

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

**June 12, 2019 – 1:30 p.m.
BAWSCA Offices – 155 Bovet Rd., San Mateo – 1st Floor Conference Room**

MINUTES

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

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

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

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

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

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

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

The motion carried unanimously.

5. **Action Calendar:**

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

development of BAWSCA's workplan and subsequent efforts needed for the following fiscal year.

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

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

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

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

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

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

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

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

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

The motion carried unanimously.

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

would pay their share of the program costs, including the rebate costs and administration costs.

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

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

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

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

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

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

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

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

In response to Director Chambers, Ms. Johnson stated that through the conservation legislation implementation process, each water utility will be required to meet an overall water use target on an annual basis. That target will be calculated based on assumed efficient levels of indoor and outdoor residential use, and large irrigation

use. This is one of the programs that will help reduce outdoor residential use. The specific targets for each agency will not be available until 2022, but given the short turn-around time to meet the requirements, this program provides agencies a jump-start.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The motion carried unanimously.

6. Reports:

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

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

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

BAWSCA continues to closely monitor developments and coordinate with the SFPUC, which is directly involved in the discussions. The Secretaries have made

the process open for all stakeholders, including BAWSCA, to participate. But Ms. Sandkulla stated that at this time, BAWSCA is working appropriately with the SFPUC in monitoring the developments.

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

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

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

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

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

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

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

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

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

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

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

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

Peter Drekmeier provided public comments.

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

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

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

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

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

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

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

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

Alternatives will be looked at should the cost for a new dam and spillway prove to be extreme. An example of a potential alternative is replacing the reservoir pool with extremely large tanks to fulfill the hydraulic purpose of Moccasin Reservoir.

BAWSCA recognizes the financial magnitude of building a new dam and spillway, and will closely monitor what the analysis shows as alternatives.

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

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

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

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

Respectfully submitted,



Nicole Sandkulla, CEO/General Manager

NS/le

Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

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

✓ : present

☎ : Teleconference

June 12th Meeting Attendance

BAWSCA Staff:

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

Public Attendees:

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