack Cloud-Hosted Conservation Management		8/5/2015	
Final Revision 8/5/2015			
Items	BAWSCA Costs	Agency Costs	
Rebate Center			
Initial Rebate Center System	25,000		
Optional Additional Customizations	5,000		
Total Initial BAWSCA Cost	30,000		
Mini DMS Integration per agency			400 per Agency ¹
Add Future Rebate Programs	1,800 each		
Data Management System (DMS)		Account Multiplier	
The cost per agency depends on # accounts		0-50K	0.18
\$2500 Initial base cost PLUS multiplier* # Accts		50K +	0.15
Training Costs			
BAWSCA Rebate Center	1,400		
DMS (group)			1,500
Mini-DMS (group)			800
Inspectors (group)			800
Hosting, Maintenance and User Support³		Monthly	
BAM Rebate Center Support ⁵	100		
Full DMS Hosting, Maintenance and User Support		Account Multiplier	
\$100 + #Accounts * Multiplier		0-50K	2.8 cents
		50K +	1.8 cents
Mini-DMS Maintenance and Support			75
¹ Mini-DMS Agency Integration includes Mini-Synchronization with Billing System ² Depends on the size of the agency (# accounts and # users). This cost quote includes 4 users. Additional users add \$500 to the DMS initial cost and \$100/month ³ Monthly costs will be discounted depending on how many agencies adopt DMS ⁴ Support fees: we propose a cost of living increase of 3% annually			

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with EarthCapades to Conduct a School Assembly Program for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with EarthCapades to implement a School Assembly Program for FY 2019-20. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2019-20, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel's final review, for implementation of the School Assembly Program in FY 2019-20; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2019-20 will be the ninth year that the School Assembly Program would be offered to BAWSCA member agencies. Twelve agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Water Demand and Conservation Projections Project.

The contractor, EarthCapades, provides an informative and entertaining assembly at schools that focuses on water conservation. Typically, the assemblies reach 250 students at a time at a rough cost of \$2 per student. EarthCapades performances combine age appropriate, state science standards with circus skills, juggling, music, storytelling, comedy, and audience participation to teach environmental awareness, water science and water conservation. Programs are designed to include local water source and watershed information. Using specifics provided by the agencies, EarthCapades integrates the information into their script or writes new routines to convey the agency message. EarthCapades handles the administrative logistics of scheduling the performances with the schools. EarthCapades also collects paper-free evaluations using Survey Monkey, which provides tangible statistics of the effectiveness of their program.

Because of its connection with school children, this program would be initiated in August 2019 and run through June 2020. The scope of work for FY 2019-20 is expected to be largely consistent with the scope of work for the prior year's program, which is included as Exhibit A.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the School Assembly Program in FY 2019-20, or (2) offer a potentially different type of School Assembly Program.

BAWSCA does not recommend the above alternatives for FY 2019-20. The agencies have expressed a strong desire to continue to support a School Assembly Program that focuses on water conservation. EarthCapades was selected to provide the School Assembly Program through a competitive process in 2009. The agencies also continue to be pleased with this program and have expressed a desire to continue the School Assembly Program with EarthCapades in FY 2019-20. Given EarthCapades' qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of educating students on the value of water and the importance of water conservation. For this reason, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2018-19 is shown in Exhibit A. The scope will be updated for FY 2019-20 and is expected to be largely unchanged.

EXHIBIT A

EarthCapades School Assembly Program - FY 2018-19

SCOPE OF WORK

EarthCapades will schedule and perform assembly programs at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2018-19 school year, August 2018 through June 2019.

BAWSCA and/or Local Water Agency Roles and Responsibilities:

- BAWSCA will provide EarthCapades with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2018, or sooner. If, during the course of FY 2018-19, the Local Water Agency wishes to increase or decrease the number of shows and/or budget, the Local Water Agency will coordinate those changes with EarthCapades, who will in turn notify BAWSCA of any changes. A decrease in the total number of shows or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide EarthCapades with show content requirements by August 1, 2018.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with EarthCapades if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that EarthCapades may not be able to distribute items that are too large or that conflict with the message that EarthCapades is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed EarthCapades' capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to EarthCapades for review by July 22, 2018. EarthCapades will provide comments on drafts to Local Water Agencies by July 29, 2018.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 4, 2018. Eligible schools interested in participating will respond directly to EarthCapades, which shall be responsible for all scheduling.

EarthCapades Roles and Responsibilities:

- EarthCapades will incorporate the content requested by BAWSCA and/or Local Water Agencies into the shows that are conducted within the Local Water Agency Service Area.
- EarthCapades will perform assembly performances that include, but are not limited to, the following information:
 - Everything is connected through water and water is vital to sustain life on Earth.
 - All water is connected through the Water Cycle: Evaporation, Condensation Precipitation;
 - Water is a finite resource;
 - Every living being on Earth depends on water to survive and everything that is manufactured uses water to be created;
 - Approximately 70% of our bodies and 90% of our brains are water; and

- Approximately 70% of the Earth's surface is water, 97% of that is salt water and only 1% is fresh liquid water.
- How water gets from the source to City/Agency homes and schools.
 - PowerPoint and/or visual description of the path the water takes from the Sierra Nevada Mountains to the Hetch Hetchy Reservoir, through the pipeline to local reservoirs to the treatment plant, and then through underground pipes to our homes and schools. This will change according to the local specific information for each agency.
- How to conserve, protect, and respect water. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.
- How to prevent water pollution:
 - Don't litter;
 - Use organic fertilizers, not pesticides on lawns and gardens;
 - Prevent storm water pollution through not pouring anything down the storm drains,
 - Recycle motor oil;
 - Create awareness that everything that goes into the storm drains ends up in nature; and
 - Inspire students to pick up litter ("safe" litter ~ wear gloves and don't pick up anything sharp or containing bodily fluids).
- EarthCapades will schedule performances directly with schools based upon a first come, first served basis.
- EarthCapades will submit a progress report to BAWSCA on October 15, 2018 regarding how many and which of the eligible schools EarthCapades has been able to successfully enroll. EarthCapades will provide additional school scheduling updates upon request.
- If EarthCapades is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2019, EarthCapades will alert BAWSCA and the Local Water Agency.
- EarthCapades will fax or email each scheduled school a Performance Agreement stating the date and time of performance and EarthCapades' technical needs. The Performance Agreement will be signed and returned by the school's administrator.
- One week prior to performances EarthCapades will send a Performance Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.

- On the day of the program, EarthCapades will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with EarthCapades as to how to orchestrate the materials delivery and distribution.
- On the day of the program, EarthCapades will e-mail an online evaluation link for teachers and administrators to complete. BAWSCA and the Local Water Agency staff will be provided a link to review survey results at any time. The link will remain open and available to BAWSCA and the Local Water Agency staff until August 1, 2019.
- EarthCapades performer(s) will present a preapproved 35 to 45 minute assembly with different age appropriate versions for grades K-2, 3-5 and 6-8 that teach water conservation and appreciation.
- Agencies have the option to use program funds for performances at alternate locations and/or events as long as it coordinates with EarthCapades availability.
- EarthCapades will invoice BAWSCA monthly for shows performed in the previous month.
- If a scheduled school cancels before confirmation fax is sent, EarthCapades will reschedule the performance. If the school cancels after the Performance Reminder has been sent, the Local Water Agency will be charged for full amount.
- EarthCapades will manage scheduling and performances to stay within the specified Local Water Agency maximum not to exceed budgets.
- EarthCapades rates for this contract are listed below.
- EarthCapades will provide BAWSCA with a Final Report by June 30, 2018 that includes the following:
 - a. Brief Introduction
 - b. Brief Summary of Show content
 - c. Documentation, by Agency, of the schools/locations/events where EarthCapades performed
 - d. Documentation, by Agency, of the number of people/kids that attended each EarthCapades performance
 - e. Select quotes from survey results
 - f. A few photos to give a feel of a performance
 - g. Link to the survey results

Timing and Cost:

- School Shows (45 minutes, maximum of 350 students and staff per show)
- Duo Performer Programs
 - \$700 / 1 show
 - \$1050 / 2 shows (back to back)
 - \$1315 / 3 shows (same school same day)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Global Sun Landscape to Implement the Lawn Be Gone! Site Inspection Program for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Global Sun Landscape to implement the Lawn Be Gone! Site Inspection Program (Program) for FY 2019-20. As with all BAWSCA subscription programs, (1) the opportunity to participate is extended to all BAWSCA agencies, (2) participation is voluntary, and (3) the participating agencies will pay the entire cost for the Program.

Fiscal Impact:

This Program is being offered on a subscription basis. For FY 2019-20, only those agencies that elect to participate in the Program will pay the cost of the outside service provider, as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Global Sun Landscape, subject to legal counsel’s final review, for implementation of the Lawn Be Gone! Site Inspection Program in FY 2019-20; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Lawn Be Gone! Program, a voluntary subscription water conservation program offered to all BAWSCA agencies, provides rebates to customers of participating member agencies for replacing ornamental turf with water-efficient landscaping such as native plants and permeable hardscape. To ensure that sites participating in the program will achieve water savings, each location must meet certain program requirements. To ensure compliance, customer sites must undergo a pre-inspection and post-inspection to determine eligibility and compliance with the program terms.

The Lawn Be Gone! Site Inspection Program has been offered to BAWSCA member agencies since July 2015. The Program provides assistance to BAWSCA member agencies in conducting pre- and post-inspections of residential and commercial landscape sites seeking to participate in BAWSCA’s Lawn Be Gone! Program or similar member agency turf replacement programs.

Currently, four agencies are participating in the Program, and these agencies have expressed a strong desire to continue participating in the program next year.

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Program in FY 2019-20, or (2) offer a potentially different type of Program.

BAWSCA does not recommend the above alternatives for FY 2019-20. Through a competitive selection process in 2015, BAWSCA received proposals from firms qualified to perform the services requested. The agencies have expressed a desire to participate in the Program in FY 2019-20.

Conclusion:

The Lawn Be Gone! Site Inspection Program provides a valuable enhancement to the Lawn Be Gone! Program for the agencies that opt to participate. The Program can be provided by a qualified vendor at a reasonable cost. For these reasons, implementation of the Program is recommended.

Attachment:

The draft scope of work for FY 2019-20 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Global Sun Landscape**

DRAFT

FY 2019-20 SCOPE OF SERVICES

Purpose:

Provide pre- and post-inspection services for Bay Area Water Supply & Conservation Agency (BAWSCA) member agencies' (Local Water Agency(ies)) customers that participate in the Lawn Be Gone! rebate program (Program) or similar local agency turf replacement rebate programs.

Work to be Performed:

- Conduct pre-inspections of turf replacement project sites, and collect field data and photos to confirm that a site meets program qualification requirements
- Complete the necessary pre-inspection paperwork and photos, and qualify the water customer for participation in the Program by sending out a notice to proceed.
Enter field data and photos into an online database hosted by BAWSCA (the Rebate Center)
- Conduct post-inspections of turf replacement project sites, and collect field data and photos to confirm that the completed project complies with program guidelines.
- Host a Program hotline for customers.

Rates and Charges:

The unit costs are shown below.

<u>Item</u>	<u>Unit Cost (per site)</u>
Pre-Inspection Services - Residential sites and Commercial up to 1,000 sq. ft.	\$94
Post-Inspection Services – Residential sites and Commercial up to 1,000 sq. ft.	\$94
Pre-Inspection Services - Commercial sites over 1,000 sq. ft.	\$124
Post-Inspection Services –Commercial sites over 1,000 sq. ft.	\$124
Lawn Be Gone! Customer Hotline	\$67

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Resource Action Programs to Implement the School Education Program for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Resource Action Programs (RAP) to implement the Water Wise School Education Program for FY 2019-20. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2019-20, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Resource Action Programs, subject to legal counsel's final review, for implementation of the School Education Program in FY 2019-20; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2019-20 will be the thirteenth year that the Water Wise School Education Program has been offered to BAWSCA member agencies. Seven agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

The contractor, Resource Action Programs (RAP), offers various programs oriented towards water, energy, and other natural resource conservation and education. Water Wise School Education Program targets 5th grade students and includes (1) an 8-unit curriculum that is given to teachers, and (2) a water audit kit. There are three types of educational kits that an agency may opt to fund: an Indoor Water Audit Kit, an Outdoor Water Audit Kit, and a LivingWise Water and Energy Audit Kit.

Since its inception, the Water Wise School Education Program has been a cost-effective program that generates real water savings while providing an excellent customer education opportunity. Through FY 2017-18, 36,087 students have participated in the program, and the estimated lifetime water saving for kits installed has reached 5,480 acre-feet.

Because of its connection with school children, this program would be initiated in September 2019 and run through June 2020. Additional augmentations to the RAP program include incentives for both the students that complete the in-home water audit and for the teachers that complete the entire curriculum and get the most students to complete the in-home water audit. These incentives will be provided by BAWSCA, on behalf of, and paid for by, the participating agencies.

The scope of work for FY 2019-20 is expected to be largely consistent with the scope of work for prior years' programs. A draft scope of work for each of the three kit types (Indoor Water Audit, Outdoor Water Audit, and LivingWise Water and Energy Audit) is included as Exhibits A, B, and C.

Alternatives:

Alternatives to the recommended action included herein are to (1) not offer the Water Wise School Education Program in FY 2019-20, or (2) offer a potentially different type of School Education Program.

BAWSCA does not recommend the above alternatives for FY 2019-20 for the following reasons. The agencies have expressed a strong desire to continue to support an in-classroom school education program that focuses on water conservation. The agencies also continue to be pleased with the Water Wise School Education Program and have expressed a desire to continue that program with RAP. Given RAP's qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with the Water Wise School Education Program to date has shown it to be a cost-effective means of achieving water conservation savings in the home and educating students on the value of water and importance of water conservation. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The draft scope of work for FY 2019-20 Indoor Water Wise program, Outdoor Water Wise program, and LivingWise program are shown in Exhibits A, B, and C.

EXHIBIT A
Resource Action Programs®

Draft FY 2019-20
BAWSCA Indoor WaterWise™ Program Description and Scope of Services

The **BAWSCA Indoor WaterWise™** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. Students work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits – The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA Indoor WaterWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies in the home.
- Delivers Measurable Savings Results.** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- Water Education.** The **BAWSCA Indoor WaterWise** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA Indoor WaterWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. Learning is measured via pre/post test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA Indoor WaterWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

Projected 10 Year Savings:

- 1,025 kWh of electricity (assuming 20% electric water heat)
- 142 therms of gas (assuming 80% gas water heat)
- 39,533 gallons of water
- 39,533 gallons of wastewater

(Actual results will vary)

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA Indoor WaterWise** Resource Action Kit that contains the following:

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 High Efficiency Faucet Aerators (Kitchen 1.5 & Bathroom 1.0 G.P.M. max)
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- Shower Timer
- Natural Resource Facts Slide Chart
- Flow Rate Test Bag
- Teflon Tape
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA Indoor WaterWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA Indoor WaterWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA Indoor WaterWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a **WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2020, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

B. Providing all **BAWSCA Indoor WaterWise** Materials. Contractor will provide each participant with a **BAWSCA Indoor WaterWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

C. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the BAWSCA Indoor WaterWise program and the WaterWise survey response return rate is at least 80%; and
- A gift with up to a \$5 value will be given to those students that complete the BAWSCA Indoor WaterWise surveys that document whether they installed the water conserving-devices from the kits in their homes, complete all the homework, or score greater than 80% on the final written test that is given as part of the curriculum.

D. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA Indoor WaterWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder emails or faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2020, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2020, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2020. In addition, based on the results of the surveys returned to Contractor by March 10, 2019, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

G. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

H. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2019 – July 2019	Receive sponsor funding commitment
September 2019 – May 2020	Teacher Outreach / Enrollment Process
September 2019 – May 2020	Program and Kit Delivery
September 2019 – June 2020	Program Implementation
March 15, 2020	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2020	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA INDOOR WATERWISE PROGRAM COST

The per participant cost for the Indoor WaterWise program is \$34.95, broken down as follows: \$17.95 Materials, \$9.25 Service Fee, \$5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the WaterWise™ Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of **BAWSCA Indoor WaterWise** Program Participants that enroll in the program and receive the WaterWise Materials.

EXHIBIT B
Resource Action Programs®

Draft FY 2019-20
BAWSCA Outdoor WaterWise™ Program Description and Scope of Services

PROGRAM DESCRIPTION

The **BAWSCA Outdoor WaterWise™** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. Students work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits – The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA Outdoor WaterWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies around the home.
- ☑ ***Delivers Measurable Savings Results.*** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ ***Water Education.*** The **BAWSCA Outdoor WaterWise** Program combines classroom activities with at-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA Outdoor WaterWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. Learning is measured via pre/post test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA Outdoor WaterWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 2 High-efficiency TORO Sprinkler nozzles and 1 hose spray nozzle
- Check hoses for leaks and repair if needed.
- Install one Garden Hose Spray Nozzle.
- Conduct an audit of the lawn's water needs and the sprinkler system's efficiency.
- Collect outdoor household audit information on 1 residential home

- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

- Estimated savings will be calculated based on participant survey data results.

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA Outdoor WaterWise** Resource Action Kit that contains the following:

- Garden Hose Spray Nozzle
- Male and Female End Garden Hose Replacement
- Soil Moisture Meter
- TORO Female Precision 180° Nozzle
- TORO Female Precision 90° Nozzle
- TORO Male Precision 180° Nozzle
- TORO Male Precision 90° Nozzle
- Rain / Drip Gauge
- Natural Resource Facts Slide Chart
- Flow Rate Test Bag
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA Outdoor WaterWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA Outdoor WaterWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA Outdoor WaterWise** Program described in this attachment including but not limited to the following:

I. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax an **Outdoor WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

J. Providing all **BAWSCA Outdoor WaterWise** Materials. Contractor will provide each participant with a **BAWSCA Outdoor WaterWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

K. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the BAWSCA Outdoor WaterWise program and the WaterWise survey response return rate is at least 80%; and
- A gift with an up to \$5 value will be given to those students that complete the BAWSCA Outdoor WaterWise surveys that document whether they installed the water conserving-devices from the kits in their homes, complete all the homework, or score a greater than 80% on the final written test that is given as part of the curriculum.

L. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA Outdoor WaterWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

M. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2020, CONTRACTOR will alert BAWSCA.

N. Providing a Preliminary Program Summary Report. No later than March 15, 2020, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2020. In addition, based on the results of the surveys returned to Contractor by March 10, 2020 Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

O. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

P. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2019 – July 2019	Receive sponsor funding commitment
September 2019 – May 2020	Teacher Outreach / Enrollment Process
September 2019 – May 2020	Program and Kit Delivery
September 2019 – June 2020	Program Implementation
March 15, 2020	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2020	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA OUTDOOR WATERWISE PROGRAM COST

The per participant cost for the Outdoor WaterWise program is \$32.50, broken down as follows: \$15.50 Materials, \$9.25 Service Fee, \$5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the Outdoor WaterWise™ Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of **BAWSCA Outdoor WaterWise** Program Participants that enroll in the program and receive the WaterWise Materials.

**EXHIBIT C
Resource Action Programs®**

**Draft FY 2019-20
BAWSCA LivingWise® Program Description and Scope of Services**

PROGRAM DESCRIPTION

PROGRAM DESCRIPTION

The **BAWSCA LivingWise®** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. They work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA LivingWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies in the home.
- ☑ ***Delivers Measurable Savings Results.*** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Families work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ ***Water and Energy Education.*** The **BAWSCA LivingWise** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA LivingWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools

and support needed by teachers and participants. Learning is measured via pre/post-test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA LivingWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Install 9-Watt LED, LED night light and Filter Tone Alarm
- Use 1 Shower Timer

- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

Projected 10 Year Savings:

- 645 kWh of electricity (assuming 20% electric water heat)
- 48 therms of gas (assuming 80% gas water heat)
- 10,699 gallons of water
- 10,699 gallons of wastewater

(Actual results will vary)

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA LivingWise** Resource Action Kit that contains the following:

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 Water Efficient Faucet Aerators (1.5 & 1.0 G.P.M. max)
- 9-Watt LED
- LED Nightlight
- Filter Tone Alarm
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- Shower Timer
- Natural Resource Facts Slide Chart
- Flow Rate Test Bag
- Teflon Tape
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA LivingWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water and energy resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA LivingWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA LivingWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a LivingWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2020, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

B. Providing all **BAWSCA LivingWise** Materials. Contractor will provide each participant with a **BAWSCA LivingWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

C. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the **BAWSCA Indoor LivingWise** program and the **LivingWise** survey response return rate is at least 80%; and
- A gift with up to a \$5 value will be given to those students that complete the **BAWSCA Indoor LivingWise** surveys that document whether they installed

the water conserving-devices from the kits in their homes, complete all the homework, or score greater than 80% on the final written test that is given as part of the curriculum.

D. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA LivingWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2020, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2020, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2020. In addition, based on the results of the surveys returned to Contractor by March 10, 2020, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

G. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

H. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2019 – July 2019	Receive sponsor funding commitment
September 2019 – May 2020	Teacher Outreach / Enrollment Process
September 2019 – May 2020	Program and Kit Delivery
September 2019 – June 2020	Program Implementation
March 15, 2020	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2020	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA LivingWise PROGRAM COST

The per participant cost for the **LivingWise** Program is \$47.70, broken down as follows: \$30.70 Materials, \$9.25 Service Fee, \$ 5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the **LivingWise** Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA **LivingWise** Program Participants that enroll in the program and receive the **LivingWise** Materials.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Waterfluence, LLC to Implement the Large Landscape Conservation Services Program for FY 2019-20**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Waterfluence to implement the Large Landscape Conservation Services Program (LLCSP) for FY 2019-20. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2019-20, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Waterfluence, LLC, subject to legal counsel's final review, to implement the Large Landscape Conservation Services Program; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal Year 2019-20 will be the seventeenth year that a Large Landscape Conservation Services Program (LLCSP) is offered to BAWSCA member agencies. Nine agencies are currently participating in the program through BAWSCA. These agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that the BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

Since its inception, the LLCSP has been a very cost-effective program that generates real and significant water savings. In calendar year 2017, BAWSCA had 967 large landscape sites enrolled in the program with an estimated annual water savings of 923 acre-feet. The LLCSP enables participating agencies to implement large landscape water budgets and water use surveys more cost effectively than if they were to hire consultants individually.

The scope of work for FY 2019-20 is expected to be consistent with the scope of work for prior year's program with minor cost increases for field surveys and site setup.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the LLCSP in FY2019-20, or (2) offer a potentially different version of the LLCSP based on a contractor and program selected through a competitive bid process.

BAWSCA does not recommend the above alternatives. John B. Whitcomb (Waterfluence) was selected to provide the LLCSP services through a competitive process in 2002. His proposal was the most responsive and his proposed costs were highly competitive. His services during the past

fourteen years have been critical to the overall program's success. The agencies continue to be pleased with this program and have expressed a desire to continue the LLCSP in FY 2017-18 with Mr. Whitcomb through his firm, Waterfluence. Given Mr. Whitcomb's qualifications, performance, and value received, it is appropriate to contract for his services this coming fiscal year.

Conclusion:

The LLCSP has enhanced member agencies' water conservation efforts at reasonable cost. For this reason, renewal of this water conservation assistance program is recommended.

Attachment:

The draft scope of work for FY 2019-20 is shown in Exhibit A. The scope of work will be updated as necessary during negotiation of a new contract.

EXHIBIT A

Waterfluence - FY 2019-20

DRAFT SCOPE OF WORK

a. Setup

- a.1 Site Selection. Agency selects landscape sites to participate in program. Waterfluence assists selection using its experience to maximize program objectives and review of base year data. Sites can have multiple water meters.
- a.2 Customer Billing Data. For selected sites, Agency provides customer account information and 3 or more years of historical water use as available. Waterfluence adds account and water data to its Platform database. Waterfluence collects water prices and local daily weather data from CIMIS, NOAA, or other sources. Agency provides digital file of its logo.
- a.3 Site Map. Waterfluence creates a digital map for each site using recent aerial imagery. Maps include square footage measurements of irrigated turf, irrigated shrubs/trees, and water features.
- a.4 Introduction Packet. Waterfluence produces and distributes a packet to each site that includes an introduction letter, FAQ, and Water Use Report. Waterfluence provides a generic introduction letter for Agency to customize. Waterfluence creates a one-page water use report for each site containing site information, historical water use, and a water budget based on site characteristics and daily local weather matched exactly in time with billing cycle. Waterfluence contacts each site about two weeks after sending the Introduction Packet to check if it got to the right person, get details about site contacts (email addresses), identify the landscaper and/or others involved with irrigation decisions, and answer any questions about the program.
- a.5 Customer Access to Online Platform. Water customers get access and are encouraged to view their site information online at www.waterfluence.com. Platform provides interactive water use charts, alerts and customized recommendations. Contacts can authorize third parties such as HOA board members and landscape contractors to also access their site information online.
- a.6 Agency Access to Online Platform. Waterfluence provides Agency staff with online access to the Platform to view site details and data analytics.

b. Base or Premium Maintenance

- b.1 Monthly Data Collection. At the beginning of each month, Agency forwards Waterfluence a digital file with the previous month's water use for accounts in the program. Waterfluence collects daily weather data from CIMIS, NOAA, or other sources and updates water rates as relevant.
- b.2 Report Notification and Distribution. Each month Waterfluence notifies online site contacts when updated information is ready to view. Sites without online contacts are

mailed hard copy water use reports every three months.

- b.3 Contact Management. Waterfluence continually updates site contact information. This includes monitoring changes in account number and investigating email bounce backs/returned mail envelopes. Agency staff can assist with site contact management to maximize program engagement.
- b.4 Messaging. Agency staff can add messages regarding landscape events, useful hyperlinks, or irrigation policies to the Platform.
- b.5 Customer Service. Waterfluence provides customer service to site contacts via Platform messages, email and toll-free telephone number.
- b.6 Platform Maintenance. Waterfluence continuously maintains the features and security of its online Platform software.
- b.7 Online Site Map Updates. Waterfluence maintains a mapping component within platform where users can modify their site maps and irrigated areas. Agencies can elect to have user changes go through a vetting process whereby agency staff review any map changes for conformance with guidelines before changes become effective.
- b.8 Hourly Water Data. As available, agencies provide Waterfluence with hourly data recorded from advanced metering infrastructure systems. Waterfluence displays hourly data within platform and generates customer notifications as necessary (e.g. leak detection, daytime irrigation).
- b.9 Premium Maintenance. Optional higher level of service where Waterfluence staff spend more time with contact relationship management to improve stakeholder engagement. Recommended for agencies seeking maximum program results and/or preferring not to assist in this task.

c. Landscape Field Surveys

- c.1 Targeting and Marketing. Agency staff can target and preapprove sites eligible to receive a landscape field survey. The Platform will market the field survey opportunity to preapproved sites. Preapproved sites can accept the field survey opportunity via the platform with a click-through agreement. Sites accepting a field survey will be added to our field survey queue.
- c.2 Performing Field Surveys. Waterfluence will schedule surveys for sites in the field survey queue. The survey includes an irrigation expert visiting the site to: (1) refine the site map and water budget assumptions, (2) operate portions of the irrigation system to evaluate performance, and (3) document findings and recommendations in a Landscape Field Survey Report.
- c.3 Distributing Field Survey Report. Completed field survey reports will be posted online and all site contacts notified. Waterfluence will address any follow up questions. The Agency Administrative Portal documents all field survey activity, dates, and final report.

Deliverables

Waterfluence provides the following project deliverables:

1. Waterfluence Web Portal Access. Water agency staff get access to the Waterfluence web portal via a username/password to:
 - a. View their most current Water Use Reports, site maps and, if relevant, Landscape Field Survey Reports.
 - b. Sort sites by characteristics such as total water use, water over budget, or site rank.
 - c. Target and approve sites to receive a Landscape Field Survey.
 - d. View site contacts and the last date the report was viewed (for sites getting their report electronically).
 - e. View a Fiscal Year history of program activity including:
 - i. Number of sites
 - ii. Total landscape acres
 - iii. Total water use
 - iv. Total over budget water use
 - v. Total water savings
 - vi. Number of Landscape Field Surveys
2. BAWSCA Fiscal Year Report. BAWSCA receives a spreadsheet table showing the aggregate program activity fields shown above for all sites participating from their member agencies by fiscal year.
3. Waterfluence Report and Website Content Changes. Waterfluence is continually expanding and evolving the content shown on the Water Use Report and its website. All participating water agencies and BAWSCA will be notified of significant changes in content.

**EXHIBIT B
FY 2019-20 DRAFT RATE SHEET**

Program Item	Unit Cost
a. Site Setup	\$150 per new sites
b. Base Subscription OR Premium Subscription	\$72 \$100 per sites
c. Landscape Field Survey	\$1,500 per survey

Notes:

- a. Site Setup. One-time fee per number of sites added to Program. Covers site selection, compiling water and weather data, creating site maps, distributing introductory packets, and startup site contact management.
- b. Base or Premium Subscription. The annual base subscription covers all ongoing costs associated with updating and distributing Program information. The Premium subscription includes additional Contractor staff time to actively monitor and improve customer engagement (recommended for agencies needing to maximize Program results and/or preferring not to assist in this effort).
- c. Landscape Field Survey. An optional, on-site evaluation that consists of an irrigation expert re-measuring irrigated areas, evaluating the irrigation system, and creating a customized report with findings and recommendations to improve irrigation efficiency.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Authorize Negotiation and Execution of Contract with Water Systems Optimization, Inc. to Implement Water Loss Management Program**

Summary:

The BAWSCA Water Loss Management Program (WLM Program) provides BAWSCA member agencies with technical support related to water system auditing and water loss management. The program was launched in FY 2018-19 as a recommendation of the BAWSCA “Making Conservation a Way of Life” Strategic Plan to support the BAWSCA agencies in complying with water loss regulatory requirements.

The WLM Program contains two components:

1. The **WLM Technical Assistance Program (TAP)**, which provides technical assistance to individual BAWSCA agencies in completing annual water audits and improving water loss management practices. This program is offered as a Subscription Conservation Program, and therefore, those agencies wishing to participate in the program will fully fund the cost of implementation in their service area.
2. The **Loss Evaluation and Knowledge (LEAK) Work Group** provides water loss control education and peer to peer learning opportunities for all BAWSCA agencies. The LEAK Work Group is part of BAWSCA’s Core Conservation Program, funded by BAWSCA through the Operating Budget to the benefit of all BAWSCA agencies as a component of the BAWSCA “Making Conservation a Way of Life” workplan item.

Fiscal Impact:

The proposed FY 2019-20 budget includes funding for the LEAK Work Group for FY 2019-20. The Technical Assistance 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.

Recommendation:

That the Board Policy Committee recommend the Board:

- 1) **Authorize the CEO/General Manager to negotiate and execute an agreement with Water Systems Optimization, Inc., for a BAWSCA contract cost share not to exceed \$25,000, subject to legal counsel review, to fund the Regional Water Loss Control Work Group, for implementation of the Water Loss Management Program in FY 2019-20; and**
- 2) **Offer participation in the Water Loss Management Technical Assistance Program to interested BAWSCA agencies on a subscription basis.**

Discussion:

In October of 2015, the Governor of California signed Senate Bill (SB) 555 into law to improve water system auditing throughout the state. SB 555 requires all California Urban Retail Water Suppliers to submit validated water audits to the Department of Water Resources (DWR) annually, beginning in October 2017. SB 555 also requires that, by July 1, 2020, the State Water

Resources Control Board (SWRCB) adopt rules requiring urban retail water suppliers to meet performance standards for water loss. Most of BAWSCA's 26 member agencies have completed validated audits and submitted the audits to DWR in 2017 and 2018.

The WLM Program was a key recommendation of BAWSCA's "Making Water Conservation a California Way of Life" Strategic Plan Phase 1 Report, completed in 2018. The purpose of the WLM Program is to provide the BAWSCA agencies the necessary technical assistance to comply with SB 555 requirements and to benefit from cost-effective water loss interventions.

The TAP portion of the WMP Program is implemented as a Subscription Program, funded by the individual agencies that elect to implement the program for their respective service areas. In FY 2018-19, sixteen BAWSCA agencies participated in the TAP. These agencies have expressed a strong desire to continue the TAP in FY 2019-20.

The LEAK Work Group portion of the WLM Program is implemented as a Core Program, recommended to be funded by BAWSCA for FY 2019-20 to the benefit of all BAWSCA agencies as part of the BAWSCA "Making Conservation a Way of Life" workplan item. The LEAK Work Group provides water loss control education and peer to peer learning opportunities for the BAWSCA member agencies. In FY 2018-19, nearly all BAWSCA agencies participated in the LEAK Work Group.

Alternatives Considered:

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

- Alternative #1: Support the Recommended Actions. Both components of the WLM Program have been requested by the BAWSCA member agencies to meet an existing need to address water loss regulatory requirements and improve water loss management and have had exceptionally high participation levels among the BAWSCA agencies. Continuation of the WLM Program in FY 2019-20 will provide BAWSCA agencies with the necessary support to meet State water loss reporting requirements.
- Alternative #2: Support only the subscription program portion of the WLM Program. The BAWSCA Board can choose to offer only the subscription portion of the WLM Program, the WLM TAP. This alternative would eliminate the LEAK Work Group, which is recommended to provide support to all agencies in understanding State water loss requirements and expanding knowledge on water loss management. **This alternative is not recommended.**

Scope of Work:

The Draft Scope of Work from FY 2019-20 is provided in Attachment A. The scope of work for FY 2019-20 is expected to be consistent with the scope of work for prior years' program.

Attachment A

DRAFT

Scope of Work: Water Loss Management Program for FY 2019-20

BAWSCA seeks to select a firm (Contractor) to implement the BAWSCA's WLM Program. The WLM Program is anticipated to be implemented over a period of three to five years, to enable agencies to collect missing information, improve data sources, consider economics of water loss management, and refine Participating Agency's local water loss management practices. BAWSCA intends to enter into a one-year contract with the Contractor with four additional one-year options to extend the contract at BAWSCA's discretion.

As the specific needs of each BAWSCA agency differ, BAWSCA anticipates that each Participating Agency will implement a selection of the specific tasks outlined below to meet its individual needs. BAWSCA also anticipates that tasks may be phased over multiple years. Therefore, the annual budget for each Participating Agency is expected to vary, as is the number of agency participants. It is estimated that 12 BAWSCA agencies will opt to engage in the technical assistance task in the first year of the program.

The WLM Program shall include the following tasks:

Task 1 - Program Management

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

Task 2 - Technical Assistance for Preparation and/or Validation of Distribution System Water Audits

Contractor will assist Participating Agencies in preparation of distribution system water audits, and/or in the Level 1 Validation of water audits, consistent with SB 555 requirements. For each Participating Agency, specific support activities may include:

- a) Water Audit Compilation: Collect and review existing records and compile water audit and associated documentation.
- b) Level 1 Validation: Complete Level 1 Validation of agency's audit and compose documentation for submission to DWR for SB 555 compliance.
- c) Source Meter Volumetric Accuracy Testing: Design a volumetric source meter accuracy test to establish a field-validated water supplied baseline for the water audit. Document test procedures for future meter accuracy investigation.
- d) Billing Data Chain Assessment: Map meter read collection and billing processes. Compare raw data across billing data management platforms (e.g. read collection system, billing data system, and reporting system). Identify data transmission errors.
- e) Field Pressure Survey: If desired by or if determined to be necessary for a Participating Agency, 1) determine average system pressure, 2) conduct pressure transient investigation, and/or 3) prepare district metered area (DMA) potential assessment.

It is anticipated that this effort will help to identify data components that require further validation and recommend improvements to data validation processes. Direction and advice shall be provided to each Participating Agency regarding how to best improve its data process and improve audits in subsequent years.

Task 2 Deliverable

- A completed and/or Level 1 Validated water audit for each Participating Agency.
- A memorandum documenting Task 2 activities and results for each Participating Agency.

Task 3 - Component Analysis: Volume and Value of Real and Apparent Losses

Contractor will provide technical assistance to Participating Agencies who desire a higher level of investigation into real and apparent losses occurring in their systems. Real losses are attributed to leakage in transmission and distribution mains, leakage and overflows at utility storage tanks, and leakage at service connections. Apparent losses are attributed to unauthorized consumption, metering inaccuracies and data handling errors.

- a) Component Analysis of Real Losses: Establish methods and data requirements to quantify background leakage, unreported leakage, and reported leakage. Tasks shall be customized based on the characteristics of the Participating Agency and may include:
 - Collect and review leakage repair documentation.
 - Evaluate leak repair process.
 - Determine participating agency's leakage profile (background, unreported, and reported leakage).
 - Develop analysis of cost-effective interventions against leakage. Design leak management program.
- b) Component Analysis of Apparent Losses: Establish methods and data requirements to quantify customer metering inaccuracies, systematic data handling errors, and unauthorized consumption. Tasks shall be customized based on the characteristics of the Participating Agency and may include:
 - Design small meter testing protocol.
 - Prioritize large customer meters for testing.
 - Analyze meter testing results.
 - Calculate and determine value of apparent losses due to meter inaccuracy.
 - Recommend further study areas and customer meter management practices.

Task 3 Deliverable

- A memorandum documenting Task 3 activities and results for each Participating Agency.

Task 4 – Meter Accuracy Testing

Contractor will conduct volumetric meter accuracy testing. For each Participating Agency, tasks may include:

- Source Meter Volumetric Accuracy Testing: Design and conduct volumetric source meter accuracy test(s). Establish a field-validated water supplied baseline for the water audit. Document test procedures for future meter accuracy investigation.

- Customer Meter Volumetric Accuracy Testing: Design and conduct volumetric small meter customer tests to quantify customer metering inaccuracies. Design and conduct volumetric large customer meter tests to quantify customer metering inaccuracies.

Task 4 Deliverable

- A detailed Meter Testing report containing a list of each meter tested, meter age and cumulative flow information, details of the meter testing protocol employed, and meter testing results.
- A report summarizing findings and recommendations as pertaining to meter maintenance and replacement program development and water audit results.

Task 5 – Comprehensive Leak Detection

Contractor will survey participating agencies' distribution systems for leakage. Participating Agencies may choose to have their entire systems surveyed or to elect to survey only those portions of their systems suspected to have leaks. Contractor will calculate water savings resulting from the leak detection and associated repairs.

Task 5 Deliverable

- A detailed Leak Report containing a photo showing each leak location, X-Y GPS coordinates, satellite photo with location of leak, details of the type of leak found, estimated leak flow rate in gallons per minute, leak classification and prioritization, and equipment and technique used to locate the leak. Pinpoint leaks need to be marked on the asphalt in accordance with Participating Agency requirements.
- A prioritized list of leaks, including the specific location within the distribution system and a quantification of the volume of water for each identified leak.
- A report summarizing findings as pertaining to water audit results.

Task 6 – Report Preparation

For each Participating Agency, Contractor shall prepare report documenting water loss investigation and findings for Tasks 2 through 5, as applicable to the Participating Agency. Report shall include recommendations for next steps to cost-effectively improve data quality, water loss understanding, and water loss performance.

Task 7 - LEAK Work Group

Contractor will coordinate LEAK Work Group meetings to provide water loss control education and peer to peer learning opportunities for BAWSCA member agencies. Activities will include:

- a. Coordination of quarterly meetings.
- b. Development of meeting curriculum.
- c. Preparation of meeting materials and handouts.
- d. Communication with BAWSCA on water loss regulatory updates and industry news.

Attachment B

Rate Schedule

Program Item	Subtask	Unit Cost x Quantity
1. Program Management	<input type="checkbox"/> 1.a Ongoing Administration	\$365 x ____ <i># of subtasks selected from 2.a, 2.c, 2.d, 2.e, 4.a, 4.b, 6.b</i>
	<input type="checkbox"/> 1.b Monthly Status & Budget Updates	\$730
2. Water Audits & Data Sources	<input type="checkbox"/> 2.a Water Audit Compilation	\$7,600
	<input type="checkbox"/> 2.b Source Meter Volumetric Accuracy Testing	\$4020 x ____ <i># of tested meters</i>
	<input type="checkbox"/> 2.c Billing Data Chain Assessment	\$9,960
	<input type="checkbox"/> 2.d Field Pressure Survey	<i>determined upon discussion with Contractor about system setup (starts at \$10K and scales to size of survey)</i>
	<input type="checkbox"/> 2.e Water Audit Miscellaneous Support	<i>determined upon discussion with Contractor about audit support needs (rates in Table 1 below)</i>
3. Level 1 Validation	<input type="checkbox"/> 3.a Level 1 Validation	\$2500
4. Component Analysis	<input type="checkbox"/> 4.a Real Losses Component Analysis	<i>determined upon discussion with Contractor about repair data (between \$8K and \$15K given extent and readiness of repair data)</i>
	<input type="checkbox"/> 4.b Apparent Losses Component Analysis	\$7,600 <i>4.b required if conducting Task 5, meter accuracy testing</i>
5. Meter Accuracy Testing	<input type="checkbox"/> 5.a Customer Meter Accuracy Testing	TBD
6. Comprehensive Leak Detection	<input type="checkbox"/> 6.a Leak Detection Preparation & Kick Off	\$1,560
	<input type="checkbox"/> 6.b Leak Detection Survey	<i>price based on tiered rate described below (Table 2)</i>
7. Report Preparation	<input type="checkbox"/> 7.a Reporting	\$2,480 x ____ <i># of subtasks selected from 2.a, 2.b, 2.c, 2.d, 4.a, 4.b, 6.b</i>

Table 1. Hourly Rate Table for additional services (Task 2.e)

Role	Rate (hourly)
Project Advisor	\$ 260
Project Director	\$ 210
Project Manager	\$ 155
Project Manager	\$ 155
Analyst	\$ 140

Table 2. Comprehensive Leak Detection Mileage Rate Table (Task 6.b)

Mileage Surveyed	\$/mile
Mile 1 through Mile 50	400
Mile 51 through Mile 100	350
Miles 101 +	300

Notes:

1. Program Management. Required cost if any items except Item 3 – Level 1 Validation are selected.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Results of FY 2016-17 Wholesale Revenue Requirement Review

Summary:

Pursuant to Section 7.06A of the 2009 Water Supply Agreement (WSA), BAWSCA conducted its review of SFPUC's calculation of the annual Wholesale Revenue Requirement (WRR) and the changes in the Balancing Account for FY 2016-17. On March 29, 2019, the parties reached an agreement pertaining to BAWSCA's concerns related to SFPUC costs allocated to Wholesale Customers except for five issues. It is desirable for further factual investigations and discussions to take place regarding the five outstanding issues, and the parties wish to resolve them before June 30, 2019 through agreement rather than through arbitration.

As of today, the adjustments made associated with the FY 2016-17 WRR review resulted in a total credit of \$3,987,471 to the Wholesale Customers.

Fiscal Impact:

There is no fiscal impact to BAWSCA. Within the total credit amount listed above, \$2,972,213 is reflected in the opening balance of the Balancing Account as of June 30, 2017. The remaining credit of \$1,015,258 owed to the Wholesale Customers will be applied to the opening balance of the Balancing Account as of June 30, 2018.

Recommendation:

This item is for informational purposes only. No Board action is requested.

Discussion:

Pursuant to Section 7.06A of the 2009 WSA, BAWSCA performed its review of SFPUC's calculations associated with the FY 2016-17 WRR and the changes in the Balancing Account. BAWSCA's review was assisted by its financial advisor KNN Public Finance and the legal counsel Hanson Bridgett.

In July 2016, BAWSCA raised a question to the SFPUC as to the proper wholesale proportional annual use for calculating the WRR for FY 2014-15 when minimum purchase requirements were waived during the drought. As a result of early investigations and discussions that occurred between SFPUC and BAWSCA staff, the imputed water sales are not included in the final proportional annual use calculation for the years when the minimum purchase requirement waivers were in place. The adjustment made to FY 2016-17 on this matter represents a reduction in the WRR or savings to the wholesale customers in \$2,972,213.

The parties reached an agreement pertaining to the other FY 2016-17 issues through a formal 7.06 process on March 29, 2019, which represents an additional \$1,015,258 credit owed to the Wholesale Customers. The adjustments resulting from BAWSCA's WRR review as of today are summarized in Table 1. BAWSCA will report the results of the five outstanding issues to the Board as soon as they are resolved.

Attachment: Table 1 "Summary of Adjustments Resulting from BAWSCA's FY 2016-17 WRR Review"

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ATTACHMENT

Table 1. Summary of Adjustments Resulting from BAWSCA’s FY 2016-17 WRR Review

	Type of Adjustment	Descriptions	Due from (to) Wholesale Customers
1	Interpretation of WRR error	At BAWSCA’s identification in 2016, the imputed water sales are excluded from the Proportional Annual Use calculation due to the minimum purchase requirement waiver in place during the drought, resulting in a reduction in the WRR.	(\$2,972,213)
2	Accounting error	The need for an increase in wholesale debt service coverage were transferred from the balancing account incorrectly. This correction resulted in a credit to the balancing account.	(\$75,336)
3	Cost allocation error	Some facilities maintenance work related projects under FUH100 were classified incorrectly. This correction resulted in a decrease in the amount owed to the Wholesale Customers.	\$33,483
4	Accounting error	A de-appropriation from revenue funded project CUW276 was overlooked in the WRR calculation. This correction resulted in a credit to the balancing account.	(\$964,050)
		Interest on the credits will be applied to the opening balance of the Balancing Account as of June 30, 2018	(\$9,355)
		Total adjustments	(\$3,987,471)

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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: May 10, 2019
SUBJECT: Chief Executive Officer/General Manager's Letter

Water System Improvement Program – Update

Status of Program Changes One Year Later: On March 9, 2018, the San Francisco Public Utilities Commission (SFPUC) notified the Bay Area Water Supply and Conservation Agency (BAWSCA) that it would be considering proposed changes to the Water System Improvement Program (WSIP) in accordance with the Wholesale Regional Water System Security and Reliability Act (AB 1823, Water Code Section 73500 et seq.). BAWSCA performed a thorough review of the Notice of Public Hearing and associated documents and met several times with SFPUC staff. On April 9, 2018, the SFPUC Commission held a hearing and formally adopted the proposed changes.

Prior to the April 9, 2018 hearing, BAWSCA submitted a formal comment letter to the SFPUC regarding the proposed changes. In that letter, BAWSCA provided the following statements regarding proposed changes to two particular WSIP projects:

- The proposed scope change for the Regional Groundwater Storage and Recovery Project (RGSR) reduces the drought year yield of the project.
- No scope changes were proposed for the Alameda Creek Recapture Project (ACRP). However, the project's Environmental Impact Report (EIR) was being revised in response to questions and issues raised during the review of the first Draft EIR. BAWSCA noted in its comments that scope changes may be necessary based on possible future CEQA related recommendations, resulting in impacts to not only the project scope, but also the schedule, budget, and the project's ability to meet the WSIP Level of Service (LOS) Goals.

At the SFPUC's April 23, 2019 Commission meeting, the BAWSCA CEO reviewed the status of the WSIP and these two projects.

For the ACRP, Ms. Sandkulla noted the following:

- There has been no apparent change in Project status since April 2018. San Francisco continues to prepare a Recirculated Draft EIR with an unknown completion date.
- BAWSCA repeated its request for a written report to the Commission following the completion of the revised environmental effort addressing the need, if any, to revise

the project's scope and the possible impacts of the scope changes on the project's ability to meet the WSIP LOS goals.

For the RGSR Project, Ms. Sandkulla noted the following:

- The SFPUC committed to providing a report to the Commission in January 2019 on the Project reflecting updated project information on yield and ability to meet WSIP water supply LOS goal.
- This new information is past due by several months, has yet to be made available to BAWSCA, and further, the report has not been provided to the Commission.
- SFPUC has committed to scheduling a meeting with BAWSCA to discuss the Project and the status of when updated information can be shared.
- SFPUC staff should provide a written report to the Commission following that meeting with a detailed plan and schedule for moving forward with the Project, a timeline for assessment of Project yield, and an assessment of the Project's ability to meet WSIP LOS goal.

BAWSCA believes that both the RGSR Project and the ACRP will delay the completion of WSIP beyond its currently adopted December 2021 completion date. There is also the distinct possibility that the yield of both projects will be less than planned, impacting overall LOS goals established. The exact nature of the delay and impact to LOS will be better understood by the end of calendar year 2019.

In response to Ms. Sandkulla's remarks, Commissioner Moran supported the idea of a report to the Commission on the RGSR project following the meeting with BAWSCA.

Legislation: Given that WSIP was extended in April 2018 and the concerns related to schedule for the ACRP and RGSR Project, there is a need to extend State oversight of the WSIP and to extend the Regional Finance Authority's (RFA) ability to issue revenue bonds if needed to provide WSIP funding.

Senator Jerry Hill has introduced Senate Bill 699 to amend the Wholesale Regional Water System Security and Reliability Act to extend State oversight of San Francisco's required capital improvement program from January 1, 2022 to January 1, 2026. The legislation also amends to extend the RFA's ability to issue revenue bonds from December 31, 2020 to December 31, 2030. BAWSCA has factored into these extension dates the likelihood, as detailed above, that a subsequent WSIP extension may need to happen, due to likely WSIP project delays.

The SFPUC has submitted a support position for SB 699. There is no opposition to the bill.

SB 699 is making its way through the legislature. On April 10th, it was passed out of the Senate Committee on Governmental Organization and is scheduled to be heard by the Senate Appropriations Committee on May 13th.

Water Supply Agreement (WSA) Amendments

All BAWSCA agencies and the SFPUC have adopted the seven amendments to the 2009 WSA. BAWSCA is in the process of collecting signatures from member agencies. BAWSCA is on schedule to complete signature collection by early May 2019. BAWSCA's legal counsel will take those signature pages and produce a final, singed amendment package. Further, legal

counsel will produce an updated 2009 WSA Summary. Both will be provided to BAWSCA agencies and the SFPUC in printed and electronic form by the end of June 2019.

Demand Study

The Regional Water Demand and Conservation Savings Projections Study (Demand Study) is currently on schedule for completion in May 2020. The first key task, data collection, is in progress and is anticipated to be complete in July 2019. The consultant, Maddaus Water Management (MWM), has completed the initial data collection file for each BAWSCA member agency. Each agency has now been asked to review and complete the data collection request by May 16th. Key data to be collected or verified through this task includes historical water use, current and projected population and employment, conservation program data, and water rates information. The results of the data collection will be summarized into Technical Memorandum #1 for each agency and BAWSCA overall. Each agency will be asked to sign off on TM-1 before the demand modeling is initiated.

Qualified Water Efficient Landscaper (QWEL) Program – Update:

In March 2019, the BAWSCA Board authorized negotiation of a Memorandum of Understanding (MOU) with Solano County Water Agency (SCWA) to implement the Regional Bay Area Qualified Water Efficient Landscaper Training Program (QWEL) in the BAWSCA service area. QWEL provides landscape professionals with classroom and hands-on training on topics related to water-efficient landscape installation and management. The goal of the program is to increase landscape professionals' awareness and compliance with local water-use restrictions and reducing long-term landscape water use through wider adoption of proper care, irrigation management and other maintenance practices.

Originally, it was anticipated that the MOU as well as SCWA's contract with the selected contractor, California Water Efficiency Partnership (CalWEP), would be executed in April 2019. Based upon this schedule, BAWSCA had anticipated sponsoring a QWEL training before the end of FY 2018-19. However, due to delays in the MOU legal review process, execution of the MOU and consultant contract have been delayed until July 2019. Given this schedule, BAWSCA anticipates that its first QWEL training program will now be held in Fall 2019.

Joint Request for Proposal with RWA for Irrigation Controller

BAWSCA has partnered with Regional Water Authority (RWA) on a Request for Proposals (RFP) for a Regional Smart Controller Program. The goal of the program is improve outdoor water use efficiency through the installation of smart irrigation controllers to manage outdoor water use. The program will also provide professional installation and customer training on smart controller use. RWA will be the agency lead for this effort, and BAWSCA will have the option to partner with RWA to implement the program as a new Subscription Conservation Program for the BAWSCA agencies.

Consultant proposals are due on May 9th. BAWSCA is participating in the RWA consultant selection process. If BAWSCA determines that the selected consultant and program scope will meet the BAWSCA agency's needs, BAWSCA may bring a recommended action for program participation to the Board as early as July 2019.

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Board Of Directors Policy Calendar Through June 2019

Meeting Date	Purpose	Issue or Topic
July 2019	D&A D&A D&A R&D	Discussion and possible action on CEO Performance Evaluation Procedure Authorization of Consultant Agreement for an Asset Management Audit CIP Comparison Study Discussion of BAWSCA's Pilot Water Transfer
September 2019	D&A D&A D&A D&A R&D	CEO/General Manager Evaluation Review of Agency Personnel Handbook 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; Financing Approval Review of CERBT Fund Update
November 2019	D&A D&A R&D R&D R&D R&D	Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy BAWSCA's Regional Water Supply Model – Analyses Update LVE Update & Feedback from Agency Workshop Demand Study Update Tier 2 Update

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Second Amendment to Hanson Bridgett Professional Services Contract**

Summary:

Activities associated with addressing the State Water Resources Control Board Bay Delta Plan Update has required more legal resources to date than originally budgeted and requires additional use of legal counsel services for the remainder of FY 2018-19. As a result, the contract with Hanson Bridgett must be amended to avoid disruption of necessary work to achieve critical results for FY 2018-19. A budget amendment for an additional \$100,000 is recommended to fund necessary work through June 2019 for a revised not to exceed total budget of \$919,000.

Fiscal Impact

This recommended budget increase would be funded using unspent funds associated with other financial and technical consultant contracts that are not anticipated to be fully expended this fiscal year.

Recommendation:

That the Board of Directors 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.**

Discussion:

Additional funds are needed for legal counsel due to the higher than budgeted activity level associated with the Bay Delta Plan and protecting the interests of the member agencies and their water customers. Table 1 presents the historical budget information for BAWSCA legal counsel with notations included to identify the reasons for significant budget increases and decreases.

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Table 1. Historical Budget Information for BAWSCA Legal Counsel (Hanson Bridgett)

Hanson Bridgett	Original Contract	Year End Contract	Actual Year End Expense	Budget vs. Expenses	Notes
FY 05-06	\$335,000	\$395,000	\$297,848	75%	Jan. 2006-additional \$60k from contingency; no change to op. budget
FY 06-07	\$469,000	\$469,000	\$365,062	78%	
FY 07-08	\$665,000	\$665,000	\$583,120	88%	
FY 08-09	\$644,500	\$817,000	\$817,776	100%	May 2009-additional \$172.5k reallocated from other expense categories; no change to op. budget (Finalize WSA negotiation)
FY 09-10	\$311,000	\$419,000	\$333,169	80%	Jan. 2010-additional \$108k reallocated from other expense categories; no change to op. budget (Strategy contract)
FY 10-11	\$366,000	\$366,000	\$318,667	87%	
FY 11-12	\$390,000	\$415,000	\$414,430	100%	May 2012-additional \$25k reallocated from contingency; no change to op. budget
FY 12-13	\$451,000	\$569,000	\$558,120	98%	Sept. 2012-additional \$58k reallocated from General Reserve; increase op. budget (Pilot water transfer)
					May 2013-additional \$60k reallocated from other expense categories, including contingency; no change to op. budget
FY 13-14	\$496,000	\$601,000	\$600,983	100%	April/May 2014-additional \$105k reallocated from other expense categories, including contingency; no change to op. budget (CEO and staff transition)
FY 14-15	\$524,000	\$624,000	\$588,715	94%	May 2015-additional \$100k from other expense categories, including contingency; no change to op. budget (WSA administration)
FY 15-16	\$586,500	\$586,500	\$556,148	95%	
FY 16-17	\$651,000	\$726,000	\$627,874	86%	May 2017-additional \$75,000 - \$57,000 from contingency & \$17,500 from Terry Roberts; no change to op. budget (WSA administration, HH litigation)
FY 17-18	\$669,000	\$669,000	\$605,442	90%	
FY 18-19	\$669,000	\$819,000	n/a	96%	Mar. 2019- additional \$150k; \$57.5k from contingency, \$42.5k from other unspent funds, and \$50k from General Reserve (which added \$50k to operating budget)
FY 18-19	\$819,000	\$919,000	n/a	n/a	Proposed May 2019 – additional \$100,000 from other expense categories; no change to operating budget

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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 – May 16, 2019	Oak Room, San Mateo Main Library
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 – April 10, 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 12, 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
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.