

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

May 9, 2022

Correspondence and media coverage of interest between April 11, 2022 and May 4, 2022

Correspondence

From: Martin Gothberg
To: San Francisco Board of Supervisors
cc: SFPUC Commission and BAWSCA Board
Date: April 28, 2022
Subject: Water Management and Public Deception

From: Dave Warner
To: Anson Moran, SFPUC Commission President, and Members of the Commission
Date: April 25, 2022
Subject: Modifying the Design Drought During a Drought

From: Los Vaqueros Reservoir Expansion Project
To: Stakeholders
Date: April 15, 2022
Subject: Monthly Report

Media Coverage

Water Supply Conditions:

Date: May 2, 2022
Source: Maven's Notebook
Article: Monthly Reservoir Report for May 1

Date: April 25, 2022
Source: LA Times
Article: Despite April rains, California still faces significant drought conditions as summer nears

Date: April 24, 2022
Source: Bay City News
Article: April showers won't end local water restrictions

Date: April 22, 2022
Source: Modesto Bee
Article: Plenty of rain, snow in Northern California. But nothing close to a drought buster

Drought:

Date: May 4, 2022
Source: LA Times
Article: With water running out, California faces grim summer of dangerous heat, extreme drought

Date: May 3, 2022
Source: The Guardian
Article: California's new drought rules: will they be enough to halt the 'alarming challenges' ahead?

Drought, cont'd.:

- Date: April 28, 2022
Source: CNN
Article: Why the Great American Lawn is terrible for the West's water crisis
- Date: April 28, 2022
Source: LA Times
Article: Southern California 'cannot afford green lawns' as drought forces unprecedented water cuts
- Date: April 28, 2022
Source: Bloomberg
Article: Megadrought Threatens California Power Blackouts This Summer
- Date: April 27, 2022
Source: LA Times
Article: Parts of SoCal face full outdoor watering ban by September if conditions don't improve
- Date: April 26, 2022
Source: Visalia Times Delta
Article: California farmworkers could get \$1,000 cash a month help under drought relief proposal
- Date: April 26, 2022
Source: San Francisco Chronicle
Article: Oakland, Berkeley residents to see water usage capped amid drought fears
- Date: April 22, 2022
Source: Turlock Journal
Article: Newsom proposes additional \$2 billion for water conservation
- Date: April 21, 2022
Source: Mercury News
Article: Drought rules tightening in more Bay Area cities
- Date: April 21, 2022
Source: San Francisco Chronicle
Article: Bay Area's biggest water agency may start capping household use
- Date: April 11, 2022
Source: Mercury News
Article: Lawn watering crackdown coming to Santa Clara County as drought worsens?

Water Infrastructure:

- Date: May 4, 2022
Source: EOS
Article: Assessing Water Infrastructure Investments in California
- Date: May 4, 2022
Source: ACWA
Article: DWR Awards \$150 Million in SGMA Implementation Funds

Water Infrastructure, cont'd.:

Date: May 2, 2022
Source: Department of Water Resources
Release: DWR Awards \$150 Million to Support Communities That Rely on Groundwater

Date: April 28, 2022
Source: ABC7 News
Article: How recycled wastewater could help combat dwindling supplies amid Ca's drought

Date: April 23, 2022
Source: Daily Journal
Article: San Mateo exploring recycled water treatment

Date: April 22, 2022
Source: Palo Alto Weekly
Article: A defense against drought: District eyes water-purification plant as key to recycling increasingly scarce water

Climate Change:

Date: April 25, 2022
Source: San Francisco Public Utilities Commission
Release: San Francisco and the Bay Area Could See Up to a 37% Increase in Rainfall During Large Storm Events Over the Next Century

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Lourdes Enriquez

From: Martin Gothberg <martin.gothberg@gmail.com>
Sent: Thursday, April 28, 2022 1:44 PM
To: Board.of.Supervisors@sfgov.org
Cc: commission@sfgwater.org; DHood@sfgwater.org; waterconservation@sfgwater.org;
bawscaboardofdirectors
Subject: Water Management and Public Deception

<https://48hills.org/2022/04/does-sf-have-enough-water-to-give-some-back-to-the-salmon-and-the-ecosystem/>

Dear SFPUC Supervisors,

The abovelink reads like a battle between Tuolumne River Trust use of real data vs. SFPUC (staff) modeling and Monte Carlo simulation. The risk of 'running out' will always be too high with **secret model inputs** and **simulations**. Staff will always be able to move the goalposts and data-based logic will never win. From the article:

"The SFPUC is basing the city's water needs on holding enough water for a "designed drought" scenario of an eight-year **megadrought**, coupled with a forecast of a high-end daily water use in the Hetch Hetchy service area of **265 million gallons per day**. Currently, demand is under **200 million gallons of water per day**, and has actually decreased over the past three decades."

Regarding conservation, perhaps SFPUC staff imagines they can fool the populace into thinking low-flow toilets and drought tolerant landscaping will benefit the salmon-based ecosystem in the Sierra. The reality is that the SFPUC approach is clearly designed to hoard water behind dams and to use their system for growth planning. It is obvious given the figures in the article.

Please tell me again why I should conserve. Is it so that we can grow throughout the SFPUC service area and reach that 265 mgpd figure?

Regards,

Martin Gothberg
Santa Clara, CA

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Does SF have enough water to give some back to the salmon—and the ecosystem?

SF is hoarding water and killing fish—or it's preserving a precious resource from impending drought. Depends whose numbers you believe.

48hills | April 25, 2022 | Tom Molanphy

Peter Drekmeier has good news to share about San Francisco. Despite climate change, megafires, and a state-wide drought, the city can expect its Hetch Hetchy water system, 85% of our water supply, to keep us flush with water for the foreseeable future.

The catch? You've got to use his organization's numbers, not the forecast of the agency in charge, namely the San Francisco Public Utilities Commission, or SFPUC.

"The big story is how dishonest the SFPUC is with their numbers," Drekmeier, Policy Director of the Tuolumne River Trust, said. Drekmeier argues that San Francisco could release more water from its Hetch Hetchy supply into the Tuolumne River, helping the fish and the ecosystem, without worrying about running out of water.



SF stores water in the Hetch Hetchy reservoir. Wikimedia Commons image

"And releasing this water into the environment would help the salmon. As a 'green' city, San Francisco should be interested in that," he said.

The main snafu, according to Drekmeier, is that SFPUC is basing the city's water needs on holding enough water for a "designed drought" scenario of an eight-year megadrought, coupled with a forecast of a high-end daily water use in the Hetch Hetchy service area of 265 million gallons per day. Currently, demand is under 200 million gallons of water per day, and has actually decreased over the past three decades.

But if Drekmeier is wrong, and future droughts are worse than he predicts, the city will have serious problems, the SFPUC says.

"We understand that they claim our design drought is too conservative," John Cote, communications director for the San Francisco Public Utilities Commission told us. According to Cote, the vast majority of that long-term planning amount "is a contractual obligation to our wholesale customers."

Cote said the agency's planning scenario was based on sound science and decades of experience in water resources management. He noted that, given global climate change, future droughts should be more frequent, and the time between them shorter. That will mean our water system will have less time to recover.

And while releasing more water from Hetch Hetchy may help struggling fish populations, if there's not enough rain to replenish it, the residents of the city will pay the price.

The SFPUC has been focused on conservation and reuse of water, highlighted by the Fall 2022 opening of its \$216 million Westside Enhanced Water Recycling Project, which will provide 1.6 million gallons a day of irrigation water to Golden Gate Park, Lincoln Park and the Presidio. In addition to desalination and water recycling, SFPUC is exploring new technologies such as their Atmospheric Water Generation pilot program.

The larger context of this latest chapter in California's water wars is a complex memorandum of understanding signed by Governor Newsom on April 1 that strives—again—to find a balance between human and natural ecosystem water needs.

The Tuolumne River Trust supports a policy of leaving 40 percent of the Tuolumne's natural flow in the river, which was adopted by the State Water Board in 2018. The SFPUC and BAWSCA (Bay Area Supply and Conservation Agency) have blocked this plan with lawsuits.

The Board of Supes passed a resolution opposing the SFPUC lawsuit, which Mayor London Breed vetoed.

Drekmeier said he understands how precious water is, but he said that the fear of climate change could make people—and even agencies—hoard more than they need. He likened the fear to a driver with three-quarters of a tank of gas desperate to find a gas station; the fear of having no gas blinds the driver to the fact of having enough gas.

SF is hoarding water and killing fish—or it's preserving a precious resource from impending drought. Depends whose numbers you believe.



The Tuolumne flows freely when SF releases water. Wikimedia Commons image

He's asked the SFPUC to release the records that show how the agency reached its conclusions about a future drought. We asked, too, and Cote told us:

We don't view this in terms of the odds. We view the design drought as a stress test on the system that we need to be prepared for because the consequences are so dire. We're not going to gamble with the water supply for nearly 3 million Bay Area residents and businesses. We are seeing more and more events that have a theoretical chance of happening once in a hundred years or longer, and in the U.S. we've experienced these more than once in 10 years. We need to be prepared.

But that doesn't answer the question of what data the SFPUC used and how it interpreted that data—including projections on climate change, precipitation, etc.

Drekmeier filed a request under the Sunshine Ordinance for

the numbers used by the SFPUC to calculate the potential impacts of the [Clean Water Act Section 401 Water Quality Certification] on the SFPUC's water supply. Per the California Public Records Act and San Francisco's Sunshine Ordinance, I again request all documents produced or used by the SFPUC to determine the rationing figures of 75% to 90% cited in CCSF's Petition for Reconsideration.

The SFPUC's response: No. All those documents are covered by attorney-client privilege (presumably because they are part of the lawsuit).

Drekmeier said the good intentions of San Franciscans are being flushed to sea. When San Franciscans put in native gardens or turn off their showers to soap up, they probably believe that saved water is being released into the environment.

Instead, it's walled off behind dams, only to be released when threatened by a flood to make room for more run-off.

"In 2017, the reservoirs were all full, and then all that water had to be released in a single season. The Tuolumne experienced one great year at the expense of many terrible years," he said.

Drekmeier has been to many SFPUC meetings and acknowledges there are good people working there. One of the barriers to transparency and real dialogue about these numbers, he believes, is the bureaucracy of the SFPUC, which Drekmeier compares unfavorably to East Bay MUD.

"SFPUC is very different than East Bay MUD where the directors are elected. Issues at SFPUC stall out and drag on because the commission doesn't have the pressure to initiate things."

It's the complex nature of our sprawling water system that Bay Area reporter and National Geographic explorer Erica Gies takes on in her new book, *Water Always Wins*. How dams meet human needs – but at the expense of the needs of nature – is a view she shares with Dreckmeier.

“Typically dams release water on a human schedule and not on a wildlife schedule,” Gies said. “Most rivers have higher and lower flows, as well as colder and warmer water, to trigger different parts of critters’ life cycles.”

And this act of creating dams and moving water from its ancient routes creates “water haves and have nots,” according to Gies. She cites a study in *Nature* that found that over a 40-year period, 20 percent of people in the world have gained water from interventions like dams, but 24 percent had lost water over that same period, creating an environmental justice issue.

Nothing changes this fact: San Francisco has a lot of people and a poor local water supply. However, just as our attitude towards fire has to change, Gies said she believes we all need a refresher course in water, particularly our obsession with getting problematic water—like problematic fire—out of sight and out of mind.

“So much of what we have done is to rush water off of the land,” Gies said. “We pave over everything in cities, forcing water down storm drains and out to sea. We’re throwing away the rain we’re getting.”

The title of Gies book suggests the ultimate outcome of such a combative stance with water. A more pragmatic approach for San Francisco, an approach Gies describes as a “slow water” approach, is to create bioswales and more permeable spaces like parks to allow whatever water San Francisco does get to slow down and stay around longer, opening up possibilities for our use or even re-use. And understanding “what water wants” will help us understand our own city that much better, Gies argues.

“Water always wins means that water tends to go where it used to go,” Gies said. “So if your home is built on filled-in wetlands, like parts of San Francisco, water will still want to go there.”

Gies praises the “Hidden Nature SF” project by the San Francisco Estuary that uses maps and historical documents to recreate what San Francisco looked like before the Spanish arrived and began the massive transformation of the landscape we live in today. By understanding what water wants, according to Gies, San Francisco could daylight buried creeks safely and approach city planning with nature as a partner rather than as an antagonist.

What’s clear is that having more respect than the pennies on the dollar we pay in water “value”—in relation to the return value of our very existence—is needed, especially with one more IPCC report determining that our attitudes towards “everything will need to change: energy, buildings, transport, food and industry.”

And Drekmeier would like San Franciscans to go a step further than simply reusing Hetch Hetchy water for irrigation in local parks.

“The Tuolumne is the worst off of all the Central Valley rivers in terms of salmon spawning,” Drekmeier said. “The historic count of salmon averages around 100,000. Last year the count was 578. And 100 other species in that ecosystem depend on the keystone species of salmon.”

And, according to Drekmeier, some of those dead salmon lay at the feet of the City of St. Francis.

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April 25, 2022

President Anson Moran, Commissioners and General Manager Dennis Herrera
San Francisco Public Utilities Commission
525 Golden Gate Avenue
San Francisco, CA 94102
Via email

Re: Modifying the Design Drought During a Drought

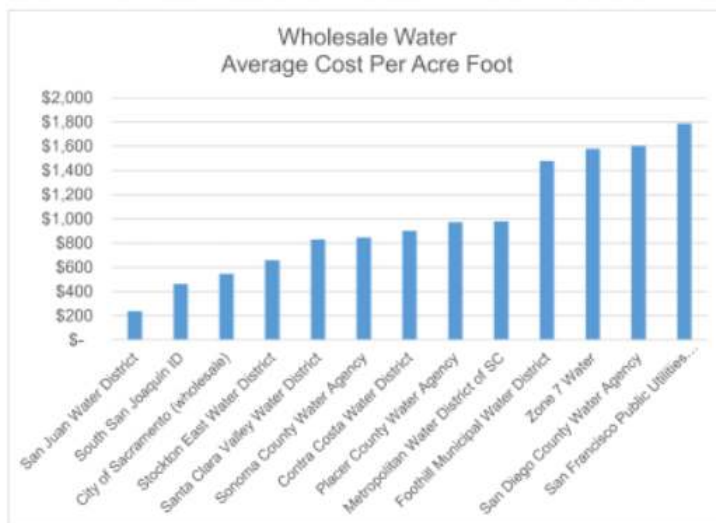
Dear President Anson Moran, Commissioners and General Manager Dennis Herrera,

Thank you for your planning to have a discussion to revisit our drought planning sequence, also referred to as the design drought. While some might consider it odd to reduce the design drought during a drought, there are good reasons to do so now. Circumstances are significantly different today than they were at the time of the 1987-1992 drought, including much lower demand, a much higher cost of water, and a better understanding of drought probabilities. Today we are also facing decisions regarding alternative water supplies which impacts cost. Making decisions regarding the design drought will improve clarity of decision making and improve our ability to manage water rates.

Demand today is far below the 293 mgd demand going into the 1987-92 drought
2020 demand was 198 mgd, almost a third less than demand prior to the 1987-92 drought.

The SFPUC's water rates may be the highest in the state and are increasing

The chart below was produced in 2018 by the San Juan Water District. And the SFPUC is projecting substantial continued increases – without accounting for significant alternative supplies. Note that the SFPUC's column is the farthest to the right.



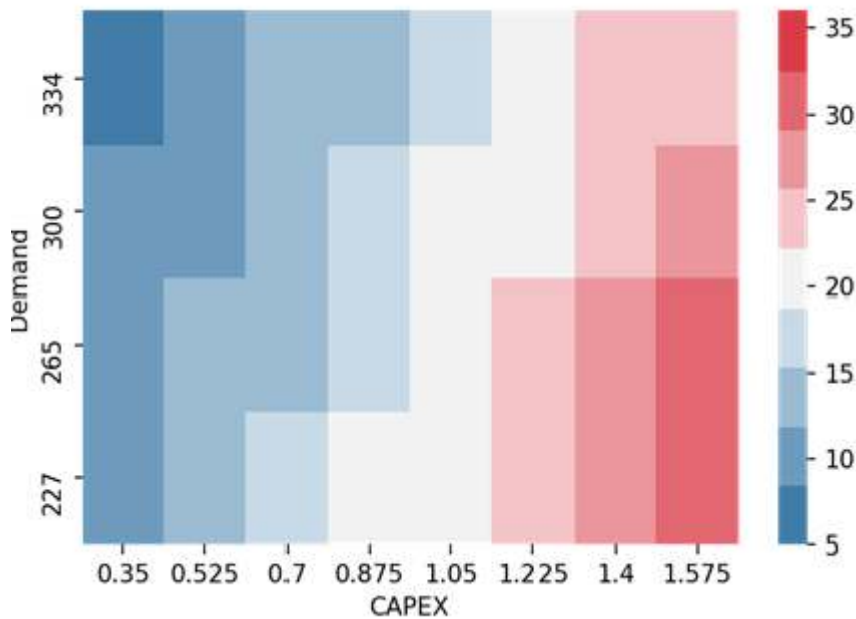
Wholesale Water Rate Comparison
5/8/2018



San Francisco retail rates for the lowest tier in 2007¹ were \$2.08/ccf. In 2021 are \$9.60, without the current drought surcharge, a 360% increase. For comparison, inflation during this time was 31%.

Water rates could go to \$35/ccf or higher

The chart below is taken from figure 5-84 from the SFPUC’s Long Term Vulnerability Assessment (LTVA). When presenting this chart to SFPUC commissions, Dr. Casey Brown pointed out that water rates could go as high as \$35/ccf. This can be seen in the lower right-hand corner of the chart, color coded red, where the vertical axis shows demand at 227 mgd and the horizontal axis shows capital investment at \$1.575 billion. The vertical axis does not go as low as today’s demand, meaning that if today’s demand were on the chart, comparable water rates would be above \$35/ccf. The implication is that investment in alternative water supplies could substantially raise water rates if demand doesn’t also increase, or worse yet for rates, demand decreases.



Shortening the design drought mitigates the need for alternative supplies, holding down costs

Reducing the duration of the design drought has the same effect to supply availability as adding alternative water supplies. But reducing the duration of the design drought does not require capital investment and hence does not have the potential to adversely impact water rates.

Alternative water supplies improve drought resilience. Hence it is worth developing alternative water supplies that don’t impact water rates. An example would be state or federal grants, perhaps as part of a Bay Delta Plan compromise, as has been proposed with other rivers.

¹ This is the oldest data I was able to find for SFPUC retail water rates.

The latest research shows the design drought would be extremely rare

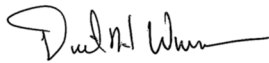
It can be inferred from the LTVA that the design drought has a probability in the range of once in 30,000 years including taking into account LTVA climate change conclusions. However the LTVA researchers should complete the precise probability calculations using their stochastic models.

It is in water users' best interests to revisit the design drought now

Despite the current drought, water users will benefit from the SFPUC re-evaluating the design drought planning model now. Demand is much lower than at the start of the 1987-92 drought. Water rates are vastly higher with the potential to jump even more. Alternative water supplies are under consideration. The latest research from the LTVA shows that the design drought has an exceptionally low probability of occurring and a shortened drought planning model would still have very low risk.

In other words, there's a good case to be made to re-evaluate the design drought now, independent of our being in a drought today.

Kind regards,

A handwritten signature in black ink, appearing to read "Dave Warner", with a long horizontal flourish extending to the right.

Dave Warner

cc: Steve Ritchie

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MONTHLY REPORT

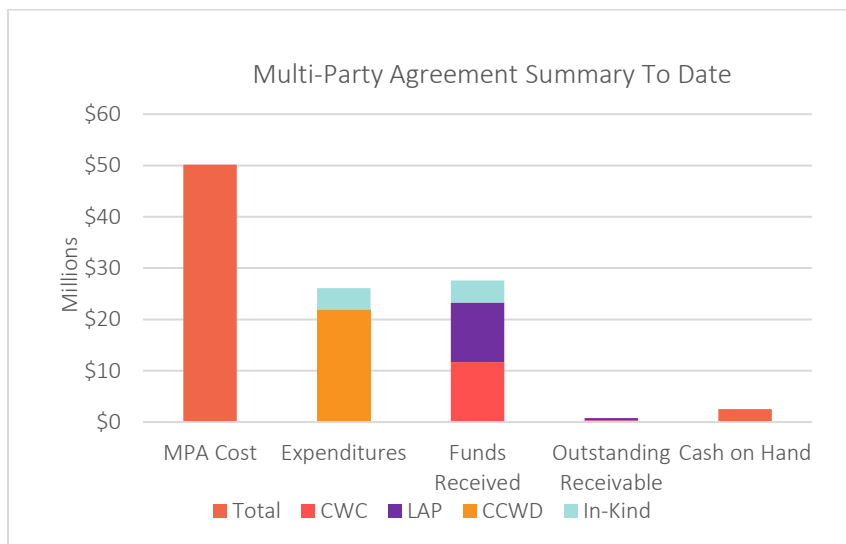
FUNDING

A funding agreement with Reclamation for the planning cost share provided to the LAPs (approximately \$7 million) is currently routing for signature and the initial invoice is being prepared.

Future Federal funding requests include the remainder of the maximum federal share of 25 percent of the total project cost (approximately \$160 million). Some portion of the federal funding share may be available in the Bipartisan Infrastructure Law (the Infrastructure Investment and Jobs Act that was signed on November 15, 2021).

The Project qualified for funding under the Water Storage Investment Program and received an adjusted Maximum Conditional Eligibility Determination of \$477,558,343 from the California Water Commission (CWC) on March 16, 2022. This amount reflects an inflation adjustment of 1.5 percent and an increase in over \$7 million from the previous award. An amendment to the Early Funding Agreement with the CWC is being developed to reflect the increased award and align with the current project schedule.

The following chart provides an overview of the Multiparty Agreement (MPA) expenditures through March 29, 2022. The funds received, outstanding receivable, and cash on hand are shown through March 29, 2022. All LAPs remain in good standing on progress payments.



JPA BOARD OF DIRECTORS MEETING

On April 13 the Los Vaqueros Reservoir Joint Powers Authority (JPA) Board of Directors met via Zoom. The Board adopted a Claims

APRIL 15, 2022

UPCOMING ACTIVITIES

April 21 at 2:00 p.m. – JPA O&E Committee Meeting

April 22 at 1:00 p.m. – Cost and Funding Allocation workshop

April 27 at 10:00 a.m. – JPA Communications and Outreach Committee Meeting

April 27 at 1:30 p.m. – Design Review Team Meeting

April 28 at 1:00 p.m. – JPA Finance Committee Meeting

May 4 at 2:00 p.m. – GM Meeting at ACWA Spring Conference

May 11 at 9:30 a.m. – JPA Board Meeting

May 18 – CWC Meeting – Early Funding Agreement Amendment

UPCOMING LAP BOARD COORDINATION

TBD – Valley Water Storage Committee

ADDITIONAL PROJECT INFO

<https://www.ccwater.com/lvstudies>

<https://www.usbr.gov/mp/vaqueros/>

<https://cwc.ca.gov/Water-Storage/WSIP-Project-Review-Portal/All-Projects/Los-Vaqueros-Reservoir-Expansion-Project>

www.losvaquerosjpa.com

Procedure, CEQA Guidelines, an Investment Policy, and a Debt Management Policy. Clean Energy Capital, the LVE Project Financial Consultant, gave a presentation on WIFIA funding in preparation of submitting a Letter of Interest later this year. Updates to the Major Policy Calendar were reviewed. The next monthly JPA Board Meeting has been scheduled for May 11 and the meeting agenda packet will be distributed to JPA Directors and Alternate Directors on Thursday, May 5 and posted to the JPA website on Friday, May 6.

PERMITTING

U.S. Fish and Wildlife Service (USFWS) is continuing review of additional requested information related to the terrestrial Biological Assessment (BA). The Historic Properties Treatment Plan and Memorandum of Agreement, to support Section 106 of the National Historic Preservation Act consultation, has been finalized for Reclamation's use. USFWS continues review of the Eagle Take Permit application. California Department of Fish and Wildlife (CDFW) continues work on the Incidental Take Permit for terrestrial species and Lake and Streambed Alteration Agreement. The third draft of the Incidental Take Permit for aquatic species has been reviewed CDFW and staff are addressing comments. Reclamation has submitted the Compensatory Mitigation Plan which supports the federal and state Endangered Species Act permitting processes to the USFWS for review. The U.S. Army Corps of Engineers (USACE) and Central Valley Regional Water Quality Control Board (CVRWQCB) are working on their respective permits with the CVRWQCBs expected to be issued in April 2022. A Delta Plan Consistency Package has been prepared and will be submitted soon following outreach to key stakeholders that is underway. Draft water rights change petitions have been prepared and submitted to staff at the State Water Resources Control Board for preliminary review.

DESIGN

A final design packet was prepared to support procurement of services to inspect the Transfer Pipeline. The Transfer Pipeline, which is the inlet/outlet pipeline to the LV Dam, will be inspected this fall to assess the condition of the interior lining of the pipeline and confirm that all appurtenances are rated for the increased pressure associated with the dam expansion.

Design of the Pumping Plant No. 1 Replacement Project continues, with 30-percent design submitted for review. Vegetation management options are being evaluated.

The third meeting of the Design Review Team (DRT) was held on March 23 and most JPA Members had staff representatives in attendance. The agenda included review of the Pumping Plant No.1

preliminary design and the review of the dam expansion 90-percent design construction cost estimate.

Coordination with the Department of Water Resources for the TBPL Turn-In to the California Aqueduct is ongoing, with geotechnical investigations planned in the coming months, along with 60-percent design. Coordination continues with interested parties along the TBPL alignment.

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Monthly Reservoir Report for May 1

Maven's Notebook | May 2, 2022 | Robert Shibatani



An aerial drone view of West Branch Feather River Bridge over Lake Oroville in Butte County, California on April 7, 2022. On this date, the storage was 1,687,551 reservoir acre-feet (AF), which is 48 percent of the total capacity. Kelly M. Grow / DWR

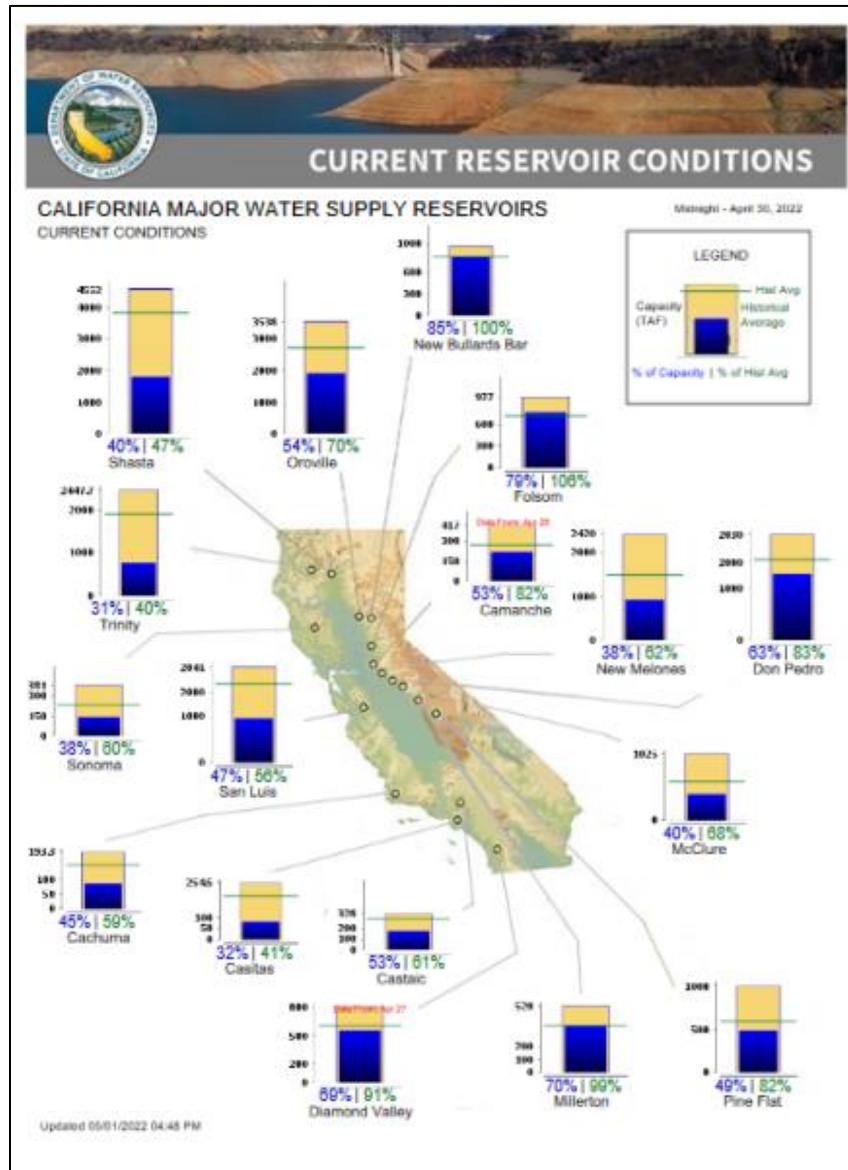
The rains that bring May flowers sort of fizzled after what looked momentarily promising...

Across California, federal CVP reservoir storage currently stands at 4.986 million acre-feet (MAF), which is about 58% of the 15-year average, a slight increase in a comparison of averages from this same time a month ago. In fact, when compared to this same time last month, federal reservoir storage actually increased by 278,000 acre-feet (AF) over the past 30-days despite receiving only modest levels of new precipitation around April 20-22. Oroville Reservoir, the largest State reservoir also increased its storage by 241,000 AF over this same period.

One of the key features of California's water system is the ability of water managers to control water balancing across the State. Regardless of whether it's the flood season, irrigation season, or under balanced or imbalanced delta water quality conditions, the system can be adjusted in so many different operational ways. And that reaction can be quick; the mid-month rains notably increased East Side stream flows such that total delta inflows exceeded 13,500 cfs on April 24th (while less than 8,000 cfs on April 15th). The other key reality is that water conditions are highly spatial in nature, meaning that specific drought or water surplus conditions in one location do not necessarily translate into identical conditions elsewhere.

For example, while many parts of the western U.S. worry about drought, the American River basin (which includes the State Capitol of California, Sacramento) is enjoying "normal" water conditions. Folsom Reservoir storage stands at 768,000 AF, this is 7% above the 15-year

average for the reservoir for this time of year. Having Folsom Reservoir carryover at 7% above average on May 1st, is always considered a welcome positive sign. Accumulated precipitation received to date at Blue Canyon in the upper American River basin stands at 100% of normal. In short, it's been a good precipitation year for the American River basin, even if the rest of the State has struggled.



Across the State, reservoirs have reacted differently to this year's water availability. While large reservoirs such as Trinity and New Melones have lost storage over the month of April, at 39,600 and 11,300 AF, respectively, other reservoirs such as Friant and San Luis have gained storage, at 49,947 and 26,905 AF, respectively. Elsewhere, the monthly accretions or depletions vary; for instance, while Lake Berryessa in the coastal system lost 28,985 AF, reservoirs in the Sierra Nevada like Tulloch and Goodwin gained storage, at 3,067 and 29,000 AF, respectively. With increasingly warming spring/summer temperatures approaching, the annual P/E annual imbalance has already started: for April, Folsom was 2.78/4.36 and at Shasta 3.89/4.36 in inches of water).

California's snowpack continued its rapid depletion over the month even though notable accumulations were temporary over certain north-central portions of the State. Statewide SWE stands at 7.3 inches, losing 3.7 inches over the month. Current Statewide SWE is 32% of normal (it was 39% or normal at this time last month).

Across the northern, central, and southern regions, SWE values range between 20-38% of normal for this date.

The Northern Sierra Precipitation – 8 – Station Index stands at 39.3 inches (with current totals representing 81% of average). For the San Joaquin Precipitation – 5 – Station Index, the current 24.3 inches represent 66% of average for this date. For the Tulare Basin Precipitation – 6 – Station Index, the current 16.0 inches is only 62% of average.

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Prepared by Robert Shibatani

Robert Shibatani, a physical hydrologist with over 35-years combined experience as an international expert witness on reservoir-operations, climate change hydrology, commercial flood damage litigation, and water supply development. He is Managing Partner for The SHIBATANI GROUP International, a division of The SHIBATANI GROUP Inc. and resides in Sacramento, California. robert@theshibatani.com

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Despite April rains, California still faces significant drought conditions as summer nears
LA Times | April 25, 2022 | Hayley Smith



After a spring storm, a worker clears the deck of snow at the top of the aerial tram at Palisades Tahoe on April 17. (Kate Abraham / Palisades Tahoe)

The late-season burst of snow and moisture that blanketed Northern California in April helped make a small dent in drought conditions, experts said, but the majority of the state is still far below where it needs to be as it heads toward the hot, dry months of summer.

Several storms arrived weeks after the final snow survey of the season on April 1, in which state officials reported that statewide snowpack had dwindled to just 38% of average for the date after a bone-dry start to the year.

But on Friday, the UC Berkeley Central Sierra Snow Lab in Donner Pass said it had received 76 inches of powder since the start of the month thanks to April's storms — nearly doubling the 41 inches it received in the first three months of the year combined.

"It's not a record-breaking April, but it's definitely above average," said station manager Andrew Schwartz. "It's welcome for sure."

In fact, April precipitation across much of the Sierra was twice that of January, February and March, according to the National Weather Service. The first three months of the year, typically the heart of the state's wet season, were the driest ever recorded in California.

But although April's numbers have so far been impressive, almost all of the state remains under significant drought conditions, officials said.

"The problem is at this point, we're trying to relieve a multiple-year drought," Schwartz said. "So even though we're slightly above average this year, that doesn't resolve and kind of 'get rid of' the last two years of below-average water. ... The fact that we've been in drought already means that, at least at this point in time, this won't pull us out of it."

The latest U.S. Drought Monitor update, released Thursday, showed more than 95% of California classified under severe or extreme drought, up from about 66% three months ago.

And although April storms aren't all that unusual in Northern California, the dryness that preceded them this year was: The Sacramento area saw a 66-day dry spell that didn't end until March 15 — the longest ever recorded during winter.

Those deficits mean all the recent rain and snow weren't enough to bring most areas up to normal. Redding, for example, received 2.65 inches of precipitation between April 1 and 24 — nearly 140% of normal for the dates — but is still at only 60% of where it should be for the water year overall, according to the National Weather Service.

Officials from the California Department of Water Resources gave a similarly grim assessment when they gathered for the snow survey at the start of the month. However, Sean de Guzman, the department's manager of snow surveys and water supply forecasting, said Monday that the April snow did make a difference.

"It prolonged and extended our snowmelt season by adding the most snow we've seen since December 2021," de Guzman said, noting that statewide snowpack levels this year "are now better than where we were at this time last year."

But although the northern Sierra saw some gains, statewide snowpack is still "below average, at 35% of average as of this morning," de Guzman said.

He and other state officials have increasingly stressed the need for conservation as supplies grow tighter and forecasting less predictable. Dramatic weather swings — including those from heat to cold and wet to dry — are making it harder to plan ahead.

That the month of April brought more precipitation than January through March combined is "a prime example of the weather whiplash we are now experiencing due to climate change," de Guzman said.

It's not just snow that officials are keeping an eye on. Spring rain also plays an important role in California's water supply because it aids in wetting watersheds for more efficient runoff and provides water when irrigation demands start to increase, de Guzman said.

April's showers meant more inflow came into the state's reservoirs than initially expected at the start of the month, and the projected end-of-April statewide reservoir storage is 71% of average, de Guzman said.

"In comparison to this time last year, our statewide reservoir storage is about the same, but we also have more snow to melt and run off into our rivers, streams and reservoirs," he said.

Those gains should help, but there is still plenty of room for improvement. According to recent research, the western U.S. is experiencing its driest 22-year period in at least 1,200 years.

"We were definitely at a disadvantage going into this water year, so we'll take all [the moisture] we can get," said Sierra Littlefield, a meteorologist with the National Weather Service in Sacramento, but "we're still definitely dealing with some extreme drought across a good portion of California."

Littlefield said the April storms did bring some areas closer to 100% of average for the water year and noted that more springtime moisture is still a possibility for the state.

But although there are a few low-impact storm systems in the forecast this week, "they're not really looking like they're going to be huge precipitation makers," she said, and will mostly be centered over far Northern California.

"There's a little more uncertainty next week for something similar," Littlefield added, "but it's really not looking like something that's going to add all that much to our water supply."

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April showers won't end local water restrictions

Bay City News | April 24, 2022

(BCN) — While April's rain showers certainly helped bring up Bay Area rainfall totals, they won't be enough to stave off the state's third year of drought, and that means round of strict city-level restrictions.

As of Friday, the state had received 15.63 inches of rain, 75 percent of the historical average, according to California Water Watch, which offers an online map searchable down to the zip code level.

The San Francisco watershed fared slightly better, with 16.2 inches for the year to date, 79 percent of the average for the full water year through Sept. 30.

The Western Regional Climate Center's latest drought index map, updated April 11, showed coastal regions of the San Francisco Bay Area in a moderate drought, with some South Bay areas, south to Big Sur, already in severe conditions.

The National Weather Service Bay Area said Sunday the rainfall for the week ending April 19 resulted in Sonoma County being downgraded from extreme drought to severe drought but in most areas drought classifications were unchanged.

Following three of the driest months on record, as of April 1 California's snowpack levels were well below average, and the outlook for water deliveries was grim. Officials from the California Department of Water Resources conducted their annual April 1 Sierra Nevada snowpack survey and found that levels were just 38 percent of average.

San Jose Union objects to VTA culture consultant

All this, along with Gov. Gavin Newsom's January emergency drought declaration, means another summer of water restrictions on local water customers.

The state emergency regulations mean residents must:

- Turn off decorative water fountains;
- Turn off/pause irrigation system when it's raining and for two days after rain
- Use an automatic shutoff nozzle on water hoses
- Use a broom, not water, to clean sidewalks and driveways
- Give trees just what they need: avoid overwatering.
- Water users experience drought differently, depending on the type of water supply being accessed and the user's ability to manage drought impacts.

Last summer, from July 2021 to January 2022, California water customers cut their water use by just 6 percent, according to the city of Livermore, while many Bay Area cities set water reduction targets more than double that.

In December the City of San Jose declared a 15 percent water shortage and limited the use of sprinkler systems using potable water to two days per week. The restriction applies to all residents and businesses regardless of which water retailer serves them.

In the Santa Rosa watershed, the city reports that Lake Sonoma storage is at 59% of the target water supply, Lake Mendocino storage is 54.5% of the target water supply, and the city set a 20% water savings target in March.

Most homes use more than half of their water on outdoor landscaping, so residents are advised to transition their yards to drought-tolerant plants.

In the Tri-Valley, the cities of Livermore, Pleasanton and Dublin plan to open a recycled water fill station on Gleason Drive in Dublin in June to provide water to use for irrigation.

#

Plenty of rain, snow in Northern California. But nothing close to a drought buster

Modesto Bee | April 22, 2022 | Dale Kasler



Water officials conduct the April 1 snow survey, measuring 2.5 inches of snow depth and snow water equivalent of 1 inch, which is 4% of the average. BY DAVID CARACCIO

Northern California is getting a nice spell of wet weather, the latest in a series of storms in what's turning into a fairly wet April.

But a drought-buster? Forget it.

"Any water is good water at this point," said Benjamin Hatchett, a climatologist at the Desert Research Institute in Reno.. "It's very beneficial, but probably isn't going to make much of a dent in the long-term situation."

The long-term situation is an epic drought that's in its third year, and even a robust April won't be nearly enough to make up for the dismal winter that gripped California.

"There's no way the spring rains can offset the amount of rain that did not show up in January, February and March," said Michael Anderson, the state climatologist.

Anderson said California got a statewide average of 1.75 inches of precipitation from January to March. In a normal year, those three months yield about 11.5 inches, he said.

Even with the most recent storm, which was tapering off Friday, drought conditions are generally dismal.

The snowpack is just 31% as thick as it normally is for this time of year. The major reservoirs are in poor shape, too: Shasta Lake is less than half as full as it normally is. Lake Oroville is holding one-third less water than usual. As of Thursday, the weekly U.S. Drought Monitor said 95% of California is experiencing “severe drought.” About 40% of the state is in “extreme drought.”

Although Gov. Gavin Newsom has declined to order mandatory cutbacks in water use — unlike his predecessor Jerry Brown — state and local officials are tightening their grip on California’s meager supply. Newsom’s administration is reducing deliveries from the State Water Project and has warned cities and farms with historic water rights that they won’t be allowed to draw from rivers or streams. Newsom also ordered all urban water districts to move into Stage 2 of their drought plans.

For the city of Sacramento, that means higher penalties for repeated violations of the city’s twice-a-week limits on outdoor watering.

In parts of the Bay Area, it’s likely to mean more expensive water rates this year.

The Contra Costa Water District is considering a “temporary drought surcharge” that would cost the average residential customer an additional 28 cents a day.

The East Bay Municipal District’s governing board will vote next week on a surcharge of 2 to 8% to pay for water the district purchased from the U.S. Bureau of Reclamation. The district is also considering an “excessive use water penalty” targeting households that are exceptionally heavy consumers of water, said spokeswoman Andrea Pook.

Anderson said the spring storms will at least help California avoid the debacle it encountered last spring, when an early streak of hot weather caused much of the snowpack to evaporate into the air or seep into the ground. The result was that California lost an estimated 800,000 acre-feet of Sierra runoff that had been expected to flow into the reservoirs. That would have been almost enough to fill Folsom Lake to the brim.

Nonetheless, this year’s runoff will still be pretty small, given how thin the snowpack is, he said. “But thank goodness we’re back to showing rain can actually fall,” he said.

Hatchett said April has been about 80% snowier than normal, as measured by the National Oceanic and Atmospheric Administration at Tahoe City.

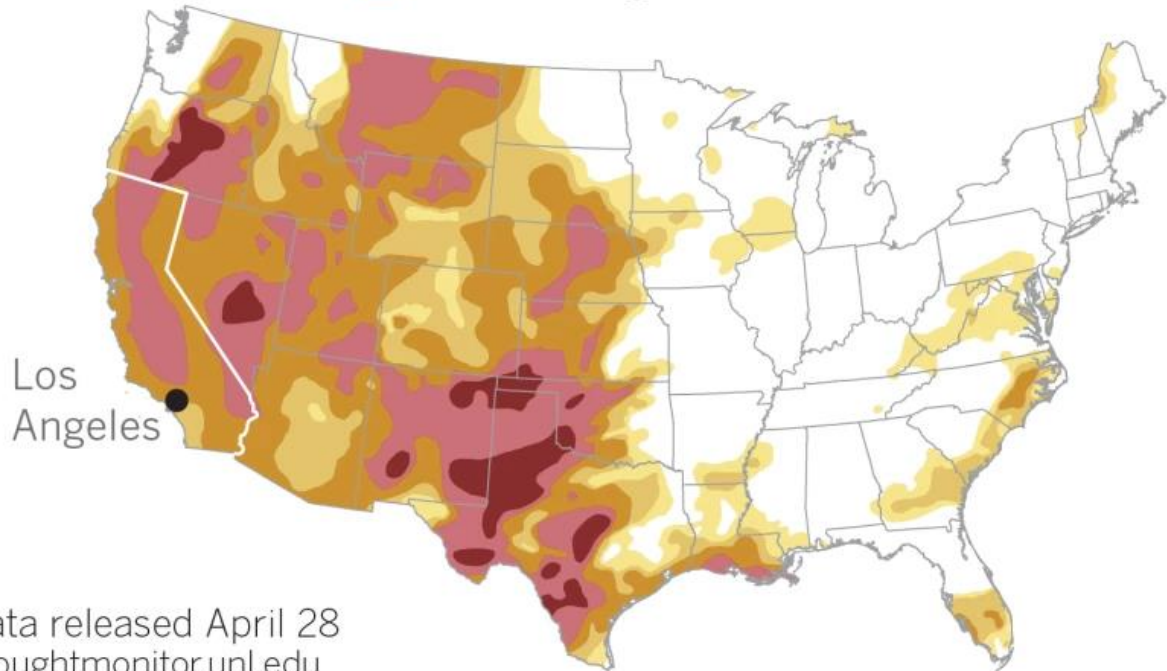
“You couldn’t actually ask for a better April,” he said.

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With water running out, California faces grim summer of dangerous heat, extreme drought

LA Times | May 4, 2022 | Paul Duginski, Alex Wigglesworth

U.S. drought conditions



California faces severe and extreme drought after two consecutive La Niña years, and the hot, dry summer season hasn't even started. (Paul Duginski / Los Angeles Times)

Heat waves. Severe drought. Extreme wildfires.

As Southern California braces for unprecedented drought restrictions, long-range forecasts are predicting a summer that will be fraught with record-breaking temperatures, sere landscapes and above-average potential for significant wildfires, particularly in the northern part of the state.

“The dice are loaded for a lot of big fires across the West,” said Park Williams, a climate scientist at UCLA. “And the reason for that is simple: The vast majority of the western U.S. is in pretty serious drought.”

Recently, the National Oceanic and Atmospheric Administration said the temperature outlook for the transition from spring into summer this year calls for above-normal readings for most of the West.

At the same time, the agency also reported that while long-range forecasts had suggested the climate phenomenon known as La Niña was dissipating — raising a glimmer of hope that California might experience a normal winter in 2022 — it now appeared that the “little girl” was hanging on, possibly into a third year.

If NOAA is correct, high temperatures and the lingering La Niña will have major impacts on urban and agricultural water use across the American West, as well as for California's increasingly extreme fire season.

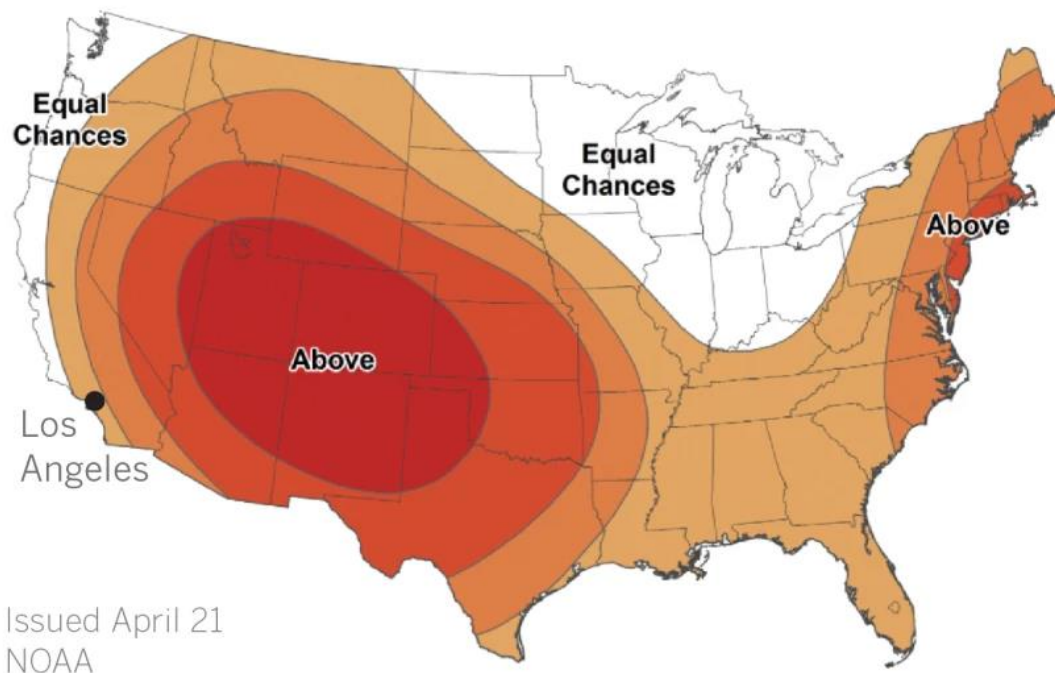
Already, the federal government has announced that it will delay water releases from Lake Powell, the nation's second-largest reservoir, as a result of worsening drought conditions along the Colorado River. In an effort to boost the shrinking reservoir, the U.S. Bureau of Reclamation said Tuesday that it plans to hold back water to reduce risks of the lake falling below a point at which Glen Canyon Dam would no longer generate electricity.

Unlike its wetter and better known sibling, El Niño, La Niña typically brings dry winters to Southern California and the Southwest.

Now, with California's rainy season largely in the rearview mirror and a hot dry summer rapidly approaching, forecasters say La Niña has a 59% chance of continuing through the summer, and up to a 55% chance of persisting through the fall.

Seasonal temperature outlook

Probability for May, June and July



The seasonal outlook from NOAA calls for a hot summer in the West. (Paul Duginski / Los Angeles Times)

Experts say this summer could be a repeat of last year, when fires burned more than 2.5 million acres across California — more than any other year except 2020.

“Last year, one thing that made the fire season especially active were the extreme heat waves that occurred across the West during summertime,” Williams said. “So we’re in a similar situation this year, where we’re going into summer with extremely dry conditions, but we don’t yet know whether there are going to be more record heat waves this year. That’s why there’s still a lot of uncertainty in how the fire season is actually going to play out.”

Warming of the planet due to human activity has increased the likelihood of severe heat waves, and hotter temperatures also worsen drought by causing snowpack to melt earlier in the year, and causing more precipitation to fall as rain, instead of snow.

“The chances of having record-breaking heat waves this year are higher than normal,” Williams said. “But there’s still room for hope that we get lucky.”

Already this year, California has seen 1,402 fires that have together burned 6,507 acres. That compares with 1,639 fires that burned 4,779 acres at this time last year, said Capt. Chris Bruno of the California Department of Forestry and Fire Protection.

Cal Fire is currently holding trainings in all its programs, from helicopter rescues to hand crews, and is bringing on seasonal employees to support operations with an eye toward reaching peak staffing — which averages 10,000 employees — by June or July, he said.

La Niña’s refusal to move on could also cause problems for places other than California.

La Niña influences climate around the globe, and is cyclical. It can bring drought to some parts of the world at the same time as it brings torrential rain to others.

“Both La Niña and El Niño are major disturbances in ‘the force’” said climatologist Bill Patzert. Some weather disasters around the world have been blamed on climate change but are actually typical of the La Niña impacts we’ve seen in the past, although they may well be intensified or changed by warming brought on by the burning of fossil fuels, he said.

“La Niña and El Niño have always had large global footprints,” Patzert said.

While California had its driest January, February and March on record, Alaska and the Pacific Northwest were wet. Across the Pacific Ocean, Australians were fleeing record flooding. Prolonged drought gripped equatorial eastern Africa, raising the specter of famine for millions of people in the Horn of Africa. At the same time, parts of South Africa, such as Durban, received record rainfall. Torrential downpours triggered flooding and landslides in Rio de Janeiro.

There are other influences as well. La Niñas usually weaken wind shear in the Caribbean and tropical Atlantic, contributing to increased hurricane activity in the Atlantic Basin. Both 2020 and 2021 were active hurricane seasons, with 2020 going into the record books as the year with the most named storms of any season on record.

This year, forecasters at Colorado State University have predicted 19 named storms, including nine hurricanes. This would be the seventh consecutive above-average Atlantic hurricane season, according to Patzert.

In the northern United States, La Niñas are typically associated with colder, stormier-than-average conditions and increased precipitation. In the southern U.S., they're known for warmer, drier and less stormy conditions.

Thankfully, La Niña doesn't last forever.

Both La Niña and El Niño are part of what is called the El Niño Southern Oscillation, or ENSO. Between them is a neutral phase, which is what forecasters had thought we were headed toward this spring.

In the meantime, forecasters say, the dryness in the western U.S. has a silver lining, at least for Southern and Central California. While the National Interagency Fire Center is predicting that much of the northern portion of the state will see an above-normal potential for significant fires through August, meteorologists are calling for near- to below-normal fire activity in the southern reaches.

That's because there hasn't been enough rain to grow the grasses that often serve as fuel for Southern and Central California's lower-elevation fires, said U.S. Forest Service meteorologist Matt Shameson.

"I'd say the fine fuels are about ankle to calf high," he said. "Normally, they're about knee to waist high."

The region has seen no significant grass fires so far this year, which normally start across the lower elevations in the middle of April, he added.

Northern California has received more rain, particularly at the end of March through April, so there is a more robust grass crop, which helps spread fire by carrying it up into larger fuels like trees, he said. In addition, Northern California has more vegetation in general, so fires there are typically not limited by the amount of fuel available.

"I think that this year is going to pretty much mimic last year — very similar conditions are expected," Shameson said. Southern California had fewer significant fires than average and saw less acreage burned, while Northern California shattered records, with the Dixie fire scorching nearly 1 million acres and burning across the Sierra Nevada for the first time in recorded history.

"I can tell you: They're expecting another big fire season up north," he said.

The effects of these repeated large, severe fires have the potential to be ecologically devastating and pose a real risk of compromising the state's climate goals, experts say. The Sierra Nevada and Southern Cascade ranges, which currently store close to half of California's captured carbon, lost 1.1 million tons of stored carbon to wildfire, drought and invasive pests from 2018 to 2019 alone, according to recently published research by scientists at UC Berkeley.

“That’s a 35% reduction in just a year,” said author Alexis Bernal, a research specialist at UC Berkeley’s Stephens Lab. “And we know that these disturbances are only going to increase in frequency and intensity with climate change.”

She and other scientists are calling for land managers to increase forest resiliency by thinning vegetation and increasing the use of prescribed fires to reduce the density of forests so that blazes burn less severely through them.

Absent intervention, she said, it’s projected that the Sierra Nevada and Southern Cascade region will lose over 75% of its above-ground carbon stocks by 2069, sending about 860 million metric tons of carbon dioxide into the air.

“That means the Sierra Nevada and Southern Cascade region will no longer be a carbon sink, as it is now,” she said. “It will be a carbon source.”

Large, high-severity burn patches can also result in ecosystem collapse by converting forests into grass and shrublands, she added.

“These landscapes may no longer function as forests anymore,” she said. “They may function as something else, which would be pretty devastating for all living things, including ourselves, that rely on these forests to survive.”

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California's new drought rules: will they be enough to halt the 'alarming challenges' ahead?

As dry conditions prevail, the state is restricting outdoor watering while exploring other avenues of water

The Guardian | May 3, 2022 | Gabrielle Canon



A cracked lake bed at Nicasio Reservoir in 2021 during a drought in Nicasio, California. Photograph: Bloomberg/Getty Images

With little hope of reprieve ahead of the warming summer months, demand for water in parts of drought-stricken California is outpacing supply.

The metropolitan water district of southern California declared a water shortage emergency last week for areas that rely on the State Water Project, a sprawling system of canals, reservoirs, and pipelines that snake across roughly two-thirds the length of the state, affecting about 6 million southern Californians in Los Angeles, San Bernardino and Ventura counties.

Describing the drought as “one of the most alarming challenges our region has ever faced” metropolitan issued unprecedented restrictions limiting outdoor watering to one day per week and also called on all southern Californians to cut their use by up to 30%. If conservation efforts fail to fall in line with declining supplies by September, the rules could be tightened with an all-out ban on outdoor watering.

“The reality is, this drought has left us without the water supply we need to meet normal demands in these areas,” said Adel Hagekhalil, metropolitan general manager in a statement.

“To make sure we have enough water for their basic human health and safety needs, everyone in these communities must immediately and dramatically reduce their water use.”

The move is a marked shift in a drought disaster that’s only expected to deepen with warmer and drier days ahead. Now in the third year of the drought, supplies across the region are becoming increasingly strained. Experts say more restrictions across the state are likely as the effects of climate crisis unfold faster than expected.

More than a third of the American west is categorized in “extreme drought” by the US Drought Monitor, and water systems that supply the region are already stressed heading into another hot summer. The climate crisis is amplifying the effects and spiking temperatures typically push water levels lower as they drive demand higher. Meanwhile, the state’s snowpack – now at just 35% of normal for this time of year – is quickly disappearing.

The metropolitan water district of southern California caters to roughly 19 million people, delivering 1.5bn gallons of water a day to 26 smaller agencies through 830 miles of pipelines. Roughly a quarter of the water travels 242 miles across the desert from the imperiled Colorado River. Another 45% is sourced from local supplies – a diverse portfolio of water recycling, groundwater, desalination and flows from the eastern Sierra operated by the city of Los Angeles.

The remaining 30% is supplied by the State Water Project, owned and operated by the California department of water resources. Sourced from the northern Sierra, the system in total serves 27 million Californians and provides water for 750,000 acres of farmland at the heart of California’s agricultural sector, which grows nearly half of the nation’s produce.

Steep usage reductions

Bracing for another year of devastatingly dry conditions and record-low precipitation, state officials announced last month that they were cutting water allocations from 15% to 5%. Metropolitan, as one of the largest water distributors in the US, is the system’s biggest contractor – and the reduced supply was sharply felt.

We don’t know how long this is going to go on so every drop of water we save now is water that can be used later. - Heather Cooley

Usage typically increases over the summer when the days get hot and dry. But this year, southern Californians in districts supplied by the State Water Project will have dramatically less to work with. Metropolitan has restricted outdoor watering to one-day-a-week and is limiting users to 80 gallons of water a person a day – a 36% drop from the 125 gallons the average southern Californian typically uses.

As a wholesaler, Metropolitan has left specifics and enforcement up to local distributors, but included steep penalties for those who don’t comply, levying a \$2,000 fine for additional water used over reduced allocations.

Californians have navigated droughts before and the adaptations implemented in previous years have helped prepare them for reducing use. But outdoor remains an issue. Lush green lawns can still be spotted across the rapidly aridifying landscapes, tucked in front of businesses or lining sidewalks. The aesthetic accents offer little, but consume a lot.

That's why Heather Cooley, the director of research at the Pacific Institute, a water-focused thinktank, says the restrictions are a step in the right direction.

"We don't know how long this is going to go on so every drop of water we save now is water that can be used later," she says, noting that a specific action – like one-day-a-week watering windows – is more helpful for users than an abstract percentage reduction. "Our research finds the greatest opportunities for saving water are outside the home and businesses. That is critical."

About half of California's urban use goes outside. In some parts of the state, according to Cooley, up to 80% of water goes to landscaping. "Cutting back watering is one of the fastest things we can do to dramatically cut water use," Cooley says, and the time to do it is now. "This is the time when people start ramping up the outdoor use and realizing those savings from the beginning of the summer are critically important."

Agriculture still claims the lion's share of California's water supply but the state is still trying to reduce residential and urban use. Restrictions so far have been applied locally. Last year, Governor Gavin Newsom called for a voluntary 15% reduction but consumption actually ticked up afterward rising 2.6% in January, which was the second-driest month on record. Newsom escalated calls for conservation in March, issuing an executive order requiring urban water suppliers to amp up conservation and drought plans that indicate a shortage of up to 20%.

Experts have called for stronger limits, as the climate crisis rapidly unfolds in the state and normal cycles of drought become longer and much more frequent.

"The water we have now is 40% lower than the worst-case scenario in the models ever predicted," says Dr Kurt Schwabe, a professor of environmental economics and policy at the University of California Riverside. Schwabe added that he thinks the state is being too cautious about pushing agencies to do more. "We are in a new climate reality and we have to adjust more quickly than we had in the past."

Conservation is key

Droughts are a normal part of the climate in California but rising temperatures have increased their intensity. Less snow is falling and when it does, it melts much faster, reducing runoff from what's essentially the state's water savings account. The predicted runoff from April through July is forecast at just 41% of average, according to the California water board. Heat bakes moisture out of the environment, speeding evaporation and stresses plants, animals, and urban and agricultural systems that require more water to manage, as supplies wane.

A small stream runs through the dried, cracked earth of a former wetland near Tulelake, California in 2021.

A small stream runs through the dried, cracked earth of a former wetland near Tulelake, California, in 2021. Photograph: Nathan Howard/AP

Along with getting Californians to curb their consumption, Schwabe says updates that make the system more efficient will be essential. Statewide water use in cities and suburbs can be reduced by more than 30% with more efficient systems according to a study from the Pacific Institute. The study found opportunities to more than triple municipal water reuse and significant potential for stormwater recapture.

Metropolitan is already looking into bolstering its supply, exploring improvements to infrastructure and investing in new sources, including recycled water. Desalination, a more controversial and energy-intensive approach with the potential for negative environmental impacts, has also been considered. “You would have to build a desalination plant every four miles along the coast to replace the water we import,” according to a Metropolitan informational page about the issue on its website. “That isn’t an environmentally or economically feasible solution. We must maintain the reliability of our imported supplies.”

But for now, conservation will be key.

“Californians have done a wonderful job in terms of reducing their gallons per capita per day,” Schwabe says, adding that it’s largely done indoors. There are still opportunities to reduce outdoor use and options left to navigate drought conditions, even as they become more intense.

“There is reason to be optimistic,” he says, cautioning agencies against relying too heavily on raised rates as disincentives that make water less accessible to lower-income households. “There are these shifts with the timing of water, how often you water, and then there is the landscape you have to water. That’s the area where there are still significant opportunities.”

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Why the Great American Lawn is terrible for the West's water crisis

CNN | April 28, 2022 | Rachel Ramirez



Patrick T. Fallon/AFP/Getty Images

As California plunges even deeper into its multiyear megadrought after an alarmingly dry winter, officials are eyeing what experts say is one of the leading culprits in the crisis: water-guzzling grass lawns.

Residents and businesses in the counties around Los Angeles were told this week that they would need to limit outdoor water use to one day a week starting June 1. It's the first time water officials have implemented such a strict rule.

"This is a crisis. This is unprecedented," said Adel Hagekhalil, general manager of the Metropolitan Water District of Southern California. "We have never done anything like this before and because we haven't seen this situation happen like this before."

The Great American Lawn has historically been a status symbol and portrayed as a place of leisure and comfort. But they require exorbitant amounts of water to maintain — water that is rapidly running out.

Grass was the single largest irrigated "crop" in America, surpassing corn and wheat, a frequently cited study from NASA and the National Oceanic and Atmospheric Administration

found. It noted that by the early 2000s, turf grass — mostly in front lawns — spanned about 63,000 square miles, an area larger than the state of Georgia.

Keeping all that front lawn grass alive requires up to 75% of just one household's water consumption, according to that study, which is a luxury that California is unable to afford as the climate change-driven drought pushes reservoirs to historic lows.

In Southern California — dotted with wealthy celebrity mansions and pristine green yards — having conventional grass lawns simply won't work anymore as the consequences of climate change intensify, said John Fleck, director of the Water Resources Program at the University of New Mexico.

"You want to have some space in your backyard for your kids to play, so a little patch of grass is not terrible," Fleck told CNN. "It's just the big expanse of lawn — that's really not being used other than 'because it looks pretty' — that has got to go. That's what we can't have anymore.

"We just can't afford the water for it," he said.

Water hogs

America's obsession with grass can be traced back to 17th century England, Fleck said, where meticulously manicured lawns became a "symbol of status and wealth" because of the high cost to maintain them.

"That idea of lawns as a demonstration of status really became embedded in gardening culture in this country with British colonialism, so it sort of traveled west with us and took all that labor in," Fleck said.

In the US, grass lawns expanded and thrived on the East Coast, "where it rains all the time, and you don't need to add a lot of supplemental irrigation water," Fleck said. And as Americans marched west, they took with them "the landscape they were familiar and comfortable with."

"The big problem is we have brought grasses to this climate in the Southwest that come from wetter places," Fleck said. "The classic example is called Kentucky bluegrass."

Kentucky bluegrass, which is native to Europe and Asia but grows particularly well in parts of the Eastern US, requires much more water than the West can offer.

The water doesn't last long in the arid Southwest. The hot, dry air evaporates water quickly, which in turn increases the amount needed to saturate a lawn. This effect grows even larger on hot summer days — warmer air can absorb more — which is also when ample water has been hardest to come by.

In California, the amount of water needed to sustain a grass lawn varies; the state is home to nearly a dozen subclimates that range from wet and cool to hot and dry.

So a 1,500-square-foot lawn in Crescent City on the northern coast might need 22,000 gallons of water a year, according to the California Department of Water Resources.

But farther south, the requirement increases dramatically. The same-size lawn in Los Angeles would need 43,000 gallons a year. An hour east of that in Palm Springs, it jumps to 63,000 gallons a year.

Now consider the fact that the average lawn size in California is more like 5,500 square feet, according to HomeAdvisor, and you can see how lawn maintenance in the West could start to make up a significant portion of a household's water budget.

Around half of urban residential water consumption in California is used for outdoor landscaping, primarily because of its low humidity and scorching hot summers, according to the Department of Water Resources. An average Californian's indoor water consumption is around 51 gallons a day — or 19,000 gallons per year — according to the agency.

Lawn mowers, weed whackers, fertilizer

Besides the intensive water use, gas-powered lawn mowers emit pollutants that can cause cancer and planet-warming gases, which in turn contributes to the climate crisis and the region's drought.

According to the Environmental Protection Agency, gas-powered lawn and gardening equipment released more than 22 million tons of carbon emissions in 2018. Each year, the agency estimates that over 17 million gallons of gasoline are spilled just refueling the equipment.

Grass also has a harder time accessing and absorbing water when it's fertilized, which means more frequent watering is needed. Fertilizers enhance the growth of the plant, which increases its density both above-ground and below. The roots can become compacted, which ultimately reduces the soil's ability to hold water.

Scientists have linked the use of fertilizers to an increase in evapotranspiration, the process by which water moves from the ground to the air. In the West, the lack of precipitation and an increase in evaporative demand — also known as the “thirst of the atmosphere” — are the two major drivers of the region's water crisis. Warmer temperatures increase the amount of water the atmosphere can absorb, which then dries out the landscape.

What you can do different

Fleck, who lives in a lawn-less suburban home in Albuquerque, said if he did have a grass lawn, it would likely require the same amount of water that a “thrifty indoor water user” consumes in one day.

“If you’re going to have outdoor landscaping, the biggest bang for your ‘water buck’ is trees, not lawns,” he said. “With trees, you get a cooling effect in the urban heat island, you save air conditioning energy from the shade, and in an urban area that struggles with air quality like Southern California does, trees help clean the air.”

Some cities are already addressing excessive water use by offering buyouts for homeowners to replace their grass lawns with alternative such as native plants or xeriscaping.

One of San Diego’s key water conservation programs pays homeowners to tear out yards full of Kentucky bluegrass and other turf grasses — \$4 per square foot — and replace them with far more water-efficient desert plants. Since launching the program, the city says it has successfully replaced 42 million square feet of turf lawns.

Last year, Nevada passed a bill to ban ornamental grass, mandating the removal of all “nonfunctional turf” from the Las Vegas Valley by 2027. The Colorado River, which provides water for much of Nevada, has been dwindling at an alarming rate. The state’s latest conservation effort would save about 10% of the region’s annual allotment of water from the Colorado River basin.

“Native landscaping makes sense and can be really beautiful,” Fleck said. “One of my favorite Western cities is Tucson, and it has adopted this native landscaping aesthetic and it’s just a gorgeous town, and it just uses a lot less water to do that.”

Fleck said he expects “the brown lawn to be a badge of honor” soon.

“It’s like — I am making my contribution to the well-being of our community in this time of crisis by not watering my lawn,” he said. “And I expect that to become the status symbol.”

#

Southern California 'cannot afford green lawns' as drought forces unprecedented water cuts

LA Times | April 28, 2022 | Hayley Smith

Millions of Southern California residents are bracing for less water and many brown lawns as drought and climate change leave a large swath of the region with a growing water shortage.

In a remarkable indication of drought severity, officials with the Metropolitan Water District of Southern California have declared a first-of-its-kind action limiting outdoor water use to one day a week for nearly 6 million residents.

Much remains to be determined about how daily life will change as people adjust to a drier normal. But officials are warning the situation is dire and could lead to even more severe limits later in the year.

"We have not had the supply to meet the normal demands that we have, and now we need to prioritize between watering our lawns and having water for our children and our grandchildren and livelihood and health," MWD General Manager Adel Hagekhalil said Wednesday. "With this historic drought getting worse, we cannot afford green lawns."

For some Californians, the sight of brown lawns may harken back to the previous drought, when then-Gov. Jerry Brown imposed mandatory water cuts across the state. But after the driest-ever start to the year in California history, conditions today are far more critical than they've ever been, officials said.

"We knew climate change would stress our water supply, and we've been preparing for it, but we did not know it would happen this fast," said Gloria Gray, chairwoman of the MWD's board of directors. "This means we are attempting to adapt to climate change in real time, and that is not easy. It is a challenge unlike anything Metropolitan has ever faced."

The new restrictions will take effect June 1 and apply to areas that depend on water from the State Water Project, including northwestern L.A. and Ventura counties, parts of the San Gabriel Valley and parts of the Inland Empire.

Officials said the step became inevitable after California experienced its driest ever January, February and March. That left snowpack shrunken and reservoirs drained, prompting state water officials in March to slash the project's expected deliveries from an already low 15% to 5%.

Now, it falls to the MWD's member agencies to determine how to implement the restrictions, officials said. Those suppliers who fail will be slapped with a penalty of up to \$2,000 per acre-foot of additional use.

If vast improvements aren't immediate and apparent, a full outdoor watering ban could happen as soon as September, Hagekhalil said.

"We're behind on precipitation. But it's the changing climate that we cannot rely on anymore," he said. "This is real. This is serious. This is unprecedented."

Last month, Gov. Gavin Newsom issued an order aimed at scaling up urban conservation and suggested a ban on watering decorative grasses at businesses and public properties, among other measures. The order followed reports that Californians were backsliding in their efforts to conserve water, and had in fact increased water use at the start of the year.

Newsom's office said in a statement that the action by the MWD was a great example of local initiative, and "we are hopeful these efforts will significantly contribute to the state's overall water reduction goals as outdoor watering is one of the biggest single users of water."

But for some residents, the move may be a harsh wake-up call to the realities of the worsening drought.

In Windsor Square on Wednesday, many houses sat behind large privacy hedges, their front yards replete with stalks of lavender, flowering jasmine and bushy bitter willows.

Scott Rosenbaum, who was walking his two golden retrievers in the area, said his lawn is currently being watered about three times a week. He said he would prefer not to be restricted to watering once a week, "but if we have to conserve water, then of course we have to conserve."

John Eisendrath, who lives a few blocks over, said he and his wife had already been looking into water conservation measures for a long time. They turned off the sprinklers in their yard for all of 2021 to save water, which resulted in the lawn dying. They replanted it at the start of 2022, but are fine if it ends up dying again because of the new restrictions.

"I think that it's an incredibly small price to pay for allowing there to be enough water for what people really need it for," he said.

The Las Virgenes Municipal Water District, an MWD member agency that provides water to more than 75,000 residents in Agoura Hills, Calabasas, Hidden Hills and Westlake Village, has already made plans for enforcing the new rules, according to spokesman Mike McNutt.

The agency plans to divvy up watering days among even- and odd-numbered addresses, and then send patrols through the area to ensure that people are complying, McNutt said. They're also going to keep an eye out for waste, such as water that's flowing into gutters.

Residents who are not complying will be given door-tag warnings for their first offense, with penalties escalating from there, he said. After three offenses exceeding 150% of the water budget, the agency would be able to install flow-restriction devices.

“It’s not meant to be punitive. It’s meant to get people to understand that this is serious,” McNutt said.

The MWD’s largest member agency, the Los Angeles Department of Water and Power, has so far provided few details about how it plans to apply the latest changes.

DWP spokeswoman Ellen Cheng said the agency has had Phase 2 water restrictions in place since before the previous drought, and noted that customers have made major progress in conservation, averaging about 111 gallons per person per day.

But experts say that number may be too much. Hagekhalil, of the MWD, said the target needs to be closer to 80 gallons per person per day.

“We’re asking them to reduce the water usage by 35%. This is the new reality. This the changing climate,” Hagekhalil said. “Right now, we must preserve the available water we have for the greater public benefit. This drought has left us without enough water. That is the tough reality we all face.”

Some water experts have been saying for months that California should shift to mandatory water restrictions, instead of voluntary calls for conservation.

“The outdoor water restrictions, I think, underscore the severity of the drought and they highlight the imperative to use water more efficiently,” said Heather Cooley, research director of the Pacific Institute, a water think tank in Oakland. “Outdoor water restrictions have been shown to be effective strategies for rapidly reducing water use. I do suspect that more communities will adopt these measures as conditions worsen.”

Cooley said that in this situation, it’s especially crucial to consider how low-water and drought-resistant plants can dramatically boost conservation.

“While this is a short-term drought response measure, this is also an opportunity to be taking out water-intensive lawn and putting in more climate-appropriate plants,” she said.

Stephanie Pincetl, a professor at UCLA’s Institute of the Environment and Sustainability, agreed.

“Lawns do well with about 30 inches of rain a year. Do we get 30 inches of rain a year? I don’t think so,” Pincetl said. Los Angeles receives about half that amount in a typical year.

“So if you want to have water to drink, water to do all the stuff you do inside, bathe your children, do your laundry, using water on a lawn just seems foolish,” Pincetl said.

There are exceptions to the new rules, however, that are meant to protect the region’s trees, which provide valuable shade and help stave off dangerous heat health effects.

“The fact is, we don’t want to see our beautiful and ecologically important tree canopy suffer because of these restrictions,” said Deven Upadhyay, the MWD’s chief operating officer. “People should be able to continue to hand-water their trees. But we need to see a dramatic reduction in water use, specifically outdoor water use.”

Dan Drugan, manager of resources for the Calleguas Municipal Water District, an MWD member agency, shared similar sentiments.

“We’re going to have to sacrifice turf to preserve the urban canopy and the areas that have high recreational value for our community,” he said.

Larchmont resident Guin Malley said her sprinklers are currently running every other night, but her lawn will definitely not survive the switch to once-a-week watering, especially during the hot summer months. However, it didn’t surprise her that the watering restrictions are back.

“I like having green lawns, but I think we’re entering a different time of life right now where unfortunately, we haven’t made the easy changes,” said Malley, 51, “and now we’re going to have to make the harder changes. And one of them is not being able to have pretty green lawns and pretty green yards.”

She and her boyfriend also have several plants they hand-water every day during the summer. Malley said she believes people in the neighborhood are likely to follow the restrictions, especially if they are enforced by fines.

And it won’t be hard to tell who’s flouting the rules.

“To me, anybody who’s following it is going to have a dead lawn, that’s how you’re going to be able to tell,” Malley said.

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Megadrought Threatens California Power Blackouts This Summer

Low hydropower means more gas, and possible blackouts.

Bloomberg | April 28, 2022 | David R Baker, Mark Chediak, and Naureen S Malik



The Oroville Dam spillway at Lake Oroville during a drought in 2021. Photographer: David Paul Morris/Bloomberg

The historic drought that's choked off rivers and reservoirs from the Rocky Mountains to the California coast is threatening to strain power grids this summer, raising the specter of blackouts and forcing the region to rely on more fossil fuels.

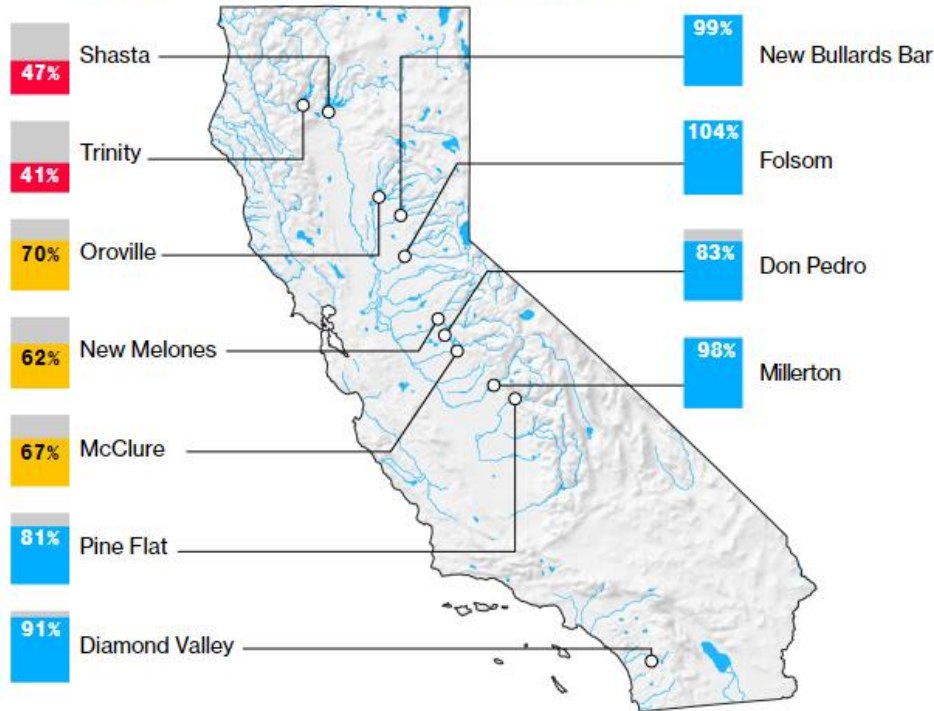
Many reservoirs that should be brimming with spring snowmelt show bathtub rings of dry dirt instead, including the largest one in the U.S., Lake Mead, which fell this week to a record low. Hydropower dams feeding off those reservoirs won't be able to pump out as much electricity as they should, if they keep operating at all. After the drought last summer shut down the hydro dam at Lake Oroville, California's second-largest reservoir, for five months, officials warn that's no longer a distant possibility.

"We never thought it would be realized in our lifetime," Governor Gavin Newsom said last week during a trip to the dam, meant to remind Californians about the dangers of the drought. "It happened. And the prospects that it will happen again are very real, particularly because we had the driest January, the driest February, and driest March in California history."

Historic Drought Means Less Hydro Power This Summer

Low reservoir levels across the West have serious repercussions for hydropower, meaning California will burn more gas to keep the lights on

Reservoir water supply as % of historical average for April 26



Source: California Department of Water Resources

One of California's key water districts declared an emergency this week, limiting outdoor water usage for about six million people. The state had to resort to rolling blackouts during an extreme heat wave in 2020, and eastern Washington did the same in 2021. California had recently closed several old natural gas power plants as it shifts to solar and wind power. Low hydropower was one of the reasons the state suffered from a shortage of power during the heat wave's hot nights.

Drought and subsequent power blackouts are but one example of how extreme weather conditions are straining cities and infrastructure built for a different, more stable climate. Last year, the U.S. endured 20 weather events that caused at least \$1 billion in damage apiece, including the February deep freeze in Texas that killed more than 200 people. In all, extreme weather cost the country about \$148 billion in 2021, according to the National Centers for Environmental Information. In the 2010s, the average was \$89 billion per year.

Less hydropower means the region's fossil fuel power plants will burn more natural gas and coal to pick up the slack. That's a problem for states trying to cut their greenhouse gas emissions and fight climate change. And even the increased reliance on fossil fuels has its limits. States across the West have all grown dependent on importing power from each other during times of high demand. When a strong heat wave strikes multiple states at once – blanketing, say, the coast and the southwest – supplies grow tight, and the possibility of blackouts rises.



The Bidwell Bar Bridge over low water levels at Lake Oroville on Feb. 14. Photographer: David Paul Morris/Bloomberg

“We’re in a difficult situation,” said Michael Wara, director of the Climate and Energy Policy Program at Stanford University. “If there’s not a lot of hydro to go around, and if we have regions having a heat wave together, things get trickier.”

The Pacific Northwest coast — from Portland, Oregon up to Seattle — has received roughly average amounts of rain and snow for the current water year, which began in October, according to the National Weather Service. But from Eastern Oregon south to the Mexico border and extending across the Southwest, the La Nina weather phenomenon brought another drier-than-average winter, and drought grips nearly the entire region. April snows in California’s Sierra Nevada Mountains helped some of the state’s reservoirs reach average for this time of the year, while others are far below normal.

The problem is particularly dire on the Colorado River, one of the region’s most important sources of water and energy. Lake Powell, the river reservoir which feeds the Glen Canyon hydropower dam, stands at 37% of normal capacity for this time of year. Officials from the federal government and seven states agreed to orchestrate flows into and out of the lake to ensure the dam’s generators keep running. As a result, less water will run downstream to Lake Mead, which feeds the Hoover Dam. That will cut the amount of drinking water available to residents of Arizona, California, and Nevada.

“Those two resources in particular are being threatened by the possibility of having to shut down,” said Branden Sudduth with the Western Electricity Coordinating Council, which helps oversee power grids across the region. His organization sees a “slight possibility” that the Glen

Canyon Dam could shut as early as this summer or fall. If it does and a prolonged heat wave hits, blackouts could result, he said.

Western states “have been retiring a lot of large base-load coal resources, that makes our availability of the supply of generation that much lower,” said Sudduth, WECC’s vice president of reliability planning. States “haven’t been replacing it fast enough with other types of resources, and that makes the importance of these large hydroelectric generators that much more important.”



Lake Powell Falls To Lowest Level On Record Threatening Hydroelectric Power Production
The Glen Canyon Dam at Lake Powell in Page, Arizona, on March 28. Photographer: Justin Sullivan/Getty Images

BloombergNEF forecasts that hydropower generation in California and Oregon’s Bonneville Power Administration, together, will drop about 2% from last year, which was already a drought year. The forecast is nearly 24% lower than in 2019, the region’s last wet year. Newly added renewable power, as well as grid-scale batteries, will pick up some of the slack, particularly in California. But the region as a whole will burn perhaps 2 billion cubic feet more of natural gas each day than it would have in a normal hydro year, said Gary Cunningham, director of market research at brokerage Tradition Energy.

Southern California is at risk of volatile gas prices and in extreme conditions, potentially brownouts, he said. That’s because gas flowing westward on the El Paso pipeline from Texas, a key source for the power-plant fuel, is restricted after a rupture last year. The Los Angeles

area's massive Aliso Canyon gas storage facility is still operating at reduced levels after a 2015 leak, although regulators have approved increased usage for this summer.

"Under worse circumstances, we could see the need for rolling brownouts and blackouts in Southern California," Cunningham said.

And there is, of course, no sense of when the drought might end. Some scientists, studying centuries of tree-ring data, say the southwestern US is gripped in a 22-year "megadrought" that ranks as the region's driest spell in at least 1,200 years. Occasional wet years in that two-decade stretch have brought only temporary relief. And they attribute much of the drought's severity to climate change.

"Given the length and intensity of drought conditions in the West, there is a growing sense that low hydro availability is the 'new normal,'" said Teri Viswanath, lead economist for power, energy and water at CoBank ACB.

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Parts of SoCal face full outdoor watering ban by September if conditions don't improve
LA Times | April 27, 2022 | Hayley Smith and Ian James



Raymond Aleman waters his new drought-resistant garden at his Studio City home in 2015. (Damian Dovarganes/Associated Press)

The Metropolitan Water District said Wednesday that the unprecedented decision to reduce outdoor watering to one day a week for about 6 million Southern Californians could be followed by even stricter actions in September if conditions don't improve, including a total ban in some areas.

“If we don't see cutbacks, or conditions do not get better, the Metropolitan board has given me the authority to ban all watering as soon as Sept. 1,” MWD general manager Adel Hagekhalil said Wednesday. “We know what this means to communities, we know what we are requiring here, but we're facing a challenge. We do not have the supply to meet the normal demands that we have.”

The news came as residents of the Southland scrambled to unpack the latest restriction, which will take effect June 1 and apply to areas that depend on water from the State Water Project. The MWD's board has never before taken such a step, but officials said it became an inevitability after California's driest ever January, February and March left snowpacks shrunken and reservoirs drained.

The first three months of the year are typically the heart of the state's wet season. As a result of the dry start to the year, state water officials in March slashed the project's expected deliveries from an already low 15% to 5%.

"That was really when we said, wow, this is a condition that is different than anything we've ever seen and even contemplated," MWD chief operating officer Deven Upadhyay said. "The drop from the 15% to the 5% really forced things."

MWD officials said it would fall to their individual member agencies — including the largest agency, the Los Angeles Department of Water and Power — to determine how to implement the restrictions. Those who don't will be slapped with a penalty of up to \$2,000 per acre-foot of excess water used.

They are hoping it will be enough, but acknowledged that after months of inaction marked by backsliding conservation efforts, almost nothing is off the table.

"We've done pretty much everything that we can to alleviate the immediate crisis, and now we need the public's help," Hagekhalil said.

In order to avoid a worst-case scenario come September, agencies and users will have to significantly step up their efforts to conserve and reduce water consumption by 35%, particularly during the hot, dry months of summer, he said.

The average person in Southern California uses about 125 gallons of water per day, but the number needs to be closer to 80 gallons per person per day to reach conservation goals.

"That is the tough reality we all face, so we have an option: Can we work together to stretch the water we have, to last us for the entire year, or have to take drastic actions in September?" Hagekhalil said.

Areas affected by the new order include northwestern Los Angeles and Ventura counties, parts of the San Gabriel Valley and parts of the Inland Empire. The MWD imports water from the State Water Project and the Colorado River, and serves 26 public water agencies across six counties that supply 19 million people, about half the state's population.

"This is a crisis. This is unprecedented. We have never done anything like this before," Hagekhalil said. "And because we haven't seen this situation happen like this before, we don't have enough water to meet normal demands for the 6 million people living in the State Water Project-dependent areas."

California's drought, now in its third year, has become the driest on record and has been intensified by hotter temperatures unleashed by climate change. With the state's major reservoirs at low levels, the MWD has been left without enough water in parts of Southern California.

The district's staff wrote that the measures are intended to conserve water supplies and "ensure that near-term human health and safety needs can be met."

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California farmworkers could get \$1,000 cash a month help under drought relief proposal

The senate bill would allocate \$20 million to create the California Farmworkers Drought Resilience Pilot Project

Visalia Times Delta | April 26, 2022 | Melissa Montalvo



A Salinas farmworker picks up an irrigation sprinkler early morning in Salinas Calif.

A Democrat lawmaker from the central San Joaquin Valley wants to put cash in the hands of eligible farmworkers to help them deal with the devastation of California's drought.

Proposed by State Sen. Melissa Hurtado, a Democrat from Sanger, Senate Bill 1066 would allocate \$20 million to create the California Farmworkers Drought Resilience Pilot Project, a state-funded project that would provide unconditional monthly cash payments of \$1,000 for three years to eligible farmworkers, with the goal of lifting them out of poverty.

"When we talk about climate change, we forget about those that are most impacted and are already hurting," Hurtado said in a phone interview on Tuesday. "And that is the workers and the farmers."

Part of the reason for the bill is that the agriculture industry lost over 8,000 jobs in 2021 alone due to the drought, Hurtado said.

"This is climate change; we know this (the drought) is ongoing," Hurtado said. "I don't anticipate it getting better."

The funding, agreed to by the Governor and the legislature as part of the fiscal year 2021-22 budget, will prioritize projects that serve former foster youth as well as pregnant individuals.

Hurtado said the state needs to create more policies that support the agricultural workforce.

“Farmworkers have been long neglected and continue to be neglected,” she said. They need “the right policies for them to be successful.”

Fallow land means lost jobs for California farmworkers

Advocates say they’re already seeing the impact of the drought on farm work in the Valley.

Carlos Morales has worked in Fresno County’s fields for over 15 years. Earlier this month, he said that farmworkers in the county are already noticing that work is increasingly scarce due to the lack of water.

“There are many fields where the farmers have stopped growing,” Morales said in Spanish in an interview. “There’s no water; there are no jobs.”

In 2021, California farmers were forced to fallow 390,000 acres of land due to the drought and water allocation cutbacks – most of which were located in the Central Valley.

Hernan Hernandez, executive director of the California Farmworker Foundation, said that farmworkers are already seeing their work hours decreasing every year.

“Farmworkers now have to choose between putting food on their tables and paying rent, as there is less work in agriculture because of the lack of water in the Central Valley,” he said in a news release from Hurtado’s office, adding that the proposed legislation would bring “much-needed relief” to farmworkers and their families.

Some growers also support the legislation. Representatives of agriculture groups such as the California Fresh Fruit Association spoke in support of SB 1066 during a Senate committee hearing on Tuesday.

In a phone interview with The Bee on Thursday, Ian LeMay, president of the California Fresh Fruit Association, said the bill was an “interesting proposal” that acknowledges the many impacts of the drought on Central Valley communities.

“When we are in drought situations, or when we have low water allocations, not only are the businesses that we represent impacted, but ultimately our employees,” said LeMay.

He said he hopes the pilot program can help sustain the livelihoods of California’s farmworkers during the drought so they can remain in the community and be available for employment when the drought dissipates or when “an increased allocation of water is made to the growers in the central San Joaquin Valley.”

Who would qualify for the drought relief payments?

If SB 1066 becomes law, qualifying farmworkers would be eligible for \$1,000 unconditional monthly payments for three years — or up to \$36,000.

To be eligible for the program, a household must meet the following criteria:

- At least one member of the household is a California resident
- At least one member of the household has worked as a farmworker for the entire period between March 11, 2020 to January 1, 2022
- At least one member of the household is a farmworker at the time of consideration for, and throughout the duration of, the pilot project
- The household received benefits under CalFresh, California Food Assistance Program, or would have been eligible to receive benefits “but for the immigration status of one or more members of the household”

Undocumented individuals that would have qualified for CalFresh or FCAP, except for their immigration status, could be eligible for the supplemental payments if they meet the other criteria.

The legislation does allow for short lapses of unemployment during the duration of the pilot project if the unemployment is “due to reasons out of their control.”

If approved, the pilot project would run from Jan. 1, 2023, through Dec. 31, 2026.

Some farmworkers still left out of safety net

Many farmworkers, especially those that are undocumented, are unable to access unemployment benefits.

Legislators and labor advocates are increasingly calling on the state to expand the safety net to the state’s most vulnerable workers, including undocumented workers.

Last month, Assemblymember Eduardo Garcia, a Democrat from Coachella, introduced legislation that would create a pilot program to provide unemployment benefits to undocumented workers. The bill — a high-priority legislation for the Latino Legislative Caucus — would provide undocumented workers with \$300 per week for up to 20 weeks of unemployment between Jan. 1, 2023, and Dec. 31, 2023.

Researchers at the UC Merced Community and Labor Center released a report last month making a case for why California should provide unemployment benefits to undocumented workers. Undocumented workers risked their lives during the pandemic, the report found, and could be in significant jeopardy in the future due to climate change.

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Oakland, Berkeley residents to see water usage capped amid drought fears

San Francisco Chronicle | April 26, 2022 | Sarah Ravani



Water use restrictions are coming to Contra Costa and Alameda county households — a significant step in addressing California's worsening drought. An East Bay Municipal Utility District water conservation technician Rachel Garza inspects a sprinkler system as she performs a water conservation audit of a home in Walnut Creek in 2015. Justin Sullivan / Getty Images 2015

The East Bay Municipal Utility District Board of Directors voted Tuesday to cap water usage for households in much of Contra Costa and Alameda counties, including Oakland and Berkeley — marking a significant step to address the state's dire drought situation.

The move comes as the state faces its third dry year with shrinking reservoirs and a snowpack that is far smaller than normal, despite the recent rains. The water agency's staff said the region is expected to have one of the driest water periods on record.

In another sign of the difficulty facing California water suppliers, a huge Southern California water district voted Tuesday to limit outdoor watering to a single day per week for 6 million people in Los Angeles and nearby counties — something the district has never done before, according to the Los Angeles Times.

The East Bay water limits are generous but nonetheless are a rarity for the Bay Area during the drought. They allow households to use up to 1,646 gallons per day, which is far more than the

average usage of about 200 gallons per day. The agency expects that only about 1% to 2% of customers will exceed the limit, which the agency could tighten over time.

The new rules capping water usage go into effect immediately, and the board will make a decision in May on the amount of fines for customers who exceed the limits.

Only a few other water districts locally have instituted caps during the current drought. These include San Jose Water Co. and the Marin Municipal Water District — though the Marin district ended the limits following December's torrential rains.

The East Bay water agency vote also mandates a district-wide goal of reducing water usage by 10%.

In addition to the caps, customers will be barred from filling decorative fountains or ponds that don't have water circulation. Residential and commercial customers are not allowed to wash down sidewalks and driveways with a hose.

People will also be required to use a hose with a shut-off nozzle to wash their vehicles. Restaurants and bars can provide water only upon request, and hotel patrons must say that they want towels and linens washed daily. Outdoor watering is limited to three times per week.

Asked about the East Bay agency's slate of new restrictions, Heather Cooley, director of research at Oakland's water-focused Pacific Institute, said that they were "commonsense measures that should be in place all the time," and the district could do even more to reduce water usage.

About half the water residents use in urban areas is for irrigating landscapes, she said, and using plants like sage, rosemary and poppies can reduce water usage by up to 80%.

"This drought is an opportunity to really advance these practices to not only help us save the water that we have and respond to the current drought, but also prepare us for the next drought," Cooley said.

Six board members at EBMUD voted in favor of the measures. Board Chair Doug Linney was the lone vote against it, saying that the board should have committed to a higher water reduction goal than what it ultimately voted on — at 15%.

Another board member said that customers have already "done a hell of a job to cut back."

The board will revisit whether to institute a higher district-wide water reduction goal in November.

Gary Waters II, a local resident, told the board he has been reducing his water usage due to the drought conditions, but didn't know how to reduce by 10% or 15%. Board members clarified that

individuals wouldn't have to reduce their usage by that amount, because it's a goal for the whole district.

Another public commenter, identified on the webcast as Richard, supported the measures. He said he's removed parts of his lawn and vegetation and fruit trees so that he would use less water.

"We've been going through these droughts for years now," he said, urging for more action against those who go above the mandated thresholds.

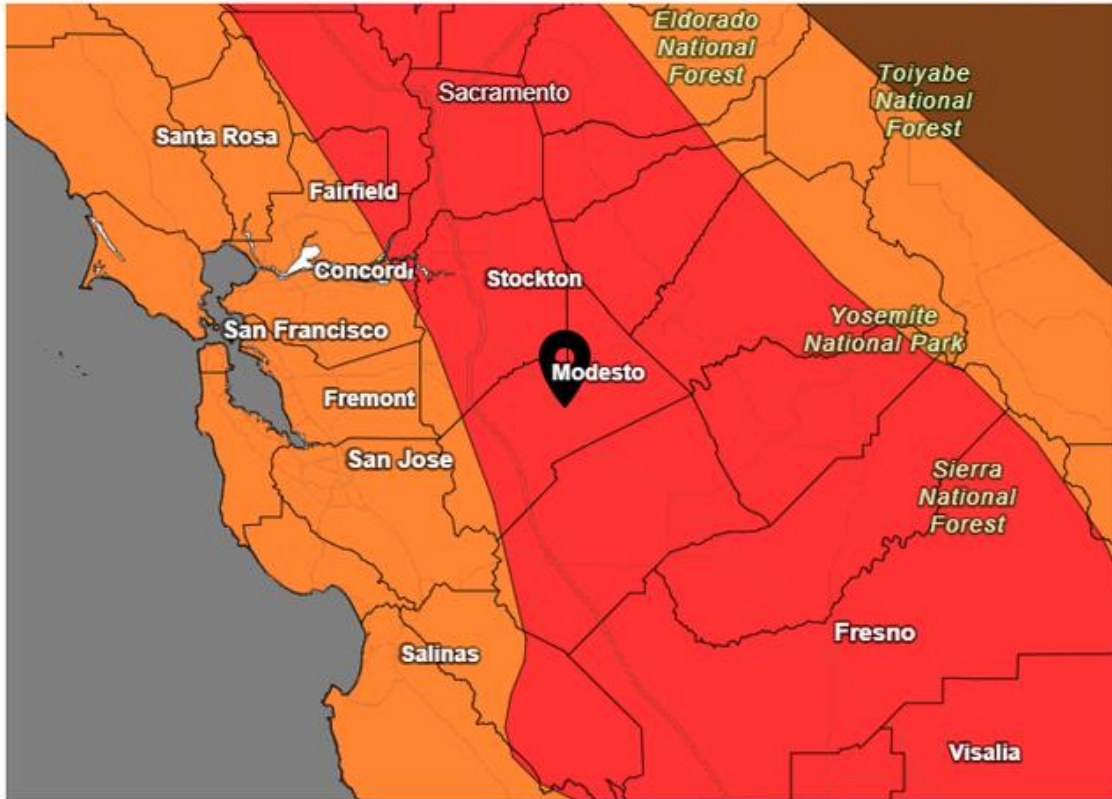
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Newsom proposes additional \$2 billion for water conservation

Turlock Journal | April 22, 2022 | Pawan Naidu

U.S. Drought Monitor



U.S. Drought Monitor for Stanislaus County



Source(s): NDMC, NOAA, USDA
Updates Weekly - 04/19/22

[Drought.gov](https://drought.gov)

Governor Gavin Newsom spoke to farmers all across the state with current and future plans to address the ongoing drought in California at Lake Oroville this week. He touted \$5 billion in investments already committed to support drought response now and build water resilience for the future, and \$22.5 million in additional funding for drought response, including \$8.25 million to increase water conservation outreach and education.

“With the climate crisis threatening communities across the West, we must double down on our work to build water resilience in our communities for the long haul,” said Governor Newsom. “All of us must do our part to tackle the intensifying drought conditions felt across the state. We’re investing critical resources to battle the drought’s impacts on our communities and ecosystems and finding innovative solutions to deal with these new realities.”

The Governor is proposing \$2 billion to spur clean energy projects across the state and bolster grid reliability. The budget includes funding to secure and expand water supplies; bolster drought contingency planning and multi-benefit land repurposing projects; support drinking water and wastewater infrastructure, with a focus on small and disadvantaged communities; advance Sustainable Groundwater Management Act implementation to improve water supply security and quality; and support wildlife and habitat restoration efforts, among other nature-based solutions.

“As this drought persists into a third year, we are experiencing drier and hotter weather than ever before,” said California Natural Resources Agency Secretary Wade Crowfoot. “These conditions diminish our water supplies but also threaten energy reliability. We are adapting to these unprecedented conditions and working to find flexibilities where possible to safeguard both water supplies and grid reliability.”

Newsom, through an executive order last month, called on local water suppliers to move to, at a minimum, Level Two of their Water Shortage Contingency Plans, which require locally-appropriate actions that will conserve water across all sectors. The Executive Order also directed the State Water Resources Control Board to consider a ban on the watering of decorative grass at businesses and institutions.

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Drought rules tightening in more Bay Area cities

Reduced watering, drought surcharges becoming more common after Gov. Gavin Newsom's order

Mercury News | April 21, 2022 | Paul Rogers



Gov. Gavin Newsom, left, tours the Edward Hyatt Power Plant at the Oroville Dam with Department of Water Resources Director Karla Nemeth, second left, in Oroville, Calif., Tuesday, April 19, 2022. Newsom toured the hydroelectric facility and discussed how the drought can hamper power generation. Also seen are DWR's Ted Craddock, deputy director of the state water project, third from left and Behzad Soltanzadeh, assistant division manager of operation and maintenance, right. (AP Photo/Rich Pedroncelli)

Three weeks after Gov. Gavin Newsom ordered increased water conservation due to the state's worsening drought, a growing number of water agencies around the Bay Area are putting in place new rules that haven't been seen since the middle of California's last drought six years ago.

On Thursday, the Contra Costa Water District, which serves 500,000 people in central and eastern Contra Costa County, voted to ask residents to cut water use 15% from 2020 levels. The district also announced that it will put in place a 15% drought surcharge starting July 1, which it said is needed to boost conservation and recoup reduced revenue from lower water sales.

The surcharge will amount to about \$8 a month for the average home.

To the south, on Tuesday the Santa Clara City Council tightened its drought rules, limiting residents there to watering landscaping two days a week, instead of the previous three.

The city also will expand public information and increase water waste patrols.

And next Tuesday, the board of the East Bay Municipal Utility District, which serves 1.4 million people in Alameda and Contra Costa counties, is scheduled to vote to toughen its drought rules.

“It’s all about getting through the summer and making sure we are in as good a place as we can be in case next year is dry,” said Andrea Pook, an East Bay MUD spokeswoman.

Likely to be on the list of new rules for East Bay MUD customers: a limit of three days a week of landscape watering, a drought surcharge of between 2% and 8%, and an excessive-water-use penalty for people who use eight times as much water or more than the district average.

East Bay MUD may also bring back rules that were in place during the last drought in which it makes public the names of the biggest residential water users in its service area — often executives and sports stars who are using 20 times or more as much water as the average homes to keep huge lawns emerald green despite the drought emergency.

Around the Bay Area and the state, cities and water districts are similarly tightening rules following Newsom’s order on March 28.

That’s when the governor required urban water providers, including cities, water districts and private companies such as the San Jose Water Company to go to at least stage 2 in their drought contingency plans. Those plans, required by state law, have six levels of severity, with level 6 being the most severe. The details of each level vary by water district.

Contra Costa Water District’s stage 2 rules, imposed Thursday, do not mandate any days-of-the-week limits on watering landscapes.

Newsom last month also ordered the State Water Resources Control Board to draft rules that will prohibit large commercial businesses and industrial sites statewide from watering grass on their properties.

He chose not to impose statewide mandatory urban water targets, as former Gov. Jerry Brown did during the last drought from 2012-2016.

Some areas already had tougher rules in place. San Jose Water Company, which serves 1 million people, limited watering months ago to 2 days a week.

At an appearance Monday at Oroville Dam in Butte County, Newsom said the state has many different local conditions. Some places have more water than others, he said.

“We are working with our partners at the local level to make determinations based on hydrology and the reality in local parts of the state,” Newsom said. “It’s not a one-size fits all.”

Newsom added that he did not expect there to be statewide “draconian” rules this year.

California is entering its third year in a row of drought. January, February and March this year were the driest three months of any year in Northern California since 1849 when records began. Reservoir levels remain below average in much of the state.

In July, Newsom asked Californians to voluntarily cut water use 15% from their 2020 levels. But from July through February, they fell far short, only reducing cumulatively by 5.8%.

“We have 16% lower per-capita consumption coming into this drought compared to the last drought,” he said. “Already there has been a big shift in California in terms of reducing water and not wasting water. That said, we still have to do a little bit more.”

Newsom’s target comes after some local water agency leaders pushed him not to impose statewide conservation targets. Reductions in water use cost water agencies millions of dollars, because their revenue drops, but their fixed costs, such as chemicals to make the water safe to drink, salaries for employees, and maintenance on pipes, dams and pumps, remains the same.

“Expenses go up, and your revenues go down,” said Jay Lund, a professor of civil and environmental engineering at UC Davis. “You can’t run a business or the government that way. You can’t run your own family finances that way.”

Lund noted that drought surcharges and higher water rates also get the attention of people who have been soaking their lawns during a severe drought.

“To me a drought surcharge is a nice way of communicating that it’s important to conserve water,” Lund said, “And it provides some financial penalty for people who don’t.”

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Bay Area's biggest water agency may start capping household use

San Francisco Chronicle | April 21, 2022 | Kurtis Alexander



Workers with East Bay Municipal Utility District install new water pipe in Oakland in 2021. The district may limit the amount of water people can use. Justin Sullivan/Getty Images 2021

As California faces a third dry year, the Bay Area's biggest water agency may push forward with caps on customer water use, and fines for those who exceed the limit.

The move would put the East Bay Municipal Utility District among a small, and perhaps soon-to-grow, number of water suppliers in the region that have taken the unusual step of compelling households to cut back, instead of simply encouraging conservation.

It's a flashback to last decade's drought when mandatory reductions, and big penalties for water hogs, were common — and sometimes controversial. It's also a signal of where other communities may be headed after a winter of below-average rain and snow left water supplies short of what's necessary.

"This summer, we will certainly need to cinch our belts not just in the Bay Area but statewide," said Dave Briggs, director of operations and maintenance for EBMUD. "Our goal (is) to not only ensure we're ready for a hot summer, but to secure our water resources because next year could also be dry."

The water district serves about 1.4 million people in Contra Costa and Alameda counties, including Oakland and Berkeley.

The “excessive use” ordinance scheduled to go before EBMUD’s governing board on Tuesday would begin with a generous water limit for households. The allocation could be tightened in the future if more conservation is deemed necessary.

Under the ordinance, residential customers would be allowed to use 49,368 gallons of water per month, which is about 1,646 gallons per day, before penalties kick in. Average household water use in the district is about 200 gallons per day.

No more than 1% to 2% of customers are expected to exceed the allocation. If the new rules take effect, violators would face a surcharge of \$2 for every 748 gallons of water — or a hundred cubic feet, a common industry measuring unit — consumed above the monthly cap.

Perhaps more punitively, customers going over the limit would be subject to having their identities revealed on publicly available records of excessive-use ordinance violators. Last decade, when EBMUD and other water agencies enacted similar limits on households, the names of those using too much were often circulated on social media and news sites, a practice that became known as drought shaming.

EBMUD officials have said that if the limits are approved, they would provide customers a warning before charging anyone with a violation.

Most Bay Area water agencies have not instituted strict caps, usually accompanied by surcharges for those using too much, during the current drought. But some have, including the San Jose Water Co. and the Marin Municipal Water District. Both have seen double-digit levels of savings by customers.

“What really incentivizes people to conserve is a price signal,” said John Tang, spokesman for the San Jose Water Co. “I think our customers are really responding.”

The Marin Municipal Water District in January lifted its limits and penalties after December storms replenished the agency’s reservoirs. With mostly dry weather since, district board member Cynthia Koehler says she’d like the agency to focus on ways to achieve long-term savings, like permanently requiring covers on pools, rather than episodic calls for cuts. The district, though, hasn’t ruled out reinstating last year’s restrictive policy if conditions remain dry.

“Obviously we’re all aware that we could just as quickly be in an emergency situation again,” Koehler said.

Gov. Gavin Newsom, who has faced pressure from some water managers to implement a statewide water rationing policy, has so far said he wants mandates on water use to come from local leaders.

EBMUD’s water supply, which is mostly imported from the Mokelumne River watershed in the central Sierra Nevada, stands at only slightly below average for this time of year — about 88%.

However, the agency made a pricey purchase of water last year from the federal government's Central Valley Project to bump up its reserves, an amount that represented about 20% of the district's annual demand. The supplemental water may not be available this year.

The agency has also seen less water savings from customers than it had hoped. A handful of outdoor watering prohibitions and a call for 10% voluntary savings has resulted in a roughly 6% drop in water use since July 1 of 2021, compared to 2020.

On Tuesday, EBMUD's board will decide not only on whether to establish limits on household consumption but whether to initiate drought surcharges. The extra charge on water bills would help the agency pay for supplemental water and help cover operating expenses when revenues slip because of reduced water sales.

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Lawn watering crackdown coming to Santa Clara County as drought worsens?

Largest water agency in Silicon Valley wants landscape irrigation two days a week or less
Mercury News | April 11, 2022 | Paul Rogers



Stevens Creek Reservoir near Cupertino, Calif., on Saturday, Feb. 26, 2022. The reservoir was just 35% full on Monday April 11, 2022. (Shae Hammond/Bay Area News Group)

Concerned about diminishing water supplies this summer and a failure of the public to hit conservation targets, Santa Clara County's largest water agency is moving forward with plans to ask the county's 2 million residents to water landscaping no more than two days a week, down from the current three days.

Last June, the Santa Clara Valley Water District declared a drought emergency and asked the public to cut water use 15% compared to 2019 levels. But in February, amid record-dry conditions, South Bay residents ignored that request, cranking up sprinklers and increasing water use countywide by 23%.

In some of the wealthiest areas of Santa Clara County, water use was up even more, such as in Palo Alto, where it increased 51% in February compared with February 2019, or in the Purissima Hills Water District in Los Altos Hills, where it shot up 163% over the same time.

Now as California enters a third year of drought with hot summer months ahead, water managers are trying to do more to sound the alarm.

“Our reservoirs are at record low levels,” said Aaron Baker, a chief operating officer of the Santa Clara Valley Water District, on Monday. “The Sierra snowpack is diminishing. Our imported water supplies are low. We’re looking to reduce outside irrigation. We don’t have enough water for green lawns.”

On Tuesday, the board of the district, a government agency based in San Jose, is expected to vote to upgrade its drought emergency resolution, telling the public to water landscaping and lawns no more than twice a week. Typically, outdoor irrigation accounts for 50% of residential summer water use, so cutting from three days a week to two could reduce overall water use by 15% or more.

But whether to impose twice-a-week rules will be up to each local city and water company. And so will the decision about whether to enforce the new rules. So far, no cities in Santa Clara County have been issuing fines for residents who are watering too often, Baker said.

The district asks people who see water being wasted to call (408) 630-2000 or email waterwise@valleywater.org to report it. A district staff member will visit the property owner and send a letter reminding them of the rules. After three notifications, the district will alert their city or water company, which could issue fines.

Another big challenge: Cities and private water companies across Silicon Valley have widely differing rules. Since last summer, residents have been receiving conflicting messages.

San Jose Water Company, a private firm that serves 1 million residents in San Jose, Los Gatos, Campbell and other areas, has been asking residents to limit water use to two days a week for months. But only a few miles away, the cities of Santa Clara and Sunnyvale allow watering three days a week. And there are no days of the week limits in Mountain View or Palo Alto.

The Santa Clara Valley Water District, a wholesale water provider to 13 cities and private companies, says it will be stepping up efforts to get them all on the same page.

“Having a consistent message of two days a week, which we haven’t had until now, if we can hit that hard with our education and outreach, we do think we will be successful,” said Kirsten Struve, assistant officer in the district’s water supply division. “But it’s difficult to communicate something that is different everywhere.”

While February’s water use was troubling, the conservation news isn’t all bad: Santa Clara Valley residents cumulatively have cut water use 6% from June 2021 through February 2022 compared with the same time period in 2019.

Despite the light rain across the Bay Area, signs of the drought continue to worsen. On Monday, Cal Fire officials suspended all residential outdoor burning of landscape debris like branches

and leaves in Santa Clara, Alameda, Contra Costa, western Stanislaus and San Joaquin counties due to increasing fire risk.

The announcement came a month earlier than last year, when it occurred on May 13.

“It seems like fire season just finished and it’s already here again,” said Chuck Carroll, a battalion chief with Cal Fire in San Jose.

“Things aren’t completely dried out yet, but yesterday we had a couple of vegetation fires,” he added. “Normally we don’t get anything this early.”

After a wet October and December, the rains across California stopped. This January, February and March were the three driest such months in Northern California in recorded history, since records began in 1849.

Currently, 93% of California is in severe drought — up from 69% a year ago — according to the U.S. Drought Monitor, a weekly report issued by the federal government and the University of Nebraska.

The Sierra Nevada snowpack, normally the source of about one-third of the state’s water, on Monday was at just 22% of its historical average for that date.

On March 28, Gov. Gavin Newsom ordered water agencies around the state to tighten conservation rules, although he chose not to mandate water conservation targets with fines for cities that failed to meet them, as former Gov. Jerry Brown did during California’s last drought in 2015.

Santa Clara County is in worse shape than many parts of the state, primarily because its largest reservoir, Anderson, near Morgan Hill, is drained for federally mandated earthquake repairs. On Monday, the 10 reservoirs owned by the Santa Clara Valley Water District were just 24.8% full.

Last year, the district avoided running out of water by increasing pumping of local wells, bringing water into the county that it has stored in Kern County aquifers, and spending \$35 million to buy 58,000 acre feet — about a quarter of total annual demand — from farmers with senior water rights in the Sacramento Valley and other places.

This year, the district is looking to buy more. But prices are about 25% higher, Baker noted. And federal and state sources that the district usually buys water from have announced record-low amounts are available.

“The drought is worsening,” he said. “It’s never been more important than now to meet the calls for reduction. Reducing landscape irrigation is the easiest way to conserve water.”

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Assessing Water Infrastructure Investments in California

Exploratory modeling in California's Central Valley indicates that evaluating the costs, benefits, and risks to individual providers is necessary to ensure the viability of future water projects.

EOS | May 4, 2022 | Terri Cook



Investments in infrastructure (such as the California Aqueduct, pictured here) must take the costs, benefits, and risks to individual partners into account to ensure a sustainable water supply in arid regions. Credit: Ikluft/Wikimedia, CC BY-SA 3.0. Source: Earth's Future

With water scarcity increasing around the globe, arid regions are striving to develop more flexible and diversified water supplies. For example, California's 2020 Water Resilience Portfolio Initiative recommends improving and expanding the state's conveyance and storage infrastructure as well as developing groundwater banking and other means of more flexibly sharing water. The success of such initiatives depends in large part upon the ability of water providers to collaboratively finance and build new infrastructure.

To date, most water supply and storage planning has relied on models that analyze average, project-level outcomes. But new research by Hamilton et al. in California's southern Central Valley suggests these tools no longer suffice, especially when planning under future climate uncertainty.

The team used the water resources simulation model CALFEWS (California Food-Energy-Water System) to evaluate thousands of potential partnership structures for each of three capital projects—rehabilitation of the Friant-Kern Canal, development of a hypothetical groundwater bank, or both—under wet, average, and dry 50-year hydrologic scenarios. The results indicate

that even without considering future climate change, most water infrastructure partnerships resulted in unequal costs, risks, and benefits across individual water providers.

Of the more than 27,000 scenarios the authors evaluated, only 8% were able to distribute new water to each partner for less than \$200 per million liters (\$247 per acre-foot), a cost that represents a significant increase above the rates of \$32–\$154 per million liters (\$40–\$190 per acre-foot) typically charged by water districts in the region today. Just 1% of the scenarios were viable under dry hydrologic conditions or when canal expansion was the only capital project considered.

These findings indicate that climate-related risk is often unevenly distributed between water providers. What's more, the financial viability of water infrastructure projects is strongly shaped by the partnership design, including which providers participate and how the debt is distributed among them.

Given the increasing frequency and severity of droughts, new methods for designing viable water infrastructure projects are more important than ever. Insights from this research can help decisionmakers chart a new, more sustainable path for enhancing water resilience in California—and other arid regions around the globe, according to the authors. (Earth's Future, <https://doi.org/10.1029/2021EF002573>, 2022)

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DWR Awards \$150 Million in SGMA Implementation Funds

Water News | May 4, 2022 | ACWA Staff

SACRAMENTO – In an effort to boost water supply reliability for millions of Californians, the California Department of Water Resources (DWR) has announced its first round of funding to 20 agencies responsible for managing critically overdrafted groundwater basins throughout the state.

DWR recognized the milestone by hosting a media event today during the ACWA Spring Conference & Exhibition where checks were presented to ACWA member agencies in attendance.

A total of \$150 million in funding is being awarded to regional groundwater agencies through the Sustainable Groundwater Management (SGM) Grant Program. The funding will go toward projects focused on water efficiency, groundwater recharge, feasibility studies for alternative water supplies, and the installation of monitoring wells. The grant funding is made possible by a \$171 million investment from the Budget Act of 2021, and will support other benefits such as improving drinking water quality and restoring habitat.

“Groundwater is a critical lifeline for millions of Californians and that is especially true during severe droughts like the one we’re experiencing right now,” stated DWR Director Karla Nemeth in a DWR news release. “We are dealing with the real-time impacts of a warming climate, and we know that less snowpack, precipitation, and surface water supply will lead to an increased reliance on groundwater. This first round of grant funding will help strengthen groundwater management, improve the reliability of those supplies statewide and ensure access to safe and clean water for all Californians.”

This funding will support 119 individual projects across 20 groundwater basins, with 102 of those projects benefitting underrepresented or severely disadvantaged communities including Tribes.

Today’s awards include \$40 million dedicated to projects within the San Joaquin Valley basin, a critically overdrafted region that is home to millions of Californians. Projects include:

In Kings County, the Mid-Kings River Groundwater Sustainability Agency’s Corcoran Irrigation District’s North Reservoir Project will construct new reservoirs for water storage and recharge basins. The project will directly benefit the Tulare Lake Subbasin by increasing groundwater availability and stability by recharging the aquifer, reducing groundwater pumping, and increasing groundwater quality.

In San Joaquin County, the North San Joaquin Water Conservation District’s North System Improvement Project will direct excess surface water, when available, to recharge the subbasin through an approach known as Flood-Managed Aquifer Recharge (Flood-MAR).

In Tulare County, the Lower Tule River Irrigation District's Allensworth Project will divert flood waters in wet years from the White River to an 80-acre recharge basin, while also creating wildlife habitat and a recreational park.

In Stanislaus County, the Del Puerto Water District will conduct three projects: the Los Baños Creek Recharge and Recovery Project, the Flood Water Capture Project, and the Cottonwood Creek Recharge Project, that will capture and recharge stormwater to support basin sustainability. The projects will capture peak flows while creating a seasonal habitat during known periods of migration along the Pacific Flyway.

Outside of the San Joaquin Valley, projects located in the cities of Paso Robles and San Miguel, once completed, will deliver approximately 5,000 acre-feet per year of recycled water from wastewater treatment plants to use as irrigation for parks and agriculture. This direct use of recycled water will reduce the need to pump groundwater from the basin and further improve the sustainability of the city's water supply and provide a supplemental water supply to irrigators in the basin.

Projects that will help improve drinking water supplies include the Santa Cruz Mid-County Groundwater Agency's Aquifer Storage and Recovery, Beltz Well 10 Project which will store surface water, treated to drinking water standards, into the Santa Cruz Mid County Groundwater Basin for use as an underground storage reservoir. The drinking water will serve as a water supply during periods of water supply shortages or drought. Additionally, a project through the Fox Canyon Groundwater Management Authority will identify and destroy up to 10 wells in the Oxnard Subbasin to reduce cross-contamination between two aquifer systems that serve multiple underrepresented communities in the area.

In addition to developing projects in these communities, the grant funding will help groundwater sustainability agencies revise their existing groundwater sustainability plans or plan alternatives. A full list of projects awarded funding can be found [here](#).

Several non-governmental organizations in the state will partner with the GSAs to help implement these projects, including the Central Coast Wetlands Group, Stanford Foundation, River Partners, Sustainable Conservation, Self-Help Enterprises, Sequoia River Alliance Trust, Tulare Basin Watershed Partnership, California Partnership, and Borrego Valley Stewardship Council. DWR encourages these types of partnerships, which helps meet the intent of the Sustainable Groundwater Management Act (SGMA), and is working to provide tools and resources to strengthen such collaboration through a complementary effort called the SGM Grant Program's Underrepresented Community Technical Assistance Program.

California is home to 515 groundwater basins, with the majority of residents relying on groundwater for some portion of their water supply. During dry years, groundwater contributes up to 60 percent of the statewide annual supply and serves as a critical buffer against the impacts of drought and climate change.

The SGM Grant Program will provide additional support for groundwater basins through a second funding solicitation later this fall, which will offer more than \$200 million for planning efforts and projects in medium and high priority groundwater basins to help local agencies reach their groundwater sustainability goals under SGMA. Critically overdrafted basins that received funding in the first round will also be eligible to apply for funding in the next round.

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For more information about available funding, visit DWR's SGM Grant Program page. Individuals who are experiencing a failing drinking water supply should contact their county's Office of Emergency Services for immediate assistance and emergency response to urgent drinking water needs. For more information about the State's drought response and available resources, visit drought.ca.gov.

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CALIFORNIA DEPARTMENT OF WATER RESOURCES

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May 2, 2022

DWR Awards \$150 Million to Support Communities That Rely on Groundwater

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How recycled wastewater could help combat dwindling supplies amid CA's drought

ABC7 News | April 28, 2022 | David Louie



Valley Water is hoping recycled wastewater can be the future of drinking water as California's drought continues to reduce supplies.

SAN JOSE, Calif. (KGO) -- We recycle cans, bottles, paper and some plastics. Yet most of our wastewater goes down the drain where it's discharged into the bay or the ocean. California hasn't developed regulations yet to allow the use of recycled water for drinking, but the South Bay's water wholesaler and several cities see it as a critical step as a result of persistent drought and dwindling water supplies.

"As long as people are flushing, we continue to create more water. That's very important. We're hoping, we're planning on making sure that it's about 10% of our water supply in the next few years," says Valley Water Board director Tony Estremera.

Valley Water and the City of San Jose invested \$72 million to open an Advanced Water Purification Center in 2014. It takes treated wastewater and puts it through additional processes so it can be used by industrial and agricultural customers.

"We send it to microfiltration, which has a pore size 300 times smaller than the diameter of a human hair, and that small pore can remove bacteria, protozoa and large viruses and any other large particulates that are in that water," explains Valley Water Associate Engineer Zach Helsley.

Two more steps, reverse osmosis, and ultraviolet light, transform the murky wastewater into clear water.

The facility is remarkably quiet, but it is operating 24 hours a day, seven days a week, and it's producing eight million gallons of purified water per day. By law, state regulators by next year must pave the way for indirect potable reuse of purified water. The goal, is to pump it into underground reservoirs where it's mixed with groundwater and imported water for eventual use as drinking water. The City of Palo Alto is working with Valley Water for its own water purification plant.

"We want to pump purified water all the way to our groundwater recharge basins that are located in the City of Campbell along Los Gatos Creek," says Valley Water's Kirsten Struve.

The ultimate step will be to close the loop and introduce recycled water directly into our drinking water. To help people to get over the so-called yuck factor, Valley Water gives tours of its purification plant to acquaint the public with the process. The effort appears to be helping.

A poll last year showed as many as 58 percent approve of the use of purified water, while 31 percent oppose it, and 11 percent are undecided.

"We're blessed in Silicon Valley. People believe in science, and so we find that as long as folks understand the process, they get it," says Estremera.

It will require a change in thinking about wastewater being a resource for recycling.

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San Mateo exploring recycled water treatment

City working with regional agencies on options and feasibility of facility project

Daily Journal | April 23, 2022 | Curtis Driscoll Daily

San Mateo and local water agencies are examining the feasibility of a water facility project to expand recycled water supply in the area to offset increased demand and drought conditions.

San Mateo does not currently produce recycled water, but it has examined producing recycled water for freshwater use over the past few years amid a drought. San Mateo is part of a Potable Reuse Exploratory Plan with the San Francisco Public Utilities Commission, Bay Area Water Supply and Conservation Agency, Redwood City, Cal Water, and Silicon Valley Clean Water to explore water recycling options.

These regional parties are now ready to move forward with preliminary design and environmental documentation for an advanced water purification facility to treat wastewater from San Mateo and other areas and turn it into drinking water, according to a city staff presentation at a April 18 council meeting. The project is called the SF-Peninsula Regional PureWater Project. The facility could produce up to 12 million gallons per day of potable water, a key boon amid worry about future water supply. However, it would cost \$700 million to build and \$20 million for yearly operational costs. The city estimates the project timeline at over a decade. Questions remain about the role of each agency, who leads the project and how to fund it. San Mateo Public Works Director Azalea Mitch said the San Francisco Public Utilities Commission recently expressed interest in leading the project forward, putting it in a much better situation to be completed compared to previous years. Mitch said there are opportunities to get grant funding, and upcoming documentation will explore federal funding options. San Mateo will have to pay \$100,000 for its share of documentation costs.

“I think we have an opportunity here to keep this moving,” Mitch said.

Councilmember Joe Goethals was enthusiastic about the news.

“It feels like it has finally turned the corner where people actually believe us that this is going to happen,” Goethals said. “The general public is ready. I think the approach Azalea has laid out is absolutely fantastic and makes me so excited.”

California Water Service Company serves San Mateo and would assess and meet recycled water demands, while the city would produce the recycled water and act as wholesalers. Several options exist for treating and recycling the water in the Potable Reuse Exploratory Plan. Indirect potable would have recycled water go through water treatment and an environmental buffer, like a groundwater basin or reservoir, like the Crystal Springs Reservoir. Direct potable use would introduce recycled water into a system without an environmental buffer. Nonpotable is wastewater treated for irrigation, industrial use and toilets, something the Bay Area has employed for decades.

The city and state have made improved water usage a priority, given current environmental conditions. California faces low rain and snow numbers and intensifying drought conditions, with a drought declared for the third year. Gov. Gavin Newsom has called on the state and public to work to build water resilience in communities and look at innovative solutions in the coming years. Newsom has also asked local water agencies to implement more aggressive conservation measures to save water, and the state has invested \$5.2 billion over three years to build water resiliency statewide, according to the governor's office. A 2017 study found recycled water demand in San Mateo and areas served in Foster City at 1.6 million gallons per day. However, a city staff report noted a recycled water project may not be financially viable due to high capital costs. San Mateo will be able to produce recycled water following its Wastewater Treatment Plan Expansion concluding in 2024.

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A defense against drought: District eyes water-purification plant as key to recycling increasingly scarce water

Palo Alto Weekly | April 22, 2022 | Sue Dremann



A 2.25-million-gallon metal holding tank at the Silicon Valley Advanced Water Purification Center in San Jose on March 21, 2022. Photo by Magali Gauthier.

It's a well-known meteorological principle that when barometric pressure drops, rainstorms typically follow. But along the Peninsula in early April, nearly a week of low pressure failed to produce any precipitation. Not a drop fell from the sky — let alone 3 to 4 inches of rain that daily storms should have produced.

California's faced the same problem for three straight years, and it seems to be growing worse. The state's snowpack level on April 1 was just 38% of average, according to the California Department of Water Resources.

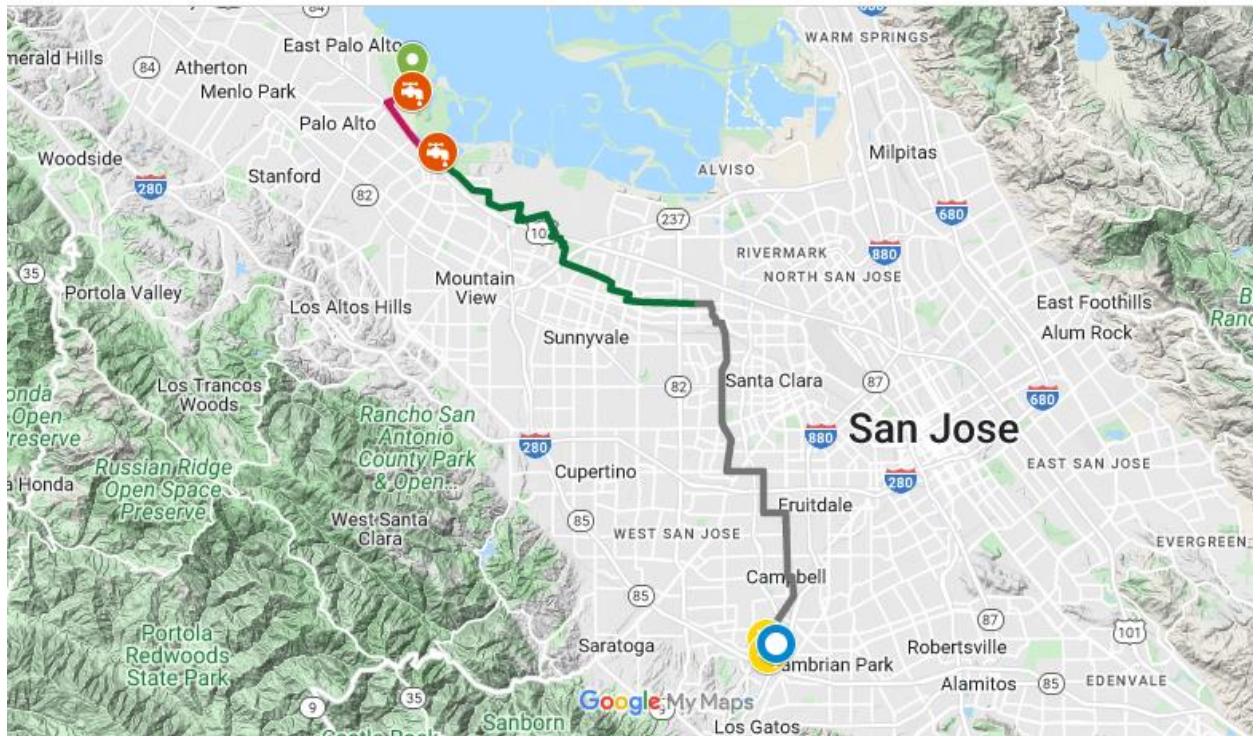
What if the rains don't return for a long time?

Water agencies such as Santa Clara Valley Regional Water District, known as Valley Water, have sounded the alarm for more than a year. Cutbacks in water usage, which they say will be necessary, are likely to become a reality by this summer, staff said during a San Francisco Public Utilities Commission (SFPUC) meeting last month. The SFPUC owns Hetch Hetchy reservoir, a major water source for local counties and cities.

But Valley Water is looking for ways to not only conserve but also reclaim the precious crystal-clear liquid. In December, the agency's board of directors approved an agreement to work with the city of Palo Alto to build an advanced water-purification facility in Palo Alto. The 6.4-acre plant would be located at the old Los Altos Regional Wastewater Plant at the eastern end of San Antonio Road.

Wastewater from the separate Palo Alto Regional Water Quality Control Plant on Embarcadero Way would flow into the new facility, which would purify it to a usable cleanliness. The recycled water would be an additional source for irrigation, so-called "purple pipe" water that is used in industry and construction projects, and in agriculture. The plant would double the district's current supply of recycled water from the current 5% to 10% of its total water portfolio, the district said.

What's more, the water from the purification plant — millions of gallons of it — could be used for drinking after a little chemical tweaking and the state's approval.



A look at how the water will get from Palo Alto's Regional Water Quality Control Plant to Campbell's groundwater basin. Map by Jamey Padojino.

Valley Water already has a similar 5-acre facility in San Jose. The Silicon Valley Advanced Water Purification Center currently cleans 10% of the water coming out of the nearby San Jose-Santa Clara Regional Wastewater Facility.

The purified but non-potable water is used at 800 companies, including businesses at Levi's Stadium and PayPal Park, for construction projects to keep dust down, and for irrigation and agriculture, said Gina Adriano, public information representative for the water district.

"This is the future of how to get water into our county. It's much more sustainable," Gary Kremen, Valley Water board member, said during a recent tour of the San Jose plant.

If the thought of drinking sewage water is a turnoff, consider this: By the time the purification plant strains, cleans and disinfects the wastewater, it contains no viruses, protozoa, bacteria or dangerous chemical contaminants. It also has fewer particles than Santa Clara County's regular tap water: 40 mg/Liter compared to 250 mg/Liter, according to Valley Water data.

From toilet to tap



Intake pumps receive treated wastewater from the nearby San Jose-Santa Clara Wasterwater Facility, the white buildings on right side of the frame, at the Silicon Valley Advanced Water Purification Center in San Jose on March 21, 2022. Photo by Magali Gauthier.

The journey from mean water to clean water begins at the nearby San Jose-Santa Clara Wastewater Facility, which can treat up to 100 million gallons per day. The wastewater goes through three cycles of cleaning and disinfecting, Adriano said.

Most of this treated wastewater is sent to San Francisco Bay or is used as "purple pipe" water for landscapes and businesses. But up to 10 million gallons a day make their way in underground pipes to the purification center, resulting in about 8 million gallons of clean water each day, Adriano said.

A giant, 2.25-million-gallon metal holding tank towers over the home base of the Silicon Valley Advanced Water Purification Center, which opened in 2014 at the edge of the southernmost tip of the baylands between state Route 237 and Interstate Highway 880.

A labyrinth of pipes and intake pumps receive the wastewater, which is the color of weak tea, and pressurize it to 40 pounds per square inch, or psi. The 40 pounds psi is the equivalent of forcing the water through an area about the diameter of a quarter.

Water first passes through four stainless steel mesh screens, which remove solid particles that are 300 microns or larger. Every 30 minutes a reverse flow flushes the screens, which are back-washed on the opposite side, sending the trapped particles back to the treatment plant.

Then the fun part begins.

"If you're a nerd, this is just the coolest thing ever," Kremen said as he entered the microfiltration room.

Inside a large warehouse, 896 vertical microfilter vessels reach nearly from floor to ceiling. Each contains 6,300 tiny straw-like tubes that filter out dissolved solids, protozoa, bacteria and large viruses bigger than 0.1 microns, or about 300 times smaller than the width of a human hair, according to the district.

The particles cling to the walls of each strand while the cleaned water passes through tiny holes at the center of each tube.

The water continues its journey to the 250,000-gallon inter-process tank located outside of the building, which helps regulate the pressure flow.

An anti-scaling agent is added to prevent buildup of any microscopic matter in the next stage: reverse osmosis.

"It's like a spa for water. It gets pampered," Kremen said.

As the water is sent back into the warehouse, three reverse osmosis pumps raise the water pressure to 140 psi to help force the water through 240 reverse osmosis cartridges. The water is



Gary Kremen, a Santa Clara Valley Regional Water District board member, at the Silicon Valley Advanced Water Purification Center in San Jose on March 21, 2022. Photo by Magali Gauthier.

pushed through long, horizontal tubes containing rolls of special plastic membrane sheets in 1,000 layers, Adriano said.

The thin membranes allow the water to pass through while trapping compounds based on their size, shape and electrical charge. Contaminants larger than water molecules don't pass through, including most chemical contaminants, salt and organic compounds, small viruses and all remaining microorganisms, Adriano said.

While the clean water flows out of the vessels, the remaining water, contaminated with salt and other substances, flows out another outlet to start the process all over again, thus enabling more water to be recovered.

About 82% of all the original water becomes purified water, Adriano said.

But the water still has a way to go. Sent to two towering decarbonation tanks, it gets the Wiffle ball treatment. The towers contain 53,000 plastic super-frame balls, which look much like Wiffle balls, that remove carbon dioxide and reduce the water's acidity, which can corrode the water system.

The surface area of all the balls is equivalent to the size of an American football field, according to Valley Water. In a process similar to how soda in an open can loses its carbonation, the ball surfaces strip carbon dioxide from the water. While the water pours down into the lower part of the towers, the CO₂ dissipates from the top.

Finally, ultraviolet light is used to turn water from pure into ultra-pure. The water is exposed to 40 high-intensity UV bulbs in 12 UV light reactors. After 30 seconds, the light has broken down any remaining pathogen DNA so it can't replicate. The exposure to this light is 20,000 times more effective than boiling water, according to Valley Water.

3 STEPS TO PURIFICATION

How treated wastewater is recycled for reuse



1. MICROFILTRATION

At the purification plant, treated wastewater is first pumped through filtration vessels that contain thousands of hollow fibers, similar to straws. The walls of these fibers have very fine pores, only 0.1 micron in diameter or about 300 times smaller than the width of a human hair. As the water flows through the pores into the center of the fibers; solids, bacteria, protozoa and some larger viruses are filtered out.



2. REVERSE OSMOSIS

Reverse osmosis forces water under high pressure through membrane sheets with pores so small that chemicals the size of water molecules are generally the only substances that can pass through. The process removes viruses, bacteria, pharmaceuticals, large chemicals and pesticides as well as organic matter.



3. ULTRAVIOLET LIGHT

As a final safety measure, the water is sent through chambers that emit ultraviolet light to inactivate any remaining viruses and break down some of the remaining trace contaminants. Ultraviolet light is a powerful disinfectant, highly efficient at destroying pathogens. This technique is also often used to sterilize medical equipment, foods and fruit juices.

Source: Valley Water

At the Palo Alto plant, testing of the water will ensure that chemical contaminants aren't present, Kremen said.

The purified water would be exported by a new 20-mile pipeline to existing percolation ponds on a 70-acre site in Campbell where it would seep down to recharge the underground water aquifer. Such water is known as indirect potable water, since it would be pumped up from wells before it is treated at a drinking water treatment plant, Kremen said.

To get recycled water to the drinking water state, Valley Water plans to add another step to the purification plant — advanced oxidation technology, which combines the UV light treatment and hydrogen peroxide. The process destroys all organic compounds, including those from pharmaceuticals, pesticides and personal-care products that might have been missed by other processes. The water would then meet the state's Division of Drinking Water's regulations for using purified water as a direct drinking source, so it will either go into the aquifer or be blended with other sources of water, which could be sent through water pipes directly to homes and businesses.

The future of drinking water?



Four flasks contain water from different stages of the wastewater purification process at the Silicon Valley Advanced Water Purification Center in San Jose on March 21, 2022. On the left is treated wastewater the center receives from the San Jose-Santa Clara Wastewater Facility. On the far right is crystal clear purified water after going through the purification process. Photo by Magali Gauthier.

Thirty percent of Valley Water's supply comes from rainfall and 70% from Hetch Hetchy, state and federal water programs. Those sources are slowly drying up and are predicted to become increasingly limited in the next decades.

"It's getting harder and harder to get water into Santa Clara Valley" from outside sources, Kremen said.

Half of the reservoir rainwater storage for Santa Clara County is also out of commission. Anderson Reservoir currently has only 4% capacity, according to current district data, due to mandated seismic retrofitting. It won't return to full capacity for at least a decade, Kremen said.

To offset some of the shortfall, recycled water must become more than a drop in the bucket. The district wants to increase its recycled water capacity from the current 5% to 20% of its supply by 2028, according to its 2021 Countywide Water Reuse Master Plan.

In Palo Alto, new pipes will need to be built along the U.S. Highway 101 on the east side to connect the two water plants. The purified water would be sent to Los Gatos Percolation Ponds in Campbell in the Santa Cruz Mountains near state Routes 85 and 17, which would feed the water into the gravel of a deep underground aquifer.

The price tag for the project buildout, including the pipeline to Los Gatos/Campbell, isn't cheap. Capital costs are an estimated \$600 million, Kremen said. The district is looking to obtain low-interest loans, such as those offered under the federal Water Infrastructure Finance and Innovation Act, the Clean Water State Revolving Fund Loan Program, the Infrastructure State Revolving Fund Loan Program, and state and federal reclamation and water recycling construction grants.

Funding could also come from the Department of Water Resources and State Water Resources Control Board, which received a share of an additional \$22.5 million allocated for water and drought resilience that the state announced on March 13.

The majority of the funding, though, would come from a public/private partnership between the water district and a private contractor, who would pay for most of the costs to build and operate the facility. The district would pay a flat rate for the purified water and would buy back the facility at a low cost after 25 to 30 years, Kremen said. A third-party contractor is currently being considered.

The new facility will produce nearly as much purified water as the Silicon Valley Plant in San Jose, Valley Water said.

The cities of Palo Alto and Mountain View would have a first right to the potable groundwater if there's a drinking-water shortage, Kremen said. The cities would pay a fee if they opt to use it, he added.

Catherine Elvert, Palo Alto's Utilities communications manager, said the city and water district are still negotiating the land-lease agreement. She didn't have an estimate for when a deal might be inked. In addition to the lease, Valley Water would also pay about \$1 million a year to purchase the effluent from the Regional Water Quality Control Plant for purification. Palo Alto would receive about one-third of that sum, she said. Other cities that send wastewater to the regional plant would receive payment for their proportional shares. Mountain View would receive about half of the money, Elvert said.

If all goes as planned, the facility could potentially be completed and operational by 2028.

Plans for the 6.4-acre purification plant would still leave room for another planned project on the 13-acre site, the Project Homekey emergency housing complex.

Will water rates increase?



The 250,000-gallon inter-process tank that receives treated wastewater that has passed through the microfiltration treatment stage at the Silicon Valley Advanced Water Purification Center in San Jose on March 21, 2022. Photo by Magali Gauthier.

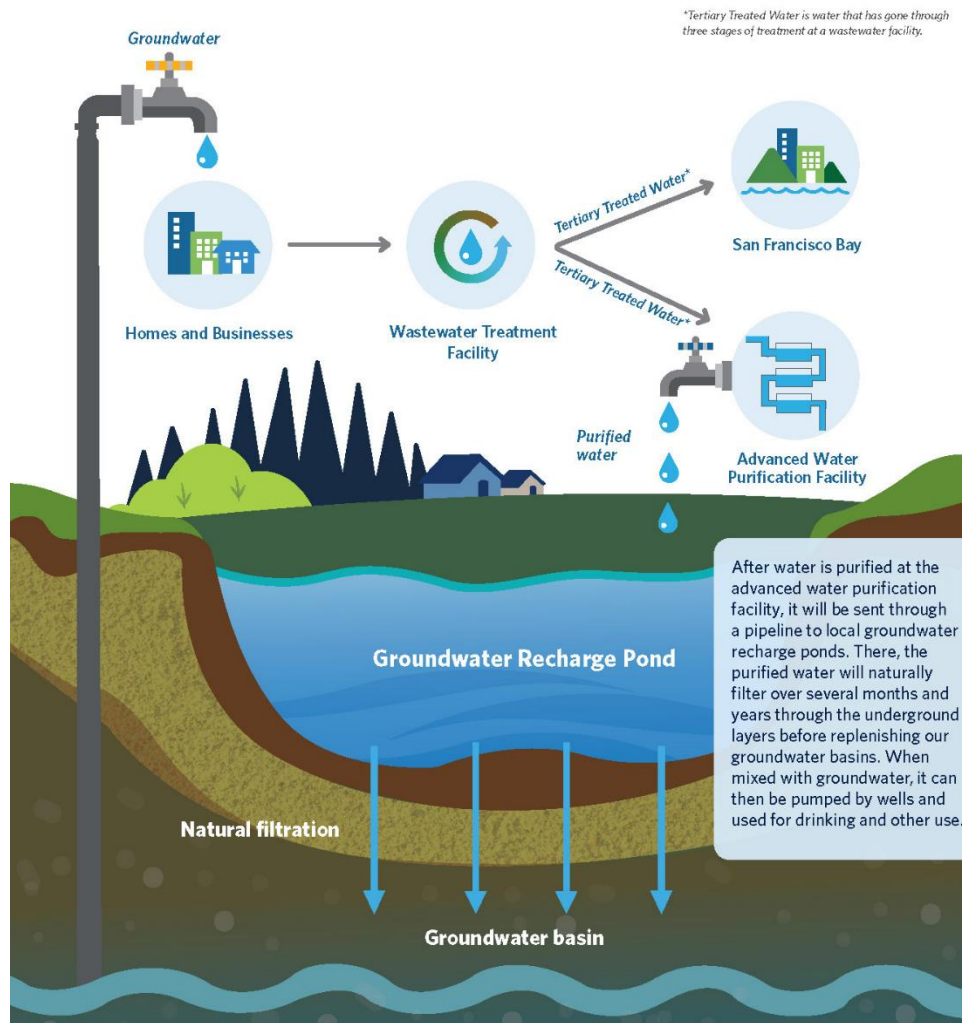
Valley Water's purification facility will not impact Palo Alto water rates because the purified water will be used in other parts of the county to augment groundwater, which Palo Alto does not use, Elvert said.

On average, county residents who use the groundwater system would pay an additional \$1 to \$2 a month for the water, according to Valley Water's Countywide Water Reuse Master Plan.

"Santa Clara County is rapidly approaching a tipping point where purified water is cost competitive with other supplies," the Valley Water reuse master plan noted.

But though the water would not be used by Palo Alto residents, the city will benefit in numerous ways, including through the district's payments for Palo Alto's treated wastewater and through the land lease. For utilities customers, the new wastewater revenue would theoretically lead to lower sewer rates.

More broadly, the increased use of recycled water is a strategy that both Palo Alto and Mountain View fully support.



Courtesy Valley Water.

Palo Alto is currently developing its One Water Plan, an approach that integrates water resource planning with a comprehensive examination of non-potable water options such as captured

stormwater and recycled water. The aim is to supplement and preserve the potable water supply.

The city's plan includes consideration of all potential non-potable water sources including the purification plant and the continued use and expansion of recycled water from the Regional Water Quality Control Plant, Elvert said.

Mountain View, meanwhile, wants to expand its current 4% recycled water usage by adding to its infrastructure to serve additional customers, according to the city's Recycled Water Feasibility Study Update from March 22. The city has also moved to standardize the use of recycled water: Its 2017 Dual Plumbing Ordinance also requires private commercial development greater than 25,000 square feet to include separate plumbing for recycled water uses such as toilets and landscaping as well as for drinking water.

The purification plant isn't the only piece of infrastructure that could boost the local supply of recycled water: Plans for a separate, smaller plant that could remove salt from treated water are also under development, following a December 2019 agreement between Palo Alto, Mountain View and Valley Water.

Currently, however, the entities are negotiating over the funding. In 2019, Valley Water committed \$16 million to the project. The remaining costs for the desalination plant were to be paid for by Palo Alto (25%) and Mountain View (75%). But project costs have risen from \$22.3 million to \$51.4 million due to supply-chain issues, increased construction costs and modifications to address potential sea-level rise, according to a March 22 update to the Mountain View City Council.

In addition, during discussions with Palo Alto and Mountain View, Valley Water said that \$12 million of its \$16 million will come from refunds it had agreed to give the cities related to a tax that supported the State Water Project through Valley Water. The cities have voiced their objections, according to the Mountain View City Council report.

Kremen said by phone on Monday that the desalination operation might be added to the large purification facility as a way to potentially cut costs.

He took a pragmatic view of additional costs.

"What is the price of water if you don't have any? It's incalculable," he said.

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

April 25, 2022

San Francisco and the Bay Area Could See Up to a 37% Increase in Rainfall During Large Storm Events Over the Next Century

Groundbreaking study that SF commissioned will help the City adopt policies to address powerful future storms, which can now be modeled with much greater accuracy

SAN FRANCISCO – The City and County of San Francisco, in partnership with Lawrence Berkeley National Laboratory, today announced the release of a pioneering new climate study that will provide more detailed information to help the City adapt to the changing climate and the extreme storms it will bring.

The peer-reviewed study, commissioned by the City and led by scientists at Lawrence Berkeley National Laboratory with support from Pathways Climate Institute, Urban Waterworks and City staff, was recently published in the journal *Weather and Climate Extremes*. It found the effect of climate change on future storms will be significant, leading to more powerful storms unleashing substantially more water.

Among its findings were that storm-total precipitation associated with the most common type of storm in the Bay Area – an atmospheric river with an extratropical cyclone – may increase by up to 26% to 37% by the end of this century. “We simulated how historically impactful storm events could change if similar events occurred in future climates,” said lead author Christina Patricola (now an Assistant Professor at Iowa State University).

That strength of storm is akin to the massive “bomb cyclone” that combined with an atmospheric river to bring torrential rains and high winds to Northern California and San Francisco in October 2021. That storm was rated as a Category 5, the highest designation in the Scripps Institution of Oceanography Atmospheric River Scale developed for West Coast storms. The storm tied for

the third strongest storm since 1950 in the Bay Area and was the strongest storm in the past 26 years of record.

The study also provides a much more localized look at the effects of these projected storms. Prior to this, many climate models had a resolution of 200 kilometers, or 124 miles. One square on the model grid represented the entire Bay Area. Even what had been considered state-of-the-art climate models have resolutions of about 25 kilometers, or roughly 5 ½ miles. Those models can broadly represent West Coast atmospheric rivers but cannot adequately address the complex topography of the Bay Area, which leads to highly variable precipitation rates from one city to the next. This new study has a much more detailed resolution of 3 kilometers, or less than 2 miles, which can provide very local projections for how much rain is expected to fall.

“Having this level of detail is a game changer,” said Dennis Herrera, General Manager of the San Francisco Public Utilities Commission, which was the lead City agency on the study. “The SFPUC has been at the forefront when it comes to studying climate change and using that data to guide our decisions. This study will help us stay out front on this issue. This groundbreaking data will help us develop tools to allow our port, airport, utilities, and the City as a whole to adapt to our changing climate and increasingly extreme storms. This also makes clear that we’re facing a citywide issue. In practical terms, we simply can’t build a sewer pipe big enough to handle all of this water. We must think holistically about how we build, what we build, and where we build it.”

“This collaboration is one of the first of its kind to apply the climate modeling expertise at Berkeley Lab to inform local decisionmakers,” said Michael Wehner, one of the co-authors of the study. “By tailoring our models to the City’s specific questions, we are able to provide more confident answers in the amount of heavy rainfall that can be expected in a future warmer world.”

“We are proud to have partnered with SFPUC and Lawrence Berkeley National Laboratory through our ClimateSF program on this leading-edge study,” said Brian Strong, Chief Resilience Officer for San Francisco. “Understanding the frequency and magnitude of storms in relation to climate change is critical to building a more resilient San Francisco. We now have information at a scale that enables decision making to better protect people, vulnerable communities, and businesses now and into the future.”

This state-of-the-art modeling effort was funded by the San Francisco Public Utilities Commission, San Francisco Office of Resilience and Capital Planning, San Francisco International Airport, and the Port of San Francisco. It used the resources of the National Energy Research Scientific Computing Center (NERSC), a U.S. Department of Energy Office of Science User Facility located at Lawrence Berkeley National Laboratory, operated under Contract No. DE-AC02-05CH11231.

As City departments collaborate to develop shoreline adaptation strategies to address sea level rise, now is the time to add this new information about stormwater into the equation. The City needs solutions to keep rising Bay flooding out, while also allowing stormwater to be conveyed out of the city.

This study adds to the body of work the City has championed in terms of combined flood hazards such as sea level rise, stormwater, coastal flooding, and groundwater, many of which are included in our Hazards and Climate Resilience Plan that provides concrete actions the City can take to address them.

In addition to physical solutions, the study will help inform adaptations to our planning codes and building codes to better consider future extreme storms and reduce their impact on our neighborhoods, businesses, infrastructure, and the environment.

Future storms bring the potential for record rainfall and elevated ocean and San Francisco Bay water levels during the storm. Heavy precipitation coupled with elevated Bay water levels are the perfect recipe for flooding throughout the Bay Area, and San Francisco is no exception.

This study is the first piece of ongoing work. Additional analysis is still underway to develop data products and tools that will support the City's ongoing climate resilience efforts. As part of this work, Pathways Climate Institute, with support from Lawrence Berkeley National Laboratory, is developing a guidebook to help planners, modelers, engineers, and decision makers use the incredible wealth of information that this study provides to better prepare San Francisco for future storms. The guidebook is slated for completion in late 2022.

About ClimateSF

ClimateSF is a comprehensive, multi-agency effort to guide San Francisco's climate resilience effort, led by the Mayor's Office and Office of Resilience and Capital Planning, the San Francisco Public Utilities Commission, Port, Department of the Environment, and Planning Department.

About the San Francisco Public Utilities Commission

The San Francisco Public Utilities Commission (SFPUC) is a department of the City and County of San Francisco. It delivers drinking water to 2.7 million people in the San Francisco Bay Area, collects and treats wastewater for the City and County of San Francisco, and generates clean power for municipal buildings, residential customers, and businesses. Our mission is to provide our customers with high quality, efficient and reliable water, power, and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care. Learn more at www.sfpuc.org.

###

May 19, 2022 – SUPPLEMENTAL CORRESPONDENCE PACKET

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

May 18, 2022

Correspondence and media coverage of interest between March 24, 2022 and May 18, 2022

Correspondence

Public Records Act Request

From: Stephen Rosenblum
To: Gustav Larsson and Members of the BAWSCA Board of Directors
Date: May 16, 2022
Subject: Inadequate Public Information regarding budget for Hanson Bridgett

From: Nicole Sandkulla, BAWSCA CEO/General Manager
To: Stephen Rosenblum
Date: May 18, 2022
Subject: Response to your supplemental records request submitted May 2, 2022

From: Nicole Sandkulla, BAWSCA CEO/General Manager
To: Stephen Rosenblum
Date: May 4, 2022
Subject: Response to your supplemental records request submitted May 2, 2022

From: Stephen Rosenblum
To: Nicole Sandkulla
Date: May 2, 2022
Subject: FW: BAWSCA Response to March 11 Public Records Act Request

From: Nicole Sandkulla, BAWSCA CEO/General Manager
To: Stephen Rosenblum
Date: April 19, 2022
Subject: BAWSCA Response to March 11 Public Records Act Request

From: Stephen Rosenblum
To: Lourdes Enriquez
Date: March 24, 2022
Subject: California Public Records Act Information Request

BAWSCA's Bay Delta Plan Lawsuit

From: Nicole Sandkulla, BAWSCA CEO/General Manager
To: Signatories of the letter about the BAWSCA Lawsuit and the Bay Delta Plan
Date: May 18, 2022
Subject: May 12, 2022 Letter to BAWSCA Board of Directors

From: Molly Culton
To: BAWSCA Board of Directors, Nicole Sandkulla, Asm. Phil Ting, Asm. Kevin Mullin, Asm. Marc Berman, Asm. Ash Kaira, Asm. Evan Low; Asm. Bill Quirk, Asm. Alex Lee, Asm. Matt Haney, Sen. Scott Wiener, Sen. Josh Becker, Sen. Bob Wieckowski
Date: May 12, 2022
Subject: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan

May 19, 2022 – SUPPLEMENTAL CORRESPONDENCE PACKET

BAWSCA's Bay Delta Plan Lawsuit, cont'd.

From: Sue Purdy Pelosi
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Please drop the lawsuit

From: Robert Buelteman
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop the lawsuit

From: Kyra Dear
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop the lawsuit

From: Desiree Grahn
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop Lawsuit Bay Delta PLan

From: Carol Ruth
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: BAWSCA's lawsuit

From: Lindsay Joye
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop lawsuit over the Bay Delta Plan

From: David Schrom
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Proposed rate increase

From: Joel Davidson
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: BAWSCA lawsuit

From: Holly Millar
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: I do not want to pay for

From: Lawrence Garwin
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan

From: Frank Eldredge
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Please drop your lawsuit over the Bay Area Delta Water Quality Control Plan

May 19, 2022 – SUPPLEMENTAL CORRESPONDENCE PACKET

BAWSCA's Bay Delta Plan Lawsuit, cont'd.

From: Charlene Woodcock
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop BAWSCA lawsuit!

From: Walter Sedriks
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop the BAWSCA Lawsuit

From: Nancy Reyerling
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Letter from public regarding your budget

From: Nancy Wuerfel
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan

From: Lynn Chiapella
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Water Quality lawsuit

From: John Cordes
To: BAWSCA Board of Directors
Date: May 16, 2022
Subject: Drop the bay delta lawsuit

From: Thomas Patterson
To: BAWSCA Board of Directors
Date: May 17, 2022
Subject: Drop Your Lawsuit

From: Terry Barton
To: BAWSCA Board of Directors
Date: May 17, 2022
Subject: Stop funding anti-environmental lawsuits

From: Don Weiden
To: BAWSCA Board of Directors
Date: May 17, 2022
Subject: Bay Delta Water Control Plan

From: Elliot Margolies
To: BAWSCA Board of Directors
Date: May 17, 2022
Subject: Bay Delta Water Quality Control Plan – Drop the lawsuit

May 19, 2022 – SUPPLEMENTAL CORRESPONDENCE PACKET

BAWSCA's Bay Delta Plan Lawsuit, cont'd.

From: Ricki McGlashan
To: BAWSCA Board of Directors
Date: May 18, 2022
Subject: Drop the lawsuit

From: Bill Hilton
To: BAWSCA Board of Directors
Date: May 18, 2022
Subject: Drop the lawsuit

From: Kent Mitchell
To: BAWSCA Board of Directors
Date: May 18, 2022
Subject: BAWSCA, please drop your lawsuit blocking environmental protections for the Bay

From: Delia Taylor
To: BAWSCA Board of Directors
Date: May 18, 2022
Subject: BAWSCA, please drop your lawsuit blocking environmental protections for the Bay

Los Vaqueros Expansion Project

From: Los Vaqueros Reservoir Expansion Project
To: Stakeholders
Date: May 16, 2022
Subject: Monthly Report

Media Coverage

Drought:

Date: May 10, 2022
Source: Mercury News
Article: California drought: State ignores Gavin Newsom's conservation goal, increases water use

Date: May 10, 2022
Source: San Francisco Chronicle
Article: California drought: Water usage jumps 19% in March despite Newsom's plea for savings

Date: May 10, 2022
Source: Mercury News
Article: "Water cops" likely this summer as Santa Clara County misses drought goal by large

Climate Change:

Date: April 25, 2022
Source: San Francisco Public Utilities Commission
Release: San Francisco and the Bay Area Could See Up to a 37% Increase in Rainfall During Large Storm Events Over the Next Century

From: pol1@rosenblums.us
To: glarsson@sunnyvale.ca.gov; [bawscaboardofdirectors](#)
Subject: Inadequate Public Information regarding budget for Hanson Bridgett
Date: Monday, May 16, 2022 2:21:33 PM

Dear Mr. Larsson and Directors,

I'm trying to find out how much money BAWSCA has spent on the Bay Delta Plan lawsuit and related matters. Could someone please provide this information in advance of your meeting on Thursday?

I first requested this information on March 11. My Public Records Act request asked for all documents and correspondence related to financing BAWSCA's lawsuit. I did not receive a response, so I followed up with another email on March 24. This time I received a response acknowledging my request.

On April 19, I received a number of documents in response my request, but they were inadequate. I received work plans, operating budgets and professional services contracts, similar to what is in your current agenda packet. There were no line items for funds spent on the lawsuit.

Details about funding for specific services provided by Hanson Bridgett is vague. For example, in your current agenda packet it states:

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridgett is BAWSCA's legal counsel. Legal counsel's budget reflects a continued focus on activities 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, SFPUC's 10-year CIP, implementation of BAWSCA's Strategy, addressing new statewide conservation requirements, administration of the 2009 Water Supply Agreement (WSA), and support for the development of a new Tier 2 Drought Allocation Plan.

Budgets should include line items for each of the matters listed above.

On May 2, I submitted a follow up request, asking for "supporting documents related to BAWSCA's agreements with Hanson-Bridgett, including the contracts, schedules and fees for service." I noted, "I'm particularly interested in the detail behind the invoices that shows time spent and cost by matter addressed, along with any other means used to justify the amounts billed."

On May 4, I received a response that the information would be provided to me within 30 days. I responded that the documents should have been included in my initial request, and asked that my request be expedited. I have yet to receive the materials.

The proposed budget for Hanson Bridgett in FY 2022/23 is \$781,500, which is \$58,000 more than budgeted in FY 2021/22. I would like to know how this money (a small portion coming from me) is being spent.

In Exhibit A (Consulting Services Agreement Between BAWSCA and Hanson Bridgett) in your current

agenda packet, it lists one of Hanson Bridgett's services as, "Evaluation of public records act requests." Hanson Bridgett should be able to quickly provide a breakdown of their service costs.

Please make sure the information I have requested is available to you, me, and the public in advance of Thursday's Board meeting, where you will consider BAWSCA's FY 2022/23 budget.

Thank you.

Sincerely,
Stephen Rosenblum
Palo Alto



BY ELECTRONIC MAIL ONLY

May 18, 2022

Stephen Rosenblum
Pol1@rosenblums.us

Dear Mr. Rosenblum,

I am responding to your supplemental records request submitted May 2, 2022.

Attached to this email are executed copies of BAWSCA's contracts with Hanson Bridgett since FY 2018-19, as well as a summary report of Hanson Bridgett's billing invoices for BAWSCA's intervention in the Bay-Delta Plan litigation.

Please note that individual bills and memos related to ongoing litigation are subject to attorney-client privilege and therefore exempt from disclosure under the Public Records Act. (See Code Civil Procedure § 2018.030 (a), (b); Evidence Code § 950 *et seq.*; Government Code § 6254 (k).) Nonetheless, we are providing the attached summary report as a courtesy to help answer your questions.

BAWSCA is not in possession of any schedules related to legal services.

Accordingly, this concludes our response to your request.

Sincerely,



Nicole Sandkulla
CEO/General Manager

hb/le/NS

cc: BAWSCA Board of Directors
Allison Schutte, Hanson Bridgett, LLP

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May 17, 2022

Bay Area Water Supply & Conservation Agency
Nicole Sandkulla, CEO / General Manager
155 Bovet Road, Ste. 650
San Mateo, CA 94402

Client #007843 Bay Area Water Supply & Conservation Agency
Matter # 007843.000603 SWRCB Curtailment of Water Rights

In Response to Public Records Act Request
Legal Services Provided for Intervention in SWRCB Bay-Delta Plan Litigation

Invoice Summary

Calendar Year 2019	\$ 96,962.00
Calendar Year 2020	\$ 67,817.00
Calendar Year 2021	\$ 135,775.50
Calendar Year 2022	<u>\$ 59,597.50</u>
Total Fees	<u>\$ 360,152.00</u>

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LEGAL SERVICES AGREEMENT FOR FY 2018-19

THIS AGREEMENT is made as of this 1st day of July 2018, by and between the **Bay Area Water Supply & Conservation Agency** ("Agency") and **Hanson Bridgett LLP** ("Contractor").

WHEREAS, Agency desires to obtain specialized services in connection with legal counsel, and

WHEREAS, Contractor desires to perform such services and has represented that it is experienced and qualified to perform such services and has agreed to the scope of work and rates as attached and incorporated as Exhibits A & B,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. SCOPE OF SERVICES

Contractor will provide Agency the services set forth in Exhibit A in accordance with the terms and conditions of this Agreement. Agency may also engage Contractor for additional work as set forth in Section 3 below.

2. SCHEDULE

Contractor will commence work upon Agency's issuance of a Notice to Proceed and, unless the Agreement is terminated sooner pursuant to Section 19, will complete the work accordance with the Schedule included in Exhibit A.

3. COMPENSATION

The Contractor agrees to perform all of the services included in Section 1 for the total all inclusive not-to-exceed amount of \$669,000, in accordance with Exhibit A. The total all inclusive sum includes all labor, materials, taxes, profit, overhead, insurance, subcontractor costs and all other costs and expenses incurred by the Contractor,

The not-to-exceed amount is not guaranteed; compensation will be based on services actually rendered and expenses actually incurred. Agency will pay Contractor at the rates set forth on Exhibit B and will reimburse Contractor for out-of-pocket expenses reasonably and necessarily incurred in performing the work.

The Agency's General Manager may from time to time request Contractor to perform additional tasks outside the scope of work described in Section 1, and not subject to the not-to-exceed amount described above. At Agency's request, Contractor will provide a proposal for such additional task(s). If engaged, such task(s) will be on a work directive basis and will include a separate not-to-exceed budget for each specific task.

4. **MANNER OF PAYMENT**

Contractor will submit detailed monthly invoices at the end of each month describing the work performed, the personnel performing the work, and their applicable hourly rates of compensation, which will be consistent with Exhibit B. Invoices will also include total expenditures to date and the remaining balance on the budgeted or not-to-exceed amount. Invoices will be prepared in a format acceptable to Agency.

Agency will pay for work satisfactorily performed within thirty (30) days after receipt of an invoice meeting the requirements of this section. Should Agency dispute the accuracy of any invoice, or deem Contractor's work unsatisfactory, Agency will notify Contractor within 30 days of receipt of such an invoice. Agency will only pay the undisputed portion of any invoice. Resolution of a dispute over an invoice will be pursuant to Section 20.

5. **CHANGES**

Agency may from time to time make changes to the scope of work by written notice to Contractor. If such changes increase, or decrease, the Contractor's cost of performing the work, or the time required for its completion, an equitable adjustment as mutually agreed will be made to the limit on compensation contained in Section 3, or the Schedule referred to in Section 2, or both. In the event that the Contractor encounters any unanticipated conditions or contingencies that may affect the scope of work or services, schedule, or the amount of compensation specified herein, the Contractor will notify the Agency immediately of such condition or contingency. The Contractor will explain the circumstances giving rise to the unforeseen condition or contingency and will suggest the proposed adjustment in schedule or compensation. Contractor will notify the Agency prior to the time that the Contractor performs work or services related to any proposed adjustment. Any agreed-upon changes will be memorialized in a written amendment to the Agreement.

6. **CONTRACTOR'S STATUS**

Contractor is an independent contractor and not a partner or agent of, nor a joint venturer with, Agency. Neither Contractor nor any of Contractor's officers or employees are employees of Agency for any purpose. Contractor will determine the means and methods by which the work is performed; Agency may, however, monitor Contractor's performance.

7. **ASSIGNMENT**

Contractor may not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of Agency.

8. **SUBCONTRACTORS**

Contractor may not subcontract any work to be performed under this Agreement without the prior written consent of Agency, except for minor administrative services.

The following subcontractor(s) is (are) approved by Agency for the following task(s):

- None

Contractor will be solely responsible for reimbursing any subcontractors and Agency will have no obligations to them.

9. **KEY PERSONNEL**

A material consideration in Agency's selection of Contractor is the experience and qualifications of the following persons.

- Allison Schutte

The Contractor agrees that these personnel will devote their personal attention to the work, as further described in Exhibit A. Contractor may substitute Key Personnel only with written approval of the Agency, which approval will not be unreasonably withheld. A request for substitution must demonstrate the replacement person's similar qualifications and experience for a position.

10. **STANDARD OF CARE**

Contractor will exercise the same degree of care, skill and diligence in the performance of the work as would be exercised by a reasonable professional performing similar work in the San Francisco Bay Area under similar circumstances. Contractor will re-perform, at no cost to Agency, services which fail to meet this standard. In the performance of its work, the Contractor represents that it (1) carries all applicable licenses, certificates, and registrations in current and good standing that may be required to perform the work; and (2) will retain all such licenses, certificates, and registrations in active status throughout the duration of this engagement.

11. **OWNERSHIP OF WORK**

All reports, plans and any other materials prepared, or in the process of being prepared, by Contractor under this Agreement are the property of Agency. Agency will be entitled to access to and copies of these materials during the progress of the work. Upon completion of the work, or earlier termination of this Agreement, all such materials in the possession of Contractor or any subcontractor will be delivered to Agency. Contractor may retain a copy of all materials produced under this Agreement, subject to the provisions of Section 12.

Any copyrightable work created by Contractor under this Agreement will be deemed a "work made for hire" for purposes of copyright law. Contractor agrees to execute any additional documents which may be necessary to evidence the assignment of all rights of copyright to Agency.

The Contractor represents and warrants that all materials prepared under this Agreement are original or developed from materials in the public domain (or both) and that all materials prepared under and services provided under this Agreement do not

infringe or violate any copyright, trademark, patent, trade secret, or other intellectual-property or proprietary right of any third party.

12. CONFIDENTIALITY

Contractor will hold in confidence any Agency materials to which the Contractor has access, or materials prepared by the Contractor during the course of this Agreement ("Confidential Information"). Contractor will exercise all reasonable precautions to prevent the disclosure of Confidential Information to anyone except the officers, employees, and agents of the Contractor as necessary to perform services under this Agreement. Contractor, its employees, subcontractors, and agents, may not release any Confidential Information, and any reports or other materials prepared by it under this Agreement, whether deemed confidential or not, without the prior written approval of Agency.

13. INDEMNIFICATION

Contractor will indemnify and hold harmless the Agency, its directors, officers, employees and agents from and against any and all suits, claims or actions arising out of (i) any injury to persons or damage to property that may occur, or that may be alleged to have occurred, to the extent caused by the performance of this Agreement by the Contractor and caused by the willful misconduct, negligent act or omission by Contractor, its employees, subcontractors or agents, or (ii) any allegation that materials or services provided by the Contractor under this Agreement infringe or violate any copyright, trademark, patent, trade secret, or any other intellectual-property or proprietary right of any third party.

The Contractor further agrees to defend any and all such suits, claims or actions, and pay all reasonable charges of attorneys and all other costs and expenses of defenses as they are incurred. If any judgment is rendered against the Agency or any of the other individuals enumerated above in any such action, the Contractor will, at its expense, satisfy and discharge the same. This provision shall not apply to claims involving professional liability. This indemnification will survive the expiration or earlier termination of this Agreement.

14. INSURANCE

A. Types of Insurance

(1) Workers' Compensation Insurance. If Contractor employs any person to perform work under this Agreement, Contractor will procure and maintain:

(a) Workers' Compensation Insurance meeting the requirements of the State of California, and

(b) Employer's Liability Insurance with a policy limit of at least One Million Dollars (\$1,000,000) per accident or illness.

The policy will contain a waiver of subrogation in favor of Agency and its directors, officers, employees and agents.

(2) Commercial General Liability Insurance. Contractor will procure and maintain Commercial General Liability insurance providing bodily injury and property damage coverage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence or claim and a general aggregate limit of at least Two Million Dollars (\$2,000,000). This insurance will include, but not be limited to, premises and operations, contractual liability covering the indemnity provisions contained in this Agreement, personal injury, products and completed operations, and broad form property damage, and include a Cross Liability endorsement. Said Policy will protect the Contractor and the Agency in the same manner as though a separate policy had been issued to each, but nothing in said policy will operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.

(3) Comprehensive Automobile Liability Insurance. Contractor will procure and maintain Automobile Liability insurance on vehicles used in connection with its business in an amount not less than One Million Dollars (\$1,000,000) combined single limit per occurrence or claim. This insurance will provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

(4) Professional Liability Insurance. Contractor will maintain Professional Liability insurance covering Contractor's performance of this Agreement in an amount not less than One Million Dollars (\$1,000,000) per occurrence or claim.

B. Other Requirements

(1) Insurers. All insurance policies must be issued by a California admitted carrier. Insurance policies issued by surplus lines carriers are not acceptable absent the express written approval of Agency and the carrier is listed on the California DOI LASLI list. Policies must be issued by insurers must have a Best Financial Strength Rating of A- or better, and be in the Best Financial Size Category of VII or larger.

(2) Endorsements

(a) The company (ies) issuing all such policies will agree to give Agency thirty (30) days advance written notice of non-renewal or cancellation.

(b) The Commercial General Liability and Automobile Liability policies will include Agency, its directors, officer and employees as additional insureds.

(c) The Commercial General Liability and Automobile Liability policies will be primary to and not contributing with any insurance maintained by Agency.

(d) The inclusion of more than one insured will not affect the rights of such insureds as against one another; such policies will protect Contractor and Agency as though a separate policy had been issued to each, but inclusion of more than one insured will not increase the limits of the insurer's liability.

(3) Evidence of Insurance. Before commencing work, Contractor will provide Agency with a certificate or certificates of insurance evidencing the existence of the required insurance policies. Agency may request a duplicate original of such policies and endorsements. The Contractor may not violate or permit to be violated any conditions or provisions of said policies of insurance, and at all times will satisfy the requirements of the insurer for the purpose of maintaining the required insurance in effect.

(4) Notice to Agency. If any claim is made by any third person against the Contractor on account of any incident connected to the Agreement, the Contractor will promptly report the fact in writing to the Agency, giving full details of the claim.

(5) Self Insurance, Deductibles, and Retentions. Upon evidence of financial capacity satisfactory to the Agency, and Contractor's agreement to waive subrogation against the Agency respecting any and all claims that may arise, Contractor's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance. Contractor shall be responsible for payment of any deductible or retention on Contractor's policies without right of contribution from the Agency. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable. In the event that the policy of the Contractor or any subcontractor contains a deductible or self-insured retention, and in the event that the Agency seeks coverage under such policy as an additional insured, Contractor shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy for a lawsuit arising from or connected with any alleged act or omission of Contractor, subcontractor, or any of their officers, directors, employees, agents, or suppliers, even if Contractor or subcontractor is not a named defendant in the lawsuit.

(6) Subcontractors. Any person, firm, or corporation that the Contractor authorizes to work pursuant to this Agreement, including any subcontractor, is deemed to be the Contractor's agent and is subject to all applicable terms of this Agreement. Prior to the Contractor's start of the work, the Contractor agrees to require its subcontractors to procure and maintain, at the Contractor's (or its subcontractor's) sole cost and expense (and to prove to the Agency's reasonable satisfaction that it remains in effect throughout the performance of the work under this Agreement), the kinds of insurance described above. Such insurance must remain in effect throughout the term of this Agreement and will be at the sole cost and expense of the Contractor (or its subcontractors).

15. RECORDS

Agency and its authorized representatives, including the California State Auditor, may inspect and make copies of Contractor's books, records and data relating to the Agreement at any reasonable time and may audit and verify invoices submitted by Contractor. Contractor will provide such assistance as may be reasonably required in the course of such inspection and audit.

Contractor will maintain its records relating to this Agreement, and make them available for inspection, for a period of three (3) years after Agency makes final its payment to Contractor.

16. NONDISCRIMINATION

In connection with the performance of this Agreement, Contractor will not discriminate against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, gender identity, and denial of family care leave. Contractor and subcontractors will insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors will comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor will include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

17. COMPLIANCE WITH LAW

In connection with the performance of this Agreement, Contractor will comply with all applicable federal and state laws, including regulations of federal and state agencies, and with applicable local ordinances.

18. MODIFICATION

This Agreement may be modified or amended only by a written document signed by both parties.

19. TERMINATION

Agency may terminate this Agreement at any time and for any reason by written notice. Upon receiving notice of termination, Contractor will promptly deliver to Agency all materials prepared or obtained in performance of this Agreement and will not commit itself to any further expenditure of time or resources.

If the Agreement is terminated for any reason other than a breach or default by Contractor, Agency will pay Contractor, in accordance with the provisions of Sections 3 and 4, all sums actually due and owing from Agency for all services performed and all expenses incurred up to the day written notice of termination is given, plus any costs reasonably and necessarily incurred by Contractor to effect such termination. If the Agreement is terminated for breach or default, Agency will pay Contractor for only those services performed and expenses incurred in full accordance with the terms of this Agreement, up to the effective date of termination. Whether terminated for breach or for convenience, the Agency will not in any manner be liable for the Contractor's actual or projected lost profits had the Contractor completed the services required by this Agreement.

20. DISPUTE RESOLUTION

In the event of any dispute, the parties will promptly meet and confer, first at a staff level and then elevated to a meeting of executives, in a good faith attempt to resolve the dispute. If a dispute cannot be resolved by the parties independently, they may agree to submit such dispute to non-binding mediation by a mutually agreed-upon neutral third party with offices in the San Francisco Bay Area. The cost of mediation will be shared equally. Unless otherwise directed by Agency, Contractor will continue performance under this Agreement while matters in dispute are being resolved.

In the event the parties agree to mediation, the party proposing mediation will provide the other party with the names of three mediators (provided by the American Arbitration Association, JAMS, or other such organization), each of which is acceptable to that party. The other (second) party will select one of the three mediators and notify the first party of its selection within fifteen (15) days after receiving the names of the three mediators. If the second party fails to make a selection within this fifteen (15) day period, the first party may either select the mediator from among the three it proposed or may pursue its legal and equitable remedies through final and binding arbitration.

The parties will meet with the mediator within thirty (30) days of his/her selection and will discuss the dispute with the mediator in a good faith effort to reach an agreement. However, nothing in this section requires either party to make a concession or accept an offer. If the mediation does not resolve the matter to the satisfaction of both parties within sixty (60) days after the mediator is selected, either party may pursue its legal and equitable remedies through final and binding arbitration in the San Francisco Bay Area, in accordance with the rules and procedures of JAMS Inc., a private mediation and arbitration facilitator. Any dispute shall be strictly confidential between us and, except for our own representatives, will not be disclosed to any other person or entity. This section does not limit Agency's right to terminate the Agreement.

21. NOTICE

All notices will be given in writing by personal delivery, or first class mail, to the parties at the following addresses:

If to Agency: Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, CA 94402
Attention: Nicole Sandkulla, Chief Executive Officer

If to Contractor: Hanson, Bridgett, LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Attention: Allison Schutte, Partner

Notice given by mail will be deemed received two days after it is deposited in the United States mail postage prepaid, addressed as provided above.

Day-to-day communications will be between Nicole Sandkulla for Agency at (650) 349-3000, and Allison Schutte for Contractor at (415) 995-5823.

22. CONFLICT OF INTEREST

The Contractor warrants and represents that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code §§ 1090 et seq. or §§ 87100 et seq. during the performance of services under this Agreement. The Contractor further covenants that it will not knowingly employ any person having such an interest in the performance of this Agreement. Violation of this provision may result in this Agreement being deemed void and unenforceable.

Depending on the nature of the work performed, the Contractor may be required to publicly disclose financial interests under the Agency's Conflict of Interest Code. The Contractor agrees to promptly submit a Statement of Economic Interest on the form provided by Agency upon receipt.

No person previously in the position of director, officer, employee or agent of the Agency may act as an agent or attorney for, or otherwise represent, the Contractor by making any formal or informal appearance, or any oral or written communication, before the Agency, or any officer or employee of the Agency, for a period of twelve (12) months after leaving office or employment with the Agency if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award or revocation of a permit, license, grant or contract.

23. PUBLICITY

The Contractor, its employees, subcontractors, and agents will not refer to the Agency, or use any logos, images, or photographs of the Agency for any commercial purpose, including, but not limited to, advertising, promotion, or public relations without the Agency's prior written consent. Such written consent will not be required for the inclusion of the Agency's name on a customer list.

24. **WAIVER**

A waiver of any requirement of this Agreement must be in writing by an authorized representative of the party waiving the requirement. The waiver by either party of a breach of any requirement of this Agreement will not be deemed a waiver of any such breach in the future or of a breach of any other requirement.

25. **INTERPRETATION**

Section headings are solely for convenience and are not intended to affect the interpretation of the Agreement. The Agreement will be interpreted reasonably, not in favor of or against either party.

26. **ENTIRE AGREEMENT**

This Agreement including any exhibits or attachments, constitutes the complete agreement between the parties and supersedes any prior agreements, promises, and understandings whether written or oral. This Agreement may be modified or amended only by written instrument signed by both the Contractor and the Agency. In the event of a conflict between the terms and conditions of this Agreement and any Exhibit, the terms of this Agreement will control.

27. **NO THIRD PARTY RIGHTS**

The parties do not intend this Agreement to create rights in any third parties and nothing in this Agreement should be construed to do so.

28. **SEVERABILITY**

If any provision of this Agreement or any portion thereof is held to be invalid or unenforceable for any reason, that provision will be reformed and/or construed consistently with applicable law as nearly as possible to reflect the original intentions of this Agreement, and in any event such provision will be severable and will not affect the validity or enforceability of any other provision.

29. **BINDING ON SUCCESSORS**

All of the terms, provisions and conditions of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and legal representatives.

30. **AGENCY WARRANTIES**

The Agency makes no warranties, representations, either express or implied, beyond such as are explicitly stated in this Agreement.

31. **APPLICABLE LAW**

This Agreement, its interpretation and all work performed under it will be governed by the laws of the State of California.

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

By: *Micole Samakulla* Date: *6/8/2018*
Chief Executive Officer

HANSON BRIDGETT LLP

By: *Allison C. Schutte* Date: *6/27/18*
Title: *Partner*

Taxpayer ID Number: 94-1205338

Exhibit A

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

Legal Services

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 2018-19.

FY 2018-19 SCOPE OF WORK

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 2018-19 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 current settlement discussions
- Representing BAWSCA in the Restore Hetch Hetchy lawsuit, in which BAWSCA is a named defendant
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir
- Legal support for protecting the water supply interests of the agencies and their customers in the ongoing SWRCB SED and Bay Delta process
- 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
- 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 2018 decisions
- Legal support for responding to new statewide conservation requirements, including consideration of the 2009 WSA drought provisions
- Implementation of activities under the Water Conservation 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: \$669,000

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

Conservation, FERC, Urban Water Mgmt. Plans	\$273,000
Water Supply Agreement Administration Fair Pricing	\$153,000
Water Supply Agreement Administration Reliability	\$47,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$114,000
BAWSCA	\$80,000
RFA & BAWUA	\$2,000
<hr/> Total	<hr/> \$669,000

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 \$669,000. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2018-19

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 or services provided to BAWSCA in connection to monitoring the FERC relicensing and Restore Hetch Hetchy litigation. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2018-19 represent an approximate 4% increase compared to FY 2017-18 rates. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$669,000.

FY 2016-17 RATES

Partner	\$390 per hour
Senior Counsel	\$345 per hour
Associates	\$315 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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LEGAL SERVICES AGREEMENT FOR FY 2019-20

THIS AGREEMENT is made as of this 1st day of July 2019, by and between the **Bay Area Water Supply & Conservation Agency** ("Agency") and **Hanson Bridgett LLP** ("Contractor").

WHEREAS, Agency desires to obtain specialized services in connection with legal counsel, and

WHEREAS, Contractor desires to perform such services and has represented that it is experienced and qualified to perform such services and has agreed to the scope of work and rates as attached and incorporated as Exhibits A & B,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. SCOPE OF SERVICES

Contractor will provide Agency the services set forth in Exhibit A in accordance with the terms and conditions of this Agreement. Agency may also engage Contractor for additional work as set forth in Section 3 below.

2. SCHEDULE

Contractor will commence work upon Agency's issuance of a Notice to Proceed and, unless the Agreement is terminated sooner pursuant to Section 19, will complete the work accordance with the Schedule included in Exhibit A.

3. COMPENSATION

The Contractor agrees to perform all of the services included in Section 1 for the total all inclusive not-to-exceed amount of \$799,500, in accordance with Exhibit A. The total all inclusive sum includes all labor, materials, taxes, profit, overhead, insurance, subcontractor costs and all other costs and expenses incurred by the Contractor,

The not-to-exceed amount is not guaranteed; compensation will be based on services actually rendered and expenses actually incurred. Agency will pay Contractor at the rates set forth on Exhibit B and will reimburse Contractor for out-of-pocket expenses reasonably and necessarily incurred in performing the work.

The Agency's General Manager may from time to time request Contractor to perform additional tasks outside the scope of work described in Section 1, and not subject to the not-to-exceed amount described above. At Agency's request, Contractor will provide a proposal for such additional task(s). If engaged, such task(s) will be on a work directive basis and will include a separate not-to-exceed budget for each specific task.

4. MANNER OF PAYMENT

Contractor will submit detailed monthly invoices at the end of each month describing the work performed, the personnel performing the work, and their applicable hourly rates of compensation, which will be consistent with Exhibit B. Invoices will also include total expenditures to date and the remaining balance on the budgeted or not-to-exceed amount. Invoices will be prepared in a format acceptable to Agency.

Agency will pay for work satisfactorily performed within thirty (30) days after receipt of an invoice meeting the requirements of this section. Should Agency dispute the accuracy of any invoice, or deem Contractor's work unsatisfactory, Agency will notify Contractor within 30 days of receipt of such an invoice. Agency will only pay the undisputed portion of any invoice. Resolution of a dispute over an invoice will be pursuant to Section 20.

5. CHANGES

Agency may from time to time make changes to the scope of work by written notice to Contractor. If such changes increase, or decrease, the Contractor's cost of performing the work, or the time required for its completion, an equitable adjustment as mutually agreed will be made to the limit on compensation contained in Section 3, or the Schedule referred to in Section 2, or both. In the event that the Contractor encounters any unanticipated conditions or contingencies that may affect the scope of work or services, schedule, or the amount of compensation specified herein, the Contractor will notify the Agency immediately of such condition or contingency. The Contractor will explain the circumstances giving rise to the unforeseen condition or contingency and will suggest the proposed adjustment in schedule or compensation. Contractor will notify the Agency prior to the time that the Contractor performs work or services related to any proposed adjustment. Any agreed-upon changes will be memorialized in a written amendment to the Agreement.

6. CONTRACTOR'S STATUS

Contractor is an independent contractor and not a partner or agent of, nor a joint venturer with, Agency. Neither Contractor nor any of Contractor's officers or employees are employees of Agency for any purpose. Contractor will determine the means and methods by which the work is performed; Agency may, however, monitor Contractor's performance.

7. ASSIGNMENT

Contractor may not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of Agency.

8. SUBCONTRACTORS

Contractor may not subcontract any work to be performed under this Agreement without the prior written consent of Agency, except for minor administrative services.

The following subcontractor(s) is (are) approved by Agency for the following task(s):

- None

Contractor will be solely responsible for reimbursing any subcontractors and Agency will have no obligations to them.

9. **KEY PERSONNEL**

A material consideration in Agency's selection of Contractor is the experience and qualifications of the following persons.

- Allison Schutte

The Contractor agrees that these personnel will devote their personal attention to the work, as further described in Exhibit A. Contractor may substitute Key Personnel only with written approval of the Agency, which approval will not be unreasonably withheld. A request for substitution must demonstrate the replacement person's similar qualifications and experience for a position.

10. **STANDARD OF CARE**

Contractor will exercise the same degree of care, skill and diligence in the performance of the work as would be exercised by a reasonable professional performing similar work in the San Francisco Bay Area under similar circumstances. Contractor will re-perform, at no cost to Agency, services which fail to meet this standard. In the performance of its work, the Contractor represents that it (1) carries all applicable licenses, certificates, and registrations in current and good standing that may be required to perform the work; and (2) will retain all such licenses, certificates, and registrations in active status throughout the duration of this engagement.

11. **OWNERSHIP OF WORK**

All reports, plans and any other materials prepared, or in the process of being prepared, by Contractor under this Agreement are the property of Agency. Agency will be entitled to access to and copies of these materials during the progress of the work. Upon completion of the work, or earlier termination of this Agreement, all such materials in the possession of Contractor or any subcontractor will be delivered to Agency. Contractor may retain a copy of all materials produced under this Agreement, subject to the provisions of Section 12.

Any copyrightable work created by Contractor under this Agreement will be deemed a "work made for hire" for purposes of copyright law. Contractor agrees to execute any additional documents which may be necessary to evidence the assignment of all rights of copyright to Agency.

The Contractor represents and warrants that all materials prepared under this Agreement are original or developed from materials in the public domain (or both) and that all materials prepared under and services provided under this Agreement do not

infringe or violate any copyright, trademark, patent, trade secret, or other intellectual-property or proprietary right of any third party.

12. **CONFIDENTIALITY**

Contractor will hold in confidence any Agency materials to which the Contractor has access, or materials prepared by the Contractor during the course of this Agreement ("Confidential Information"). Contractor will exercise all reasonable precautions to prevent the disclosure of Confidential Information to anyone except the officers, employees, and agents of the Contractor as necessary to perform services under this Agreement. Contractor, its employees, subcontractors, and agents, may not release any Confidential Information, and any reports or other materials prepared by it under this Agreement, whether deemed confidential or not, without the prior written approval of Agency.

13. **INDEMNIFICATION**

Contractor will indemnify and hold harmless the Agency, its directors, officers, employees and agents from and against any and all suits, claims or actions arising out of (i) any injury to persons or damage to property that may occur, or that may be alleged to have occurred, to the extent caused by the performance of this Agreement by the Contractor and caused by the willful misconduct, negligent act or omission by Contractor, its employees, subcontractors or agents, or (ii) any allegation that materials or services provided by the Contractor under this Agreement infringe or violate any copyright, trademark, patent, trade secret, or any other intellectual-property or proprietary right of any third party.

The Contractor further agrees to defend any and all such suits, claims or actions, and pay all reasonable charges of attorneys and all other costs and expenses of defenses as they are incurred. If any judgment is rendered against the Agency or any of the other individuals enumerated above in any such action, the Contractor will, at its expense, satisfy and discharge the same. This provision shall not apply to claims involving professional liability. This indemnification will survive the expiration or earlier termination of this Agreement.

14. **INSURANCE**

A. **Types of Insurance**

(1) **Workers' Compensation Insurance.** If Contractor employs any person to perform work under this Agreement, Contractor will procure and maintain:

(a) Workers' Compensation Insurance meeting the requirements of the State of California, and

(b) Employer's Liability Insurance with a policy limit of at least One Million Dollars (\$1,000,000) per accident or illness.

The policy will contain a waiver of subrogation in favor of Agency and its directors, officers, employees and agents.

(2) Commercial General Liability Insurance. Contractor will procure and maintain Commercial General Liability insurance providing bodily injury and property damage coverage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence or claim and a general aggregate limit of at least Two Million Dollars (\$2,000,000). This insurance will include, but not be limited to, premises and operations, contractual liability covering the indemnity provisions contained in this Agreement, personal injury, products and completed operations, and broad form property damage, and include a Cross Liability endorsement. Said Policy will protect the Contractor and the Agency in the same manner as though a separate policy had been issued to each, but nothing in said policy will operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.

(3) Comprehensive Automobile Liability Insurance. Contractor will procure and maintain Automobile Liability insurance on vehicles used in connection with its business in an amount not less than One Million Dollars (\$1,000,000) combined single limit per occurrence or claim. This insurance will provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

(4) Professional Liability Insurance. Contractor will maintain Professional Liability insurance covering Contractor's performance of this Agreement in an amount not less than One Million Dollars (\$1,000,000) per occurrence or claim.

B. Other Requirements

(1) Insurers. All insurance policies must be issued by a California admitted carrier. Insurance policies issued by surplus lines carriers are not acceptable absent the express written approval of Agency and the carrier is listed on the California DOI LASLI list. Policies must be issued by insurers must have a Best Financial Strength Rating of A- or better, and be in the Best Financial Size Category of VII or larger.

(2) Endorsements

(a) The company (ies) issuing all such policies will agree to give Agency thirty (30) days advance written notice of non-renewal or cancellation.

(b) The Commercial General Liability and Automobile Liability policies will include Agency, its directors, officer and employees as additional insureds.

(c) The Commercial General Liability and Automobile Liability policies will be primary to and not contributing with any insurance maintained by Agency.

(d) The inclusion of more than one insured will not affect the rights of such insureds as against one another; such policies will protect Contractor and Agency as though a separate policy had been issued to each, but inclusion of more than one insured will not increase the limits of the insurer's liability.

(3) Evidence of Insurance. Before commencing work, Contractor will provide Agency with a certificate or certificates of insurance evidencing the existence of the required insurance policies. Agency may request a duplicate original of such policies and endorsements. The Contractor may not violate or permit to be violated any conditions or provisions of said policies of insurance, and at all times will satisfy the requirements of the insurer for the purpose of maintaining the required insurance in effect.

(4) Notice to Agency. If any claim is made by any third person against the Contractor on account of any incident connected to the Agreement, the Contractor will promptly report the fact in writing to the Agency, giving full details of the claim.

(5) Self Insurance, Deductibles, and Retentions. Upon evidence of financial capacity satisfactory to the Agency, and Contractor's agreement to waive subrogation against the Agency respecting any and all claims that may arise, Contractor's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance. Contractor shall be responsible for payment of any deductible or retention on Contractor's policies without right of contribution from the Agency. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable. In the event that the policy of the Contractor or any subcontractor contains a deductible or self-insured retention, and in the event that the Agency seeks coverage under such policy as an additional insured, Contractor shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy for a lawsuit arising from or connected with any alleged act or omission of Contractor, subcontractor, or any of their officers, directors, employees, agents, or suppliers, even if Contractor or subcontractor is not a named defendant in the lawsuit.

(6) Subcontractors. Any person, firm, or corporation that the Contractor authorizes to work pursuant to this Agreement, including any subcontractor, is deemed to be the Contractor's agent and is subject to all applicable terms of this Agreement. Prior to the Contractor's start of the work, the Contractor agrees to require its subcontractors to procure and maintain, at the Contractor's (or its subcontractor's) sole cost and expense (and to prove to the Agency's reasonable satisfaction that it remains in effect throughout the performance of the work under this Agreement), the kinds of insurance described above. Such insurance must remain in effect throughout the term of this Agreement and will be at the sole cost and expense of the Contractor (or its subcontractors).

15. RECORDS

Agency and its authorized representatives, including the California State Auditor, may inspect and make copies of Contractor's books, records and data relating to the Agreement at any reasonable time and may audit and verify invoices submitted by Contractor. Contractor will provide such assistance as may be reasonably required in the course of such inspection and audit.

Contractor will maintain its records relating to this Agreement, and make them available for inspection, for a period of three (3) years after Agency makes final its payment to Contractor.

16. NONDISCRIMINATION

In connection with the performance of this Agreement, Contractor will not discriminate against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, gender identity, and denial of family care leave. Contractor and subcontractors will insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors will comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor will include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

17. COMPLIANCE WITH LAW

In connection with the performance of this Agreement, Contractor will comply with all applicable federal and state laws, including regulations of federal and state agencies, and with applicable local ordinances.

18. MODIFICATION

This Agreement may be modified or amended only by a written document signed by both parties.

19. TERMINATION

Agency may terminate this Agreement at any time and for any reason by written notice. Upon receiving notice of termination, Contractor will promptly deliver to Agency all materials prepared or obtained in performance of this Agreement and will not commit itself to any further expenditure of time or resources.

If the Agreement is terminated for any reason other than a breach or default by Contractor, Agency will pay Contractor, in accordance with the provisions of Sections 3 and 4, all sums actually due and owing from Agency for all services performed and all expenses incurred up to the day written notice of termination is given, plus any costs reasonably and necessarily incurred by Contractor to effect such termination. If the Agreement is terminated for breach or default, Agency will pay Contractor for only those services performed and expenses incurred in full accordance with the terms of this Agreement, up to the effective date of termination. Whether terminated for breach or for convenience, the Agency will not in any manner be liable for the Contractor's actual or projected lost profits had the Contractor completed the services required by this Agreement.

20. DISPUTE RESOLUTION

In the event of any dispute, the parties will promptly meet and confer, first at a staff level and then elevated to a meeting of executives, in a good faith attempt to resolve the dispute. If a dispute cannot be resolved by the parties independently, they may agree to submit such dispute to non-binding mediation by a mutually agreed-upon neutral third party with offices in the San Francisco Bay Area. The cost of mediation will be shared equally. Unless otherwise directed by Agency, Contractor will continue performance under this Agreement while matters in dispute are being resolved.

In the event the parties agree to mediation, the party proposing mediation will provide the other party with the names of three mediators (provided by the American Arbitration Association, JAMS, or other such organization), each of which is acceptable to that party. The other (second) party will select one of the three mediators and notify the first party of its selection within fifteen (15) days after receiving the names of the three mediators. If the second party fails to make a selection within this fifteen (15) day period, the first party may either select the mediator from among the three it proposed or may pursue its legal and equitable remedies through final and binding arbitration.

The parties will meet with the mediator within thirty (30) days of his/her selection and will discuss the dispute with the mediator in a good faith effort to reach an agreement. However, nothing in this section requires either party to make a concession or accept an offer. If the mediation does not resolve the matter to the satisfaction of both parties within sixty (60) days after the mediator is selected, either party may pursue its legal and equitable remedies through final and binding arbitration in the San Francisco Bay Area, in accordance with the rules and procedures of JAMS Inc., a private mediation and arbitration facilitator. Any dispute shall be strictly confidential between us and, except for our own representatives, will not be disclosed to any other person or entity. This section does not limit Agency's right to terminate the Agreement.

21. NOTICE

All notices will be given in writing by personal delivery, or first class mail, to the parties at the following addresses:

If to Agency: Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, CA 94402
Attention: Nicole Sandkulla, Chief Executive Officer

If to Contractor: Hanson, Bridgett, LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Attention: Allison Schutte, Partner

Notice given by mail will be deemed received two days after it is deposited in the United States mail postage prepaid, addressed as provided above.

Day-to-day communications will be between Nicole Sandkulla for Agency at (650) 349-3000, and Allison Schutte for Contractor at (415) 995-5823.

22. CONFLICT OF INTEREST

The Contractor warrants and represents that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code §§ 1090 et seq. or §§ 87100 et seq. during the performance of services under this Agreement. The Contractor further covenants that it will not knowingly employ any person having such an interest in the performance of this Agreement. Violation of this provision may result in this Agreement being deemed void and unenforceable.

Depending on the nature of the work performed, the Contractor may be required to publicly disclose financial interests under the Agency's Conflict of Interest Code. The Contractor agrees to promptly submit a Statement of Economic Interest on the form provided by Agency upon receipt.

No person previously in the position of director, officer, employee or agent of the Agency may act as an agent or attorney for, or otherwise represent, the Contractor by making any formal or informal appearance, or any oral or written communication, before the Agency, or any officer or employee of the Agency, for a period of twelve (12) months after leaving office or employment with the Agency if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award or revocation of a permit, license, grant or contract.

23. PUBLICITY

The Contractor, its employees, subcontractors, and agents will not refer to the Agency, or use any logos, images, or photographs of the Agency for any commercial purpose, including, but not limited to, advertising, promotion, or public relations without the Agency's prior written consent. Such written consent will not be required for the inclusion of the Agency's name on a customer list.

24. **WAIVER**

A waiver of any requirement of this Agreement must be in writing by an authorized representative of the party waiving the requirement. The waiver by either party of a breach of any requirement of this Agreement will not be deemed a waiver of any such breach in the future or of a breach of any other requirement.

25. **INTERPRETATION**

Section headings are solely for convenience and are not intended to affect the interpretation of the Agreement. The Agreement will be interpreted reasonably, not in favor of or against either party.

26. **ENTIRE AGREEMENT**

This Agreement including any exhibits or attachments, constitutes the complete agreement between the parties and supersedes any prior agreements, promises, and understandings whether written or oral. This Agreement may be modified or amended only by written instrument signed by both the Contractor and the Agency. In the event of a conflict between the terms and conditions of this Agreement and any Exhibit, the terms of this Agreement will control.

27. **NO THIRD PARTY RIGHTS**

The parties do not intend this Agreement to create rights in any third parties and nothing in this Agreement should be construed to do so.

28. **SEVERABILITY**

If any provision of this Agreement or any portion thereof is held to be invalid or unenforceable for any reason, that provision will be reformed and/or construed consistently with applicable law as nearly as possible to reflect the original intentions of this Agreement, and in any event such provision will be severable and will not affect the validity or enforceability of any other provision.

29. **BINDING ON SUCCESSORS**

All of the terms, provisions and conditions of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and legal representatives.

30. **AGENCY WARRANTIES**

The Agency makes no warranties, representations, either express or implied, beyond such as are explicitly stated in this Agreement.

31. **APPLICABLE LAW**

This Agreement, its interpretation and all work performed under it will be governed by the laws of the State of California.

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

By: *Neel Somakulla*
Chief Executive Officer

Date: *6/7/2019*

HANSON BRIDGETT LLP

By: *Allison Schutte*

Date: *6/12/19*

Title: *Partner*

Taxpayer ID Number: 94-1205338

Exhibit A

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

Legal Services

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.

FY 2019-20 SCOPE OF WORK

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, Urban Water Mgmt. Plans	\$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	\$80,000
RFA & BAWUA	\$2,000
<hr/> Total	<hr/> \$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.

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 or services provided to BAWSCA in connection to monitoring the FERC relicensing and Restore Hetch Hetchy litigation. 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 2019-20 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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LEGAL SERVICES AGREEMENT FOR FY 2020-21

THIS AGREEMENT is made as of this 1st day of July 2020, by and between the **Bay Area Water Supply & Conservation Agency** ("Agency") and **Hanson Bridgett LLP** ("Consultant").

WHEREAS, Agency desires to obtain specialized services in connection with legal counsel, and

WHEREAS, Consultant desires to perform such services and has represented that it is experienced and qualified to perform such services and has agreed to the scope of work and rates as attached and incorporated as Exhibits A & B.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. SCOPE OF SERVICES

Consultant will provide Agency the services set forth in Exhibit A in accordance with the terms and conditions of this Agreement. Agency may also engage Consultant for additional work as set forth in Section 3 below.

2. SCHEDULE

Consultant will commence work upon Agency's issuance of a Notice to Proceed and, unless the Agreement is terminated sooner pursuant to Section 19, will complete the work accordance with the Schedule included in Exhibit A.

3. COMPENSATION

The Consultant agrees to perform all of the services included in Section 1 for the total all-inclusive not-to-exceed amount of \$606,500, in accordance with Exhibit A. The total all-inclusive sum includes all labor, materials, taxes, profit, overhead, insurance, subconsultant costs and all other costs and expenses incurred by the Consultant.

The not-to-exceed amount is not guaranteed; compensation will be based on services actually rendered and expenses actually incurred. Agency will pay Consultant at the rates set forth on Exhibit B and will reimburse Consultant for out-of-pocket expenses reasonably and necessarily incurred in performing the work.

The Agency's CEO may from time to time request Consultant to perform additional tasks outside the scope of work described in Section 1, and not subject to the not-to-exceed amount described above. At Agency's request, Consultant will provide a proposal for such additional task(s). If engaged, such task(s) will be on a work directive basis and will include a separate not-to-exceed budget for each specific task.

4. MANNER OF PAYMENT

Consultant will submit detailed monthly invoices at the end of each month describing the work performed, the personnel performing the work, and their applicable hourly rates of compensation, which will be consistent with Exhibit B. Invoices will also include total expenditures to date and the remaining balance on the budgeted or not-to-exceed amount. Invoices will be prepared in a format acceptable to Agency.

Agency will pay for work satisfactorily performed within thirty (30) days after receipt of an invoice meeting the requirements of this section. Should Agency dispute the accuracy of any invoice, or deem Consultant's work unsatisfactory, Agency will notify Consultant within 30 days of receipt of such an invoice. Agency will only pay the undisputed portion of any invoice. Resolution of a dispute over an invoice will be pursuant to Section 20.

5. CHANGES

Agency may from time to time make changes to the scope of work by written notice to Consultant. If such changes increase, or decrease, the Consultant's cost of performing the work, or the time required for its completion, an equitable adjustment as mutually agreed will be made to the limit on compensation contained in Section 3, or the Schedule referred to in Section 2, or both. In the event that the Consultant encounters any unanticipated conditions or contingencies that may affect the scope of work or services, schedule, or the amount of compensation specified herein, the Consultant will notify the Agency immediately of such condition or contingency. The Consultant will explain the circumstances giving rise to the unforeseen condition or contingency and will suggest the proposed adjustment in schedule or compensation. Consultant will notify the Agency prior to the time that the Consultant performs work or services related to any proposed adjustment. Any agreed-upon changes will be memorialized in a written amendment to the Agreement.

6. CONSULTANT'S STATUS

Consultant is an independent Consultant and not a partner or agent of, nor a joint venturer with, Agency. Neither Consultant nor any of Consultant's officers or employees are employees of Agency for any purpose. Consultant will determine the means and methods by which the work is performed; Agency may, however, monitor Consultant's performance.

7. ASSIGNMENT

Consultant may not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of Agency.

8. SUBCONSULTANTS

Consultant may not subcontract any work to be performed under this Agreement without the prior written consent of Agency, except for minor administrative services.

The following subconsultant(s) is (are) approved by Agency for the following task(s):

- None

Consultant will be solely responsible for reimbursing any subconsultants and Agency will have no obligations to them.

9. KEY PERSONNEL

A material consideration in Agency's selection of Consultant is the experience and qualifications of the following persons.

- Allison Schutte

The Consultant agrees that these personnel will devote their personal attention to the work, as further described in Exhibit A. Consultant may substitute Key Personnel only with written approval of the Agency, which approval will not be unreasonably withheld. A request for substitution must demonstrate the replacement person's similar qualifications and experience for a position.

10. STANDARD OF CARE

Consultant will exercise the same degree of care, skill and diligence in the performance of the work as would be exercised by a reasonable professional performing similar work in the San Francisco Bay Area under similar circumstances. Consultant will re-perform, at no cost to Agency, services which fail to meet this standard. In the performance of its work, the Consultant represents that it (1) carries all applicable licenses, certificates, and registrations in current and good standing that may be required to perform the work; and (2) will retain all such licenses, certificates, and registrations in active status throughout the duration of this engagement.

11. OWNERSHIP OF WORK

All reports, plans and any other materials prepared, or in the process of being prepared, by Consultant under this Agreement are the property of Agency. Agency will be entitled to access to and copies of these materials during the progress of the work. Upon completion of the work, or earlier termination of this Agreement, all such materials in the possession of Consultant or any subconsultant will be delivered to Agency. Consultant may retain a copy of all materials produced under this Agreement, subject to the provisions of Section 12.

Any copyrightable work created by Consultant under this Agreement will be deemed a "work made for hire" for purposes of copyright law. Consultant agrees to execute any additional documents which may be necessary to evidence the assignment of all rights of copyright to Agency.

The Consultant represents and warrants that all materials prepared under this Agreement are original or developed from materials in the public domain (or both) and that all materials prepared under and services provided under this Agreement do not

infringe or violate any copyright, trademark, patent, trade secret, or other intellectual-property or proprietary right of any third party.

12. **CONFIDENTIALITY**

Consultant will hold in confidence any Agency materials to which the Consultant has access, or materials prepared by the Consultant during the course of this Agreement ("Confidential Information"). Consultant will exercise all reasonable precautions to prevent the disclosure of Confidential Information to anyone except the officers, employees, and agents of the Consultant as necessary to perform services under this Agreement. Consultant, its employees, subconsultants, and agents, may not release any Confidential Information, and any reports or other materials prepared by it under this Agreement, whether deemed confidential or not, without the prior written approval of Agency.

13. **INDEMNIFICATION**

Consultant will indemnify and hold harmless the Agency, its directors, officers, employees and agents from and against any and all suits, claims or actions arising out of (i) any injury to persons or damage to property that may occur, or that may be alleged to have occurred, to the extent caused by the performance of this Agreement by the Consultant and caused by the willful misconduct, negligent act or omission by Consultant, its employees, subconsultants or agents, or (ii) any allegation that materials or services provided by the Consultant under this Agreement infringe or violate any copyright, trademark, patent, trade secret, or any other intellectual-property or proprietary right of any third party.

The Consultant further agrees to defend any and all such suits, claims or actions, and pay all reasonable charges of attorneys and all other costs and expenses of defenses as they are incurred. If any judgment is rendered against the Agency or any of the other individuals enumerated above in any such action, the Consultant will, at its expense, satisfy and discharge the same. This provision shall not apply to claims involving professional liability. This indemnification will survive the expiration or earlier termination of this Agreement.

14. **INSURANCE**

A. **Types of Insurance**

(1) **Workers' Compensation Insurance.** If Consultant employs any person to perform work under this Agreement, Consultant will procure and maintain:

(a) Workers' Compensation Insurance meeting the requirements of the State of California, and

(b) Employer's Liability Insurance with a policy limit of at least One Million Dollars (\$1,000,000) per accident or illness.

The policy will contain a waiver of subrogation in favor of Agency and its directors, officers, employees and agents.

(2) Commercial General Liability Insurance. Consultant will procure and maintain Commercial General Liability insurance providing bodily injury and property damage coverage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence or claim and a general aggregate limit of at least Two Million Dollars (\$2,000,000). This insurance will include, but not be limited to, premises and operations, contractual liability covering the indemnity provisions contained in this Agreement, personal injury, products and completed operations, and broad form property damage, and include a Cross Liability endorsement. Said Policy will protect the Consultant and the Agency in the same manner as though a separate policy had been issued to each, but nothing in said policy will operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.

(3) Comprehensive Automobile Liability Insurance. Consultant will procure and maintain Automobile Liability insurance on vehicles used in connection with its business in an amount not less than One Million Dollars (\$1,000,000) combined single limit per occurrence or claim. This insurance will provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

(4) Professional Liability Insurance. Consultant will maintain Professional Liability insurance covering Consultant's performance of this Agreement in an amount not less than One Million Dollars (\$1,000,000) per occurrence or claim.

B. Other Requirements

(1) Insurers. All insurance policies must be issued by a California admitted carrier. Insurance policies issued by surplus lines carriers are not acceptable absent the express written approval of Agency and the carrier is listed on the California DOI LASLI list. Policies must be issued by insurers must have a Best Financial Strength Rating of A- or better, and be in the Best Financial Size Category of VII or larger.

(2) Endorsements

(a) The company (ies) issuing all such policies will agree to give Agency thirty (30) days advance written notice of non-renewal or cancellation.

(b) The Commercial General Liability and Automobile Liability policies will include Agency, its directors, officer and employees as additional insureds.

(c) The Commercial General Liability and Automobile Liability policies will be primary to and not contributing with any insurance maintained by Agency.

(d) The inclusion of more than one insured will not affect the rights of such insureds as against one another; such policies will protect Consultant and Agency as though a separate policy had been issued to each, but inclusion of more than one insured will not increase the limits of the insurer's liability.

(3) Evidence of Insurance. Before commencing work, Consultant will provide Agency with a certificate or certificates of insurance evidencing the existence of the required insurance policies. Agency may request a duplicate original of such policies and endorsements. The Consultant may not violate or permit to be violated any conditions or provisions of said policies of insurance, and at all times will satisfy the requirements of the insurer for the purpose of maintaining the required insurance in effect.

(4) Notice to Agency. If any claim is made by any third person against the Consultant on account of any incident connected to the Agreement, the Consultant will promptly report the fact in writing to the Agency, giving full details of the claim.

(5) Self-Insurance, Deductibles, and Retentions. Upon evidence of financial capacity satisfactory to the Agency, and Consultant's agreement to waive subrogation against the Agency respecting any and all claims that may arise, Consultant's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance. Consultant shall be responsible for payment of any deductible or retention on Consultant's policies without right of contribution from the Agency. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable. In the event that the policy of the Consultant or any subconsultant contains a deductible or self-insured retention, and in the event that the Agency seeks coverage under such policy as an additional insured, Consultant shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy for a lawsuit arising from or connected with any alleged act or omission of Consultant, subconsultant, or any of their officers, directors, employees, agents, or suppliers, even if Consultant or subconsultant is not a named defendant in the lawsuit.

(6) Subconsultants. Any person, firm, or corporation that the Contractor authorizes to work pursuant to this Agreement, including any subconsultant, is deemed to be the Consultant's agent and is subject to all applicable terms of this Agreement. Prior to the Consultant's start of the work, the Consultant agrees to require its subconsultants to procure and maintain, at the Consultant's (or its subconsultant's) sole cost and expense (and to prove to the Agency's reasonable satisfaction that it remains in effect throughout the performance of the work under this Agreement), the kinds of insurance described above. Such insurance must remain in effect throughout the term of this Agreement and will be at the sole cost and expense of the Consultant (or its subconsultants).

15. RECORDS

Agency and its authorized representatives, including the California State Auditor, may inspect and make copies of Consultant's books, records and data relating to the Agreement at any reasonable time and may audit and verify invoices submitted by Consultant. Consultant will provide such assistance as may be reasonably required in the course of such inspection and audit.

Consultant will maintain its records relating to this Agreement, and make them available for inspection, for a period of three (3) years after Agency makes final its payment to Consultant.

16. NONDISCRIMINATION

In connection with the performance of this Agreement, Consultant will not discriminate against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, gender identity, and denial of family care leave. Consultant and subconsultants will insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and subconsultants will comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Consultant will include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

17. COMPLIANCE WITH LAW

In connection with the performance of this Agreement, Consultant will comply with all applicable federal and state laws, including regulations of federal and state agencies, and with applicable local ordinances.

18. MODIFICATION

This Agreement may be modified or amended only by a written document signed by both parties.

19. TERMINATION

Agency may terminate this Agreement at any time and for any reason by written notice. Upon receiving notice of termination, Consultant will promptly deliver to Agency all materials prepared or obtained in performance of this Agreement and will not commit itself to any further expenditure of time or resources.

If the Agreement is terminated for any reason other than a breach or default by Consultant, Agency will pay Consultant, in accordance with the provisions of Sections 3 and 4, all sums actually due and owing from Agency for all services performed and all expenses incurred up to the day written notice of termination is given, plus any costs reasonably and necessarily incurred by Consultant to effect such termination. If the Agreement is terminated for breach or default, Agency will pay Consultant for only those services performed and expenses incurred in full accordance with the terms of this Agreement, up to the effective date of termination. Whether terminated for breach or for convenience, the Agency will not in any manner be liable for the Consultant's actual or projected lost profits had the Consultant completed the services required by this Agreement.

20. DISPUTE RESOLUTION

In the event of any dispute, the parties will promptly meet and confer, first at a staff level and then elevated to a meeting of executives, in a good faith attempt to resolve the dispute. If a dispute cannot be resolved by the parties independently, they may agree to submit such dispute to non-binding mediation by a mutually agreed-upon neutral third party with offices in the San Francisco Bay Area. The cost of mediation will be shared equally. Unless otherwise directed by Agency, Consultant will continue performance under this Agreement while matters in dispute are being resolved.

In the event the parties agree to mediation, the party proposing mediation will provide the other party with the names of three mediators (provided by the American Arbitration Association, JAMS, or other such organization), each of which is acceptable to that party. The other (second) party will select one of the three mediators and notify the first party of its selection within fifteen (15) days after receiving the names of the three mediators. If the second party fails to make a selection within this fifteen (15) day period, the first party may either select the mediator from among the three it proposed or may pursue its legal and equitable remedies through final and binding arbitration.

The parties will meet with the mediator within thirty (30) days of his/her selection and will discuss the dispute with the mediator in a good faith effort to reach an agreement. However, nothing in this section requires either party to make a concession or accept an offer. If the mediation does not resolve the matter to the satisfaction of both parties within sixty (60) days after the mediator is selected, either party may pursue its legal and equitable remedies through final and binding arbitration in the San Francisco Bay Area, in accordance with the rules and procedures of JAMS Inc., a private mediation and arbitration facilitator. Any dispute shall be strictly confidential between us and, except for our own representatives, will not be disclosed to any other person or entity. This section does not limit Agency's right to terminate the Agreement.

21. NOTICE

All notices will be given in writing by personal delivery, or first class mail, to the parties at the following addresses:

If to Agency: Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, CA 94402
Attention: Nicole Sandkulla, Chief Executive Officer

If to Consultant: Hanson, Bridgett, LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Attention: Allison Schutte, Partner

Notice given by mail will be deemed received two days after it is deposited in the United States mail postage prepaid, addressed as provided above.

Day-to-day communications will be between Nicole Sandkulla for Agency at (650) 349-3000, and Allison Schutte for Consultant at (415) 995-5823.

22. **CONFLICT OF INTEREST**

The Consultant warrants and represents that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code §§ 1090 et seq. or §§ 87100 et seq. during the performance of services under this Agreement. The Consultant further covenants that it will not knowingly employ any person having such an interest in the performance of this Agreement. Violation of this provision may result in this Agreement being deemed void and unenforceable.

Depending on the nature of the work performed, the Consultant may be required to publicly disclose financial interests under the Agency's Conflict of Interest Code. The Consultant agrees to promptly submit a Statement of Economic Interest on the form provided by Agency upon receipt.

No person previously in the position of director, officer, employee or agent of the Agency may act as an agent or attorney for, or otherwise represent, the Consultant by making any formal or informal appearance, or any oral or written communication, before the Agency, or any officer or employee of the Agency, for a period of twelve (12) months after leaving office or employment with the Agency if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award or revocation of a permit, license, grant or contract.

23. **PUBLICITY**

The Consultant, its employees, subconsultants, and agents will not refer to the Agency, or use any logos, images, or photographs of the Agency for any commercial purpose, including, but not limited to, advertising, promotion, or public relations without the Agency's prior written consent. Such written consent will not be required for the inclusion of the Agency's name on a customer list.

24. WAIVER

A waiver of any requirement of this Agreement must be in writing by an authorized representative of the party waiving the requirement. The waiver by either party of a breach of any requirement of this Agreement will not be deemed a waiver of any such breach in the future or of a breach of any other requirement.

25. INTERPRETATION

Section headings are solely for convenience and are not intended to affect the interpretation of the Agreement. The Agreement will be interpreted reasonably, not in favor of or against either party.

26. ENTIRE AGREEMENT

This Agreement including any exhibits or attachments, constitutes the complete agreement between the parties and supersedes any prior agreements, promises, and understandings whether written or oral. This Agreement may be modified or amended only by written instrument signed by both the Consultant and the Agency. In the event of a conflict between the terms and conditions of this Agreement and any Exhibit, the terms of this Agreement will control.

27. NO THIRD PARTY RIGHTS

The parties do not intend this Agreement to create rights in any third parties and nothing in this Agreement should be construed to do so.

28. SEVERABILITY

If any provision of this Agreement or any portion thereof is held to be invalid or unenforceable for any reason, that provision will be reformed and/or construed consistently with applicable law as nearly as possible to reflect the original intentions of this Agreement, and in any event such provision will be severable and will not affect the validity or enforceability of any other provision.

29. BINDING ON SUCCESSORS

All of the terms, provisions and conditions of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and legal representatives.

30. AGENCY WARRANTIES

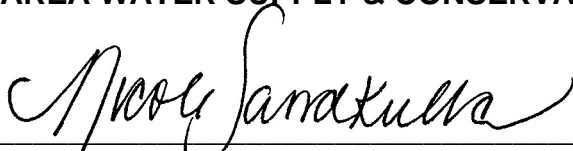
The Agency makes no warranties, representations, either express or implied, beyond such as are explicitly stated in this Agreement.

31. APPLICABLE LAW

This Agreement, its interpretation and all work performed under it will be governed by the laws of the State of California.

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

By: 
Chief Executive Officer

Date: June 3, 2020

HANSON BRIDGETT LLP

By: 

Date: June 1, 2020

Title: Partner

Taxpayer ID Number: 94-1205338

Exhibit A

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

Legal Services

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 2020-21.

FY 2020-21 SCOPE OF WORK

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 2020-21 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
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in ensuring that the SFPUC meets its legal and contractual obligations for water supply from the RWS considering ongoing risks 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: \$606,500

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

Conservation, FERC, Urban Water Mgmt. Plans	\$264,000
Water Supply Agreement Administration Fair Pricing	\$85,000
Water Supply Agreement Administration Reliability	\$95,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$80,500
BAWSCA	\$80,000
RFA & BAWUA	\$2,000
<hr/>	
Total	\$606,500

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 \$606,500. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2020-21

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 Restore Hetch Hetchy litigation. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2020-21 represent no increase compared to FY 2019-20 rates. BAWSCA will consider a rate increase proposal, if requested, from Hanson Bridgett for the period beginning January 1, 2021. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$606,500.

FY 2020-21 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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LEGAL SERVICES AGREEMENT FY 2021-2022

THIS AGREEMENT is made as of this 1st day of July 2021, by and between the **Bay Area Water Supply & Conservation Agency** (“Agency”) and Hanson Bridgett LLP (“Consultant”).

WHEREAS, Agency desires to obtain specialized services in connection with legal counsel, and

WHEREAS, Consultant desires to perform such services and has represented that it is experienced and qualified to perform such services and has agreed to a scope of work and rates a copy of which is attached and incorporated as Exhibits A & B.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. SCOPE OF SERVICES

Consultant will provide Agency the services set forth in Exhibit A in accordance with the terms and conditions of this Agreement. Agency may also engage Consultant for additional work as set forth in Section 3 below.

2. SCHEDULE AND TERM

Consultant will commence work upon Agency’s issuance of a Notice to Proceed and, unless the Agreement is terminated sooner pursuant to Section 19, will complete the work within the fiscal year in accordance with the Schedule included in Exhibit A.

3. COMPENSATION

The Consultant agrees to perform all of the services included in Section 1 for the total all-inclusive not-to-exceed amount of \$723,500 in accordance with Exhibit A. The total all-inclusive sum includes all labor, materials, taxes, profit, overhead, insurance, subcontractor costs and all other costs and expenses incurred by the Consultant.

The not-to-exceed amount is not guaranteed; compensation will be based on services actually rendered and expenses actually incurred. Agency will pay Consultant at the rates set forth in Exhibit B and will reimburse Consultant for out-of-pocket expenses reasonably and necessarily incurred in performing the work.

The Agency’s CEO/General Manager may from time to time request Consultant to perform additional tasks outside the scope of work described in Section 1, and not subject to the not-to-exceed amount described above. At Agency’s request, Consultant will provide a proposal for such additional task(s). If engaged, such task(s) will be on a work directive basis and will include a separate not-to-exceed budget for each specific task.

4. MANNER OF PAYMENT

Consultant will submit detailed monthly invoices at the end of each month describing the

work performed, the personnel performing the work, and their applicable hourly rates of compensation, which will be consistent with Exhibit A. Invoices will also include total expenditures to date and the remaining balance on the budgeted or not-to-exceed amount. Invoices will be prepared in a format acceptable to Agency.

Agency will pay for work satisfactorily performed within thirty (30) days after receipt of an invoice meeting the requirements of this section. Should Agency dispute the accuracy of any invoice, or deem Consultant's work unsatisfactory, Agency will notify Consultant within 30 days of receipt of such an invoice. Agency will only pay the undisputed portion of any invoice. Resolution of a dispute over an invoice will be pursuant to Section 20.

5. CHANGES

Agency may from time to time make changes to the scope of work by written notice to Consultant. If such changes increase, or decrease, the Consultant's cost of performing the work, or the time required for its completion, an equitable adjustment as mutually agreed will be made to the limit on compensation contained in Section 3, or the Schedule referred to in Section 2, or both. In the event that the Consultant encounters any unanticipated conditions or contingencies that may affect the scope of work or services, schedule, or the amount of compensation specified herein, the Consultant will notify the Agency immediately of such condition or contingency. The Consultant will explain the circumstances giving rise to the unforeseen condition or contingency and will suggest the proposed adjustment in schedule or compensation. Consultant will notify the Agency prior to the time that the Consultant performs work or services related to any proposed adjustment. Any agreed-upon changes will be memorialized in a written amendment to the Agreement.

6. CONSULTANT'S STATUS

Consultant is an independent contractor and not a partner or agent of, nor a joint venture with, Agency. Neither Consultant nor any of Consultant's officers or employees are employees of Agency for any purpose. Consultant will determine the means and methods by which the work is performed; Agency may, however, monitor Consultant's performance.

7. ASSIGNMENT

Consultant may not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of Agency.

8. SUBCONSULTANTS

Consultant may not subcontract any work to be performed under this Agreement without the prior written consent of Agency, except for minor administrative services.

Consultant will be solely responsible for reimbursing any subcontractors and Agency will have no obligations to them.

9. KEY PERSONNEL

A material consideration in Agency's selection of Consultant is the experience and qualifications of the following persons.

- *Allison Schutte*

The Consultant agrees that these personnel will devote their personal attention to the work, as further described in Exhibit A. Consultant may substitute Key Personnel only with written approval of the Agency, which approval will not be unreasonably withheld. A request for substitution must demonstrate the replacement person's similar qualifications and experience for a position.

10. STANDARD OF CARE

Consultant will exercise the same degree of care, skill and diligence in the performance of the work as would be exercised by a reasonable professional performing similar work in the San Francisco Bay Area under similar circumstances. Consultant will re-perform, at no cost to Agency, services which fail to meet this standard. In the performance of its work, the Consultant represents that it (1) carries all applicable licenses, certificates, and registrations in current and good standing that may be required to perform the work; and (2) will retain all such licenses, certificates, and registrations in active status throughout the duration of this engagement.

11. OWNERSHIP OF WORK

A. General

All reports, designs, drawings, plans, specifications, schedules, and other materials prepared, or in the process of being prepared for the services to be performed by Consultant, will be and are the property of the Agency. The Agency will be entitled to copies and access to these materials during the progress of the work. Any such materials remaining in the hands of the Consultant or in the hands of any subconsultant upon completion or termination of the work will be immediately delivered to the Agency. If any materials are lost, damaged, or destroyed before final delivery to the Agency, the Consultant will replace them at its own expense and the Consultant assumes all risks of loss, damage, or destruction of or to such materials. The Consultant may retain a copy of all material produced under this Agreement for its use in its general business activities.

Any and all rights, title, and interest (including without limitation copyright and any other intellectual-property or proprietary right) to materials prepared under this Agreement are hereby assigned to the Agency. The Consultant agrees to execute any additional documents that may be necessary to evidence such assignment.

The Consultant represents and warrants that all materials prepared under this Agreement are original or developed from materials in the public domain (or both) and that all materials prepared under and services provided under this Agreement do not infringe or violate any copyright, trademark, patent, trade secret, or other intellectual-property or proprietary right of any third party.

12. CONFIDENTIALITY

Consultant will hold in confidence any Agency materials to which the Consultant has access, or materials prepared by the Consultant during the course of this Agreement ("Confidential Information"). Consultant will exercise all reasonable precautions to prevent the disclosure of Confidential Information to anyone except the officers, employees, and agents of the Consultant as necessary to perform services under this Agreement. Consultant, its

employees, subcontractors, and agents, may not release any Confidential Information, and any reports or other materials prepared by it under this Agreement, whether deemed confidential or not, without the prior written approval of Agency.

13. INDEMNIFICATION

Consultant will defend, indemnify and hold harmless the Agency, its directors, officers, employees and agents from and against any and all suits, claims or actions arising out of (i) any injury to persons or damage to property that may occur, or that may be alleged to have occurred, arising from the performance of this Agreement by the Consultant and caused by the willful misconduct, negligent act or omission by Consultant, its employees, subcontractors or agents; or (ii) any allegation that materials or services provided by the Consultant under this Agreement infringe or violate any copyright, trademark, patent, trade secret, or any other intellectual-property or proprietary right of any third party;

The Consultant further agrees to defend any and all such suits, claims or actions, and pay all reasonable charges of attorneys and all other costs and expenses of defenses as they are incurred. If any judgment is rendered against the Agency or any of the other individuals enumerated above in any such action, the Consultant will, at its expense, satisfy and discharge the same. This indemnification will survive the expiration or earlier termination of this Agreement.

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A. Types of Insurance

(1) Workers' Compensation Insurance. If Consultant employs any person to perform work under this Agreement, Consultant will procure and maintain:

(a) Workers' Compensation Insurance meeting the requirements of the State of California, and

(b) Employer's Liability Insurance with a policy limit of at least One Million Dollars (\$1,000,000) per accident or illness.

The policy will contain a waiver of subrogation in favor of Agency and its directors, officers, employees and agents, while acting in such capacity, and their successors and assignees, as they now or as they may hereafter be constituted, singly, jointly, or severally.

(2) Commercial General Liability Insurance. Consultant will procure and maintain Commercial General Liability insurance providing bodily injury and property damage coverage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence or claim and a general aggregate limit of at least Two Million Dollars (\$2,000,000). This insurance will include, but not be limited to, premises and operations, contractual liability covering the indemnity provisions contained in this Agreement, personal injury, products and completed operations, and broad form property damage, and include a Cross Liability endorsement. Said Policy will protect the Consultant and the Agency in the same manner as though a separate policy had been issued to each, but nothing in said policy will operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.

(3) Comprehensive Automobile Liability Insurance. Consultant will procure

and maintain Automobile Liability insurance on vehicles used in connection with its business in an amount not less than One Million Dollars (\$1,000,000) combined single limit per occurrence or claim. This insurance will provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

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B. Other Requirements

(1) Insurers. All insurance policies must be issued by a California admitted carrier. Insurance policies issued by surplus lines carriers are not acceptable absent the express written approval of Agency and the carrier is listed on the California DOI LASLI list. Policies must be issued by insurers must have a Best Financial Strength Rating of A- or better, and be in the Best Financial Size Category of VII or larger.

(2) Endorsements

(a) The company (ies) issuing all such policies will agree to give Agency thirty (30) days advance written notice of non-renewal or cancellation.

(b) The Commercial General Liability and Automobile Liability policies (but not the Professional Liability policy) will include Agency, its directors, officers and employees as additional insureds.

(c) The Commercial General Liability and Automobile Liability policies will be primary to and not contributing with any insurance maintained by Agency.

(d) The inclusion of more than one insured on the Commercial General Liability and Automobile Liability policies will not affect the rights of such insureds as against one another; such policies will protect Consultant and Agency as though a separate policy had been issued to each, but inclusion of more than one insured will not increase the limits of the insurer's liability.

(3) Evidence of Insurance. Before commencing work, Consultant will provide Agency with a certificate or certificates of insurance evidencing the existence of the required insurance policies. Agency may request a duplicate original of such policies and endorsements. The Consultant may not violate or permit to be violated any conditions or provisions of said policies of insurance, and at all times will satisfy the requirements of the insurer for the purpose of maintaining the required insurance in effect.

(4) Notice to Agency. If any claim is made by any third person against the Consultant on account of any incident connected to the Agreement, the Consultant will promptly report the fact in writing to the Agency, giving full details of the claim.

(5) Self Insurance, Deductibles, and Retentions. Upon evidence of financial capacity satisfactory to the Agency, and Consultant's agreement to waive subrogation against the Agency respecting any and all claims that may arise, Consultant's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance. Consultant shall be responsible for payment of any deductible or retention on Consultant's policies without right of contribution

from the Agency. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable. In the event that the policy of the Consultant or any subcontractor contains a deductible or self-insured retention, and in the event that the Agency seeks coverage under such policy as an additional insured, Consultant shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy for a lawsuit arising from or connected with any alleged act or omission of Consultant, subcontractor, or any of their officers, directors, employees, agents, or suppliers, even if Consultant or subcontractor is not a named defendant in the lawsuit.

(6) Subconsultants. Any person, firm, or corporation that the Consultant authorizes to work pursuant to this Agreement, including any subcontractor, is deemed to be the Consultant's agent and is subject to all applicable terms of this Agreement. Prior to the Consultant's start of the work, the Consultant agrees to require its subcontractors to procure and maintain, at the Consultant's (or its subcontractor's) sole cost and expense (and to prove to the Agency's reasonable satisfaction that it remains in effect throughout the performance of the work under this Agreement), the kinds of insurance described above. Such insurance must remain in effect throughout the term of this Agreement and will be at the sole cost and expense of the Consultant (or its subcontractors).

15. RECORDS

Agency and its authorized representatives, including the California State Auditor, may inspect and make copies of Consultant's books, records and data relating to the Agreement at any reasonable time and may audit and verify invoices submitted by Consultant. Consultant will provide such assistance as may be reasonably required in the course of such inspection and audit.

Consultant will maintain its records relating to this Agreement, and make them available for inspection, for a period of three (3) years after Agency makes final its payment to Consultant.

16. NONDISCRIMINATION

In connection with the performance of this Agreement, the Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, citizenship, political activity or affiliation, national origin, ancestry, physical or mental disability, marital status, age, medical condition (as defined under California law), veteran status, sexual orientation, gender identity, gender expression, sex or gender (which includes pregnancy, childbirth, breastfeeding, or related medical conditions), taking or requesting statutorily protected leave, or any other characteristics protected under federal, state, or local laws. The Consultant shall take affirmative actions to ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, disability, national origin, or any other characteristic protected under state, federal, or local laws. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Consultant further agrees to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

17. COMPLIANCE WITH LAW

In connection with the performance of this Agreement, Consultant will comply with all applicable federal and state laws, including regulations of federal and state agencies, and with applicable local ordinances.

18. MODIFICATION

This Agreement may be modified or amended only by a written document signed by both parties.

19. TERMINATION

Agency may terminate this Agreement at any time and for any reason by written notice. Upon receiving notice of termination, Consultant will promptly deliver to Agency all materials prepared or obtained in performance of this Agreement and will not commit itself to any further expenditure of time or resources.

If the Agreement is terminated for any reason other than a breach or default by , Agency will pay Consultant, in accordance with the provisions of Sections 3 and 4, all sums actually due and owing from Agency for all services performed and all expenses incurred up to the day written notice of termination is given, plus any costs reasonably and necessarily incurred by Consultant to effect such termination. If the Agreement is terminated for breach or default, Agency will pay Consultant for only those services performed and expenses incurred in full accordance with the terms of this Agreement, up to the effective date of termination. Whether terminated for breach or for convenience, the Agency will not in any manner be liable for the Consultant's actual or projected lost profits had the Consultant completed the services required by this Agreement.

20. DISPUTE RESOLUTION

In the event of any dispute, the parties will promptly meet and confer, first at a staff level and then elevated to a meeting of executives, in a good faith attempt to resolve the dispute. If a dispute cannot be resolved by the parties independently, they may agree to submit such dispute to non-binding mediation by a mutually agreed-upon neutral third party with offices in the San Francisco Bay Area. The cost of mediation will be shared equally. Unless otherwise directed by Agency, Consultant will continue performance under this Agreement while matters in dispute are being resolved.

In the event the parties agree to mediation, the party proposing mediation will provide the other party with the names of three mediators (provided by the American Arbitration Association, JAMS, or other such organization), each of which is acceptable to that party. The other (second) party will select one of the three mediators and notify the first party of its selection within fifteen (15) days after receiving the names of the three mediators. If the second party fails to make a selection within this fifteen (15) day period, the first party may either select the mediator from among the three it proposed or may pursue its legal and equitable remedies through litigation.

The parties will meet with the mediator within thirty (30) days of his/her selection and will discuss the dispute with the mediator in a good faith effort to reach an agreement. However, nothing in this section requires either party to make a concession or accept an offer. If the mediation does not resolve the matter to the satisfaction of both parties within sixty (60) days after the mediator is selected, either party may pursue its legal and equitable remedies through litigation. Any lawsuit between the parties will be filed and prosecuted in the Superior Court of the State of California. The agreed venue is the County of San Mateo. This section does not limit

Agency's right to terminate the Agreement.

21. NOTICE

All notices will be given in writing by personal delivery, or first class mail, to the parties at the following addresses:

If to Agency: Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, CA 94402
Attention: Nicole Sandkulla, CEO/General Manager

If to Consultant: Hanson Bridgett. LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Attention: Allison Schutte, Partner

Notice given by mail will be deemed received two days after it is deposited in the United States mail postage prepaid, addressed as provided above.

Day-to-day communications will be between Nicole Sandkulla for Agency at (650) 349-3000, and Allison Schutte for Consultant at 415-995-5823.

22. CONFLICT OF INTEREST

The Consultant warrants and represents that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code §§ 1090 et seq. or §§ 87100 et seq. during the performance of services under this Agreement. The Consultant further covenants that it will not knowingly employ any person having such an interest in the performance of this Agreement. Violation of this provision may result in this Agreement being deemed void and unenforceable.

Depending on the nature of the work performed, the Consultant may be required to publicly disclose financial interests under the Agency's Conflict of Interest Code. The Consultant agrees to promptly submit a Statement of Economic Interest on the form provided by Agency upon receipt.

No person previously in the position of director, officer, employee or agent of the Agency may act as an agent or attorney for, or otherwise represent, the Consultant by making any formal or informal appearance, or any oral or written communication, before the Agency, or any officer or employee of the Agency, for a period of twelve (12) months after leaving office or employment with the Agency if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award or revocation of a permit, license, grant or contract.

23. PUBLICITY

The Consultant, its employees, subcontractors, and agents will not refer to the Agency, or use any logos, images, or photographs of the Agency for any commercial purpose, including, but not limited to, advertising, promotion, or public relations without the Agency's prior written

consent. Such written consent will not be required for the inclusion of the Agency's name on a customer list.

24. WAIVER

A waiver of any requirement of this Agreement must be in writing by an authorized representative of the party waiving the requirement. The waiver by either party of a breach of any requirement of this Agreement will not be deemed a waiver of any such breach in the future or of a breach of any other requirement.

25. INTERPRETATION

Section headings are solely for convenience and are not intended to affect the interpretation of the Agreement. The Agreement will be interpreted reasonably, not in favor of or against either party.

26. ENTIRE AGREEMENT

This Agreement including any exhibits or attachments, constitutes the complete agreement between the parties and supersedes any prior agreements, promises, and understandings whether written or oral. This Agreement may be modified or amended only by written instrument signed by both the Consultant and the Agency. In the event of a conflict between the terms and conditions of this Agreement and any Exhibit, the terms of this Agreement will control.

27. NO THIRD PARTY RIGHTS

The parties do not intend this Agreement to create rights in any third parties and nothing in this Agreement should be construed to do so.

28. SEVERABILITY

If any provision of this Agreement or any portion thereof is held to be invalid or unenforceable for any reason, that provision will be reformed and/or construed consistently with applicable law as nearly as possible to reflect the original intentions of this Agreement, and in any event such provision will be severable and will not affect the validity or enforceability of any other provision.

29. BINDING ON SUCCESSORS

All of the terms, provisions and conditions of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and legal representatives.

30. AGENCY WARRANTIES

The Agency makes no warranties, representations, express or implied, beyond such as are explicitly stated in this Agreement.


31. APPLICABLE LAW

This Agreement, its interpretation and all work performed under it will be governed by the

laws of the State of California.

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

By: 
Chief Executive Officer/General Manager

Date June 10, 2021

HANSON BRIDGETT, LLP

By: 

Date July 6, 2021

Title: Partner

Taxpayer ID Number: 94-1205338

EXHIBIT A

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

Legal Services

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 2021-22.

FY 2021-22 SCOPE OF WORK

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 2021-22 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:

- Legal support for implement of the 2009 WSA including the draft amendment related to transfer of Individual Supply Guarantee and Minimum Purchase Obligation
- 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
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in ensuring that the SFPUC meets its legal and contractual obligations for water supply from the RWS considering ongoing risks 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: \$723,500

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

Conservation, FERC, Urban Water Mgmt. Plan	\$380,000
Water Supply Agreement Administration Fair Pricing	\$112,000
Water Supply Agreement Administration Reliability	\$68,500
SFPUC 10-Year CIP, WSIP and Water Reliability	\$41,000
BAWSCA (General legal)	\$120,000
<u>RFA & BAWUA (General legal)</u>	<u>\$2,000</u>
Total	\$723,500

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 \$723,500. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2021-22

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters, including legal services to complete the Water Supply Agreement amendment, the Bay Delta Plan update, and services provided to BAWSCA in connection with the FERC relicensing. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2021-22 represent an approximate 5% increase compared to the last rate increase of approximately 3% in FY 2019-20. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$723,500.

FY 2021-22 RATES

Partner	\$420/hour
Senior Counsel	\$375/hour
Associates	\$350/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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From: pol1@rosenblums.us
To: [Nicole Sandkulla](mailto:Nicole.Sandkulla)
Subject: FW: BAWSCA Response to March 11 Public Records Act Request
Date: Monday, May 2, 2022 9:37:46 PM
Attachments: [image001.png](#)
[BAWSCA.zip](#)
[22_April19_LTO_SRosenblum_Disclosing_Records_Final.pdf](#)

Dear Ms. Sandkulla:

Thank you for sending me these materials.

I have a follow-up Public Records Act request. Please send me the supporting documents related to BAWSCA's agreements with Hanson-Bridgett, including the contracts, schedules and fees for service. I'm particularly interested in the detail behind the invoices that shows time spent and cost by matter addressed, along with any other means used to justify the amounts billed.

Thank you.
Sincerely,
Stephen Rosenblum
Palo Alto

From: Nicole Sandkulla <NSandkulla@bawasca.org>
Sent: Tuesday, April 19, 2022 2:55 PM
To: pol1@rosenblums.us
Cc: Lourdes Enriquez <LEnriquez@bawasca.org>; aschutte@hansonbridgett.com
Subject: BAWSCA Response to March 11 Public Records Act Request

Dear Mr. Rosenblum,

This email transmits my letter and corresponding files in response to your Public Records Act Request of March 11, 2022.

Regards,
Nicole Sandkulla

Nicole M. Sandkulla
Chief Executive Officer/General Manager
Bay Area Water Supply and Conservation Agency
155 Bovet Road, Suite 650
San Mateo, CA 94402
Ph: (650) 349-3000
Cell: (650) 743-6688
EMail: NSandkulla@BAWSCA.org
Website: www.BAWSCA.org

Every drop counts. Use water wisely.



Make the change to
California native plants
and use less water.



SaveOurWater.com



BY ELECTRONIC MAIL ONLY

April 19, 2022

Stephen Rosenblum
Pol1@rosenblums.us

Dear Mr. Rosenblum,

We have conducted a diligent search for records responsive to your public records request, dated Friday, March 11, 2022. Responsive records are attached as a .zip file in the email that transmits this letter.

The attached records describe funding for legal services in BAWSCA Operating Budgets from 2019 to present. Please note that the legal services budget items include all of BAWSCA's legal representation in a wide variety of matters. Litigation related to the Bay Delta Plan Update represents only a fraction of the costs covered by these amounts.

This concludes BAWSCA's response to your March 11 request.

Sincerely,

A handwritten signature in blue ink that reads "Nicole Sandkulla". The signature is fluid and cursive, written over the printed name.

Nicole Sandkulla
CEO/General Manager

cc: Allison Schutte, Hanson Bridgett, LLP

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Proposed Fiscal Year 2018-19 Work Plan and Operating Budget**

Summary:

This memorandum presents the proposed Fiscal Year 2018-19 Work Plan and Results to be Achieved, proposed Operating Budget, and proposed considerations for funding the Operating Budget. Comments received from the Board at the January 18, 2018 Budget Planning Session have been reviewed and addressed. The proposed Work Plan represents the CEO's recommendations for those comments and feedback provided by the Committee in February.

The proposed Work Plan is 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, scenario planning (i.e., new water supply options, etc.) through the use of the newly developed regional water supply reliability modeling tool for the BAWSCA service area, continuation of activities to support BAWSCA member agency efforts to meet new State of California "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 in the Federal Energy Regulatory Commission (FERC) proceedings associated with the licensing of Don Pedro Reservoir, and participation in the Restore Hetch Hetchy litigation in which BAWSCA is a named party. BAWSCA also proposes to continue increasing its oversight of the SFPUC's Capital Improvement Program and Regional Water System Asset Management Program, as well as initiate an audit of SFPUC's asset management practices.

The proposed FY 2018-19 Operating Budget is \$3,901,085, which is 5.3% above the current FY 2017-18 Operating Budget. The proposed Operating Budget represents approximately an 8-cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$2.16 per person per year. Considerations for funding the proposed Operating Budget are presented below for further discussion. Based on an evaluation of four funding alternatives, the Board Policy Committee voted to recommend a 1% assessment increase combined with a transfer from the General Reserve to fund the proposed Operating Budget.

Board Policy Committee Action:

At its April 11 meeting, the Board Policy Committee voted 5 to 3 in support of the recommendation below. In addition, the Committee asked for further information about potential large cost project expenditures (budget items) in the future that the Board may want to be aware of as part of its continued deliberation of how to fund the FY 2018-19 Operating Budget and beyond. This information is provided in Table 4 of this memo.

Recommendation:

That the Board approve the:

- 1. Proposed Fiscal Year 2018-19 Work Plan and Results to be Achieved,**
- 2. Proposed Operating Budget of \$3,901,085, and**
- 3. Proposed funding plan of a 1% assessment increase and a transfer of \$321,688 from the General Reserve.**

Discussion:

Proposed Work Plan:

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

The proposed FY 2018-19 Work Plan includes the following major efforts:

- Oversight of the SFPUC's Water System Improvement Program (WSIP), 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program, including the following actions:
 - Secure legislative extension of State oversight on WSIP through completion.
 - Complete the comparison study of long-term CIP development efforts of SFPUC and other major water utilities.
 - Initiate an audit of the SFPUC's asset management practices per Section 3.10c of the 2009 Water Supply Agreement.
- Implementation of BAWSCA's Strategy, as documented in the Strategy Phase II Final Report, including the following actions:
 - Complete Phase 2 pre-feasibility studies for two potential purified water projects in partnership with SFPUC, Silicon Valley Clean Water, SCVWD, and others. Engage with advocacy groups (e.g., WaterReuse) to access and exchange critical 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 (BARR) Partnership Bay Area Regional Water Market (Exchange/Transfer) Program, with inclusion of BAWSCA's Pilot Water Transfer.
 - Participate in Los Vaqueros Expansion Studies to ensure participation in 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, participation in San Mateo County's Basin Assessment, and other multi-party efforts.
- Evaluate potential water supply projects using BAWSCA's new regional water 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:
 - Implement a new Residential Indoor-Outdoor Water Use Study.
 - Implement a new Pilot Regional/Commercial/Industrial (CII) Audit Program.
 - Implement a new Water Loss Control Subscription Program.
 - Develop and implement a Regional Source Meter Testing Plan.
- 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, including addressing the upcoming 2018 decisions and contractual drought allocation methods;

- Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party;
- Participate in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented;
- Participate in the Don Pedro Project and La Grange Project FERC proceedings to protect regional water supplies;
- Administer the 2009 Water Supply Agreement (WSA), including development and adoption of up to four amendments to the 2009 WSA; and
- Administer BAWSCA's bonds.

Table 1 presents the proposed FY 2018-19 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the items 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 2018-19: There are four new, significantly rescoped, or expanded activities included in the proposed FY 2018-19 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 an audit of SFPUC's asset management practices for the Regional Water System (RWS)

Estimated FY 2018-19 Cost: \$55k

Through this task, BAWSCA would perform an audit of the SFPUC's asset management practices for the RWS. The 2009 Water Supply Agreement (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 a final audit report. The scope and schedule for this audit is not complete at this time. Outside consultant services will be used to perform this audit with support and management provided by BAWSCA staff.

2. Implement BAWSCA's "Making Water Conservation a Way of Life" Phase 2 Plan
Estimated FY 2018-19 Cost: \$187k

The primary goal of this activity is to support BAWSCA member agencies in meeting the new water use efficiency targets as established by the "Making Conservation a California Way of Life" Executive Order and subsequent legislative actions. BAWSCA has been phasing critical tasks over three fiscal years, beginning in FY 2017-18, to align with the proposed State schedule for implementation.

Phase 1 will be completed in FY 2017-18. A report documenting the results of Phase 1 will be completed by June 2018, including the two key results:

- Assessment of member agency existing data and technical capabilities to complete required landscape area measurement calculations, and to assess their existing processes and capabilities for necessary Commercial, Industrial, and Institutional (CII) account classifications.
- Development of a plan that identifies respective BAWSCA and member agency roles in developing information necessary for compliance with new State conservation

requirements.

These early results have formed the basis for the development of a preliminary Phase 2 scope of work. The proposed Phase 2 scope includes the following critical results:

- Complete an Indoor-Outdoor Water Use Study that will determine current indoor and outdoor residential water use for BAWSCA member agencies and evaluate efficiency relative to proposed State standards. Cost estimate = \$114,500
- Implement a pilot program that will test up to three different options for meeting the CII Water Audit requirements that may include a web-based self-audit, staff training to support agency-led audits, and a software tool to facilitate agency-led audits. Cost estimate = \$32,500
- Implement a Regional Water Loss Management Subscription Program to assist agencies in complying with SB 555 requirements. This work item also includes the creation of a BAWSCA Water Loss Control Workgroup open to all member agencies to support their efforts to reduce water losses, improve data quality, and comply with regulations. Cost estimate = \$27,500
- Assist in the development and implementation of a Regional Source Member Testing Plan to help insure that agency questions regarding regional source meter testing and calibration are addressed and to help coordinate ongoing data and testing requirements between member agencies and the SFPUC to support SB 555 compliance. Cost estimate = \$12,500

The proposed scope and estimated cost included in the proposed Work Plan are based on results and input received to date from the member agencies.

**3. Participation in BARR Water Marketing Strategy Project with inclusion of BAWSCA's Pilot Water Transfer
Estimated FY 2018-19 Cost: \$57k**

Eight of the Bay Area's largest public water agencies are working together through the Bay Area Regional Reliability (BARR) partnership toward regional solutions to improve water supply reliability. In September, the U.S. Bureau of Reclamation notified BARR agencies of a successful \$400,000 grant award for the Bay Area Regional Water Market Program to test the concept of interagency water transfers and exchanges.

BAWSCA is promoting the inclusion of the BAWSCA Pilot Water Transfer as part of this study. Indications are that BARR agencies are supportive of that possibility. The cost included in the proposed Work Plan reflects inclusion of BAWSCA's Pilot Water Transfer in BARR, support for necessary CEQA compliance, and completion of necessary agreements with transfer partners and other participating agencies. Implementation of the Pilot Water Transfer is anticipated to occur in FY 2019-20, coincident with a shutdown on the Hetch Hetchy system, so costs to implement the pilot water transfer (e.g., purchase of the water, any necessary storage) are not included at this time.

**4. Develop & Implement Online Video Water-Efficient Landscape Education Classes
Estimated FY 2018-19 Cost: \$30k**

BAWSCA began offering Water-Efficient Landscape Education Classes throughout the BAWSCA region in Spring 2006. Through Fall 2017, 12,747 water customers have participated in a BAWSCA supported landscape class. There have been no major changes to the structure of these classes since inception. During the drought, there was increasing customer interest in accessing this education material, especially in support of BAWSCA's turf removal rebate program, the Lawn Be Gone Program. Updating

BAWSCA's landscape education materials and developing educational videos to support BAWSCA's water-efficient landscape program will continue to promote water-efficient gardens throughout the service area. These materials and videos will be made available to member agencies for their independent use and educational purposes.

Results of January 18, 2018 Work Plan and Budget Preparation Planning Session: During BAWSCA's January 18, 2018 meeting, a work plan and budget 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 2018-19 Work Plan and results to be achieved.

Potential Future Large Cost Project Expenditures: During the April 11 Board Policy Committee, staff was requested to identify for the Board its "crystal ball" 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 2018-19 and beyond. Table 4 presents this requested information as can be identified at this time.

Alternatives to the Proposed Work Plan and Results to be Achieved: The proposed Work Plan includes (1) the development and implementation of new online video water-efficient landscape education classes, (2) the initiation of an audit of the SFPUC's asset management practices for the Regional Water System, and (3) the organization and hosting of a workshop on Advanced Metering Infrastructure (AMI) and innovative water conservation technologies. These three work areas are budgeted with \$30k, \$55k, and \$4k respectively. If the goal is to reduce the proposed Operating Budget, an alternative to the proposed Work Plan would be to reduce effort or remove one or more of these new activities.

In addition, the proposed Work Plan anticipates analyzing three different scenarios using BAWSCA's new regional water supply reliability modeling tool as recommended by the water resources team to support BAWSCA's evaluation of future water supply projects. The number of scenarios could be reduced to two with an associated reduction in cost of \$50k.

Proposed FY 2018-19 Operating Budget:

The proposed Operating Budget of \$3,901,085 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 fourth year of funding.

Explanation and Alternatives for Salaries and Benefits: The increase for salaries and benefits of \$27,208 shown in the proposed budget is a result of a variety of changes. These changes include increases in health benefit costs and salary adjustments. The proposed Operating Budget also includes the following for all employees except the CEO:

- \$25,670 for a COLA adjustment to existing FY 2017-18 top step salary
- \$30,651 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 3.084% 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.

The Board authorized modification of the Senior Administrative Analyst position to a Finance Manager position in July 2017. Because of the timing at the beginning of the fiscal year, the July Board action did not provide for an increased budget allowance associated with the salary range for the new position. It is appropriate for the FY 2018-19 Operating Budget to reflect the Board's action. The merit allowance values above reflect that modification. At the same time, the budget allowance for Mr. Art Jensen has been reduced significantly, providing an offset for these increases and resulting in a net increase in total salaries and benefits of \$27,208.

Consistent with practice over the past two years, a budget allowance of \$21,365 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 2017-18.

Funding Considerations for the Proposed Operating Budget: Four principles have historically been used by BAWSCA when considering how to fund the proposed 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 2017-18 funding plan increased assessments to \$3,543,957 (a 3% increase) and used \$160,615 from the General Reserve to fund the FY 2017-18 Operating Budget, thereby enabling the General Reserve to remain within the budgetary guidelines established by the Board. BAWSCA's General Reserve Policy identifies a range of 20% to 35% of the budget year's operating expense as a budgetary guideline for the General Reserve balance.

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix J 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 2017-18 Operating Budget will be 95% expended at year end, or an estimated unspent budget of \$185,229 at the end of the fiscal year. Any post-audit excess funds will be transferred to the General Reserve in Fall 2018.

As of January 31, 2018, the General Reserve balance exceeds the upper end of the budgetary guideline at \$1,561,144, or 42% of the FY 2017-18 Operating Budget. At the same time, given the outstanding 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.

Alternatives for Funding the Proposed Operating Budget: Based on feedback received from the Board at its March meeting, four alternatives (0%, 1%, 2%, and 3% assessment increase) for funding the Proposed FY 2018-19 Operating Budget are presented in Table 6. In each case, before the transfer of any surplus FY 2017-18 funds to the General Reserve, the General Reserve balance is within the budgetary guideline of 20% to 35%, ranging from 31% to 34% of the Operating Budget.

For each of the four funding alternatives examined, Table 6 presents an estimate of the potential General Reserve balance for FY 2018-19 assuming \$185,229 in surplus FY 2017-18 funds is transferred to the General Reserve at the end of the fiscal year. In each case, when considering the potential impact of an estimated surplus funds transfer, the General Reserve balance is outside the budgetary guideline at 36% to 38% of the FY 2018-19 Operating Budget.

Table 6 also presents a calculation of the Annual Assessment to Budget ratio for each funding alternative evaluated with the results ranging from 91% to 95%.

Table 1. FY 2018-19 Work Plan and Results to Be Achieved (Proposed)

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

RELIABLE WATER SUPPLY

- 12.7%** 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.*
 - 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.
 - d. *Initiate audit of SFPUC's asset management practices per WSA Section 3.10.c.*
- 12.2%** 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 Phase 2 pre-feasibility studies for two potential purified water projects in partnership with SFPUC, Silicon Valley Clean Water and Santa Clara Valley Water District.* Engage with advocacy groups (e.g. WaterReuse) to access and exchange critical technical, legislative, and legal information to support these studies.
 - b. *Finalize Pilot Water Transfer Agreements with EBMUD, Hayward, & others to implement a pilot water transfer in FY 2019-20.*
 - c. *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.*
 - d. Participate in CCWD’s Los Vaqueros Expansion Studies to ensure BAWSCA’s interests are considered in upcoming decisions.
 - e. Promote the continued sustainable use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Basin Partnership, participation in San Mateo County’s Basin Assessment Program, and other multi-party groundwater efforts.
 - f. Facilitate development of other local water supply options including monitoring/tracking member agency efforts.
 - g. Perform up to three regional water supply reliability model scenario studies to analyze adequacy & flexibility of existing water supplies under various stresses (e.g., drought, policy changes) & identify how add’l regional water supplies can enhance reliability.
- 14.6%** 3. **Near-term Supply Solutions: Water Conservation and Drought Response**
- a. *Implement Phase 2 of BAWSCA’s “Making Water Conservation a Way of Life” work plan:*
 - *Implement a Residential Indoor-Outdoor Water Use Study.*
 - *Implement a Pilot Regional/Commercial/Industrial/Institutional (CII) Audit Program.*
 - *Implement a new subscription conservation program, the Water Loss Control Subscription Program.*
 - *Develop and implement a Regional Source Meter Testing Plan.*
 - *Represent member agencies in regional and State-level discussions relative to the development of guidelines to implement the “Making Water Conservation a Way of Life” framework (assumes that regulations will pass in FY 2017-18).*
 - 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.
 - d. Administer subscription conservation rebate programs that benefit, and are paid for by, participating member agencies.
 - e. *Organize and host a workshop on automated metering instrumentation (AMI) and/or innovative water conservation technologies.*

- 7.2%** **4. Take Actions to Protect Members' Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
- a. Prepare temporary extension of existing Tier 2 drought allocation plan that expires Dec. 2018.
 - b. Develop principles for a new Tier 1 and Tier 2 drought allocation plan that aligns with the proposed State Water Shortage Contingency Plan requirements and new State conservation requirements.
 - c. Protect members' water supply and financial interests in the SFPUC's upcoming 2018 decisions (including possible extension(s) of said decisions) and associated Water Management Action Plan (WaterMAP).
 - d. Protect members' water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals.
- 11.5%** **5. Protect Members' Interests in a Reliable Water Supply**
- a. Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.
 - b. Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented.
 - c. 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, including possible opportunities that may be available in the event that a proposed 2018 California Water Bond vote is successful.
- 0.5%** **7. Reporting and Tracking of Water Supply and Conservation Activities**
- a. Complete BAWSCA FY 2017-18 Annual Survey.
 - b. Complete BAWSCA FY 2017-18 Annual Water Conservation Report.
 - c. In partnership with member agencies, operate and maintain BAWSCA's Water Conservation Database.

HIGH QUALITY WATER

- 1.2%** **8. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues**
- a. Coordinate member agency participation in Water Quality Committee established by the 2009 Water Supply Agreement 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

- 14.0%** **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. Support development & member agency adoption of up to four contract amendments to address resolution of several issues including FY 2010-11 WRR settlement, implementation of the RGSR project and *SFPUC's anticipated 2018 decisions*.
 - c. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.

AGENCY EFFECTIVENESS

- 5.2%** **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.
- 20.4%** **11. Manage the Activities of the Agency Professionally and Efficiently**

Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2018-19
(New/Expanded items shown in *blue italic font*)

<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. <i>Implementation of a BAWSCA Pilot Water Transfer.</i>
<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><i>other than tours done in coordination with San Francisco.</i></u>

**Table 3. FY 2018-19 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	BAWSCA should develop a plan or an approach that supports member agency resiliency to recover following an unforeseen event and or disaster	At this time, the proposed FY 2018-19 Work Plan does not include a task to develop a regional emergency resiliency plan. BAWSCA actively supports the Regional Water System emergency exercises coordinated by the SFPUC with the member agencies. In April 2016, the SFPUC completed the Mountain Tunnel Emergency Response Plan which identifies specific actions to be taken by the SFPUC in the event of an extended Hetch Hetchy outage emergency. As part of that Plan, BAWSCA worked with the SFPUC and the member agencies to identify flexibility within the region for the use of local supplies to mitigate the impact of a Hetch Hetchy emergency. BAWSCA proposes to continue to look for opportunities to expand emergency preparedness among the member agencies.
2	Kuta	BAWSCA should evaluate and track SFPUC’s Asset Management Program to ensure that assets are fully utilized and adequately maintained	Included in Task 1.d. BAWSCA continued to increase its oversight of the SFPUC’s CIP in FY 2017-18. Task 1.d of the proposed FY 2018-19 Work Plan includes BAWSCA initiation of an audit of SFPUC’s asset management practices. BAWSCA’s ability to audit said practices is provided for in Section 3.10.c. of the 2009 Water Supply Agreement.
3	Mendall	BAWSCA should, in the mid-term, extend the horizon for its Water Supply Planning studies (e.g., demand studies) through 2050, consistent with the timeline employed for BAWSCA’s identified long-range challenges	Not included in the proposed FY 2018-19 Work Plan. BAWSCA is planning to update overall water demand and supply projections for the member agencies through 2050 in FY 2019-20. This timing will coincide with agency-specific schedules for updates of their Urban Water Management Plans. This task is not recommended for FY 2018-19 as the specifics of implementing “Making Water Conservation a California a Way of Life” will not be clear until next fiscal year. Updated water demand projections are a component of implementation of BAWSCA’s Long-Term Reliable Water Supply Strategy.
4	Mendall	BAWSCA should plan for future budgetary needs associated with water supply planning to determine alternative funding mechanisms (e.g., one-time assessment, building and using financial reserve)	This fiscal year, BAWSCA is in discussion with legal counsel and others regarding potential alternatives available. One alternative is the creation of a new long-term planning reserve, in which surplus funds at the end of the year can be transferred into it for use on specified long-term planning studies per Board direction. A discussion item related to this potential new reserve is agendized for the February 14, 2018 Board Policy Committee meeting.

5	Mendall	As “new” technologies are employed by member agencies (such as AMI), implement a means to improve knowledge and information sharing amongst member agencies (i.e., regular or recurring workshops) on emerging technologies	Included in Task 3.e. For FY 2018-19, BAWSCA is proposing to organize and host a workshop on automated metering infrastructure (AMI) and innovative water conservation technologies. BAWSCA has held workshops in past years to foster knowledge sharing among our member agencies. BAWSCA has found such information sharing workshops to be highly effective at providing information to member agencies on new and emerging technologies and their implementation.
6	Mendall	Host a workshop or promote information sharing on the topic of “water loss audits and new state conservation requirements” such that member agencies can compare how individual agencies are addressing the topics	Included in Task 3.a. BAWSCA is taking a phased approach to the implementation of “Making Water Conservation a Way of Life”. Phase 1 will be completed in FY 2017-18 and Phase 2 will commence at the start of FY 2018-19. As part of Phase 2, BAWSCA is proposing to conduct two pilot projects (one on outdoor water budgeting and a second on commercial, industrial and institutional account (CII) classifications). BAWSCA is also proposing to implement a new subscription program to assist agencies in meeting the State’s new water loss control requirements. BAWSCA will continue to represent member agencies in regional and State-level discussions relative to the development of guidelines to implement the “Making Water Conservation a California Way of Life” framework.
7	Mendall	BAWSCA should develop and implement an approach to sharing information regarding new water utility related technologies that may be of interest to member agencies (e.g., biotechnologies and their use in water purification, AMI systems, etc.) – <i>voiced in support of Zigterman comment (see comment #14 in this table)</i>	Included in Task 3.e. Refer to the response to Question 5.
8	Pierce	Many of the comments by fellow Board Members appear to already be listed on the table provided by BAWSCA’s CEO / GM. As a “next step”, BAWSCA staff should point out whether these requests fall within the proposed work plan and results to be achieved	Agreed. Responses in this table are formatted to speak to whether the requests are included in the proposed work plan and results to be achieved.

9	Richardson	Collaborate with WaterNow Alliance on partnership opportunities that could prove mutually beneficial	Included in Task 11.b. As part of this task, BAWSCA staff will maintain a dialogue with responsible environmental and other groups, including WaterNow Alliance. In FY 2017-18, BAWSCA partnered with WaterNow Alliance on a grant proposal to the Santa Clara Valley Water District to secure monies to implement a pilot program to investigate emerging customer-focused automated water meter technologies. BAWSCA's CEO/GM will be attending the upcoming WaterNow Alliance annual summit on March 28 and 29, 2018, to continue to build a relationship with that organization.
10	Schmid	BAWSCA should have ongoing dialogue and continued involvement with the Association of Bay Area Governments (ABAG) and the Metropolitan Planning Commission (MPC) as it relates to their Plan Bay Area efforts	Included in Task 11.c. In FY 2018-19, BAWSCA proposes to continue the ongoing dialogue with ABAG as it relates to its Plan Bay Area efforts and the potential impact on regional water supplies and water reliability. In FY 2019-20, as part of the updated water demand studies, BAWSCA will work with its member agencies to identify how growth as proposed by Plan Bay Area 2040 is incorporated into the member agencies long-term plans and how it may impact predicted water needs.
11	Weed	BAWSCA should encourage the State to apply guidelines regionally (as it relates to water supply development efforts) akin to policies and procedures as proposed by ACWA	Included in Task 11.b. In FY 2018-19 and beyond, BAWSCA will continue to work to strengthen the relationship(s) with responsible groups in charge of the permitting and approval of BAWSCA's water supply initiatives and interests (e.g. State Water Resources Control Board, Department of Water Resources, California Fish and Wildlife Department). As part of that ongoing dialogue, BAWSCA will encourage regulators to promote regional approaches to water supply development.
12	Weed	BAWSCA should provide information regarding alternative rate structures that could enable member agencies to avoid (or lessen) the financial hardships incurred during times of drought (when water sales are reduced)	Included in Task 10.a in the current FY 2017-18 Work Plan. A member agency financial workshop is scheduled on March 22, 2018. Member agencies have provided input on desired topics, which will include alternative rate structures. No further work on this topic is proposed in the FY 2018-19 Work Plan at this time.
13	Weed	BAWSCA should foster relationships between and among the 26-member agencies such that when and if a disaster strikes, regional support can be provided to those most impacted for repairs, etc., following such emergencies	Included in Task 11.c. BAWSCA maintains effective communications with member agencies, customers, & others. For emergency planning and communications, BAWSCA will continue to support SFPUC sponsored Regional Water System emergency planning exercises. In addition, the SFPUC has recognized a role for BAWSCA as part of emergency situations for communication with the member agencies and others in the region.

14	Zigterman	Given BAWSCA's unique geographic presence (covering the heart of Silicon Valley), develop and implement an approach to share technological advances on topics such as water metering technologies, monitoring devices, control systems, etc. that are more "advanced" than those currently employed by water agencies	Included in Task 3.e. Refer to the response to Question 5.
15	Zigterman	Consider incorporating a "one water" approach toward management of water resources, and looking further out into the future to evaluate what key issues BAWSCA should be looking at closely as resource "opportunities" to meet BAWSCA's objectives (e.g., impacts of climate change, potential for storm water capture, improvements to groundwater management, expansion of recycled water)	Included in Task 2, which reflects BAWSCA's implementation of its Reliable Water Supply Strategy (Strategy). "One Water" is defined as an integrated planning and implementation approach to managing finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs. While BAWSCA's Strategy predated the concept of One Water, BAWSCA's Strategy implementation to date is consistent with the One Water philosophy. For example, under Tasks 2.a and 2.b., BAWSCA is proposing to continue to participate in water reuse planning studies (both direct and indirect potable reuse) with other regional partner agencies. Under Task 2.c, BAWSCA is proposing its continued participating in the Bay Area Regional Reliability effort to investigate water marketing strategies. Task 2.e addresses groundwater opportunities. As part of Task 2.g, in FY 2018-19 BAWSCA is proposing to evaluate the water supply impact of adding new alternative water supplies into its water supply portfolio, using the BAWSCA Regional Reliability Model built in FY 2017-18.

Table 4. Potential Future Large Cost Project Expenditures

Project Name/Task	Potential Cost Range	Discussion
Update to Regional Demand Projections	\$500K - \$750K	BAWSCA last updated the regional water demands in 2014 for a cost of \$365k. By comparison, EBMUD has just initiated an update to its water demand study for a total cost of \$1M.
Implement Pilot Water Transfer	\$1M - \$1.5M	BAWSCA anticipates implementing a pilot water transfer in FY 2019-2020. The CEO has identified the ability to fund this task via a transfer from the Wholesale Customer Balancing Account with SFPUC. The 2009 Water Supply Agreement permits the Wholesale Customers, acting through BAWSCA, to apply a positive balance in the account to “water conservation or water supply projects administered by or through BAWSCA”.
Expanded Los Vaqueros: Design	\$500K - \$1M	BAWSCA is current partner in the Expanded Los Vaqueros Project, which is in the planning stages. No decision has been made by BAWSCA regarding participating beyond the current effort. This cost represents a potential cost share for BAWSCA to participate in the next phase of the project, facility design.
PREP Phase 3	\$500K - \$1M	BAWSCA is current partner in the Potable Reuse Exploratory Plan (PREP), which is in the early planning stage. No decision has been made by BAWSCA regarding participating beyond the current effort. This cost represents a potential cost share for BAWSCA to participate in the next phase of the project, anticipated to include design and further environmental analysis.

Table 5. Proposed FY 2018-19 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2017-18 Budget (\$)	Proposed FY 2018-19 Budget (\$)	Change from FY 2017-18 Budget, (\$)
Consultants/ Direct Expenditures			
Reliability	1,081,400	1,376,080	293,680
Fair Pricing	439,750	301,000	(138,750)
Administration	95,000	110,000	15,000
<i>Subtotal Consultants</i>	1,617,150	1,787,080	169,930
Administration			
Employee Salaries & Benefits	1,564,372	1,591,580	27,208
Other Post-Emp. Benefits (net)	80,000	82,375	2,375
Operational Expenses	373,250	376,850	3,600
<i>Subtotal Administration</i>	2,107,622	2,050,805	33,183
Total Operating Expenses	3,634,772	3,837,885	203,113
Capital Expenses	10,000	3,000	(7,000)
Budgeted Contingency	57,500	57,500	-
Regional Financing Authority	1,250	1,650	400
Bay Area Water Users Assn.	1,050	1,050	-
Grand Total Operating Budget	3,704,572	3,901,085	196,513

Table 6. Analysis of Alternative Funding Options

Fund Source	FY 2017-18	FY 2018-19			
	Adopted Funding Plan	Alt. 1 No Assessment Increase (0%)	Alt. 2 1% Increase	Alt. 3 2% Increase	Alt. 4 3% Increase
Assessments	\$3,543,957	\$3,543,957	\$3,579,397	\$3,614,836	\$3,650,276
Transfer from General Reserve	<u>\$160,615</u>	<u>\$357,128</u>	<u>\$321,688</u>	<u>\$286,248</u>	<u>\$250,809</u>
Total Available Operating Funds/Operating Budget	\$3,704,572	\$3,901,085	\$3,901,085	\$3,901,085	\$3,901,085
Known Year-End Reserves	\$1,561,144	\$1,204,016	\$1,239,456	\$1,274,896	\$1,310,335
% of Budget	42%	31%	32%	33%	34%
Potential End of Year Transfer to General Reserve	\$185,229				
% of FY 2017-18 Budget	5%				
Estimated FY 2018-19 Year-end Reserves		\$1,389,245	\$1,424,685	\$1,460,124	\$1,495,564
% of Budget		36%	37%	37%	38%
Assessment to Budget Ratio	96%	91%	92%	93%	94%

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 (CIP) 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, the Bay Delta Plan Phase I, 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 the development 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.

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

The proposed FY 2018-19 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 2018-19 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 2018-19, 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 2018-19 Operating Budget. The RFA will formally consider and adopt this budget in January 2019.

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 2018-19 is estimated to be 1,393 hours, including temporary staff time. 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
2012-13			
EarthCapades	\$64,110	\$1,900	
HET Rebate		\$6,675	\$300
Large Landscape Audit	\$66,045	\$1,332	
Lawn Be Gone		\$380	\$2,434
Water Wise Ed. Kits	\$65,922	\$5,368	\$1,494
Washing Machine Rebate	\$419,625	\$16,851	\$1,581
Total	\$615,702	\$32,506	\$5,808
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

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

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.

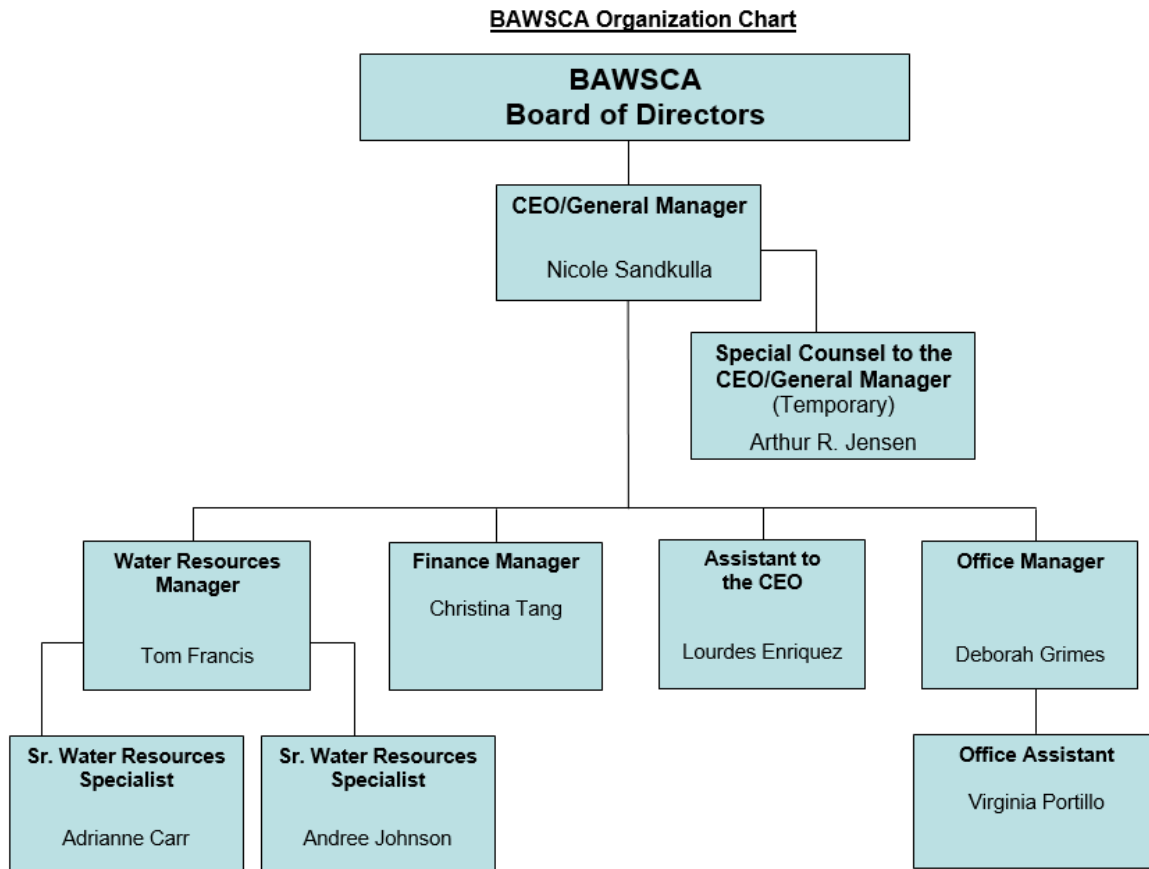
**Table G-1. Historical Estimated Annual Cost of BAWSCA
Operating Budget per Service Area Household**

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	\$2.16 (proposed)	\$6.48 (proposed)

Appendix H: Current Organization and Staffing

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



Appendix I: 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 I-1 lists these activities as they were updated as part of the FY 2018-19 proposed Work Plan development. In each case, the results identified in Table I-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.

Appendix J: Historical BAWSCA Operating Budgets and Assessments

BAWSCA's annual budget is developed to pay for the cost of the annual work plan, which is reviewed by the BPC 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 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, 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 J-1 displays the history of BAWSCA's Operating Budget, assessments, and year-end reserves.

Table J-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 ⁽¹⁾	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 \$105,000	To fund budget WCIP	\$409,965	\$407,192	15%	7	WCIP Yr. 1 implementation, 2009 WSA Admin Yr. 1, Transition from old Contract, WSIP legislation
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	\$2,517,000.00	0%	\$2,619,705	-2.26%	87.28%	\$172,190	Assessment refund	\$264,000	\$916,897	35%	7	WCIP Yr 3
2012-2013	\$2,517,000.00	0%	\$2,780,504	6.14%	93.53%	\$130,000 \$65,000	Pilot Transfer Demand Study		\$985,897	35%	7	Bond investigation, Demand Projections, Pilot Water Transfer, 2009 WSA amendment
2013-2014	\$2,516,812.00	0%	\$3,280,188	17.97%	93.24%	\$300,000 \$98,000 \$66,000	Demand Study OPEB FY 13-14 Technical support		\$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
2014-2015	\$2,642,653.00	5%	\$2,939,286	-10.39%	93.42%	\$296,436	To fund budget	\$198,781	\$225,461	8%		Net increase for OPEB, 10yr CIP oversight, increase legal support for Strategy, WSIP legislation
2015-2016	\$3,276,889.00	24%	\$3,201,679	8.93%	88.34%			\$453,246 \$352,378	\$776,620	24%	8	1st year Strategy implementation thru Operating Budget, 2014 Settlement Agmt.
2016-2017	\$3,440,734.00	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 decision, WaterMAP
2017-2018	\$3,543,957.00	3%	\$3,704,572	6.82%		\$160,615	To fund budget		\$1,561,144	42%	8	RHH litigation, Bay Delta Plan, FERC

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 2018-19

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 2018-19. To ensure work begins promptly or continues without interruption, 22 contracts need to be in place by July 1, 2018.

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 2018-19, the Board will consider each of the 22 contracts. Other consulting services that may be needed to complete the FY 2018-19 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for the 14 professional services contracts that need to be in place on July 1, 2018 and which are funded by the Proposed FY 2018-19 Operating Budget is \$1,426,200.

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

Board Policy Committee Action:

These contracts have been considered annually and do not represent new policy action for Board consideration.

Recommendation:

That the Board approve the twenty-two contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2018.

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) actions by Restore Hetch Hetchy, 3) ensuring water supply reliability and water customers' interests are protected in the Bay Delta Plan and SWRCB draft SED 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, and 6) implementing water conservation assistance programs.

A general description of the services provided through each of the fourteen professional services contracts funded by the Proposed FY 2018-19 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 2018-19. BAWSCA's standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the 14 professional services contracts funded by the Proposed FY 2018-19 Operating Budget that need to be in place by July 1, 2018. The combined budget for these professional services is \$1,426,200. The corresponding approved consulting budgets for FY 2017-18 are also shown in the table.

Table 2 summarizes the eight professional services contracts needed to be in place by July 1, 2018 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

14 Consultant (Services Provided)	Adopted FY 2017-18	Proposed FY 2018-19
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
GeoSyntec (Groundwater)	\$20,000	\$17,686
Hanson Bridgett (Legal Counsel)	\$669,000	\$669,000
Harlan Wendell (Strategic Counsel)	\$150,000	\$150,000
Hazen & Sawyer (Engineering)	\$135,000	\$134,314
Hilton Farnkopf Hobson (Engineering, Financial, WSA)	\$20,000	\$20,000
Immersiv Media (Conservation)	\$7,200	\$7,200
J.L. Ortiz (Engineering)	25,000	\$30,000
Kelling, Northcross, Nobriga (Financial Counsel)	\$43,500*	\$43,500
Maddaus Water Management (Making Conservation a Way of Life)	\$187,577	\$150,000
Orrick LLP (Bond Documents., Legal Support)	\$12,000	\$12,000
Public Trust Advisors (Investment Advisor)	\$10,000*	\$10,000
Stetson Engineering (Water Use Analyses)	\$50,000	\$52,500
Terry Roberts Engineering (WSIP, 10–Year CIP)	\$115,000*	\$115,000
Total	1,434,277	1,426,200

**As adopted by the Board on May 18, 2017.*

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

8 Consultant/Vendor (Conservation Program/Assistance Provided)
ConserveTrack (Online Rebate System)
EarthCapades (School Assembly Program)
Global Sun Landscape (Lawn Be Gone Inspection Services)
Resource Action Program (School Education Programs)
Tuolumne River Trust (Classroom Education Program)
Waterfluence (Large Landscape Conservation Services)
Water Smart (Home Water Use Reports)
Western Municipal Water District (Free Sprinkler Nozzle Program)

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA's legal counsel. The proposed budget for legal services is the same as the approved budget for FY 2017-18. Legal counsel's budget reflects a continued focus on activity associated with water supply reliability, including actions taken by Restore Hetch Hetchy, SWRCB's Bay Delta Plan and Water Quality Control Plan Update, administration of the 2009 Water Supply Agreement (WSA), development and adoption of up to four amendments to the 2009 WSA, SFPUC's 2018 decisions and SFPUC's WaterMAP, and increased activities for implementation of BAWSCA's Strategy.

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, J.L. Ortiz, Maddaus Water Management, 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. As a part of ongoing model development, Hazen and Sawyer will work on four tasks in FY 2018-19: using the Model to evaluate three different scenarios to support BAWSCA's water supply planning needs and conducting a workshop to elicit feedback from BAWSCA member agencies on the baseline Model.

HFH will help ensure proper implementation of the WSA, especially in matters dealing with cost allocation. In addition, HFH will be assisting BAWSCA in completing the Capital Improvement Plan Comparison Study, initiated in FY 2017-18, which reviewed SFPUC's 10-year CIP in comparison with other long-term CIP's developed by similar water agencies in the western U. S.

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.

J.L. Ortiz provides technical support for BAWSCA's ongoing review of the SFPUC's WSIP, Water Enterprise 10-year CIP, and SFPUC's overall asset management program and associated asset tracking procedures. With his background of capital planning and project implementation at both the SFPUC and East Bay Municipal Utility District, Mr. Ortiz's brings significant experience to support BAWSCA's overall efforts and his insights have proven valuable to the agency.

Maddaus Water Management will provide technical expertise to support completion of Phase 2 of BAWSCA's "Making Conservation a Way of Life" Strategic Plan. The Plan will support BAWSCA member agencies in meeting the new water use efficiency targets as established by Governor Brown's "Making Water Conservation a California Way of Life" Executive Order and subsequent legislative actions.

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), Kelling, Northcross, Nobriga (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.

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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 2018-19**

Summary:

The annual contract for legal services should be executed by July 1, 2018. 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, Restore Hetch Hetchy lawsuit, 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 2018-19. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$669,000 and is contained in the FY 2018-19 Proposed Operating Budget. The proposed budget of \$669,000 is the same as the currently approved budget for FY 2017-18. Continued higher levels of work are anticipated to protect water supplies during the SWRCB SED process, FERC process, member agencies' interests in the SFPUC WaterMAP process, member agencies' financial interests in implementing the 2009 WSA, and addressing actions by Restore Hetch Hetchy.

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 \$669,000.

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, negotiating critical amendments to 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, BAWSCA, for more than 25 years. Hanson Bridgett helped negotiate both the prior and the current 2009 WSA with San Francisco. They drafted the legislation that now pressures San Francisco to fix the 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, development of legislation, or other major legal activities outside the defined scope of work.

Exhibit B presents the rates and charges for FY 2018-19.

EXHIBIT A

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

Legal Services

DRAFT

FY 2018-19 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 2018-19.

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 2018-19 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 current negotiations for several WSA amendments
- Representing BAWSCA in the Restore Hetch Hetchy lawsuit, in which BAWSCA is a named defendant
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir
- Legal support for protecting the water supply interests of the agencies and their customers in the ongoing SWRCB SED and Bay Delta process
- 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
- 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 2018 decisions
- Legal support for responding to new statewide conservation requirements, including consideration of the 2009 WSA drought provisions
- Implementation of activities under the Water Conservation 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: \$669,000

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

Conservation, FERC, Urban Water Mgmt. Plans	\$273,000
Water Supply Agreement Administration Fair Pricing	\$153,000
Water Supply Agreement Administration Reliability	\$47,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$114,000
BAWSCA (General legal)	\$80,000
RFA & BAWUA (General legal)	\$2,000
<hr/> Total	<hr/> \$669,000

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 \$669,000. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2018-19

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 or services provided to BAWSCA in connection to monitoring the FERC relicensing and Restore Hetch Hetchy litigation. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2018-19 represent an approximate 4% increase compared to FY 2017-18 rates. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$669,000.

FY 2018-19 RATES

Partner	\$390 per hour
Senior Counsel	\$345 per hour
Associates	\$315 per hour

OUT OF POCKET EXPENSES

At Cost

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Amendment to Hanson Bridgett Professional Services Contract**

Summary:

Activities associated with completing the seven WSA amendments and 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 \$150,000 is recommended to fund necessary work through June 2019 for a revised not to exceed total budget of \$819,000.

Fiscal Impact

This recommended budget increase would be funded using three sources; a \$50,000 transfer from the General Reserve; budgeted contingency of \$57,500 from the FY 2018-19 Operating Budget, of which none has been expended to date; and unspent funds associated with other financial and technical consultant contracts that are not anticipated to be fully expended this fiscal year. The current General Reserve balance is \$1,165,840. A transfer of \$50,000 from the General Reserve would leave a balance of \$1,115,840, or 26% of the current FY 2018-19 Operating Budget of \$4,228,585.

Board Policy Committee Action:

The Committee voted unanimously to recommend the proposed Board action.

Recommendation:

That the Board of Directors 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.**

Discussion:

Expenses associated with completing the seven WSA amendments are significantly more than budgeted due to the number of amendments increasing from three (as was originally budgeted) to seven. The increase in the number of amendments resulted from SFPUC's overall positive response to negotiating the items of interest to BAWSCA and the SFPUC's identification of other items that they wanted to negotiate as well. Additional funds are also needed 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.

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	n/a	Proposed Mar. 2019-additional \$150k; \$57.5k from contingency, \$50.k from General Reserve, \$42.5k from other unspent funds; \$50k added to operating budget

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.

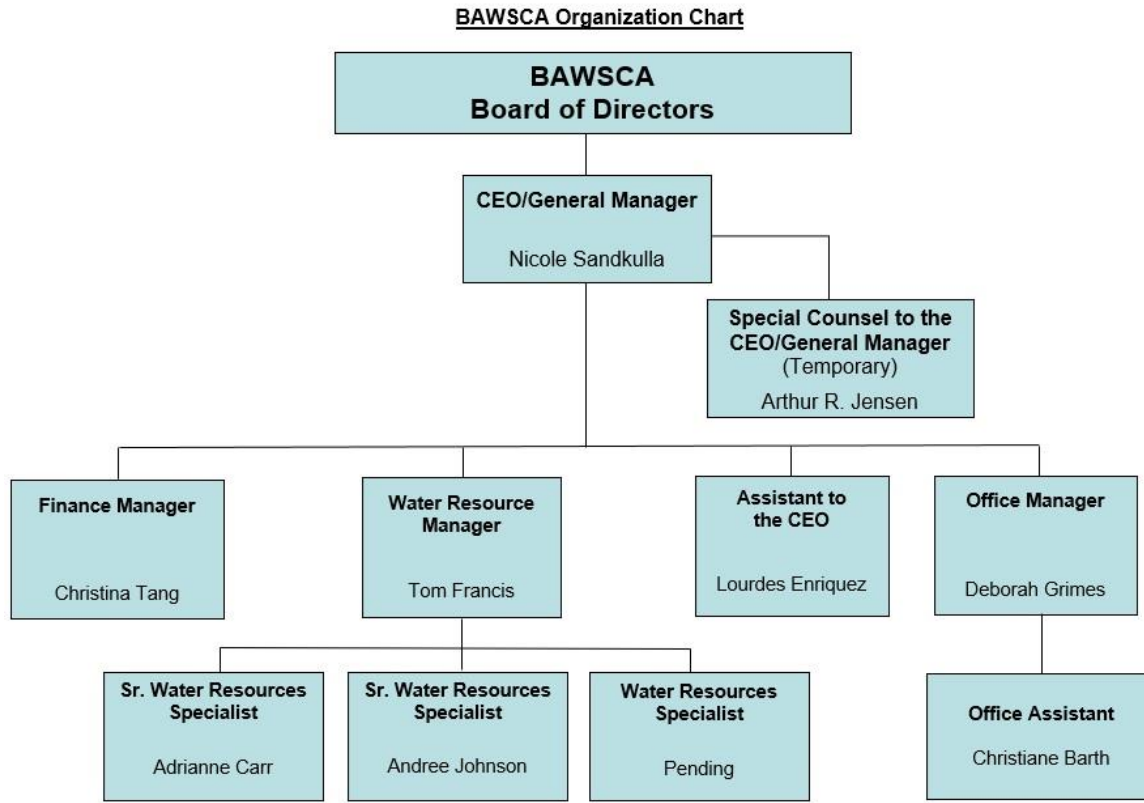
Note that the savings shown in Table H-1 do not include the ongoing savings resulted from any specific year's settlement. For example, the revised 525 Golden Gate operating and capital cost allocation methodology as a result of the FY11-12 and FY12-13 settlements generates an ongoing WRR savings to the 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.

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

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 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.

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: **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.

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

BAWSCA

Bay Area Water Supply & Conservation Agency

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

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 6, 2020

SUBJECT: Budget Status Report as of May 31, 2020

This memorandum shows fiscal year budget status for FY 2019-20. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the eleven-month period ending May 31, 2020, 92 percent into the fiscal year, total expenditures were \$3,762,991 or 82 percent of the total budget of \$4,569,750.

Table 1. Operating Budget Summary as of May 31, 2020

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,797,550	1,387,813	77%
Fair Pricing	233,000	188,156	81%
Administration	110,000	179,849	164%
Subtotal	2,140,550	1,755,817	82%
Administration and General			
Salary & Benefits	2,001,051	1,679,847	84%
Other Expenses			
BAWSCA	390,500	324,438	83%
BAWUA	1,050	0	0%
Subtotal	4,533,151	3,760,103	83%
Capital Expenses	3,000	0	0%
Budgeted Contingency	31,949	0	0%
Regional Financing Authority	1,650	2,888	175%
Grand Total	4,569,750	3,762,991	82%

Overview:

Overall expenditures for FY 2019-20 are tracking within budget.

Consultants

The \$115,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 60 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 92 percent expended. The Administration related Consultant expenses are overbudget mainly due to the legal activities for staffing and COVID-19 issues. The total Operating Budget allocation of \$799,500 for legal counsel was 96 percent expended. The \$193,800 budget for water management and conservation-related activities was 47 percent expended. As noted in the January 7, 2020 budget status report, RFA legal expenses are overbudget due to unforeseen expenses related to director appointment activity in 2019.

Administration and Other Expenses

Budgets for salaries and other expenses were 84 percent and 83 percent expended respectively.

Use of CEO's Discretionary Spending Authority:

In June, the CEO entered into the following agreement under her discretionary spending authority:

- A contract amendment for Hanson Bridgett by increasing the not-to-exceed budget amount by \$19,500 for legal services.
- A contract in the amount of \$25,000 for Woodward & Curran for services related to water conservation program management and water resources planning.
- A first amendment to the Los Vaqueros Expansion Multiparty Cost Share Agreement. This was a no cost scheduled agreement.

Use of Reserve and Reserve Fund Balance:

In accordance with the adoption of the FY 2019-20 annual budget in May 2019, the Board approved transferring \$77,971 from the General Reserve to fund the FY 2019-20 budget. The BAWSCA General Reserve balance shown below reflects this transfer.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 03/31/20)	Account Balance (As of 05/31/20)
General Reserve	\$1,037,877	\$1,037,877

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Approval of Professional Services Contracts for Fiscal Year 2020-21

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 2020-21. To ensure work begins promptly or continues without interruption, twenty (20) contracts need to be in place by July 1, 2020.

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 2020-21, the Board will consider each of the twenty (20) contracts. Other consulting services that may be needed to complete the FY 2020-21 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for the 13 professional services contracts that need to be in place on July 1, 2020 and which are funded by the Proposed FY 2020-21 Operating Budget is \$1,230,600.

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

Recommendation:

That the Board approve the twenty (20) contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2020.

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) ensuring SFPUC takes actions to meet its legal and contractual water supply reliability obligations to the member agencies, 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), 10-Year Capital Improvement Program (CIP), and Asset Management Plan, 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 thirteen professional services contracts funded by the Proposed FY 2020-21 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 2020-21. BAWSCA’s standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the 13 professional services contracts funded by the Proposed FY 2020-21 Operating Budget that need to be in place by July 1, 2020. The combined budget for these professional services is \$1,230,600. The corresponding approved consulting budgets for FY 2019-20 are also shown in the table.

Table 2 summarizes the seven professional services contracts needed to be in place by July 1, 2020 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

13 Consultants (Services Provided)	FY 2019-20	Proposed FY 2020-21
1. BLX (Bond Arbitrage Rebate Analyses) *		\$2,500
2. Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
3. GeoSyntec (Groundwater)	\$10,000	\$10,000
4. Hanson Bridgett (Legal Counsel)	\$799,500	\$606,500
5. Harlan Wendell (Strategic Counsel)	\$150,000	\$150,000
6. Hazen & Sawyer (Engineering)	\$135,000	\$135,000
7. KNN Public Finance (Financial Counsel)	\$53,500	\$53,500
8. Orrick LLP (Bond Documents, Legal Support)	\$12,000	\$12,000
9. Public Trust Advisors (Investment Advisor)	\$10,000	\$10,000
10. Stetson Engineering (WSA, Water Use Analyses)	\$56,500	\$56,500
11. Terry Roberts Engineering (WSIP, 10–Year CIP)	\$115,000	115,000
12. Water Systems Optimizations (Water Loss Management Program-LEAK Workgroup)**	\$30,000	\$30,000
13. West Yost (Engineering and Asset Management)	\$55,000	\$34,600
Total	\$1,441,500	\$1,230,600

* Last arbitrage rebate analyses were completed in FY 2017-18

**Water Systems Optimizations also provides support for the Water Loss Management Technical Assistance Program subscription conservation program

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

8 Consultants/Vendors (Conservation Program/Assistance Provided)
1. EarthCapades (School Assembly Program)
2. Franklin Energy (School Education Programs)
3. Global Sun Landscape (Lawn Be Gone Inspection Services Program)
4. Maddaus Water Management (DSS Model Support Services)
5. M&M Backflow and Meter Maintenance (Customer Meter Testing)
6. Regional Water Authority (MOU for Rachio Smart Controller Program)
7. Waterfluence (Large Landscape Conservation Services)

Financial Services Funded by the Operating Budget:

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

BLX will provide arbitrage rebate compliance services with respect to the BAWSCA Revenue Bonds, Series 2013A in FY 2020-21. BAWSCA retained BLX Group LLC to calculate the arbitrage calculations with respect to the Revenue Bonds, Series 2013A in FY 2014-15. The IRS requires arbitrage rebate payments submitted every 5 years. Given the results from the past three rebate analyses, BLX has recommended that BAWSCA undertake the analyses twice every five years. The latest analysis was performed in FY 2017-18. In FY 2020-21, BLX will perform calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code with respect to the Revenue Bonds, Series 2013A, for the fourth time

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.

Technical Services Funded by the Operating Budget:

GeoSyntec, Hazen & Sawyer, Stetson Engineering, Terry Roberts Engineering, and West Yost 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 & Sawyer began development of BAWSCA's new regional water supply reliability modeling tool (Model) in FY 2017-18. For FY 2020-21, Hazen and Sawyer will use the Model to evaluate three different water supply scenarios to support BAWSCA's water supply planning needs.

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.

West Yost Associates was selected in July 2019 to perform the Phase 1 audit of SFPUC's asset management program for the San Francisco Regional Water System's two divisions: Hetch Hetchy Water and Power Division (HHPD), and Water Supply and Treatment Division (WST). This audit will be completed by June 2020. The audit was anticipated during the negotiation of the 2009 Water Supply Agreement (WSA) which resulted in the WSA having a clause that requires the SFPUC to cooperate with such an audit. As the WSIP nears completion, BAWSCA exercised the clause for the first time in FY 2019-20 with Phase 1 of the audit. Phase 2 efforts are recommended in FY 2020-21, in which West Yost Associates would serve as BAWSCA's technical expert to review and provide input on the individual asset management plans to be developed by the HHWP Division in FY 2020-21. The audit supports BAWSCA's goal of ensuring that the significantly large capital improvements are appropriately managed in the long-term.

Water Systems Optimization provides water system auditing and water loss management technical expertise to BAWSCA and the member agencies to support BAWSCA's Water Loss Management Program. The Water Loss Management Program contains two components: (1) the Technical Assistance Program (TAP) subscription conservation program which provides technical assistance to individual BAWSCA agencies in completing annual water audits and improving water loss management practices and (2) the Loss

Evaluation and Knowledge (LEAK) Work Group core conservation program that provides peer to peer learning opportunities for all BAWSCA agencies.

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.

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA's legal counsel. The proposed budget for legal services is \$193,000 or 24% lower than the currently approved budget for FY 2019-2020. 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, SFPUC's 10-year CIP, implementation of BAWSCA's Strategy, addressing new statewide conservation requirements, and administration of the 2009 Water Supply Agreement (WSA) for the member agencies' water supply reliability and financial interests.

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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 2020-21**

Summary:

The annual contract for legal services should be executed by July 1, 2020. 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, 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 2020-21. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$606,500 and is contained in the FY 2020-21 Proposed Operating Budget. The proposed budget of \$606,500 is \$193,000 less than the currently approved budget for FY 2019-2020. 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's efforts to secure supplemental water supplies to meet its legal and contractual obligations; 2) participation in Los Vaqueros Expansion planning studies; 3) 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 \$606,500.

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.

Scope of Services – Results to be Achieved:

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.

Billing Rates:

Exhibit B presents the rates and charges for FY 2020-2021.

EXHIBIT A

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

DRAFT

FY 2020-21 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 2020-21.

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 2020-21 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
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in ensuring that the SFPUC meets its legal and contractual obligations for water supply from the RWS considering ongoing risks 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: \$606,500

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

Conservation, FERC, Urban Water Mgmt. Plan	\$264,000
Water Supply Agreement Administration Fair Pricing	\$85,000
Water Supply Agreement Administration Reliability	\$95,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$80,500
BAWSCA (General legal)	\$80,000
RFA & BAWUA (General legal)	\$2,000
Total	\$606,500

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 \$606,500. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2020-21

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 Restore Hetch Hetchy litigation. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2020-21 represent no increase compared to FY 2019-20 rates. BAWSCA will consider a rate increase proposal, if requested, from Hanson Bridgett for the period beginning January 1, 2021. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$606,500.

FY 2020-21 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: **Proposed Fiscal Year 2020-21 Work Plan and Operating Budget**

Summary:

This memorandum presents the proposed Fiscal Year (FY) 2020-21 Work Plan and Results to be Achieved, proposed Operating Budget, and proposed Funding Plan. The proposed Work Plan includes the CEO's recommendations for addressing comments received during the Board's January Budget Planning Session and input received from the Committee in February and April. Specifically, the proposed Work Plan and Operating Budget reflects the reduced work plan and budget supported unanimously by the Committee at its April meeting.

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 implementing the recommended actions from BAWSCA's audit of the SFPUC's asset management program; participation in the Los Vaqueros Expansion (LVE) Project; implementation of BAWSCA's core and subscription conservation program including development of 3 to 4 new programs identified in the Regional Water Demand and Conservation Projections Study (Demand Study); 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 associated with the licensing of New Don Pedro Reservoir; taking action necessary to ensure that the SFPUC meets its legal and contractual water supply reliability obligations to its Wholesale Customers including development of a new water supply program; managing financial obligations associated with BAWSCA's bonds; and administration of the Water Supply Agreement with San Francisco to protect financial interests of the member agencies.

The proposed Operating Budget is \$4,020,679, which is 12% below the approved FY 2019-20 Operating Budget. The proposed Operating Budget represents approximately a 30-cent decrease in annual cost per person in the service area for an estimated cost to the water customer of \$2.20 per person per year.

The proposed Work Plan and Budget can be funded with a 0% assessment increase and a transfer of \$333,900 from the General Reserve. At this time, it is anticipated the FY 2019-20 Operating Budget will be 95% expended at year end. When combined with an estimated transfer of \$100,000 of unspent, post-audit excess funds from FY 2019-20 to the General Reserve in Fall 2020, the recommended action can be funded while maintaining the General Reserve within the budgetary guidelines.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action. The recommended alternative was one of four options brought forward to the Committee for consideration. Given the economic impacts of COVID-19, the recommended alternative was selected as it reflected a reduced work plan effort, reduced operating budget, and funding with a 0% assessment increase.

Recommendation:

That the Board approve the

- 1. Proposed FY 2020-21 Work Plan and Results to be Achieved;**

- 2. Proposed Operating Budget of \$4,020,679; and**
- 3. Proposed funding plan of 0% assessment increase and \$333,900 transfer from the General Reserve.**

Discussion:

The discussion below presents a proposed Work Plan and Operating Budget for FY 2020-21 as well as a discussion of alternatives for funding the operating budget.

PROPOSED FY 2020-21 WORK PLAN:

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

The proposed Work Plan includes the following major efforts:

- Oversight of the SFPUC's WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System (RWS) Asset Management Program, including the following:
 - Implement recommendations from BAWSCA's audit of the SFPUC's asset management practices, specifically by providing technical input on the development of asset management plans for the Hetch Hetchy Water and Power (HHWP) Division.
- Implement BAWSCA's Strategy, as documented in the Strategy Phase 2 Final Report, including the following actions:
 - Complete Phase 3 pre-feasibility studies for the Potable Reuse Exploratory Plan, a potential purified water project in partnership with SFPUC, Silicon Valley Clean Water and others. Engage with advocacy groups (e.g., WaterReuse) to access and exchange critical technical, legislative, and legal information to support these studies.
 - Participate in development of the Bay Area Regional Reliability Partnership (BARR) Bay Area Regional Water Market (Exchange/Transfer) Program, with inclusion of a pilot water transfer that includes ACWD, BAWSCA and SFPUC.
 - 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.
 - Identify and begin to evaluate the steps BAWSCA should undertake to update the Strategy.
- Represent member agency interests in regional and statewide discussions related to the new State of California "Making Water Conservation a Way of Life" long-term conservation requirements;
- Provide regional coordination to support member agency Advanced Metering Infrastructure (AMI) implementation;
- Implement 3 to 4 new subscription conservation programs identified through BAWSCA's Demand Study;
- Implement regional core and subscription conservation programs to support member agencies and their customers;
- Take actions to protect member agencies' water supply interests in administration of the

2009 WSA including the following:

- Support adoption, as acceptable to parties, of an amendment to the Water Supply Agreement related to a combined paired of an agency's minimum purchase requirement and Individual Supply Guarantee.
- Ensure that the SFPUC meets its legal and contractual obligations for water supply from the RWS considering ongoing risks.
- Participate in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented;
- Participate in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies;
- Administer the 2009 Water Supply Agreement (WSA); and
- Administer BAWSCA's bonds.

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

Table 2 lists the items 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 Re-scoped Activities for FY 2020-21: There are four new, significantly rescoped, or expanded activities included in the proposed Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA member agencies.

**Implement Recommendations from FY 2019-20 Audit of SFPUC's Asset Management Program for the San Francisco Regional Water System (RWS)
Estimated FY 2020-21 Cost: \$41.6K**

The adopted FY 2019-20 Workplan includes an audit of SFPUC's asset management system. This audit is ongoing and will be completed by June 2020. The audit findings will include recommended follow-up work for FY 2020-21. Given that the audit analysis is not yet complete, an estimated cost of \$41.6k is included in the proposed Operating Budget. This budget amount reflects roughly a 50% reduction from the initial preliminary budget proposal of \$82k reflecting anticipated reduced progress next fiscal year while the SFPUC continues to prioritize operations during the ongoing COVID 19 operations as well as the Committee's desire for overall reduced budget. Key activities will include BAWSCA engagement in SFPUC's asset management initiatives, in particular by reviewing and providing comments on draft and final asset management plans to be developed for the HHWP system.

BAWSCA's FY 2019-20 audit of the SFPUC's asset management system includes a review of the existing asset documentation and registry practices, information technology capabilities to support asset management, procedures in place to assess and incorporate risk of failure, measures used to address the need for routine maintenance, condition assessment practices, asset replacement and upgrade strategies, approach to factor in level of service goals, and reference to asset management practices in other documents and plans prepared for the San Francisco Regional Water System.

Participate in Los Vaqueros Expansion (LVE) Project Studies

Estimated FY 2020-21 Cost: \$115K

Los Vaqueros Reservoir is an existing off-stream reservoir in Contra Costa County that provides water quality, drought emergency supply, and non-drought emergency water supply benefits to CCWD customers. In February of 2017, BAWSCA entered into a Memorandum of Understanding with CCWD formalizing BAWSCA's potential interest in a share of future Los Vaqueros storage and willingness to participate in the work effort. In January 2019, the BAWSCA Board authorized the CEO to enter into a cost share agreement with CCWD for \$315,000 to fund the planning work for the LVE Project through June 2020.

Participation in the LVE Project continues to be a viable project opportunity for BAWSCA to provide dry years supplies to member agencies in support of goals identified in BAWSCA's Long Term Water Supply Strategy (Strategy) as adopted by the BAWSCA Board in 2015. Specifically, BAWSCA is evaluating the project as a means to provide up to 10,000 acre-feet per year of water supply in dry years to improve reliability. At the same time, BAWSCA and the SFPUC have significant concerns regarding the ability to use the South Bay Aqueduct to convey any water from the LVE project and therefore, there are significant concerns regarding any water supply benefit that might be available to BAWSCA and its member agencies from LVE.

The current Memorandum of Agreement between CCWD and the local partner agencies, including BAWSCA, expires on June 30, 2020. At this time, CCWD is proposing a six-month, no cost extension that can be approved by the CEO under her authority. In addition, CCWD is updating its request for funding from local partner agencies for participation in the 12 month period of January 1, 2020 – December 2021 to (1) complete final LVE planning, (2) prepare and form the LVE Joint Powers Authority (JPA), and (3) finalize the water purchase agreements between the JPA and various participating agencies.

The proposed Work Plan and Operating Budget reflects BAWSCA's continued participation in staff level planning work for LVE and includes funding for outside legal and technical expertise (e.g., water supply modeling) support as needed. Given the uncertainty regarding the costs to CCWD, the proposed Operating Budget does not include funding for BAWSCA's share of costs to CCWD for continued participation beyond July 1, 2020.

It is anticipated that the Board will consider BAWSCA's participation in the next phase of LVE at its July or September 2020 meeting. At that time, alternatives for funding BAWSCA payment to CCWD will be presented and will include use of the 2009 WSA Balancing Account and use of the Water Management Charge as provided for under the 2009 WSA.

Implement 3 to 4 New Conservation Programs Recommended from BAWSCA's Regional Water Demand and Conservation Projections Study (Demand Study)

Estimated FY 2020-21 Cost: \$52K

The adopted FY 2019-20 Workplan includes completion of BAWSCA's Demand Study. This study, which is ongoing and will be complete by June 2020, will identify new water conservation programs to support the BAWSCA agencies in meeting their water conservation goals. In FY 2020-21, BAWSCA will expand its Regional Water Conservation Program through implementation of 3 to 4 of the new conservation programs identified in the Demand Study. The specific programs will be selected in

coordination with the BAWSCA agencies in May 2020, when the preliminary results of the Demand Study will be available. Conservation programs to be implemented may include a combination of Core Programs, implemented by BAWSCA regionally for the benefit of all agencies, and Subscription Programs, implemented by BAWSCA and funded by the individual agencies that opt to participate. The new programs will support the agencies in meeting the upcoming AB 1668 and SB 606 long-term water conservation requirements.

Results of January 16, 2020 Work Plan and Budget Preparation Planning Session: During BAWSCA's January 16, 2020 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 Work Plan and results to be achieved.

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

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

- 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;
- 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;
- Implementation of Strategy recommendations including water supply projects such as participation in LVE, and design and implementation of a potable reuse project; and
- Updating BAWSCA's Long-Term Reliable Water Supply Strategy, which was last initiated in 2009.

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. This information is provided to assist the Board in its deliberation of both the current funding plan for FY 2020-21 and beyond.

PROPOSED FY 2020-21 OPERATING BUDGET:

The proposed Operating Budget of \$4,020,679 presented in Table 4 reflects the funding necessary to achieve the full Work Plan and includes an estimated pre-funding contribution for Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this eighth year of funding.

Explanation and Alternatives for Salaries and Benefits: The increase for salaries and benefits of \$94,535 shown in the proposed Operating Budget is a result of a variety of changes. The proposed Operating Budget also includes a budget allowance for the following for all employees except the CEO:

- \$31,404 for a COLA adjustment to existing FY 2019-20 salary
- \$17,575 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 3.01% 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 \$23,100 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 since FY 2017-18.

The Governor of the State of California declared a State of Emergency on March 4, 2020, formalizing the proclamation in Executive Order N-25-20 on March 12, 2020. This was followed up by Executive Order N-33-20 on March 19, 2020, which ordered all individuals living in the State of California to shelter-in-place until further notice. California has been particularly impacted by COVID-19, with the unemployment rate rising to 5.3% in the month of March, a 0.9% increase from the national unemployment rate of 4.4%. The unemployment filings in San Mateo, Santa Clara, and Alameda counties have all seen similar increases. The March 2020 figures show that the unemployment rate in San Mateo, Santa Clara, and Alameda counties has increased to 2.8%, 3.3%, and 3.8% respectively. These unemployment figures are expected to significantly increase in the upcoming months, given that on April 29, 2020, all three counties extended their shelter-in-place orders until at least May 31, 2020.

Given the ongoing COVID-19 pandemic and resulting economic impact, any discretionary decision related to annual salary increases, for merit or other purposes, will be postponed until Fall 2020 or later, when a clearer understanding of the economic impact of the current crisis can be more fully understood.

Funding Considerations for the Proposed Operating Budget: Four principles have historically been used by BAWSCA when considering how to fund the proposed 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 2019-20 funding plan included a 3% increase in assessments to \$3,686,779, transfer of \$77,971 from the General Reserve, and transfer of \$805,000 from the 2009 Water Supply Agreement Balancing Account, thereby enabling the General Reserve to remain within the budgetary guidelines established by the Board. BAWSCA's General Reserve Policy identifies a range of 20% to 35% of the budget year's operating expense as a budgetary guideline for the General Reserve balance.

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix J 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 2019-20 Operating Budget will be 95% expended at year end. Any post-audit excess funds will be transferred to the General Reserve in Fall 2020. For purposes of the funding analysis presented below, it is assumed that \$100,000 of unspent, post-audit excess funds will be available to transfer into the General Reserve in Fall 2020.

As of March 31, 2020, the General Reserve balance is \$1,037,877, or 23% of the FY 2019-20 Operating Budget.

Three options for funding the Proposed Work Plan and Operating Budget are presented below for further discussion.

- **Option 1 “Proposed Work Plan with No Assessment Increase”:** No increase in assessment (\$3,686,779) and transfer of \$333,900 from the General Reserve. This alternative results in a General Reserve balance at 22% of the Operating Budget.
- **Option 2 “Proposed Work Plan and 1% Assessment Increase”:** A 1% increase in assessments (\$3,723,647) and transfer of \$297,032 from the General Reserve.
- **Option 3 “Proposed Work Plan and 2% Assessment Increase”:** A 2% increase in assessments (\$3,760,515) and transfer of \$260,164 from the General Reserve.

As a point of reference, funding the proposed Work Plan with assessments alone would require a 9% assessment increase and result in an estimated General Reserve balance of 31% of the Operating Budget.

Recommended FY 2020-21 Work Plan, Operating Budget and Funding Plan: Given the current COVID-19 pandemic crisis and the resulting economic impacts that have already been identified throughout the region, it seems appropriate for BAWSCA to strive for a 0% assessment increase for FY 2020-21 while maintaining a prudent General Reserve balance given the ongoing legal issues facing BAWSCA. The Committee strongly recommended this course of action as well.

As such, the proposed FY 2020-21 Work Plan and Operating Budget of \$4,020,679 and proposed funding plan of a 0% assessment increase and \$333,900 transfer from General Reserve, is recommended for Board adoption.

Table 1. Proposed FY 2020-21 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

- (6.7%) **1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, Asset Management Program, and Emergency Response**
 - 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. Track WSIP projects designated as critical drought water supply components to verify they've been completed in such a fashion that they can meet their intended Level of Service (LOS) goals.
 - 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 tasks or deeper reviews identified in the audit of SFPUC's asset management practices per WSA Section 3.10.c. to be completed in FY 2019-20.*
 - d. Promote increased emergency response coordination between member agencies, SFPUC, Valley Water and others.
- (11.2%) **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 Potable Reuse Exploratory Plan Phase 3 pre-feasibility study with SFPUC and Silicon Valley Clean Water and plan for next phase of work.
 - b. *Participate in development of Bay Area Regional Reliability Phase 2 Water Marketing Strategy in partnership with other Bay Area water agencies & promote implementation of a potential Pilot Water Transfer that involves a partnership between BAWSCA, ACWD, and SFPUC as a component of the Phase 2 work effort.*
 - c. Participate in CCWD’s Los Vaqueros Expansion Project Studies to evaluate BAWSCA’s interest and ensure key information is available to support upcoming decisions.
 - d. Promote the continued sustainable use of San Mateo Plain Groundwater Basin for long-term water supply reliability, including providing support for San Mateo County and member agencies’ efforts to secure compliance with the California Statewide Groundwater Elevation Monitoring (CASGEM) Program.
 - e. Facilitate development of other local water supply options including monitoring/tracking member agency efforts.
 - f. Provide necessary data & assistance to support member agencies’ development of state required Urban Water Management Plans.
 - g. Participate with SFPUC and ACWD in their evaluation of a potential potable reuse water supply project with Union Sanitary District.
 - h. *Identify and begin to evaluate the steps BAWSCA should undertake to update its Long-Term Water Supply Strategy.*

- (13.1%) **3. Near-term Supply Solutions: Water Conservation and Drought Response**
- a. Represent member agency interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a Way of Life” requirements.
 - b. Provide regional coordination to support member agency Advanced Metering Infrastructure (AMI) implementation and data management, including hosting a regional symposium in Spring 2021.
 - c. *Implement 3 to 4 new subscription conservation programs as identified in the BAWSCA Regional Water Demand and Conservation Projections Study to be completed in Spring 2020.***
 - d. Implement BAWSCA’s core water conservation programs, including the Qualified Water Efficient Landscape (QWEL) program.
 - e. Implement BAWSCA’s subscription conservation rebate programs that benefit, and are paid for by, participating member agencies, including school education programs and ***an expanded Outdoor Landscaping Rebate Program with a new weather-based irrigation controller rebate and installation subscription program.***
 - f. Implement BAWSCA’s Water Loss Management Program to support member agencies with SB 555 compliance, including the Regional Loss Evaluation and Knowledge (LEAK) Workgroup and Water Loss Management Subscription Program.
 - g. Represent member agencies in regional and State-level discussions related to water conservation-related regulations.
- (6.6%) **4. Take Actions to Protect Members’ Water Supply Interests in the Administration of the Water Supply Agreement (WSA)**
- a. Adopt temporary extension of existing Tier 2 drought allocation plan that expires Dec. 2020.
 - b. Forward for adoption, if acceptable to the member agencies and SFPUC, an amendment to the Water Supply Agreement related to a paired transfer of an agency’s minimum purchase requirement and Individual Supply Guarantee.
 - c. Protect members agencies’ water supply and financial interests in the SFPUC’s required 2028 decisions.
 - d. *Protect member agencies’ water supply interests to ensure that the SFPUC meets its legal and contractual obligations for water supply from the Regional Water System in light of ongoing risks.***
- (7.9%) **5. Protect Member Agencies’ Interests in a Reliable Water Supply**
- a. Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented, including ongoing legal intervention.
 - b. Participate in the Don Pedro Project/La Grange Project FERC licensing process to protect customers’ long-term interests in Tuolumne River water supplies, including ongoing legal intervention.
- (0.1%) **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, ***including Prop 1 Integrated Regional Water Management conservation grant.***
 - 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 efforts.
 - c. Investigate potential for grant funds to support the implementation of the Strategy.

(0.9%) 7. Reporting and Tracking of Water Supply and Conservation Activities

- a. Complete BAWSCA FY 2019-20 Annual Survey.
- b. Complete BAWSCA FY 2019-20 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

(11.2%) 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

(6.8%) 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, and 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.

(18.3%) 11. Manage the Activities of the Agency Professionally and Efficiently

Table 2: Activities Not Included in Proposed FY 2020-21 Work Plan and Operating Budget

RELIABLE SUPPLY

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. Negotiate a new Tier 2 Drought Allocation Plan among the BAWSCA agencies.
5. BAWSCA's continued participation in LVE is included in the proposed Work Plan; however, funding to support payment to CCWD for BAWSCA participation in the next planning phase for LVE is not included in the proposed Operating Budget and will be considered at a later date as part of a separate board action.

FAIR PRICE

6. 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.
7. Arbitrate issues related to the 2009 Water Supply Agreement.

HIGH WATER QUALITY

8. Perform technical studies of water quality or San Francisco's treatment of the water it delivers to the BAWSCA agencies.
9. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.

AGENCY EFFICIENCY

10. Add resources to support additional Board, Board committee, or technical committee meetings.
11. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, other than tours done in coordination with San Francisco.
12. Internship program to provide an opportunity for under-served college students pursuing a technical or business degree to gain valuable experience working to support BAWSCA's water resources or finance departments.

**Table 3. FY 2020-21 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/Questions	Staff Response
1	Benton	Do we have the option to extend the existing Water Supply Agreement (WSA)? What is its term?	The WSA agreement has an initial term of 25 terms with initial expiration on June 3034. The WSA also provides for two extensions of 5 years each.
2	Jordan	Requested that an analysis of potential refinancing of BAWSCA's 2013 bonds be included in next year's workplan due to current low interest rates.	An analysis of potential refinancing of BAWSCA's 2013 bonds will be presented to the Board at its next meeting in time to inform the FY 2020-21 workplan if desired by the Board.
3	Kuta	Given the Bay Delta Plan's potential impacts on SFPUC's LOS goals, and as we approach 2034, is BAWSCA preparing for a notion that SFPUC's LOS goals will change and any impact on the Supply Assurance?	<p>The wholesale customers' Supply Assurance of 184 mgd is a perpetual obligation on San Francisco while the level of service (LOS) goals are a matter of contract and policy. SFPUC's current water supply planning work is directly focused on actions that it must take to ensure that it meets the Supply Assurance and its existing legal and contractual obligations, including meeting the LOS goals.</p> <p>The proposed FY 2020-21 Work Plan includes BAWSCA's active engagement with the SFPUC on its expanded long-term alternative water supply planning program.</p>
4	Mendall	System reliability during emergencies and emergency resilience are two new items in the work plan. It is difficult to see BAWSCA's role in this. He'll need to understand why BAWSCA should take these tasks on.	<p>The FY 2019-20 Work Plan includes a task for BAWSCA to perform an Initial Emergency Response Review for RWS. For this review, BAWSCA will be hosting a brainstorm workshop with the agency Water Management Representatives on February 6, 2020. A key result from the workshop will be areas of interest and possible options that the agencies would like BAWSCA to consider in FY 2020-21.</p> <p>Feedback from the February workshop indicated minimal desire from the member agencies for a significantly increased level of activity by BAWSCA at this time related to emergency response. Specifically, there was little interest in BAWSCA securing outside consulting services to performs any new tasks. Rather, the member agencies requested that BAWSCA staff increase their efforts to promote and coordinate existing emergency response activities of the SFPUC, Valley Water, and others that impact the member agencies. The member agencies asked that this be</p>

#	Board Member	Board Member Comment/Questions	Staff Response
			reconsidered in subsequent fiscal years.
5	Moody	Engage strategy to create more diversity in staff. Create more internship programs.	BAWSCA’s recruitment protocol has been modified in FY 2019-20 to support increased diversity. The proposed FY 2020-21 Work Plan developed prior to the COVID-19 pandemic included a proposal for a new internship program. Considering the impacts of COVID-19, this effort is deferred to a subsequent fiscal year.
6	O’Mahony	What is the status on San Jose and Santa Clara’s interruptible service?	San Jose and Santa Clara contracts with San Francisco remain temporary, interruptible customers. Per the WSA, SFPUC must make a decision regarding their contractual status by December 2028. The SFPUC’s new water supply recently initiated program titled “New Water Supply Planning” has one task focused on addressing the San Jose and Santa Clara’s contract status.
7	Pierce	Glad to see BAWSCA’s expanded work on SFPUC’s efforts on water supply reliability, and continued involvement in the 10-year CIP.	Comment noted. BAWSCA’s increased efforts with SFPUC on water supply reliability and the 10-year CIP are included in the proposed FY 2020-21 Work Plan.
8	Weed	Re-look at water that is not being used and see where it can be used. It will reduce costs. Consider investing in the purchase of N3 Cattle Co. Property.	The proposed FY 2020-21 Work Plan includes BAWSCA’s continued participation in several potable reuse projects. The SFPUC is considering investing in the purchase of N3 cattle ranch as part of its long-time work on watershed protection.
9	Wood	Consideration of allowing 2-3 regular Board members to attend ACWA conferences.	In 2006, the Board adopted resolution 2006-02, its policy on reimbursement of directors’ expenses. Consistent with the policy, Board member attendance at conferences, including ACWA, is not an authorized activity with a few allowable exceptions. To date, there has not been interest by other members of the Board to expand the list of authorized activities.

Table 4. Potential Future Large Efforts

Project Name	Cost Updates				Discussion
	FY 2018-19 (Actual)	FY 2019-20 (Budget)	FY 2020-21 (Budget)	FY 2021-22 & Beyond	
Los Vaqueros Expansion (LVE)	\$177.6K	\$177.6K (approved, Jan. 2019)	\$115K	With a decision to participate in the project, costs will increase significantly for construction and operations	<p>CCWD is currently updating its request for funding from local partner agencies who wish to continue participating in the project. Funds will cover the costs anticipated to be incurred over 12-month period running from December 2020 – December 2021. Work performed during that period will include: (1) complete final LVE planning, (2) prepare and form the LVE Joint Powers Authority (JPA), and (3) finalize the water purchase agreements between the JPA and various participating agencies.</p> <p>The proposed Work Plan and Operating Budget reflects BAWSCA’s continued participation in staff level planning work for LVE plus funding for outside legal and technical expertise. Given the uncertainty regarding the dollar amount of the upcoming funding request by CCWD, the Proposed Operating Budget does not include monies needed to fund BAWSCA’s share of participation costs.</p> <p>It is anticipated that the Board will consider BAWSCA’s participation in the next phase of LVE at its July or September 2020 meeting. At that time, alternatives for funding BAWSCA payment to CCWD will be presented and will include use of the 2009 WSA Balancing Account, use of the Water Management Charge as provided for under the 2009 WSA, or some combination of both.</p>
Potable Reuse Exploratory	\$10K	\$10K	\$15k	Thru FY 2022-23 \$10k-\$50k per year. CEQA scheduled to start	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.

Plan (PREP)				in fall 2023; costs to participate would expand at that time.	
Update Long Term Reliable Water Supply Strategy (Strategy)	n/a	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 2020-21 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2019-20 Budget (\$) (as of 11/30/19)	Proposed FY 2020-21 Budget (\$)	Change from FY 2019-20 Budget (\$)
Consultants/ Direct Expenditures			
Reliability	1,797,550	1,114,850	(682,700)
Fair Pricing	233,000	239,500	6,500
Administration	110,000	100,000	(10,000)
<i>Subtotal Consultants</i>	2,140,550	1,454,350	(682,200)
Administration			
Employee Salaries & Benefits	1,919,051	1,997,354	78,303
Other Post-Emp. Benefits (net)	82,000	78,000	(4,000)
Operational Expenses	390,500	427,400	36,900
<i>Subtotal Administration</i>	2,391,551	2,502,754	111,203
Total Operating Expenses	4,532,101	3,957,104	(574,997)
Capital Expenses	3,000	3,000	0
Budgeted Contingency	31,949	57,500	25,551
Regional Financing Authority	1,650	2,025	375
Bay Area Water Users Assn.	1,050	1,050	0
Grand Total Operating Budget	4,569,750	4,020,679	(549,071)

Table 6. Analysis of Funding Options

	FY 2019-20	FY 2020-21		
Fund Source	Adopted Funding Plan	Option 1* Proposed Work Plan & 0% Assessment Increase	Option 2 Proposed Work Plan & 1% Assessment Increase	Option 3 Proposed Work Plan & 2% Assessment Increase
Assessments	\$3,686,779	\$3,686,779	\$3,723,647	\$3,760,515
Transfer from General Reserve	\$77,971	\$333,900	\$297,032	\$260,164
Transfer from Balancing Account	\$805,000	\$0	\$0	\$0
Total Available Operating Funds/Operating Budget	\$4,569,750	\$4,020,679	\$4,020,679	\$4,020,679
Potential End of Year Transfer to General Reserve	\$100,000	\$100,000	\$100,000	\$100,000
Estimated Year-End Reserves	\$1,137,877	\$903,977	\$940,845	\$997,713
% of Budget	25%	22%	23%	24%
Assessment to Budget Ratio	81%	91%	93%	94%

* Option 1 is recommended for adoption

APPENDICES

Appendices A through J present additional detail about the proposed FY 2020-21 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.
- FY 2019-20: The Board approved a 4.398 percent COLA increase to the top step for 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 2020-21 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 2020-21 Operating Budget.

Appendix D: Proposed Budget for the Regional Financing Authority (RFA) Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the RFA, at least until it becomes more actively involved and required significant resources. Assuming a continued low level of activity in FY 2020-21, the proposed RFA budget is \$2,025. 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 2020-21 Operating Budget. The RFA will formally consider and adopt this budget in January 2021.

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 2020-21 is estimated to be 1,283 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
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
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

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
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
FY 2018-19			
EarthCapades	\$66,500	\$2,480	
Free Sprinkler Nozzles	\$364		
HET		\$2,495	
Large Landscape Audit	\$94,900	\$1,184	
Lawn Be Gone		\$1,200	
Lawn Be Gone Inspections	\$2,420		
Water Wise Ed. Kits	\$75,483	\$1,946	
Watersense Giveaways	\$5,672		
WaterSmart Reports	\$288,081		
Rain Barrel Rebate	\$757		
Water Loss Program	\$128,403		
Total	\$662,580	\$9,305	\$0

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	\$7.51
2020-21	\$2.20 (proposed)	\$6.59 (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 \$44.5 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.

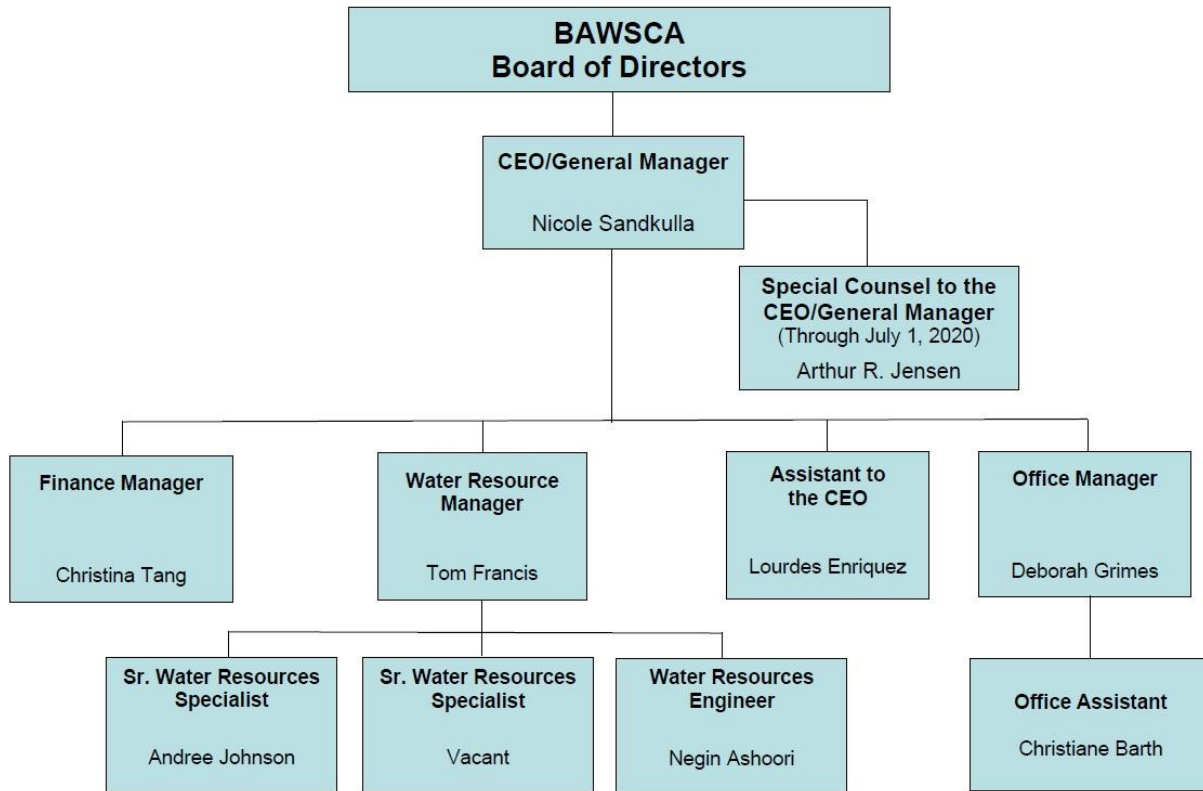
Note that the savings shown in Table H-1 do not include the ongoing savings resulted from any specific year's settlement. For example, the revised 525 Golden Gate operating and capital cost allocation methodology as a result of the FY11-12 and FY12-13 settlements generates an ongoing WRR savings to the Wholesale Customers in an approximate amount of \$400,000 each year from FY13-14 until various final debt service payment dates, and the approximate annual savings of \$1.4 million plus interest as part of the debt service allocation through FY39-40 resulting from the FY15-16 settlement .

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	\$7,079,780
2016-17	\$3,987,471
Total	\$44,492,418

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 2020-21 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 2020-2021)
 (Changes Shown in *Blue Underlined Italic Font*)

BAWSCA Goal and Associated Challenges	FY 2020-21 (Near-Term)	2021-2035 (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 <u><i>in light of identified potential areas of risk</i></u> , including 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
<u><i>Support member agencies in their efforts to ensure system reliability during an emergency.</i></u>	<u><i>X</i></u>	<u><i>X</i></u>	<u><i>X</i></u>
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 2035.	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.		<u><i>X</i></u>	
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
<u><i>Promote emergency resiliency of the SF RWS to protect interests of water customers.</i></u>	<u><i>X</i></u>	<u><i>X</i></u>	<u><i>X</i></u>
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 (WSA)			
Enforcement <u><i>and amendment as necessary</i></u> , of the WSA 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
Extension or renegotiation of the WSA before it expires in 2034. <u><i>The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.</i></u>		X	<u><i>X</i></u>
Management of BAWSCA's revenue bonds, <u><i>including consideration of refinancing</i></u> , 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	

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.

Three 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.
- FY 2018-19, the approved budget was 14.14% higher than the previous year; issues included: Restore Hetch Hetchy litigation, Bay Delta Plan, FERC, participation in Los Vaqueros Expansion planning studies. and BAWSCA's Demand Study.

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.

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

Fiscal year	Assessments	% Change	Budget	% Change	% of Budget Spent	Transfers from WSA Balance Account	Transfers from Reserve	Notes on Transfers from Reserve & WSA Balance Account	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
							\$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
									\$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	\$0	\$1,115,848	26%	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					
2019-2020	\$3,686,779	3%	\$4,569,750	8.00%	93.40%	\$805,000	\$77,971	To fund budget		\$1,037,877	23%	9	Fund LVE participation, Demand Study, FERC, Bay Delta

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: **Amendment to Hanson Bridgett Professional Services Contract**

Summary:

Activities associated with completing Water Supply Agreement (WSA) amendment allowing for the transfer of minimum purchase obligations between member agencies, and addressing the State Water Resources Control Board Bay Delta Plan Update and the Federal Energy Regulatory Commission (FERC) relicensing of New Don Pedro has required more legal resources to date than originally budgeted and requires additional use of legal counsel services for the remainder of FY 2021-22. As a result, the contract with Hanson Bridgett must be amended to avoid disruption of necessary work to achieve critical results for FY 2021-22. A budget amendment for an additional \$200,000 is recommended to fund necessary work through June 2021 for a revised not to exceed total budget of \$806,500.

Fiscal Impact

This recommended budget increase would be funded using two sources; a \$142,000 transfer from the General Reserve, and budgeted contingency of \$57,500 from the FY 2020-21 Operating Budget, of which none has been expended to date. The current General Reserve balance is \$1,139,243. A transfer of \$142,500 from the General Reserve would leave a balance of \$996,743, or 25% of the current FY 2020-21 Operating Budget of \$4,020,679. This transfer would also increase the FY 2020-21 Operating Budget to \$4,163,179.

Board Policy Committee Action:

The Board Policy Committee voted unanimously to recommend the proposed board action.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. amend the professional services contract with Hanson Bridgett by \$200,000 for a total not to exceed amount of \$806,500;**
- 2. to transfer \$142,500 from the General Reserve to the Operating Budget 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.**

Discussion:

Expenses associated with completing the WSA amendments are significantly more than budgeted due to the unanticipated legal questions and concerns that arose over the last six months requiring additional negotiations among the member agencies and with SFPUC. The effort associated with the Bay Delta Plan and FERC have similarly continued to increase in complexity, requiring additional legal resources. In all these cases, the level of effort was higher than the budgeted activity level and additional funds are necessary at this time to protect 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 \$75k - \$57k from contingency & \$17.5k 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	\$919,000	\$919,000	100%	March 2019-additional \$150k; \$57.5k from contingency, \$50.k from General Reserve, \$42.5k from other unspent funds; \$50k added to operating budget. May 2019 - additional \$100k reallocated from other expense categories; no change to operating budget (WSA 2018 amendments, Bay Delta/FERC)
FY 19-20	\$799,500	\$819,000	\$818,000	100%	June 2020 - \$19.5 reallocated from other expense categories; no change to operating budget (Bay Delta/FERC)
FY 20-21	\$606,500				

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Proposed Fiscal Year 2021-22 Work Plan, Results to be Achieved, and Operating Budget**

Summary:

This memorandum presents the proposed Fiscal Year (FY) 2021-22 Work Plan, Results to be Achieved, and Operating Budget. Comments received from the Board at the January 21, 2021 Work Plan and Budget Preparation Planning Session and March 18, 2021 Board meeting have been reviewed and addressed.

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 increasing level of review of SFPUC's 10-year Capital Improvement Program and Asset Management Program; refresh and update of BAWSCA's Regional Water Demand and Conservation Projections Study (Demand Study); scoping for an update to BAWSCA's 2009 Long Term Reliable Water Supply Strategy (Strategy); provide staff-only drought support to member agencies and their customers; implement BAWSCA's core and subscription conservation programs including two new programs; 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 Federal Energy Regulatory Commission (FERC) proceedings associated with the licensing of New Don Pedro Reservoir; taking action necessary to ensure that the SFPUC meets its legal and contractual water supply reliability obligations to its Wholesale Customers; monitor SFPUC's development of new water supplies through its Alternative Water Supply Planning Program; initiate development of a new Tier 2 drought implementation plan; administer BAWSCA's bonds including potential refunding; administer the WSA (WSA) with San Francisco to protect financial interests of the member agencies; implement Board policy directives for management of BAWSCA's unfunded pension liability obligations; and initiate a new BAWSCA internship program.

The proposed Operating Budget is \$4,783,794 which is 15% above the approved FY 2020-21 Operating Budget. The proposed Operating Budget represents approximately a \$1.16 increase in annual cost per household in the service area for an estimated cost to the water customer of \$7.75 per household per year.

The proposed Work Plan and Operating Budget can be funded with a combination of assessment increases, use of the General Reserve, a transfer from the WSA Balancing Account (Balancing Account), and use of BAWSCA 2013 Bond Stabilization Fund (Stabilization Fund).

Based on the analysis provided in this memo, funding Option 3 with a 5% assessment increase is recommended as it combines a modest rate increase with balanced use of other funding sources and results in an estimated year-end General Reserve that is within the budgetary guidelines.

Board Policy Committee Action:

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

Recommendation:

That the Board approve the:

- 1. Proposed FY 2021-22 Work Plan and Results to be Achieved;**

2. **Proposed Operating Budget of \$4,783,794;**
3. **Proposed Option #3 funding plan of a 5% assessment increase, a transfer of \$281,676 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds for funding the Operating Budget; and**
4. **Authorization of a request for a transfer of \$331,000 from the Balancing Account to BAWSCA in accordance with BAWSCA’s Balancing Account Policy, Res. No. 2020-02.**

Discussion:

The discussion below presents a proposed Work Plan and Operating Budget for FY 2021-22 as well as a discussion of alternatives for funding the proposed Work Plan.

PROPOSED FY 2021-22 WORK PLAN AND RESULTS TO BE ACHIEVED:

Next year’s Work Plan addresses all of the anticipated issues and results to be achieved discussed with the Board Policy Committee in December and February, and with the Board in January and March.

The proposed FY 2021-22 Work Plan includes the following major efforts:

- Oversight of the SFPUC’s WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System (RWS) Asset Management Program.
- Implement BAWSCA’s 2009 Strategy, including the following actions:
 - Complete Phase 3 pre-feasibility studies for the Potable Reuse Exploratory Plan (PREP), a potential purified water project in partnership with SFPUC, Silicon Valley Clean Water and others. Engage with advocacy groups (e.g., WaterReuse) to access and exchange critical technical, legislative, and legal information to support these studies;
 - Participate in the development of the Bay Area Regional Reliability Partnership (BARR) Bay Area Regional Water Market (Exchange/Transfer) Program, with inclusion of a pilot water transfer that includes ACWD, BAWSCA and SFPUC;
 - 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;
 - Refresh and update BAWSCA’s Demand Study; and
 - Complete scoping activity for an update to BAWSCA’s 2009 Strategy.
- Provide staff-only drought support to member agencies and their customers, assuming dry conditions in FY 2021-22.
- Represent member agency interests in regional and statewide discussions related to the new State of California “Making Water Conservation a Way of Life” long-term conservation requirements.
- Implement two new subscription conservation programs developed in FY 2020-21.
- Implement regional core and subscription conservation programs to support member agencies and their customers.
- Take actions to protect member agencies’ water supply interests in administration of the

2009 WSA including the following:

- Monitor SFPUC's development of new supplies through its Alternative Water Supply Planning Program and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations to its Wholesale Customers; and
- Initiate development of an updated Tier 2 drought allocation plan.
- Participate in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented.
- Participate in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies.
- Administer the 2009 WSA.
- Administer BAWSCA's bonds, including possible refunding.
- Initiate a new 3 to 6-month diversity internship program.
- Implement Board policy directives for management of BAWSCA's unfunded pension liability obligations.

Table 1 presents the proposed FY 2021-22 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the items 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 Re-scoped Activities for FY 2021-22:

There are seven new, significantly rescoped, or expanded activities included in the proposed FY 2021-22 Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA member agencies. One item, drought support for member agencies, was previously included in this list. However, the planned level of effort has been reduced in the proposed Work Plan to provide staff level support only at this time given current conditions.

**1. Refresh and Update BAWSCA 2020 Demand Study
Estimated FY 2021-22 Cost: \$277K**

At the close of FY 2019-20, BAWSCA completed the 2020 Demand Study. Currently, there are several efforts underway both at the State level and by BAWSCA Member agencies that are likely to impact the projections prepared in that 2020 study. For example, member agencies are developing their 2020 UWMPs within which updated water demands, population projections, and conservation efforts will be detailed. Similarly, the State of California will be proposing new water efficiency targets that are likely to impact member agencies' conservation strategies. Those targets are due to be released in draft form in the fall of 2021. Matters outside member agency control, such as the long-term impacts of COVID-19 related changes on water use, are worthy of consideration in demand estimates. It is believed that those impacts can be analyzed once the COVID-19 crisis has passed. Finally, the SFPUC is due to release its climate change study results in the spring of 2021.

Given the above-detailed impacts on demand, it is recommended that a refresh and update of the 2020 Demand Study be initiated in FY 2021-22. The recommended

update will be extensive, as estimating what the impacts are to each member agency will take significant study and require agency-specific feedback and involvement, including an update of all 28 water demand models. BAWSCA would secure consultant support for this effort with the overall update starting in FY 2021-22. The draft proposed budget includes an estimated \$277,000 for consultant support including a small budget for legal counsel.

**2. Complete Scoping for an Update of BAWSCA's 2009 Strategy
Estimated FY 2021-22 Cost: \$54K**

In 2009, BAWSCA initiated the development of its Strategy to provide a comprehensive, regional assessment of the BAWSCA member agencies' water supply reliability needs, complete an evaluation of potential water management actions that could be implemented to meet these needs, and identify potential actions for consideration by the Board to achieve an increased level of regional reliability. The 2009 Strategy effort spanned several fiscal years and was completed in 2015. The total technical cost for the 2009 Strategy was \$1.9M, including \$117K for scoping.

Implementation of the 2009 Strategy recommendations has been incorporated into the adopted work plan annually since FY 2015-16. BAWSCA's efforts to develop new sources of water supply, as well as its efforts to engage and promote the development of new alternative water supplies by the SFPUC, were performed in accordance with the Strategy. For example, BAWSCA's participation in the Los Vaqueros Reservoir Expansion Project, the Pilot Water Transfer, and the current participation in the PREP Project, all resulted from the direction given in the 2009 Strategy.

Since the completion of the 2009 Strategy in 2015, there have been significant changes that impact the region's long-term water supply planning efforts. For example, the region has weathered the 2014-17 drought, new Urban Water Management Plans (UWMP) have been prepared, COVID-19 has impacted the region, customer behavior has changed as a result of conservation measures being adopted and embraced, SFPUC has made progress toward completing the WSIP, BAWSCA completed its 2020 Demand Study, and there have been profound regulatory actions at the State and Federal level that have an impact on water supply reliability.

Given all that has transpired since the completion of the 2009 Strategy, it is appropriate to consider preparing an update. For FY 2021-22, the proposed Work Plan proposes completion of a scoping effort to identify what the scope, schedule and budget should be for an update to the 2009 Strategy. The scoping effort will be led by staff and require consultant support and engagement with the Board and member agencies through the Water Management Representatives. The draft proposed budget includes an estimated \$54,000 for consultant and legal support.

**3. Develop Leak Repair and Training Certification Program for Implementation in FY 2022-23
Estimated FY 2021-22 Cost: \$34K**

BAWSCA's development of a leak repair and training certification program began in FY 2020-21. This is a new program and there are no similar programs in place at other water agencies to replicate or expand from. The merits of training and certification are significant however, and the development of such a program, is of great interest to member agencies.

Program development, as assisted by an as-yet-to-be selected consultant, will continue in FY 2021-22 such that the program itself can be implemented in FY 2022-23. Program development efforts will research the training methods and procedures that would be employed, the outreach and agency involvement needed to promote the training, and the methods used to test and certify those that complete the program. The draft proposed budget includes an estimated \$34,000 for consultant support and a modest budget for legal counsel support.

**4. Initiate Development of an Updated Tier 2 Drought Implementation Plan
Estimated FY 2021-22 Cost: \$75K**

The Tier 2 Drought Implementation Plan (Tier 2 Plan or Plan) allocates the collective Wholesale Customer share of the water made available by the San Francisco Public Utilities Commission (SFPUC) during shortages caused by drought among individual Wholesale Customers.

The existing Tier 2 Plan was first adopted by each Wholesale Customer in the winter/spring of 2011 pursuant to Section 3.11.C of the WSA. That Tier 2 Plan, which initially expired on December 31, 2018, has been extended each year with the current Tier 2 Plan expiring on December 31, 2021.

In 2018, legislation was passed to implement the new statewide water use efficiency requirements, which may substantially impact the normal year and drought year water use within the member agencies' service areas. The State, through the Department of Water Resources (DWR), has indicated that it will release draft water use efficiency requirements in October of 2021 and receive comments through the spring of 2022, with final requirements released in June of 2022.

Development of an updated Tier 2 Plan can be initiated in FY 2021-22 with the release of the draft water use efficiency requirements by DWR in Fall 2021. Development and negotiations are expected to take more than one year with significant involvement and input from member agencies through the Water Management Representatives. The agreed upon Tier 2 Plan must then be adopted by the governing body of each member agency. The draft proposed budget includes \$75,000 for technical consultant and legal counsel support.

**5. Refunding of BAWSCA's Revenue Bond Series 2013A
Estimated FY 2021-22 Non-Contingent Cost: 300K**

The objective of a potential bond refunding of BAWSCA's Revenue Bond Series 2013A tax-exempt bonds is to generate debt service savings and eventually save the water customers money. Based on the findings of the recent refunding analysis in January 2021, while the agency estimates a solid amount of potential savings (assuming current market conditions) of pricing and issuing taxable advance refunding bonds in mid-2021, BAWSCA continues to believe that there remains potential for greater savings from a tax-exempt refunding delivered in January 2023. The par amount of the callable portion of Series 2013A bonds is \$163.8 million. The estimated net present value savings are over \$20 million or 12% of the refunded bonds, assuming current interest rates with a modest cushion for adverse market changes.

A preliminary estimate of the total cost to refund BAWSCA's series 2013A bonds is approximately \$1-\$1.2 million, including both contingent and non-contingent costs. The non-contingent portion of the cost of issuance is estimated to be about \$300,000 and are

mostly associated with the refunding planning costs, rating agency fees, trustee and escrow agent and verification agent fees. Monies for financial consultant support is also included in the proposed FY 2021-22 operating budget. For a tax-exempt forward delivery, most of the non-contingent costs would have to be paid near the time of pricing in early 2022. The rest of the costs would be paid from the refunding bond proceeds, contingent upon the successful sale and delivery of bonds.

6. Develop and Implement Student Internship Program
Estimated FY 2021-22 Cost: \$44K

The implementation of an Student Internship Program was originally planned to begin in FY 2020-21 but was delayed during the budget development process due to the anticipated impacts of the COVID-19 pandemic.

This Spring, at the request of the Board, BAWSCA released a Request for Qualifications (RFQ) that was sent to organizations, including schools, in the Bay Area, to identify the best entity to provide support and other assistance to BAWSCA in its future implementation of this internship program.

Collaborating with an organizational partner is seen as a way of reaching qualified candidates and also reducing BAWSCA's overall administrative burden for this program. Based on the response from the RFQ, BAWSCA anticipates selection of the organizational partner prior to the start of FY 2021-22, enabling BAWSCA to begin work on this program starting July 1, 2021.

Once the organizational partner is selected, BAWSCA will work with them to develop a plan for a 3 to 6-month internship program that would provide an opportunity for disadvantaged or underserved college students pursuing a technical or business degree to gain valuable experience working to support BAWSCA's water resources or finance departments. An intern can be accommodated within the existing BAWSCA office layout and without significant office-set up costs. Depending upon the organizational partner that BAWSCA selects, the timeline may not be feasible to secure intern services in FY 2021-22, however, the draft proposed budget includes a \$44,000 budget allocation with the goal of having an intern in FY 2021-22.

7. BAWSCA's Unfunded Pension Liability Funding Program
Estimated FY 2021-22 Cost: \$0K

Per the latest CalPERS actuarial valuation as of June 30, 2019, BAWSCA's projected unfunded pension liability as of June 30, 2022 is estimated to be \$707,333, which is scheduled to be paid off by June 30, 2038. Based on the current amortization schedule, BAWSCA's minimum required employer contribution towards the UAL for FY 2021-22 is \$68,648.

BAWSCA's estimated funding need is in a range of \$166K to \$730K, assuming the unfunded pension liability would be rescheduled to be paid off in 5 years to 1 year, respectively. The sooner the UAL is paid off, the higher the total estimated present value savings. If the unfunded pension liability is paid off in FY 2021-22, the estimated funding needs are approximately \$730K, resulting in an estimated present value savings of about \$252K to BAWSCA.

The costs associated with paying off the UAL have not been included in the proposed budget for FY 2021-22. At its February meeting, the BPC discussed several options for

paying off BAWSCA's UAL and how to manage that process without overly inflating BAWSCA's assessments unnecessarily. One option that was suggested was the potential for transferring surplus funds that may be available at the close of a particular fiscal year toward paying off the UAL. Additional discussion will take place with the BPC, followed by discussions with the full Board, to determine whether that approach or an alternative funding approach is preferred.

Results of January 21, 2021 Work Plan and Budget Preparation Planning Session:

During BAWSCA's January 21, 2021 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 2021-22 Work Plan and Results to be Achieved.

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

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

- Developing an updated Long-Term Water Supply Strategy, and thereafter implementing the Strategy recommendations to assure a reliable, high quality water supply at a fair price;
- Expanding efforts to monitor SFPUC's development of its Alternative Water Supply Program that will result in the implementation of water supply projects to meet its level of service requirements, including the multiple projects necessary to address Bay Delta Plan impacts;
- Overseeing SFPUC's increasing 10-Year CIP, consistent with recently adopted WSA amendments and BAWSCA's expanded oversight role; and
- 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.

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.

This information is provided to assist the Board in its deliberation of both the current funding plan for FY 2021-22 and beyond.

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

An alternative to the proposed Work Plan is to delay the update to BAWSCA's 2020 Demand Study until FY 2022-23.

The update to BAWSCA's 2020 Demand Study is necessary because, as detailed previously in this document, there are several efforts underway at the State level and by BAWSCA member agencies that are likely to impact the projections prepared in BAWSCA's 2020 Demand Study. For some of those efforts, information will not be available at the start of the work on the update. However, it is possible to begin the work in the first quarter of FY 2021-22 and incorporate information into the study as it becomes available. Some work may be required on the update in FY 2022-23 to incorporate any outstanding information.

This alternative is not recommended because the SFPUC will need to rely on BAWSCA's update to the 2020 Demand Study as they move forward into their environmental analysis

associated with their Alternative Water Supply Plan. Delays in the update to BAWSCA's 2020 Demand Study could in turn have an impact on SFPUC's approach to that vitally important environmental analysis.

PROPOSED FY 2021-22 OPERATING BUDGET:

The proposed Operating Budget of \$4,783,794 presented in Table 5 reflects the allocation of funding necessary to achieve the full Work Plan and includes an estimated pre-funding contribution for Other Post-Employment Benefits (OPEB), which is shown as a separate line item.

Explanation and Alternatives for Salaries and Benefits:

The increase for salaries and benefits of \$47,664 shown in the proposed Operating Budget is a result of a variety of changes. The proposed Operating Budget also includes the following for all employees except the CEO:

- \$22,412 for a COLA adjustment to existing FY 2020-21 salary
- \$22,823 merit allowance separate from COLA adjustment

A Cost-of-Living Allowance (COLA) adjustment of 2.15% 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 \$23,500 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 since FY 2017-18.

Funding Considerations for the Proposed Operating Budget:

Four principles have historically been used by BAWSCA when considering how to fund the proposed 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 2020-21 funding plan included a 0% increase in assessments and a \$476,400 transfer from the General Reserve. The General Reserve has a current balance of \$996,743. That balance includes the 476,400 transfer out of the General Reserve noted above along with a subsequent transfer of \$435,266 in November 2020 from unspent FY 2019-20 funds. That balance also reflects the transfer of \$142,500 from the General Reserve to fund a portion of a contract increase for BAWSCA legal counsel approved by the Board at its March 18, 2021 meeting. The resulting General Reserve is 24% of the adopted FY 2020-21 budget of \$4,163,179, which is within the BAWSCA budgetary guidelines.

BAWSCA's General Reserve Policy as adopted by Board Resolution 2018-02 provides the following guidance for the General Reserve:

- “Whereas, it is a prudent financial measure to maintain surplus funds in a reserve in order to provide funds for urgent but unanticipated expenses and for one-time, non-recurring expenses to moderate variations in annual assessments”
- “For budgetary purposes, the guideline for the minimum balance in the General Reserve is twenty percent of the budget year’s operating expense” and “the guideline for the maximum balance in the General Reserve is thirty five percent of the budget year’s operating expense.”

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 2020-21 Operating Budget will be 94% expended at year end. The CEO will continue to closely review the anticipated end of year expenses over the next few months, especially in light of increased expenses for legal counsel and others. Any post-audit excess funds will be transferred to the General Reserve in Fall 2021.

Options for Funding the Proposed Work Plan and Operating Budget:

In developing funding options to address FY 2021-22 budgetary needs, BAWSCA has four distinct funding sources to consider given the proposed Work Plan items:

1. Member Agency Assessments
2. BAWSCA General Reserve
3. Balancing Account: In accordance with Section 6.05.B.2.a of the WSA and BAWSCA's Balancing Account Policy, Balancing Account funds may be used for certain water resources work including the scoping of the update to BAWSCA's Strategy and the update of BAWSCA's 2020 Demand Study.
4. Stabilization Fund: In accordance with BAWSCA's 2013 Series A and B bond covenants, certain monies in the Stabilization Fund can be used to cover a portion of the costs associated with bond refinancing. These funds will be available for BAWSCA use no later than October 2021, which is sufficient to provide the funding necessary for the allowable expenses.

Table 6 presents a range of four funding options. Each option relies on a combination of the identified four funding sources. For information and comparison purposes, the table also includes the current FY 2020-21 Operating Budget and Funding Plan and a Revised Operating Budget and Funding Plan, as will be considered by the BPC in April and the Board in May.

- **Option 1 “2% Assessment Increase”:** A 2% increase in assessments (\$3,760,515), a transfer of \$392,279 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds. This option results in a General Reserve balance of \$848,064, or 18% of the total proposed Operating Budget and 20% of the Total Operating Budget excluding one-time expenses.
- **Option 2 “4% Assessment Increase”:** A 4% increase in assessments (\$3,834,250), a transfer of \$318,544 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds. This option

results in a General Reserve balance of \$921,799 or 19% of the total proposed Operating Budget and 22% of the Total Operating Budget excluding one-time expenses.

- **Option 3 “5% Assessment Increase”:** A 5% increase in assessments (\$3,871,118), a transfer of \$281,676 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds. This option results in a General Reserve balance of \$958,667 or 20% of the total proposed Operating Budget and 23% of the Total Operating Budget excluding one-time expenses.
- **Option 4 “7% Assessment Increase”:** A 7% increase in assessments (\$3,944,854), a transfer of \$207,940 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds. This option results in a General Reserve balance of \$1,032,403 or 22% of the total proposed Operating Budget and 25% of the Total Operating Budget excluding one-time expenses.

For each option shown in Table 6, calculations are provided showing the General Reserve as a percent of the total Operating Budget and General Reserve as a percent of the Operating Budget minus \$631K of one-time expenses included in the proposed Work Plan.

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

Based on the information provided above, funding Option 3 with a 5% assessment increase is recommended as it combines a modest rate increase with use of other funding sources and results in an estimated year end General Reserve that is within the budgetary guidelines even if the total Operating Budget or the Operating Budget minus the one-time expenses, is used for the calculation.

MAJOR CHANGES REFLECTED IN THE PROPOSED WORK PLAN AND OPERATING BUDGET FROM THE PRELIMINARY WORK PLAN AND OPERATING BUDGET

The proposed Work Plan and Operating Budget reflects the following changes from the preliminary Work Plan and Operating Budget in response to the Board’s direction and further review of critical tasks necessary:

- Deletion of \$24K budget allocation for outside support or other expenses associated with planned drought support for member agencies This modification was made in response to the Board’s direction to reduce costs where appropriate and in light of the current water supply conditions.
- Reduction of \$61K in planned rent cost associated with savings secured in recent successful negotiation of an extension of the existing lease for BAWSCA’s current office space. This identified savings assumes the Board authorization of the lease extension at the May 2021 board meeting.

FINDINGS RELATED TO USE OF BALANCING ACCOUNT:

Pursuant to Section 6.05.B.1 of the WSA, if the Balancing Account maintains a positive balance for three successive years and represents 10 percent or more of the Wholesale Revenue Requirement for the most recent fiscal year, the Board may direct the SFPUC to apply the positive balance to "water conservation or water supply projects administered by or through BAWSCA," among other uses. Two proposed FY 2021-22 Work Plan items - the 2020 Demand Study Refresh and Update and the Scoping for an Update to BAWSCA’s 2009 Strategy -

support both BAWSCA's water supply development and conservation efforts and are therefore eligible for funding via the Balancing Account.

In accordance with Resolution No. 2020-02, before appropriating funds from the Balancing Account, the Board must make written findings that reasonably demonstrate that applying all or a portion of the positive balance to the selected purpose(s) is in the best interests of the Wholesale Customers and the ultimate water customers.

Per the Balancing Account Policy, the findings must address the following:

- a) Projected annual Wholesale Rates for the next five fiscal years;
- b) Wholesale Revenue Coverage Reserve;
- c) Existing unpaid asset balance(s) under Section 5.03 of the WSA;
- d) Funding requirements and sources for water conservation or water supply projects administered by the Agency and an analysis comparing the use of the Balancing Account funds compared to implementing a Water Management Charge per WSA Section 3.06.A; and
- e) Any other factor(s) the Board of Directors determines compels application of all or part of the positive balance to a purpose specified in 6.05.B.2.a of the WSA.

An evaluation of the proposed use of the Balancing Account funds results in the following findings:

- The proposed appropriation of \$331,000 will not have a discernible impact on the wholesale rates in the next five years (a) or the need for funds for a Wholesale Revenue Coverage Reserve (b).
- Finding (c) is now moot as all asset balances have been paid.
- A Water Management Charge is not a preferred method of raising funds at this time given the size of the positive balance in the Balancing Account and the budget needs (d).
- At this time, there is no other competing interest that requires the Balancing Account to be reserved in its entirety rather than as a funding source for these specific budget items (e).

Table 1. Proposed FY 2021-22 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

- (5.7%) **1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, Asset Management Program, and Emergency Response**
 - 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. Track WSIP projects designated as critical drought water supply components to verify they have been completed in such a fashion that they can meet their intended Level of Service (LOS) goals.
 - 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 ongoing maintenance and protection of RWS assets. Monitor SFPUC’s Asset Management Program to ensure long-term protection of system assets, including performing tasks or deeper reviews identified in the audit of SFPUC's asset management practices per WSA Section 3.10.c. including participation in SFPUC's roll out of their recently adopted Asset Management Policy
 - d. Provide assistance to member agencies and help facilitate engagement with the SFPUC regarding emergency response matters.
- (16.0%) **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. *Refresh & update BAWSCA’s Regional Water Demand and Conservation Projections Study.*
 - b. *Complete scoping activity for an update to BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy).*
 - c. Participate in development of Bay Area Regional Reliability (BARR) Phase 2 (Water Marketing Strategy) in partnership with other Bay Area water agencies.
 - d. Complete Potable Reuse Exploratory Plan (PREP) Phase 3 pre-feasibility study with SFPUC and Silicon Valley Clean Water.
 - e. Promote the continued use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability thru the Basin Partnership, including providing CASGEM support to San Mateo County as necessary
 - f. Facilitate development of other local water supply options including tracking and reporting to BAWSCA Board on member agency efforts, identifying potential grant funding, monitoring of related policy development, etc.
 - g. Utilize the BAWSCA Reliability Model to evaluate climate change impacts on water supply, Bay Delta Plan Voluntary Agreement impacts on reliability, the prospective benefits that new alternative water supplies may provide, and to estimate the corresponding need to ration during droughts. *Facilitate the use of the Reliability Model by BAWSCA Member Agencies via a new Subscription Program.*

- (10.3%) **3. Near-term Supply Solutions: Water Conservation and Drought Response**
- a. *Provide staff-only drought support to member agencies and their customers (assuming dry conditions in FY 2021-22).*
 - b. Represent member agency interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a Way of Life” requirements, including new Water Efficiency Targets in development by the State.
 - c. Provide regional coordination to support member agency Advanced Metering Infrastructure (AMI) implementation and data mgmt.
 - d. Administer and implement BAWSCA’s core water conservation programs.
 - e. Administer BAWSCA’s subscription conservation rebate programs that benefit and are paid for by participating member agencies.
 - f. *Administer an irrigation hardware rebate program – a new subscription program for FY 2021-22.*
 - g. *Administer a residential self-audit tool – a new subscription program for FY 2021-22.*
 - h. *Develop a leak repair and training certification program for implementation in FY 2022-23.*
 - i. Represent agencies in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible.
- (6.1%) **4. Take Actions to Protect Members’ Water Supply and Financial Interests in WSA Administration**
- a. *Monitor SFPUC’s development of new supplies through its Alternative Water Supply Planning Program and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations to its Wholesale Customers.*
 - b. Protect members’ water supply interests to ensure that the SFPUC meets its legal and contractual obligations for water supply from the Regional Water System in light of ongoing risks.
 - c. Adopt a temporary extension of the existing Tier 2 drought allocation plan that expires Dec. 2021.
 - d. *Initiate development of an updated Tier 2 drought implementation plan.*
 - e. Protect members’ water supply and financial interests in the SFPUC’s required 2028 decisions.
- (9.9%) **5. Protect Members’ Interests in a Reliable Water Supply**
- a. Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented, including ongoing legal intervention.
 - b. Participate in the Don Pedro Project/La Grange Project FERC licensing process to protect customers’ long-term interests in Tuolumne River water supplies, including ongoing legal intervention.
- (0.1%) **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, including Prop 1 Integrated Regional Water Management conservation grant.
 - 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 efforts.
 - c. Investigate potential for grant funds to support the implementation of the LTRWS Strategy.

(0.7%) 7. Reporting and Tracking of Water Supply and Conservation Activities

- a. Complete BAWSCA FY 2020-21 Annual Survey.
- b. Complete BAWSCA FY 2020-21 Annual Water Conservation Report.
- c. In partnership with member agencies, operate and maintain BAWSCA's Water Conservation Database (WCDB). *In FY 2021-22, review the WCDB and scope a possible update to the WCDB.*

HIGH QUALITY WATER

(0.4%) 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

(17.1%) 9. Perform Matters that Members Agencies Delegated to BAWSCA in the WSA

- a. Administer the WSA with SF to protect the financial interests of member agencies.
- b. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.
- c. *Work on the authorization and execution of the refunding of a portion of those bonds to achieve additional interest savings in the future to the member agencies.*

AGENCY EFFECTIVENESS

(6.6%) 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, and 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.

(14.9%) 11. Manage the Activities of the Agency Professionally and Efficiently

- a. *Initiate an Student Internship Program.*
- b. *Implement Board policy directives for management of BAWSCA's unfunded pension liability obligations.*

Table 2: Activities Not Included in Proposed FY 2021-22 Work Plan and Operating Budget

<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.
<p>FAIR PRICE</p> <ol style="list-style-type: none">4. 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.5. Arbitrate issues related to the 2009 WSA.
<p>HIGH WATER QUALITY</p> <ol style="list-style-type: none">6. Perform technical studies of water quality or San Francisco’s treatment of the water it delivers to the BAWSCA agencies.7. 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">8. Add resources to support additional Board, Board committee, or technical committee meetings.9. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, other than tours done in coordination with San Francisco.

**Table 3. FY 2021-22 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/Questions	Staff Response
1	Kuta	BAWSCA should look into the implications to the Regional Water System of new, emerging contaminants related to source water quality, include new microplastics regulations.	BAWSCA will raise this question with the Joint Water Quality Committee for further discussion and possible recommended action. A status report will be provided to the Board with further information, including SFPUC’s response and any potential action. Note that major staff level activity to advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes is not included in the work plan at this time (as noted in Table 2).
2	Mendall	Not interested in seeing many new efforts as the current work plan is full of critical items.	Noted.
3	Montano	Is SFPUC experiencing any increased homeless encampments on the RWS or the watershed.	BAWSCA is not aware that this is an issue for the Regional Water System or the associated watersheds.
3	Moody	BAWSCA should continue to pursue an internship targeted at underserved communities and consider an education committee to provide input on this area.	A new internship will be included in the proposed work plan and budget; however, a new committee is not recommended given the restrictions on existing staff to support a new board committee. Regular reports will be provided to the Board.
4	Pierce	Please review the option to hire staff vs. continuing to utilize consultants for certain work efforts in the work plan.	For BAWSCA’s “Reliable Water Supply” work plan areas, the work plan & workload continue to fluctuate dramatically year by year in the level of effort and necessary expertise, such that it is difficult to clearly identify a steady increase in a certain area of work or expertise that would justify the addition of a new staff member to offset consultant knowledge and proficiencies. For BAWSCA’s “Fair Price” work plan areas, analysis of the current & anticipated workload indicates little potential need for additional staff resources & insufficient benefit that can be had by offsetting the current use of outside consultant resources.
5	Weed	BAWSCA should look into alternative rate structures to help address the member agencies' financial challenges caused by the water revenue loss due to water consumption reduction.	If drought conditions persist, the work plan anticipates BAWSCA hosting a workshop for member agencies that would provide information on a variety of related topics. This topic will be included in the list of potential topics for the final agenda to be developed with input from the Water Management Representatives.

Table 4. Potential Future Large Efforts

Project Name	Cost Updates				Discussion
	FY 2019-20 (Actual)	FY 2020-21 (Budget)	FY 2021-22 (Proposed Budget)	FY 2022-23 & Beyond	
Develop an updated Long-Term Water Supply Strategy, and thereafter implement Strategy recommendations to assure a reliable, high quality water supply at a fair price;	\$0	\$0	\$54K	\$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 2021-2025 time period given updated conditions including demands, supply reliability, regulatory and climate change impacts, etc. In FY 2021-22, work will begin on scoping the update effort. The update itself is proposed to be included in the FY 2022-23 budget. The update may take two to three fiscal years to complete.
Expand efforts to monitor SFPUC's development of its Alternative Water Supply Program that will result in the implementation of water supply projects to meet its level of service requirements, including the multiple projects necessary to address Bay Delta Plan impacts ¹	\$0	\$17.5K	\$123K	\$400K thru 2028 – additional costs associated with specific projects are anticipated after FY 2027-28.	The Alternative Water Supply Plan is intended by the SFPUC to be a decision-support framework document that outlines guiding principles, delivery goals (LOS), priorities, risks and tradeoffs to help the Commissioners determine how projects should continue to progress into the preliminary design and CEQA phase and beyond. By the time that plan is ready in 2023, SFPUC will simultaneously be developing CEQA project descriptions for each project. The SFPUC is targeting each project having CEQA completed in the 2023-2028 timeframe so they are ready for Commission decisions in 2028. Some projects may require less time, and others the full five years. BAWSCA will be engaged with the SFPUC in a review and oversight capacity during the Plan development, individual project development, and associated CEQA efforts. From a cost perspective, much of the work will involve

					<p>BAWSCA staff vs. support from consultants. However, some consultant support is envisioned for evaluating the water supply benefits of respective projects.</p> <p>Included in BAWSCA’s work effort will be the active engagement and review and comment on Alternative Water Supply Plan Quarterly Reports prepared by the SFPUC.</p>
Overseeing SFPUC’s increasing 10-Year CIP, consistent with recently adopted WSA amendments and BAWSCA’s expanded oversight role; and ²	\$47K	\$47K	\$27K	\$25-\$50K yearly dependent on a particular FY’s anticipated work effort	BAWSCA’s role in the review of the SFPUC’s Capital Improvement Program (CIP) has expanded with the approval of the 2018 amendments to the WSA. BAWSCA has a defined role, through the WSA, to participate in the SFPUC development of their 10-year CIP, as well as review and have input into the CIP implementation, including but not limited to the review of the SFPUC’s quarterly reports.
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.	\$65K	\$82K	\$47K	\$50K yearly	BAWSCA conducted an audit of SFPUC’s Asset Management Program in FY 2018-19. Additional Asset Management work continues as BAWSCA engages with the SFPUC with its efforts to implement the SFPUC’s new Asset Management Policy. BAWSCA anticipates this work continuing, though possibly, at a lower overall level as the SFPUC’s Asset Management Program is further implemented.

Footnotes: 1. BAWSCA has been participating as a primary partner in projects such as LVE and PREP. LVE expenses are not reported in this table, however the costs associated with PREP participation are reported. If BAWSCA continues participation in the PREP project, the cost of participation would be significant over time. The bulk of consultant costs for FY 2021-22 and beyond are associated with use of BAWSCA’s Regional Reliability Model.

2. BAWSCA costs for WSIP monitoring are not included in the costs reported in Table 4.

Table 5. Proposed FY 2021-22 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2020-21 Revised Budget (\$) (as of 3/18/2021)	Proposed FY 2021-22 Budget (\$)	Change from FY 2020-21 Budget (\$)
Consultants/ Direct Expenditures			
Reliability	1,314,850	1,506,600	191,750
Fair Pricing	239,500	565,700	326,200
Administration	100,000	140,000	40,000
<i>Subtotal Consultants</i>	1,654,350	2,212,300	557,950
Administration			
Employee Salaries & Benefits	1,997,354	2,045,019	47,664
Other Post-Emp. Benefits (net)	78,000	77,000	(1,000)
Operational Expenses	427,400	385,900	(41,500)
<i>Subtotal Administration</i>	2,502,754	2,507,919	5,164
Total Operating Expenses	4,157,104	4,720,219	563,114
Capital Expenses	3,000	3,000	0
Budgeted Contingency	0	57,500	57,500
Regional Financing Authority	2,025	2,025	0
Bay Area Water Users Assn.	1,050	1,050	0
Grand Total Operating Budget	4,163,179	4,783,794	620,614

Table 6. Analysis of Funding Options

Fund Source	FY 2020-21		FY 2021-22			
	Adopted Funding Plan as of 3/18/2021	Revised Funding Plan to be Considered 5/20/2021 ⁽¹⁾	Option 1 Proposed Work Plan & 2% Assessment Increase	Option 2 Proposed Work Plan & 4% Assessment Increase	Option 3 Proposed Work Plan & 5% Assessment Increase	Option 4 Proposed Work Plan & 7% Assessment Increase
Assessments	\$3,686,779	\$3,686,779	\$3,760,515	\$3,834,250	\$3,871,118	\$3,944,854
Transfer from General Reserve	\$476,400	\$476,400	\$392,279	\$318,544	\$281,676	\$207,940
Transfer from Balancing Account	\$0	\$197,000	\$331,000	\$331,000	\$331,000	\$331,000
Use of Stabilization Fund	\$0	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Total Available Operating Funds/Operating Budget	\$4,163,179	\$4,360,179	\$4,783,794	\$4,783,794	\$4,783,794	\$4,783,794
Potential End of FY20-21 Transfer to General Reserve			\$243,600	\$243,600	\$243,600	\$243,600
Estimated Year-End Reserves	\$996,743	\$996,743	\$848,064	\$921,799	\$958,667	\$1,032,403
% of Total Budget	24%	23%	18%	19%	20%	22%
% of "Total Budget Minus One-Time Expenses" ⁽²⁾	24%	24%	20%	22%	23%	25%
Assessment to Budget Ratio	89%	85%	79%	80%	81%	82%
Assessment to Budget Ratio Minus One-Time Expenses ⁽²⁾	89%	89%	91%	92%	93%	95%

Note:

(1) FY 2020-21 Revised Funding Plan reflects the proposed transfer of \$197,000 from the Balancing Account to fund a portion of the contract increase associated with the second Hanson Bridgett contract amendment to be considered by the Board for approval on May 20, 2021.

(2) The one-time expenses include the water resource project expenses funded by the Balancing Account and the cost of bond refunding funded by the excess Stabilization Fund.

APPENDICES

Appendices A through J present additional detail about the proposed FY 2021-22 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 WSA; 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 WSA, 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.
- FY 2019-20: The Board approved a 4.398 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2020-21: The Board approved a 3.01 percent COLA increase to the top step for 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 2021-22 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 2021-22 Operating Budget.

Appendix D: Proposed Budget for the Regional Financing Authority (RFA) Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the RFA, at least until it becomes more actively involved and required significant resources. Assuming a continued low level of activity in FY 2021-22, the proposed RFA budget is \$2,025. 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 2021-22 Operating Budget. The RFA will formally consider and adopt this budget in January 2022.

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 2021-22 is estimated to be 1,596 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
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

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
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
FY 2018-19			
EarthCapades	\$66,500	\$2,480	
Free Sprinkler Nozzles	\$364		
HET		\$2,495	
Large Landscape Audit	\$94,900	\$1,184	
Lawn Be Gone		\$1,200	
Lawn Be Gone Inspections	\$2,420		
Water Wise Ed. Kits	\$75,483	\$1,946	
Watersense Giveaways	\$5,672		
WaterSmart Reports	\$288,081		
Rain Barrel Rebate	\$757		
Water Loss Program	\$128,403		
Total	\$662,580	\$9,305	\$0
FY 2019-20			
EarthCapades	\$79,720	\$2,960	
HET		\$1,600	
Large Landscape Audit	\$110,652	\$1,332	
Lawn Be Gone		\$880	
Lawn Be Gone Inspections	\$1,018		
Water Wise Ed. Kits	\$51,397	\$1,370	
Watersense Giveaways	\$4,382		
WaterSmart Reports	\$216,429		
Rain Barrel Rebate	\$900	\$200	
Water Loss Program	\$215,917		
Customer Meter Testing	\$4,570		
Smart Controller Rebate	\$21,020		
Total	\$706,005	\$8,342	\$0

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	\$7.51
2020-21	\$2.20	\$6.59
2021-22	\$2.58	\$7.75

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

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 (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 17 years, BAWSCA's reviews have resulted in a total of \$44,492,418 savings to the Wholesale Customers. This total includes the savings resulting from resolution of issues discovered by BAWSCA prior to the WSA 7.06 process and savings from settlements during the formal 7.06 process.

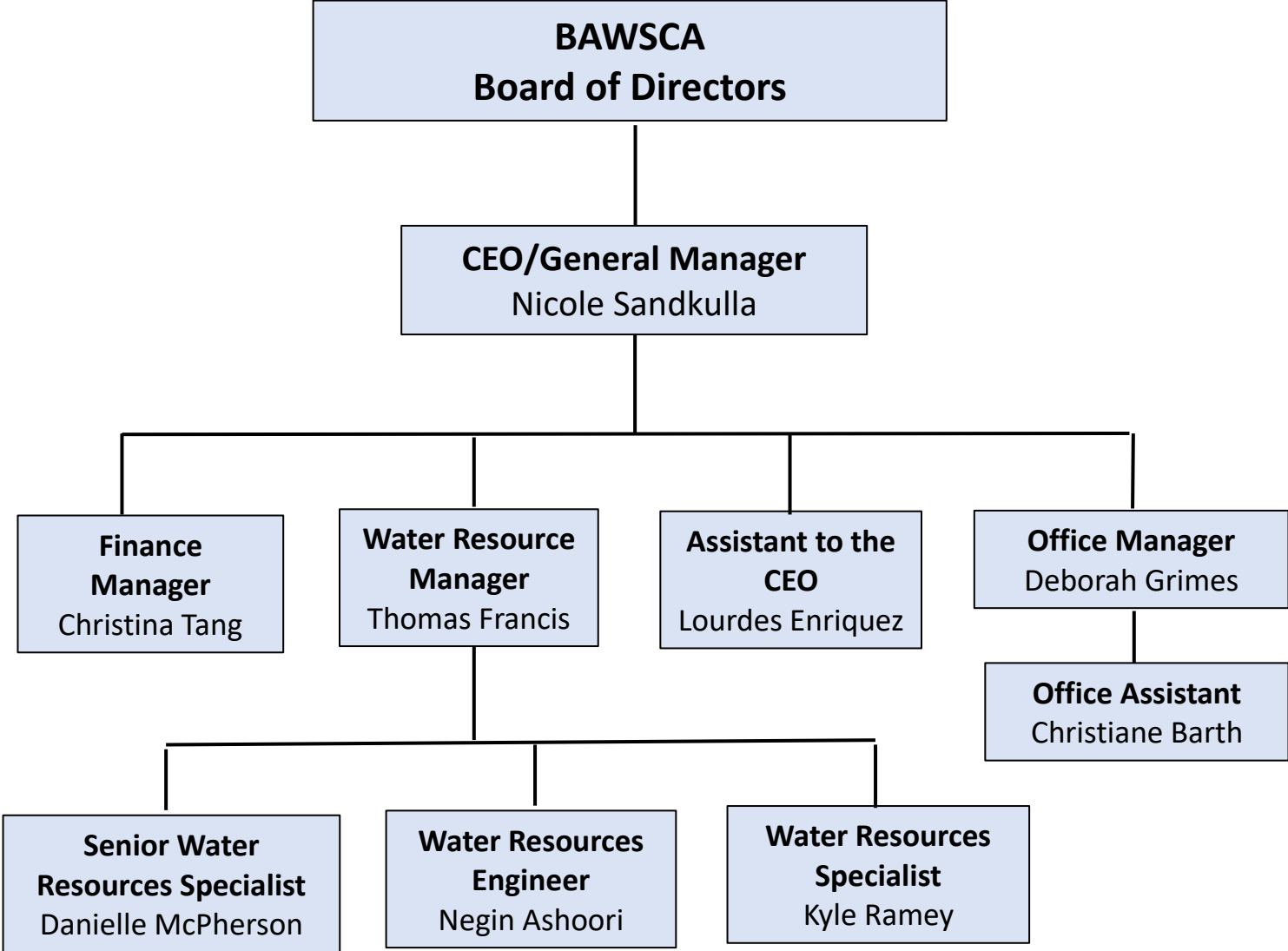
Note that the savings shown in Table H-1 do not include the ongoing savings resulting from any specific year's settlement. For example, the revised 525 Golden Gate operating and capital cost allocation methodology, as a result of the FY11-12 and FY12-13 settlements, generates an ongoing WRR savings to the Wholesale Customers in an approximate amount of \$400,000 each year from FY13-14 until various final debt service payment dates, and the approximate annual savings of \$1.4 million plus interest as part of the debt service allocation through FY39-40 resulting from the FY15-16 settlement,

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	\$7,079,780
2016-17	\$3,987,471
Total	\$44,492,418

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 2021-22 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 2021-22)
 (Proposed Changes Shown in Blue Underlined Italic Font)

BAWSCA Goal and Associated Challenges	FY 2021-22 (Near-Term)	2022-2035 (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 from the SF RWS and 184 MGD Supply Assurance in light of identified potential areas of risk, including climate change and regulatory challenges, <u>and SFPUC's Alternative Water Supply Planning and associated CEQA initiation by June 2023.</u>	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
Support member agencies in their efforts to ensure system reliability during an emergency.	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 2035, <u>including new Water Efficiency Targets to be finalized by June 2022</u>	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	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
Promote emergency resiliency of the SF RWS to protect interests of water customers.	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 (WSA)			
Enforcement and amendment as necessary, of the WSA 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
Extension or renegotiation of the WSA before it expires in 2034. The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.		X	X
Management of BAWSCA's revenue bonds, including consideration of refinancing (based on current analysis <u>as of 12/1/2020, this will be no earlier than 2023</u>), 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	
Management of Agency			
<u>BAWSCA CALPERS pension & OPEB liability management</u>			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.

Three 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 WSA; an unexpected threat from Mountain Tunnel; and monitoring the SFPUC's Capital Improvement Plan and its Asset Management Program.
- FY 2018-19, the approved budget was 14.14% higher than the previous year; issues included: Restore Hetch Hetchy litigation, Bay Delta Plan, FERC, participation in Los Vaqueros Expansion planning studies. and BAWSCA's Demand Study.

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.

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

Fiscal year	Assessments	% Change	Budget	% Change	% of Budget Spent	Transfers from WSA Balance Account	Transfers from Reserve	Notes on Transfers from Reserve & WSA Balance Account	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
									\$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%	89.58%		\$160,615	To fund budget	\$253,892	\$1,561,144	42%	8	RHH litigation, Bay-Delta Plan, FERC
2018-2019	\$3,579,397	1%	\$4,278,585	15.49%	93.40%		\$321,688	To fund budget	\$0	\$1,115,848	26%	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					
							\$50,000	To fund budget					HB Amendment - Board approved 3/2019
2019-2020	\$3,686,779	3%	\$4,569,750	6.81%	90.08%	\$805,000	\$77,971	To fund budget	\$435,266	\$1,037,877	23%	9	Fund LVE participation, Demand Study, FERC, Bay Delta
2020-2021	\$3,686,779	0%	\$4,163,179	-8.90%			\$333,900	To fund budget		\$996,743			
							\$142,500	To fund budget					HB Amendment - Board approved 3/2021

Footnotes

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

3/12/2020

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 2021-22

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 2021-22. To ensure work begins promptly or continues without interruption, twenty-three (23) contracts need to be in place by July 1, 2021.

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 2021-22, the Board will consider each of the twenty-three (23) contracts. Other consulting services that may be needed to complete the FY 2021-22 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for the fifteen (15) professional services contracts that need to be in place on July 1, 2021 and which are funded by the Proposed FY 2021-22 Operating Budget is \$1,758,100. The additional eight (8) contracts are for subscription conservation programs and as such, have no Operating Budget implications.

Recommendation:

That the Board approve the twenty-three (23) contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2021.

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) to protect financial interests of the member agencies, 2) ensuring SFPUC takes actions to meet its legal and contractual water supply reliability obligations to the member agencies, 3) ensuring water supply reliability and water customers' interests are protected in the Bay Delta Plan, SWRCB actions, and FERC proceedings, 4) monitoring of SFPUC's Water System Improvement Program (WSIP), 10-Year Capital Improvement Program (CIP), and Asset Management Plan, 5) engagement in SFPUC's development of its Alternative Water Supply Planning Program, 6) scoping for an update to BAWSCA's Long-Term Reliable Water Supply Strategy, 7) refresh and update of BAWSCA's Regional Water Demand and Conservation Projections Study, 8) development of a new Tier 2 drought implementation plan 9) provide staff-only drought support to member agencies and their customers, 10) implementing water conservation assistance programs, 11) implement Board directives for

management of BAWSCA’s unfunded pension liability obligations, and 12) initiation of a new BAWSCA internship program.

A general description of the services provided through each of the twenty-three (23) professional services contracts funded by the Proposed FY 2021-22 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 2021-22. BAWSCA’s standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the fifteen (15) professional services contracts funded by the Proposed FY 2021-22 Operating Budget that need to be in place by July 1, 2021. The combined budget for these professional services is \$1,758,100. The corresponding approved consulting budgets for FY 2020-21 are also shown in the table.

Table 2 summarizes the eight (8) professional services contracts needed to be in place by July 1, 2021 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

15 Consultants (Services Provided)	FY 2020-21*	Proposed FY 2021-22
1. Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$5,000	\$20,000
2. Chavan (Audit Services)	\$16,500	\$16,500
3. Droplet (Online Landscape Rebate System)	\$14,400	\$14,400
4. GeoSyntec (Engineering)	\$10,000	\$10,000
5. Hanson Bridgett (Legal Counsel)	\$806,500	\$723,500
6. Harlan P. Wendell (Strategic Counsel)	\$150,000	\$150,000
7. Hazen & Sawyer (Engineering)**	\$135,000	\$120,000
8. KNN Public Finance (Financial Counsel)	\$63,500	\$103,500
9. Orrick LLP (Bond Documents, Legal Services)	\$12,000	\$62,000
10. Public Trust Advisors (Investment Advisor)	\$10,000	\$10,000
11. Stetson Engineering (Water Analyses, WSA)	\$56,500	\$58,200
12. Richard Sykes (WSIP, 10–Year CIP)	\$115,000***	\$115,000
13. Water Systems Optimizations (Water Loss Management Program)**	\$30,000	\$35,000
14. Maddaus Water Management (Demand Study Update)	n/a	\$275,000
15. West Yost (Asset Management)	\$34,600	\$45,000
Total	\$1,459,000	\$1,758,100

*FY 2020-21 contract amounts as amended through 5/1/2021

**Consultant also provides a subscription conservation program

***FY 2020-21 budget associated with contract with Terry Roberts

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

8 Consultants/Vendors (Conservation Program/Assistance Provided)
1. AM Conservation Group (School Education Program)
2. EarthCapades (School Assembly Program)
3. Global Sun Landscape (Lawn Be Gone Inspection Services)
4. Maddaus Water Management (DSS Model Support Services)
5. M&M Backflow and Meter Maintenance (Customer Meter Testing)
6. Regional Water Authority (MOU for Rachio Smart Controller Program)
7. Waterfluence, LLC (Large Landscape Conservation Services)
8. Watersmart (Home Water Use Report Program)

Financial Services Funded by the Operating Budget:

Burr, Pilger and Mayer (BPM), KNN Public Finance (KNN), Orrick, 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. Additionally, KNN has been, and will continue, providing necessary support in the potential refunding of the 2013A Bonds. 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. Orrick has been, and will continue, providing the necessary support in the potential refunding of the 2013A Bonds.

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.

Technical Services Funded by the Operating Budget:

GeoSyntec, Hazen & Sawyer, Stetson Engineering, Richard Sykes, and West Yost 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 & Sawyer began development of BAWSCA's new regional water supply reliability modeling tool (Model) in FY 2017-18. In FY 2020-21, Hazen and Sawyer evaluated three different water supply scenarios to support BAWSCA's water supply planning needs using the Model. For FY 2021-22, Hazen and Sawyer will continue to provide technical support for BAWSCA's use of the Model as well as implementation of a subscription program for member agencies who are interested in using the Model for their individual planning needs.

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.

Richard Sykes will support BAWSCA's oversight of SFPUC's management of the Water System Improvement Program (WSIP) and their Water Enterprise 10-Year Capital Improvement Program (10-Year CIP). Mr. Sykes brings 30 years of experience working for a large California water utility. He has served in a leadership role on engineering, operations, maintenance, construction, environmental compliance, fisheries and land management matters. Moreover, he has been actively involved in the development of Capital Improvement Programs (CIPs) that are large in size and scale (\$1.5B) with a scope appropriate to BAWSCA's focus with the SFPUC (Sierra foothill and Bay Area reservoirs, raw water supply tunnels and aqueducts, water treatment plants, and water distribution facilities and related appurtenances).

West Yost Associates was selected in July 2019 to perform the Phase 1 audit of SFPUC's asset management program for the San Francisco Regional Water System's two divisions: Hetch Hetchy Water and Power Division (HHPD), and Water Supply and Treatment Division (WST). This audit was completed in June 2020. The audit was anticipated during the negotiation of the 2009 Water Supply Agreement (WSA) which resulted in the WSA having a clause that requires the SFPUC to cooperate with such an audit. As the WSIP nears completion, BAWSCA exercised the clause in FY 2019-20 with Phase 1 of the audit and Phase 2 in FY 2020-21, in which West Yost Associates served as BAWSCA's technical expert in the review and feedback on the individual asset management plans developed and adopted by the HHWP Division in FY 2020-21. Work in FY 2021-22 will include participation and review of the implementation plans and efforts for the SFPUC's adopted Asset Management Policy. West Yost Associates supports BAWSCA's goal of ensuring that the significantly large capital improvements are appropriately managed in the long-term.

Water Systems Optimization provides water system auditing and water loss management technical expertise to BAWSCA and the member agencies to support BAWSCA's Water Loss Management Program. The Water Loss Management Program contains two components: (1) the Technical Assistance Program (TAP) subscription conservation program which provides technical assistance to individual BAWSCA agencies in completing annual water audits and improving water loss management practices and (2) the Loss

Evaluation and Knowledge (LEAK) Work Group core conservation program that provides peer to peer learning opportunities for all BAWSCA agencies.

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.

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA's legal counsel. Legal counsel's budget reflects a continued focus on activities 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, SFPUC's 10-year CIP, implementation of BAWSCA's Strategy, addressing new statewide conservation requirements, administration of the 2009 Water Supply Agreement (WSA), and support for the potential refunding for BAWSCA's 2013A Bonds for the member agencies' water supply reliability and financial interests.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hanson Bridgett for FY 2021-22 (Legal Counsel)**

Summary:

The annual contract for legal services should be executed by July 1, 2021. 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) amendment, State Water Resources Control Board (SWRCB) Bay Delta Plan activity, Don Pedro FERC activity, bond refunding, 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 2021-22. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$723,500 and is contained in the FY 2021-22 Proposed Operating Budget. As of May 1, 2021, the proposed budget of \$723,500 is \$83,000 less than the currently approved budget for FY 2021-2022. Continued higher levels of work are anticipated to protect water supplies during the SWRCB Bay Delta Plan Update process, the FERC process, and the SFPUC's efforts to secure supplemental water supplies to meet its legal and contractual obligations; and represent member agencies' financial interests in implementing the 2009 WSA amendment.

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 \$723,500.

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, Bay Area Water Users Association (BAWUA), for more than 35 years. Hanson Bridgett helped negotiate both the prior and the current agreement for water supply between the Wholesale Customers and San Francisco. Hanson Bridgett also drafted the legislation that now pressures San Francisco to fix the regional water system, formed the San Francisco Bay Area Regional Financing Authority (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.

Scope of Services – Results to be Achieved:

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.

Billing Rates:

Exhibit B presents the rates and charges for FY 2021-2022. The proposed hourly rates for FY 2021-22 represent an approximate 5% increase compared to the last rate increase of approximately 3% in 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 2021-22 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 2021-22.

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 2021-22 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:

- Legal support for implement of the 2009 WSA including the draft amendment related to transfer of Individual Supply Guarantee and Minimum Purchase Obligation
- 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
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in ensuring that the SFPUC meets its legal and contractual obligations for water supply from the RWS considering ongoing risks 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: \$723,500

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

Conservation, FERC, Urban Water Mgmt. Plan	\$380,000
Water Supply Agreement Administration Fair Pricing	\$112,000
Water Supply Agreement Administration Reliability	\$68,500
SFPUC 10-Year CIP, WSIP and Water Reliability	\$41,000
BAWSCA (General legal)	\$120,000
<u>RFA & BAWUA (General legal)</u>	<u>\$2,000</u>
Total	\$723,500

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 \$723,500. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2021-22

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters, including legal services to complete the Water Supply Agreement amendment, the Bay Delta Plan update, and services provided to BAWSCA in connection with the FERC relicensing. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2021-22 represent an approximate 5% increase compared to the last rate increase of approximately 3% in FY 2019-20. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$723,500.

FY 2021-22 RATES

Partner	\$420/hour
Senior Counsel	\$375/hour
Associates	\$350/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: **Second Amendment to Hanson Bridgett Professional FY 2020-21 Services Contract**

Summary:

Activities associated with addressing the State Water Resources Control Board Bay Delta Plan Update and the Federal Energy Regulatory Commission (FERC) relicensing of New Don Pedro has required more legal resources to date than originally budgeted, and requires additional use of legal counsel services for the remainder of FY 2020-21. As a result, the contract with Hanson Bridgett must be amended to avoid disruption of necessary work to achieve critical results for FY 2020-21. A budget amendment for an additional \$200,000 is recommended to fund necessary work through June 2021 for a revised not to exceed total budget of \$1,006,500.

Fiscal Impact

This recommended budget increase would be funded using a combination of \$197,000 from a requested transfer from the Water Supply Agreement Balancing Account (Balancing Account) and remainder from reallocation of unused funds within the existing agency operating budget.

Board Policy Committee Action:

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

Recommendation:

That the Committee recommend the Board authorize the CEO/General Manager to:

- 1. Amend the professional services contract with Hanson Bridgett by \$200,000 for a total not-to-exceed amount of \$1,006,500; and**
- 2. Authorize the request for a transfer of \$197,000 from the Balancing Account to BAWSCA in accordance with BAWSCA's Balancing Account Policy, Res. No. 2020-02, and**
- 3. Increase the approved FY 2020-21 Operating Budget by \$197,000 to \$4,360,179.**

Discussion:

Expenses associated with completing the WSA Minimum Purchase amendment is significantly more than budgeted due to the unanticipated legal questions and concerns that have arisen over the last eight months requiring additional negotiations among the member agencies and with SFPUC. At this time, the minimum purchase amendment negotiations are complete, with legal counsel's remaining work being focused on preparing the packet of information for the member agencies to support adoption in FY 2021-22.

In addition, in FY 2020-21, the effort associated with the Bay Delta Plan and FERC have similarly continued to increase in complexity, requiring additional legal resources. In all these cases, the level of effort was higher than the budgeted activity level and additional funds are necessary at this time to protect 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.

Funding the Recommended Amendment Through Use of the Balancing Account

A transfer of \$197,000 of available funds from the Balancing Account is included as part of the recommended action.

For FY 2020-21, the following expenses have already been incurred that are eligible for reimbursement to BAWSCA through a transfer from the Balancing Account:

- \$153,193 for Strategy implementation including work on Los Vaqueros Enlargement and Potable Reuse Exploratory Project, finalizing the 2020 Demand Projections to support Urban Water Management Plans, and use of BAWSCA's Regional Reliability Model to support planning efforts.
- \$43,875 for implementation of Core Conservation Program elements including BAWSCA's water efficient landscape classes and leak reduction programs, and support for member agency Urban Water Management Plans.

Pursuant to Section 6.05.B.1 of the Amended and Restated 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), if the Balancing Account maintains a positive balance for three successive years and represents 10 percent or more of the Wholesale Revenue Requirement for the most recent fiscal year, the Board may direct the SFPUC to apply the positive balance to "water conservation or water supply projects administered by or through BAWSCA," among other uses. The projects outlined above support both BAWSCA's water supply development and conservation efforts.

In accordance with Resolution No. 2020-02, a copy of which is attached to this memo, before appropriating funds from the Balancing Account, the Board must make written findings that reasonably demonstrate that applying all or a portion of the positive balance to the selected purpose(s) is in the best interests of the Wholesale Customers and the ultimate water customers.

Per the Balancing Account Policy, the findings must address the following:

- a) Projected annual Wholesale Rates for the next five fiscal years;
- b) Wholesale Revenue Coverage Reserve;
- c) Existing unpaid asset balance(s) under Section 5.03 of the WSA;
- d) Funding requirements and sources for water conservation or water supply projects administered by the Agency and an analysis comparing the use of the Balancing Account funds compared to implementing a Water Management Charge per WSA Section 3.06.A; and
- e) Any other factor(s) the Board of Directors determines compels application of all or part of the positive balance to a purpose specified in 6.05.B.2.a of the WSA.

An evaluation of the proposed use of the Balancing Account funds results in the following findings:

- The proposed appropriation of \$197,000 will not have a discernible impact on the wholesale rates in the next five years (a) or the need for funds for a Wholesale Revenue Coverage Reserve (b).
- Finding (c) is now moot as all asset balances have been paid.

May 20, 2021 – Agenda Item #6F

- A Water Management Charge is not a preferred method of raising funds at this time given the size of the positive balance in the Balancing Account and the budget needs (d).
- At this time, there is no other competing interest that requires the Balancing Account to be reserved in its entirety rather than as a funding source for these specific budget items (e).

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 \$75k - \$57k from contingency & \$17.5k 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	\$919,000	\$919,000	100%	March 2019-additional \$150k; \$57.5k from contingency, \$50.k from General Reserve, \$42.5k from other unspent funds; \$50k added to operating budget. May 2019 - additional \$100k reallocated from other expense categories; no change to operating budget
FY 19-20	\$799,500	\$819,000	\$818,000	100%	June 2020 - \$19.5 reallocated from other expense categories; no change to operating budget
FY 20-21	\$606,500	\$806,500			March 2021 - additional \$200k - \$142k from the General Reserve & \$57k from contingency

From: pol1@rosenblums.us
To: [Lourdes Enriquez](#)
Subject: RE: California Public Records Act Information request
Date: Thursday, March 24, 2022 5:07:37 PM

Hi:

I sent this request in about 2 weeks ago and have not received any response. I would appreciate acknowledgment that my request has been received and is being considered. Thank you.

Stephen Rosenblum
Palo Alto

From: pol1@rosenblums.us <pol1@rosenblums.us>
Sent: Friday, March 11, 2022 4:14 PM
To: 'lenriquez@bawsca.org' <lenriquez@bawsca.org>
Subject: California Public Records Act Information request

March 11, 2022

Bay Area Water Supply and Conservation Agency
155 Bovet Road, Suite 650
San Mateo, California 94402

To Whom It May Concern:

As someone who lives in Palo Alto, which is a member of BAWSCA, and a Hetch Hetchy ratepayer, I would like to know how much money BAWSCA has spent on lawsuits challenging the State Water Resources Control Board. The California Public Records Act entitles me to receive this information from BAWSCA, which is a public agency.

Please send me all of your documents and correspondence related to financing BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan.

Sincerely,
Stephen Rosenblum
Palo Alto

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May 18, 2022

Letter Recipients – Sent Via Email

Molly Culton
Sierra Club California

John McManus
Golden State Salmon Association

Peter Drekmeier
Tuolumne River Trust

Ryan Henson
California Wilderness Coalition

Regina Chichizola
Save California Salmon

Shani Kleinhaus
Santa Clara Valley Audubon Society

Konrad Fisher
Water Climate Trust

Elizabeth Dougherty
Wholly H2O

John Hooper
Protect Our Water

Jeff Miller
Alameda Creek Alliance

Trish Mulvey
CLEAN South Bay

Stuart Gross
San Francisco Herring Association

Jonas Minton
Planning and Conservation League

Lauren Weston
Acterra

Ashley Overhouse
Friends of the River

Barbara Barrigan-Parilla
Restore the Delta

Chris Shutes
California Sportfishing Protection Alliance

Cindy Charles
Golden West Women Flyfishers

Mike Conroy
Pacific Coast Federation of Fishermen's
Associations; Institute for Fisheries Research

Bill Uyeki
Peninsula Fly Fishers

Larry Collins
San Francisco Crab Boat Owners Association

Kristina Pappas
San Francisco League of Conservation Voters

Bill Martin
Sierra Club Bay Chapter, Water Committee

Laura Allen
Greywater Action

Mark Rockwell
Northern California Council, Fly Fishers International

Deirdre Des Jardin
California Water Research

RE: May 12, 2022 Letter to BAWSCA Board of Directors

Dear Signatories of the Letter about the BAWSCA Lawsuit and the Bay Delta Plan,

On behalf of the BAWSCA Board of Directors, we thank you for your letter dated May 12, 2022 regarding the Bay-Delta Water Quality Control Plan. The Bay Area Water Supply and Conservation Agency (BAWSCA) will not withdraw its intervention in the Bay-Delta Plan litigation at

this time because serious concerns about this Plan and its impacts on the 1.8 million residents, over 40,000 businesses and hundreds of communities in Alameda, San Mateo, and Santa Clara Counties, whose water interests BAWSCA represents under California law (AB 2058), have not been resolved. If implemented, these water users could suffer very serious water reductions up to 50% during multiple year droughts as documented in state-required Urban Water Management Plans adopted by San Francisco and the BAWSCA agencies.

BAWSCA recognizes the need for a healthy Bay-Delta environment and will continue to support efforts to negotiate a voluntary settlement agreement as the preferred alternative to achieve its objectives and to provide critically necessary water for all the water users that rely on the Tuolumne River, including the fish, environment and water customers BAWSCA represents.

Sincerely,


Gustav Larsson
Chair


Tom Chambers
Vice Chair

cc: State Assembly Members Mullin, Berman, Quirk, Kalra, Low, Lee, Ting and Haney
State Senators Becker, Wieckowski and Wiener
Mayors and Board Chairs, BAWSCA Member Agencies
Alameda, San Mateo, and Santa Clara Counties' Board of Supervisors

From: [Molly Culton](mailto:Molly.Culton@sierraclub.org)
To: glarsson@sunnyvale.ca.gov; tchambe@comcast.net; [bawscaboardofdirectors](mailto:bawscaboardofdirectors@bawscaboardofdirectors.org); [Nicole Sandkulla](mailto:Nicole.Sandkulla@asm.ca.gov)
Cc: phil.ting@asm.ca.gov; kevin.mullin@asm.ca.gov; marc.berman@asm.ca.gov; ash.kalra@asm.ca.gov; evan.low@asm.ca.gov; bill.quirk@asm.ca.gov; alex.lee@asm.ca.gov; matt.haney@asm.ca.gov; scott.wiener@sen.ca.gov; josh.becker@sen.ca.gov; bob.wieckowski@sen.ca.gov
Subject: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan
Date: Thursday, May 12, 2022 3:27:43 PM
Attachments: [NGO Letter to BAWSCA.pdf](#)

Hello-

Please find attached an NGO sign on letter regarding BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan.

Regards,

Molly

--

Molly Culton (she/her/hers)
Conservation Organizer
Sierra Club California
909 12th Street, Suite 202
Sacramento, CA 95814
Ph: 916-557-1100 x1100
molly.culton@sierraclub.org
www.sierraclubcalifornia.org

Like us on [Facebook](#).

Follow [@SierraClubCA](#) on Twitter.

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May 12, 2022

Chair Gustav Larsson, Vice Chair Tom Chambers and Board of Directors
 Bay Area Water Supply and Conservation Agency
 155 Bovet Road, #650
 San Mateo, CA 94402
 Via Email

Re: BAWSCA’s lawsuit over the Bay Delta Water Quality Control Plan.

Dear BAWSCA Directors:

We write to encourage you to drop BAWSCA’s lawsuit over the State Water Board’s Bay Delta Water Quality Control Plan.

The San Francisco Bay-Delta – the largest estuary on the west coast of the Americas – is on the brink of ecological collapse. Six fish species are listed as threatened or endangered, and once-bountiful wild salmon populations are on the verge of extinction. Toxic algae blooms caused by low freshwater flows threaten people and wildlife. The commercial salmon fishing industry is struggling to survive. Salmon runs that are central to tribal culture and spirituality are in danger of being lost forever. Action to restore the Bay-Delta and rivers that feed it is long overdue.

Your constituents strongly support environmental protections and restoration. In 2016, more than 70% of Bay Area voters supported Measure AA, agreeing to tax themselves to restore the Bay's wetlands. Public opinion surveys consistently demonstrate that Bay Area residents care deeply about the environment, and that providing environment benefits is the number one motivator for people to conserve water.

Your ratepayers do not want to fund anti-environmental lawsuits.

In 2010, the State Water Board released a flow criteria report that determined unimpaired flow on the San Joaquin River and its tributaries, including the Tuolumne, would need to increase to 60% to fully protect fish and other biological resources. The State Water Board compromised, and in 2018 adopted a 40% flow requirement. An honest assessment of the facts clearly demonstrates that the SFPUC could meet its obligation to instream flows without compromising water supply.

Yet BAWSCA does not support science-based flow improvements for the Tuolumne River and the Bay-Delta. BAWSCA is on record supporting the Tuolumne River Voluntary Agreement (TRVA). Not a single environmental or fishing organization supports this approach, simply because the lack of adequate flows would destine the TRVA to failure. A peer review commissioned by the National Marine Fisheries Service confirmed that the TRVA is not supported by credible science. The State Secretaries of the Environmental Protection Agency and Natural Resources Agency also confirmed this in a letter on October 20, 2021, and halted negotiations on the TRVA. Simply put, the TRVA has no scientific foundation. BAWSCA should abandon this anti-environmental, anti-science position.

It is also important to note that the Tuolumne River has among the worst environmental flows of any Central Valley river, particularly in dry years. It is not a surprise that over the past 30 years, mismanagement by the SFPUC and Modesto and Turlock Irrigation Districts have produced the worst salmon recovery record of any major river in the Central Valley.

We appreciate that BAWSCA is committed to ensuring a reliable water supply. We share that commitment. Many of our organizations have deep experience working in partnership with urban agencies on water supply issues. We are confident the BAWSCA agencies can maintain highly reliable water supplies while taking needed steps to protect the Tuolumne River and Bay-Delta. We believe a comprehensive water supply reliability strategy could include such tools as water use efficiency, alternative supplies, such as water transfers, Central Valley groundwater storage and water recycling, improved demand projections, adjusting the current design drought and other tailored drought strategies

Again, we strongly encourage you to drop your lawsuit over the Bay Delta Plan and support science-based, improved flow standards for the Tuolumne River and Bay-Delta.

We are confident that investments in proven water management tools can ensure a reliable water supply, while supporting a healthy Tuolumne River and Bay-Delta ecosystem.

Let's have the conversation.

Sincerely,



Molly Culton
Sierra Club California



Lauren Weston
Acterra



John McManus
Golden State Salmon Association



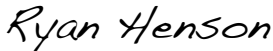
Ashley Overhouse
Friends of the River



Peter Drekmeier
Tuolumne River Trust



Barbara Barrigan-Parilla
Restore the Delta



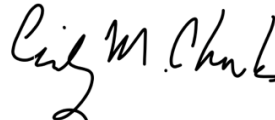
Ryan Henson
California Wilderness Coalition



Chris Shutes
California Sportfishing Protection Alliance



Regina Chichizola
Save California Salmon



Cindy Charles
Golden West Women Flyfishers



Shani Kleinhaus
Santa Clara Valley Audubon Society



Mike Conroy
Pacific Coast Federation of Fishermen's
Associations
Institute for Fisheries Research



Allison Boucher
Tuolumne River Conservancy



Konrad Fisher
Water Climate Trust




Bill Uyeki
Peninsula Fly Fishers



Elizabeth Dougherty
Wholly H2O



Larry Collins
San Francisco Crab Boat Owners
Association



John Hooper
Protect Our Water



Kristina Pappas
San Francisco League of Conservation
Voters



Jeff Miller
Alameda Creek Alliance



Bill Martin
Sierra Club Bay Chapter,
Water Committee



Conner Everts
Environmental Water Caucus



Greg Reis
The Bay Institute



Trish Mulvey
CLEAN South Bay



Laura Allen
Greywater Action



Stuart Gross
San Francisco Herring Association



Mark Rockwell
Northern California Council,
Fly Fishers International



Jonas Minton
Planning and Conservation League



Deirdre Des Jardin
California Water Research

Cc:

State Assembly Members Mullin, Berman, Quirk, Kalra, Low, Lee, Ting and Haney
State Senators Becker, Wieckowski and Wiener
City Council Members
County Supervisors

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From: [Sue Purdy Pelosi](#)
To: [bawscaboardofdirectors](#)
Subject: Please drop the lawsuit!
Date: Monday, May 16, 2022 8:51:54 AM
Attachments: [NGO Letter to BAWSCA.pdf](#)

Ratepayers who care about the environment shouldn't be forced to fund this lawsuit. I support the attached letter completely.

Thank you for your attention

Sue

Sue Purdy Pelosi

[Be kind whenever possible. It is always possible.](#)

Dalai Lama

<https://www.linkedin.com/in/suepurdypelosi/>

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From: [Robert Buelteman](#)
To: [bawscboardofdirectors](#)
Subject: Drop the lawsuit
Date: Monday, May 16, 2022 8:56:31 AM

Dear BAWSC_

Please drop your anti-environment ill-conceived lawsuit against the Bay Delta Water Quality Control Plan.

As the author of the 1995 book on the Crystal Springs Watershed *The Unseen Peninsula*, whose collectors include many of your stakeholders, I implore you to think in terms longer than the next couple years, and end this expensive and troublesome litigation.



Robert Buelteman
he/him/his
[buelteman.com](#)

follow on Instagram: [@robertbueltemanstudio](#)

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From: [kYra Dear](#)
To: [bawscaboardofdirectors](#)
Subject: DROP THE LAWSUIT
Date: Monday, May 16, 2022 10:00:46 AM

The Bay Delta Water Quality Control Plan was created due to a lack of will by your agency to implement crucial environmental protections; REALITIES that we ALL MUST begin to transition to *being accountable for*. Get your politics out of my water supply. Ratepayers who care about the environment are now being forced to fund YOUR lawsuit over the Bay Delta Water Quality Control Plan.

DROP THE SUIT NOW.

Kyra Rice
ph: 650-204-1182

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From: [Desiree Grahn](#)
To: [bawscaboardofdirectors](#)
Subject: Drop Lawsuit Bay Delta Plan
Date: Monday, May 16, 2022 10:18:55 AM

To the Board of Directors-

I care about the environment and having a reliable supply of clean drinking water. I believe we can achieve both of these ideals if you drop the lawsuit against the Bay Delta Plan. I'm not ok with you wasting my money as a ratepayer for this misguided lawsuit.

With global warming it is more important than ever before to support science based improved flow standards for the Tuolmne River and Bay Delta. I want to ensure we don't lose important species of animals and ecosystems by using shortsighted blunt methods for maintaining drinking water. Thank you.

Best,

Desiree Grahn
San Jose CA

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From: [Carol Ruth](#)
To: [bawscaboardofdirectors](#)
Subject: BAWSCA's lawsuit
Date: Monday, May 16, 2022 10:33:22 AM

May 16, 2022

Chair Gustav Larsson, Vice Chair Tom Chambers and Board of Directors Bay Area Water Supply and Conservation Agency
155 Bovet Road, #650
San Mateo, CA 94402
Via Email

Re: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan.

Dear BAWSCA Directors:

We write to encourage you to drop BAWSCA's lawsuit over the State Water Board's Bay Delta Water Quality Control Plan.

The San Francisco Bay-Delta – the largest estuary on the west coast of the Americas – is on the brink of ecological collapse. Six fish species are listed as threatened or endangered, and once-bountiful wild salmon populations are on the verge of extinction. Toxic algae blooms caused by low freshwater flows threaten people and wildlife. The commercial salmon fishing industry is struggling to survive. Salmon runs that are central to tribal culture and spirituality are in danger of being lost forever. Action to restore the Bay-Delta and rivers that feed it is long overdue.

Your constituents strongly support environmental protections and restoration. In 2016, more than 70% of Bay Area voters supported Measure AA, agreeing to tax themselves to restore the Bay's wetlands. Public opinion surveys consistently demonstrate that Bay Area residents care deeply about the environment, and that providing environment benefits is the number one motivator for people to conserve water.

Your ratepayers do not want to fund anti-environmental lawsuits.

In 2010, the State Water Board released a flow criteria report that determined unimpaired flow on the San Joaquin River and its tributaries, including the Tuolumne, would need to increase to 60% to fully protect fish and other biological resources. The State Water Board compromised, and in 2018 adopted a 40% flow requirement. An honest assessment of the facts clearly demonstrates that the SFPUC could meet its obligation to instream flows without compromising water supply.

Yet BAWSCA does not support science-based flow improvements for the Tuolumne River and the Bay-Delta. BAWSCA is on record supporting the Tuolumne River Voluntary Agreement (TRVA). Not a single environmental or fishing organization supports this approach, simply because the lack of adequate flows would destine the TRVA to failure. A peer review commissioned by the National Marine Fisheries Service confirmed that the TRVA is not supported by credible science. The State Secretaries of the Environmental Protection Agency and Natural Resources Agency also confirmed this in a letter on October 20, 2021, and halted negotiations on the TRVA. Simply put, the TRVA has no scientific foundation. BAWSCA should abandon this anti-environmental, anti-science position.

It is also important to note that the Tuolumne River has among the worst environmental flows of any Central Valley river, particularly in dry years. It is not a surprise that over the past 30 years, mismanagement by the SFPUC and Modesto and Turlock Irrigation Districts have produced the worst salmon recovery record of any major river in the Central Valley.

We appreciate that BAWSCA is committed to ensuring a reliable water supply. We share that commitment. Many of our organizations have deep experience working in partnership with urban agencies on water supply issues. We are confident the BAWSCA agencies can maintain highly reliable water supplies while taking needed steps to protect the Tuolumne River and Bay-Delta. We believe a comprehensive water supply reliability strategy could include such tools as water use efficiency, alternative supplies, such as water transfers, Central Valley groundwater storage and water recycling, improved demand projections, adjusting the current design drought and other tailored drought strategies

Again, we strongly encourage you to drop your lawsuit over the Bay Delta Plan and support science-based, improved flow standards for the Tuolumne River and Bay-Delta.

We are confident that investments in proven water management tools can ensure a reliable water supply, while supporting a healthy Tuolumne River and Bay-Delta ecosystem.

Sincerely,
Carol Ruth

Dr. Ron Ruth
661 Cabrillo Avenue
Stanford Ca 94305

Sent from my iPhone

From: [Lindsay Joye](#)
To: [bawscaboardofdirectors](#)
Subject: Drop lawsuit over the Bay Delta Plan
Date: Monday, May 16, 2022 10:34:12 AM

As a ratepayer of City of Palo Alto Utilities, I urge the BAWSCA board to drop the anti-environmental lawsuit over the Bay Delta plan.

We have adopted many water saving measures at our home including replacing our lawn with native plants, installing a laundry to landscape system and using water efficient appliances so that our daily water consumption stays under 100 gallons for our 2 person household.

It is imperative that we support a healthy Tuolumne River and Bay-Delta ecosystem.

Thank you.
-Lindsay Joye
Palo Alto resident

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From: [Magic](#)
To: [bawscaboardofdirectors](#)
Subject: Proposed rate increase
Date: Monday, May 16, 2022 10:37:29 AM

Dear BAWSCA Directors,

Please know that while I'm glad to pay higher rates to protect the ecological integrity of the Tuolumne River watershed, I consider you irresponsible to ask me to pay higher rates to support a lawsuit defending continuing degradation of that ecosystem. Your continuing support of the so-called voluntary agreement, which has been scientifically discredited and amounts to theft of the commons for private gain, is an abdication of your responsibilities and a waste of ratepayer money.

Thank you for considering these views.

David Schrom



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From: [Joel Davidson](#)
To: [bawscaboardofdirectors](#)
Subject: Bawsca Lawsuit
Date: Monday, May 16, 2022 10:45:54 AM

To Whom it may concern,

As a customer of water usage I would like to urge you to give up your lawsuit pursuit. In my mind your proposal is not environmentally sustainable. Please heed the advice of the Environmental groups that are challenging your lawsuit and work with them for a solution that serves us all.

Thank you for your consideration,

Joel Davidson

Santa Clara resident

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From: [Holly Millar](#)
To: [bawscaboardofdirectors](#)
Subject: I do not want to pay for
Date: Monday, May 16, 2022 10:59:09 AM

your lawsuit over the Bay Delta Water Quality Control Plan!

Holly Millar - taxpayer

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From: [Lawrence Garwin](#)
To: [bawscaboardofdirectors](#)
Subject: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan.
Date: Monday, May 16, 2022 11:24:13 AM

May 16, 2022

Chair Gustav Larsson, Vice Chair Tom Chambers and Board of Directors Bay Area Water Supply and Conservation Agency
155 Bovet Road, #650
San Mateo, CA 94402

Dear BAWSCA Directors:

I write to encourage you to drop BAWSCA's lawsuit over the State Water Board's Bay Delta Water Quality Control Plan.

The San Francisco Bay-Delta – the largest estuary on the west coast of the Americas – is on the brink of ecological collapse. Six fish species are listed as threatened or endangered, and once-bountiful wild salmon populations are on the verge of extinction. Toxic algae blooms caused by low freshwater flows threaten people and wildlife. The commercial salmon fishing industry is struggling to survive. Salmon runs that are central to tribal culture and spirituality are in danger of being lost forever. Action to restore the Bay-Delta and rivers that feed it is long overdue.

Your constituents strongly support environmental protections and restoration. In 2016, more than 70% of Bay Area voters supported Measure AA, agreeing to tax themselves to restore the Bay's wetlands. Public opinion surveys consistently demonstrate that Bay Area residents care deeply about the environment, and that providing environment benefits is the number one motivator for people to conserve water.

Your ratepayers do not want to fund anti-environmental lawsuits.

In 2010, the State Water Board released a flow criteria report that determined unimpaired flow on the San Joaquin River and its tributaries, including the Tuolumne, would need to increase to 60% to fully protect fish and other biological resources. The State Water Board compromised, and in 2018 adopted a 40% flow requirement. An honest assessment of the facts clearly demonstrates that the SFPUC could meet its obligation to instream flows without compromising water supply.

Yet BAWSCA does not support science-based flow improvements for the Tuolumne River and the Bay-Delta. BAWSCA is on record supporting the Tuolumne River Voluntary Agreement (TRVA). Not a single environmental or fishing organization supports this approach, simply because the lack of adequate flows would destine the TRVA to failure. A peer review commissioned by the National Marine Fisheries Service confirmed that the TRVA is not supported by credible science. The State Secretaries of the Environmental Protection Agency and Natural Resources Agency also confirmed this in a letter on October 20, 2021, and halted negotiations on the TRVA. Simply put, the TRVA has no scientific foundation. BAWSCA should abandon this anti-environmental, anti- science position.

It is also important to note that the Tuolumne River has among the worst environmental flows

of any Central Valley river, particularly in dry years. It is not a surprise that over the past 30 years, mismanagement by the SFPUC and Modesto and Turlock Irrigation Districts have produced the worst salmon recovery record of any major river in the Central Valley.

I appreciate that BAWSCA is committed to ensuring a reliable water supply. I share that commitment. Many like-minded organizations have deep experience working in partnership with urban agencies on water supply issues. I am confident the BAWSCA agencies can maintain highly reliable water supplies while taking needed steps to protect the Tuolumne River and Bay-Delta. I believe a comprehensive water supply reliability strategy could include such tools as water use efficiency, alternative supplies, such as water transfers, Central Valley groundwater storage and water recycling, improved demand projections, adjusting the current design drought and other tailored drought strategies

Again, I strongly encourage you to drop your lawsuit over the Bay Delta Plan and support science-based, improved flow standards for the Tuolumne River and Bay-Delta.

I am confident that investments in proven water management tools can ensure a reliable water supply, while supporting a healthy Tuolumne River and Bay-Delta ecosystem.

Let's have the conversation.

Sincerely,

Lawrence Garwin
Palo Alto, California

From: [Frank Eldredge](#)
To: [bawscaboardofdirectors](#)
Subject: Please drop your lawsuit over the Bay Area Delta Water Quality Control Plan
Date: Monday, May 16, 2022 12:01:11 PM

Dear BAWSCA Directors:

As a lifelong resident of the Bay Area and someone who greatly values the unique natural gift of the Bay Delta, I'm writing to encourage you to drop BAWSCA's lawsuit over the State Water Board's Bay Delta Water Quality Control Plan.

The Tuolumne River Voluntary Agreement (TRVA) is not working and the science shows that increased freshwater flows are the only way to save the Bay Delta from ecological collapse. We are running out of time to save our salmon runs and other species that depend on a healthy estuary.

Again, I strongly encourage you to drop your lawsuit over the Bay Delta Plan and support science-based, improved flow standards for the Tuolumne River and Bay-Delta.

Sincerely,

Frank Eldredge

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From: [Ricki McGlashan](#)
To: [bawscaboardofdirectors](#)
Subject: Drop the lawsuit
Date: Wednesday, May 18, 2022 8:57:55 AM

I want to join other environmentalists and fishermen to ask you to DROP your lawsuit about the Bay Delta Water Quality Control Plan. I live in the middle of San Mateo County and know that our watershed is essential to our whole ecosystem, not just the human one. We need to ensure that the Bay/Delta consistently gets enough water.

Also, how dare you consider raising rates to support this lawsuit when most of us don't want you to succeed!

Don't be on the wrong side of this issue. Long term thinking for all of us is key to keeping our water system flowing for all creatures.

Ricki and Doug McGlashan, San Mateo, CA

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From: [Bill Hilton](#)
To: [bawscaboardofdirectors](#)
Subject: Cease the Lawsuit
Date: Wednesday, May 18, 2022 10:31:58 AM
Attachments: [Ltr to BAWSCA Bd.pdf](#)



UNITARIAN UNIVERSALIST
CHURCH OF PALO ALTO

505 East Charleston Rd.
Palo Alto, CA 94306
650-494-0541

uucpa@uucpa.org
www.uucpa.org

May 16, 2022

Chair Gustav Larsson, Vice Chair Tom Chambers and Board of Directors
Bay Area Water Supply and Conservation Agency
155 Bovet Road, #650
San Mateo, CA 94402
Via Email

Re: BAWSCA's lawsuit over the Bay Delta Water Quality Control Plan

Dear Directors of BAWSCA:

The members and friends of the UU Church of Palo Alto, customers of many of your member agencies, urge you to withdraw BAWSCA's legal action regarding the State Water Board's Bay Delta Water Quality Control Plan. Instead we urge you to remove the lawsuit from BAWSCA's budget and to immediately commence actions to restore the largest estuary on the west coast of North America—San Francisco Bay and Delta. As constituents of BAWSCA agencies, we strongly support protection and restoration of the Bay and Delta.

As people concerned about the climate crisis—including coming water shortages—we know that humans cannot solve these monumental problems merely by strategies to use more natural resources. In effect, we cannot “build our way out of the crisis.” Instead all of us must work to sustain the earth and it's natural processes, for on these our survival depends. We believe a comprehensive water supply reliability strategy could include such tools as efficiency, Central Valley groundwater storage and water recycling, improved demand projections, adjusting other drought-management strategies.

We strongly and urgently encourage an end to your lawsuit of the Bay Delta Plan and actions to restore the health of San Francisco Bay, a magnificent body of water within a few miles of our homes.

Sincerely,

Bill Hilton
Co-chair, UUCPA Green Sanctuary Committee

cc: State Assembly Members Mullin, Berman, Quirk, Kalra, Low, Lee, Ting and Haney
State Senators Becker, Wieckowski and Wiener

Lourdes Enriquez

Subject: FW: Bay Area Water Supply and Conservation Agency (BAWSCA), please drop your lawsuit blocking environmental protections for the Bay

From: Kent Mitchell <kmitch9348@sbcglobal.net>

Sent: Wednesday, May 18, 2022 2:39 PM

To: BAWSCA2 <bawasca@bawasca.org>

Subject: Bay Area Water Supply and Conservation Agency (BAWSCA), please drop your lawsuit blocking environmental protections for the Bay

Dear Bay Area Water Supply and Conservation Agency,

Dear BAWSCA Directors:

I am writing to ask you to drop your lawsuit against the State Water Board's Bay-Delta Water Quality Control Plan. The state is seeking to better balance water use in order to protect the Bay-Delta, the Central Valley rivers that flow into it, and the fish and wildlife that live there. Your ratepayers do not want to fund anti-environmental lawsuits. They strongly support environmental protections.

Ratepayers reject use of our money to pursue a doomed lawsuit aimed at preserving excessive diversions from the Tuolumne River, the source of our drinking water. The state notified you in October, 2021 that these excessive diversions are unacceptable, in light of the environmental damage they're causing. Rather than work with the state to restore the environment, you are suing.

The Tuolumne is one of the Sierra Nevada rivers that feeds the San Francisco Bay-Delta. This entire ecosystem is on the brink of ecological collapse. Six fish species are now listed as threatened or endangered, and once-bountiful wild salmon populations are on the verge of extinction. Toxic algae blooms that flourish in the stagnant cesspool left after excessive upstream diversions threaten people, pets, and wildlife. The salmon fishing industry, and coastal communities they support, are struggling to survive. Salmon runs that are central to tribal culture and spirituality are in danger of being lost forever.

The Tuolumne River has among the worst flows of any Central Valley salmon river, particularly in dry years. It is not a surprise that over the past 30 years, mismanagement by the SFPUC, which supplies water to BAWSCA, as well as the Modesto and Turlock irrigation districts that also syphon from the Tuolumne, have produced the worst salmon recovery record of any major Central Valley river.

Your constituents on the SF Peninsula strongly support the environment. In 2016, more than 70% of Bay Area voters supported Measure AA, agreeing to tax themselves to restore the Bay's wetlands.

A peer review of your faulty restoration plan, commissioned by the National Marine Fisheries Service, confirmed that the plan is not supported by credible science.

We appreciate that BAWSCA agencies are committed to ensuring reliable water supplies to residents. We want reliable water too. The evidence shows that BAWSCA can maintain highly reliable water supplies while taking needed steps to protect the Tuolumne River and the Bay-Delta. It is time for BAWSCA and the SFPUC to catch up with communities like Los Angeles and Orange County, which are far ahead when it comes to investing in alternative water supplies like water recycling.

Again, we strongly encourage you to drop your lawsuit over the Bay-Delta Plan and support real environmental protections. We are confident that investments in proven water management tools, currently not being used, can

ensure a reliable water supply, while supporting a healthy Tuolumne River and Bay-Delta.

Sincerely,
Kent Mitchell
2130 Cedarwood
Riverbank, CA 95367

Lourdes Enriquez

Subject: FW: Bay Area Water Supply and Conservation Agency (BAWSCA), please drop your lawsuit blocking environmental protections for the Bay

From: Delia Taylor <deliataylor@mac.com>

Sent: Wednesday, May 18, 2022 2:47 PM

To: BAWSCA2 <bawasca@bawasca.org>

Subject: Bay Area Water Supply and Conservation Agency (BAWSCA), please drop your lawsuit blocking environmental protections for the Bay

Dear Bay Area Water Supply and Conservation Agency,

Dear BAWSCA Directors:

I am writing to ask you to drop your lawsuit against the State Water Board's Bay-Delta Water Quality Control Plan. The state is seeking to better balance water use in order to protect the Bay-Delta, the Central Valley rivers that flow into it, and the fish and wildlife that live there. Your ratepayers do not want to fund anti-environmental lawsuits. They strongly support environmental protections.

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We appreciate that BAWSCA agencies are committed to ensuring reliable water supplies to residents. We want reliable water too. The evidence shows that BAWSCA can maintain highly reliable water supplies while taking needed steps to protect the Tuolumne River and the Bay-Delta. It is time for BAWSCA and the SFPUC to catch up with communities like Los Angeles and Orange County, which are far ahead when it comes to investing in alternative water supplies like water recycling.

Again, we strongly encourage you to drop your lawsuit over the Bay-Delta Plan and support real environmental protections. We are confident that investments in proven water management tools, currently not being used, can

ensure a reliable water supply, while supporting a healthy Tuolumne River and Bay-Delta.

Sincerely,
Delia Taylor



MONTHLY REPORT

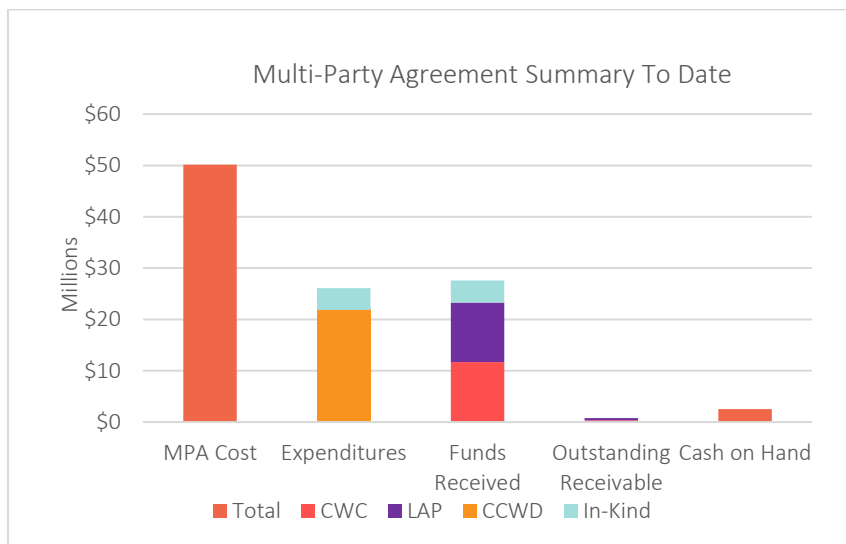
FUNDING

A funding agreement with Reclamation for the planning cost share provided to the LAPs (approximately \$7 million) has been executed and the initial invoice is being prepared.

Future Federal funding requests include the remainder of the maximum federal share of 25 percent of the total project cost (approximately \$160 million). Some portion of the federal funding share may be available in the Bipartisan Infrastructure Law (the Infrastructure Investment and Jobs Act that was signed on November 15, 2021).

The Project qualified for funding under the Water Storage Investment Program and received an adjusted Maximum Conditional Eligibility Determination of \$477,558,343 from the California Water Commission (CWC) on March 16, 2022. This amount reflects an inflation adjustment of 1.5 percent and an increase in over \$7 million from the previous award. An amendment to the Early Funding Agreement with the CWC is being developed to reflect the increased award and align with the current project schedule.

The following chart provides an overview of the Multiparty Agreement (MPA) expenditures through March 29, 2022. The funds received, outstanding receivable, and cash on hand are shown through March 29, 2022. All LAPs remain in good standing on progress payments.



JPA BOARD OF DIRECTORS MEETING

On May 11th the Los Vaqueros Reservoir Joint Powers Authority (JPA) Board of Directors met via Zoom. The JPA authorized the submittal

MAY 16, 2022

UPCOMING ACTIVITIES

May 18 – CWC Meeting – Early Funding Agreement Amendment

May 23 at 1:00 p.m. – Financial Workshop on Operational Priorities and Capacity Sharing

May 26 at 10:00 a.m. – JPA O&E Committee Meeting

May 26 at 1:00 p.m. – JPA Finance Committee

June 8 at 9:30 a.m. – JPA Regular Board Meeting

UPCOMING LAP BOARD COORDINATION

TBD – Valley Water Storage Committee

ADDITIONAL PROJECT INFO

<https://www.ccwater.com/lvstudies>

<https://www.usbr.gov/mp/vaqueros/>

<https://cwc.ca.gov/Water-Storage/WSIP-Project-Review-Portal/All-Projects/Los-Vaqueros-Reservoir-Expansion-Project>

www.losvaquerosjpa.com

of a letter of interest to the EPA when the notice of funding availability for the WIFIA loans in 2022 is announced. A presentation regarding the FY23 budget was discussed. The next monthly JPA Board Meeting has been scheduled for June 8 and the meeting agenda packet was distributed to JPA Directors and Alternate Directors on Thursday, June 2 and posted to the JPA website on Friday, June 3.

PERMITTING

U.S. Fish and Wildlife Service (USFWS) is continuing review of additional requested information related to the terrestrial Biological Assessment (BA). The Historic Properties Treatment Plan and Memorandum of Agreement, to support Section 106 of the National Historic Preservation Act consultation, has been finalized for Reclamation's use. USFWS continues review of the Eagle Take Permit application. California Department of Fish and Wildlife (CDFW) continues work on the Incidental Take Permit for terrestrial species and Lake and Streambed Alteration Agreement. The third draft of the Incidental Take Permit for aquatic species has been reviewed CDFW and staff are addressing comments. Reclamation has submitted the Compensatory Mitigation Plan which supports the federal and state Endangered Species Act permitting processes to the USFWS for review. The U.S. Army Corps of Engineers (USACE) and Central Valley Regional Water Quality Control Board (CVRWQCB) are working on their respective permits with the CVRWQCBs expected to be issued in April 2022. A Delta Plan Consistency Package has been prepared and will be submitted soon following outreach to key stakeholders that is underway. Draft water rights change petitions have been prepared and submitted to staff at the State Water Resources Control Board for preliminary review.

DESIGN

District staff, together with staff from partner agencies, evaluated several statements of qualifications from consultants interested in pursuing Capital Project Management Services and are preparing to issue the Request for Proposals.

The District will open bids for the Transfer Pipeline Inspection, which is the inlet/outlet pipeline to the Los Vaqueros Dam. Bids are due June 14th, with inspections beginning in September 2022.

Design of the Pumping Plant No. 1 Replacement Project continues, with 30-percent design submitted for review. Coordination with the Department of Water Resources for the Transfer-Bethany Pipeline (TBPL) Turn-In to the California Aqueduct is ongoing, with geotechnical investigation at the Turn-in planned in the coming

months, along with 60-percent design. The District continues to coordinate with interested parties along the TBPL alignment.

The fourth meeting of the Design Review Team (DRT) was held on April 27 and most JPA Members had staff representatives in attendance. The agenda included review of design activities planned for FY23.

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California drought: State ignores Gavin Newsom's conservation goal, increases water use

March water use increased 18.9% compared to March 2020; Newsom asked for 15% conservation

Mercury News | May 10, 2022 | Paul Rogers



GILROY, CALIFORNIA - MAY 10: Coyote Lake Harvey Bear Ranch County Park in Gilroy, Calif., on Tuesday, May 10, 2022. (Nhat V. Meyer/Bay Area News Group)

Drought? Californians apparently don't care.

Last July, Gov. Gavin Newsom declared a drought emergency and asked Californians to cut urban water use 15% compared to 2020 levels.

But in March, residents instead cranked up the taps, increasing urban water use a staggering 18.9% statewide compared to March 2020 — with even higher levels in Southern California, new data released Tuesday shows.

Water experts said Tuesday it might be disaster fatigue, an unusually dry spring or the lack of statewide mandatory conservation standards. But they say the trend is troubling as the state heads into the hot summer months, with no guarantees the drought will end next winter or the one after that.

“We just came off the driest January, February and March in recorded history,” said Jeffrey Mount, a professor emeritus at UC Davis and senior fellow at the Public Policy Institute of California’s water center. “It was a jaw-droppingly dry three months. People started turning on their sprinklers early. That’s where the water went. To their lawns. Pure and simple.”

Cumulatively, Californians have barely moved the needle on conservation since Newsom declared the emergency, even as the state heads into its third year of severe drought with reservoirs at low levels. From July through March, residents, businesses and government agencies reduced urban water use statewide by just 3.7% compared to the same time period in 2020, the State Water Resources Control Board said Tuesday.

“Have we hit drought fatigue?” Mount said. “That is worrisome. But people are exhausted. There’s a level of social and cultural exhaustion that we are experiencing. Letting your lawn go brown is pretty far down the list when you are focusing on COVID and Ukraine and other things.”

State officials sought to put the best face on the numbers.

Joaquin Esquivel, chairman of the state water board, said he expects a turnaround in the coming months as the message sinks in, more local conservation rules — including fines — begin to take effect, and California reverts to a more typical weather pattern than occurred in spring.

“It’s regrettably not too much of a surprise,” he said.



In recent weeks, some major water agencies have begun to take more steps. The Los Angeles Department of Water and Power announced Tuesday that it will allow customers to water lawns just twice a week — and for 8 minutes. The East Bay Municipal Utility District put in place three-

day-a-week rules, along with an 8% water surcharge, and policies that by this summer will result in the names of its biggest water users being made public.

The Santa Clara Valley Water District is considering plans to hire “water cops” for the first time in its history to write tickets of up to \$500 for people who are wasting water.

Meanwhile, the state water board has scheduled a May 24 vote to require local agencies to increase conservation, including a ban on watering lawns with potable water at office parks and industrial sites.

The lack of conservation is becoming a growing political embarrassment for Newsom, whose call for 15% conservation so far has been voluntary.

During California’s last drought, from 2012 to 2016, former Gov. Jerry Brown at first issued a voluntary call for conservation. But when Californians failed to meet his targets and the drought worsened, Brown issued a 25% mandatory urban water use rule, with targets and fines for agencies that failed to meet them. Some water agencies complained because they make less money when they sell less water, unless they raise water rates. But Brown achieved the conservation target.



Anderson Reservoir, near Morgan Hill, shown here on June 30, 2021, has been drained for federally required earthquake upgrades. The loss of storage in the largest reservoir in Santa Clara County is exacerbating water shortages amid the drought. (Photo: Santa Clara Valley Water District)

Newsom instead chose a local approach, with each agency having flexibility to set their own rules.

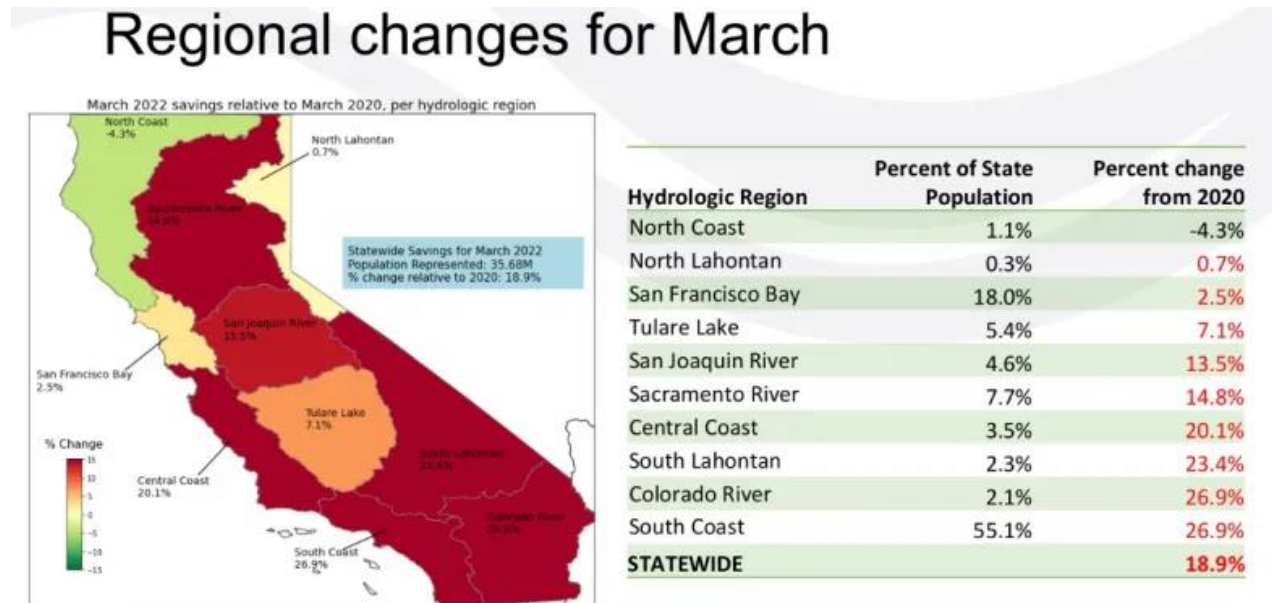
At an appearance April 18 at Oroville Dam in Butte County, Newsom said the state has many different local conditions. Some places have more water than others, he said.

“We are working with our partners at the local level to make determinations based on hydrology and the reality in local parts of the state,” Newsom said. “It’s not a one-size fits all.”

Newsom added that he did not expect there to be “draconian” statewide rules this year.

After the last drought, some water agencies, particularly in Southern California, complained loudly to Brown’s office and then Newsom’s that they were being penalized even though they had invested millions of dollars in new local supplies. Many of those agencies are failing to meet Newsom’s 15% conservation target.

Overall water use in the Bay Area was up 2.5% in March compared to March 2020. But in Los Angeles, Orange and San Diego counties, it was up 26.9%.



Southern California is missing Gov. Gavin Newsom’s 15% water conservation target by more than Northern California, according to March 2022 data. (State Water Resources Control Board)

Some water experts say if more reductions aren’t achieved, Newsom may have to get tough, as Brown did, and threaten local water agencies with fines if they don’t meet conservation targets.

“We saw those were effective,” said Heather Cooley, research director for the Pacific Institute, a non-profit water research organization in Oakland.

Of Newsom’s locals-decide approach, she added: “It’s not clear to me that is going to provide any real savings.”

On Tuesday, Newsom administration officials said that that governor will be adding more money to the state budget Friday to fund drought-messaging campaigns, help small water agencies that are running low on water, and bolster programs that pay people to remove lawns or buy water-efficient appliances. Newsom has said he will not announce new general fund spending to build more reservoirs.

But those are not immediate remedies, and the state’s situation is getting worse by the day.

Shasta Lake, the largest reservoir in California, on Tuesday was just 40% full, its lowest level in May since 1977. Oroville, the second largest, was just 55% full.

No significant rain or snow is expected for another six months. And climate change is making California droughts worse.

“There is a subset of people out there who say, ‘I’ve already done enough,’ ” said Mount. “It’s an extraordinary challenge. We may need more punitive measures to compel conservation.”



GILROY, CALIFORNIA - MAY 10: A closed boat ramp at Coyote Lake Harvey Bear Ranch County Park in Gilroy, Calif., on Tuesday, May 10, 2022. (Nhat V. Meyer/Bay Area News Group)

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California drought: Water usage jumps 19% in March despite Newsom's plea for savings
San Francisco Chronicle | May 10, 2022 | Kurtis Alexander



Sprinklers water a lawn in Pleasanton. Water use rose statewide this month, when it was supposed to be going down. Michael Macor/The Chronicle 2015

The message about California's need for water savings isn't being heard.

Despite a deepening drought often compared to the miserably dry years of the late 1970s, state residents are conserving far less than the 15% Gov. Gavin Newsom has requested, and in most cases, have started using even more water than they have in the past.

In March, California's two largest cities, Los Angeles and San Diego, saw water use soar 22% and 25% respectively, compared with the same month in 2020.

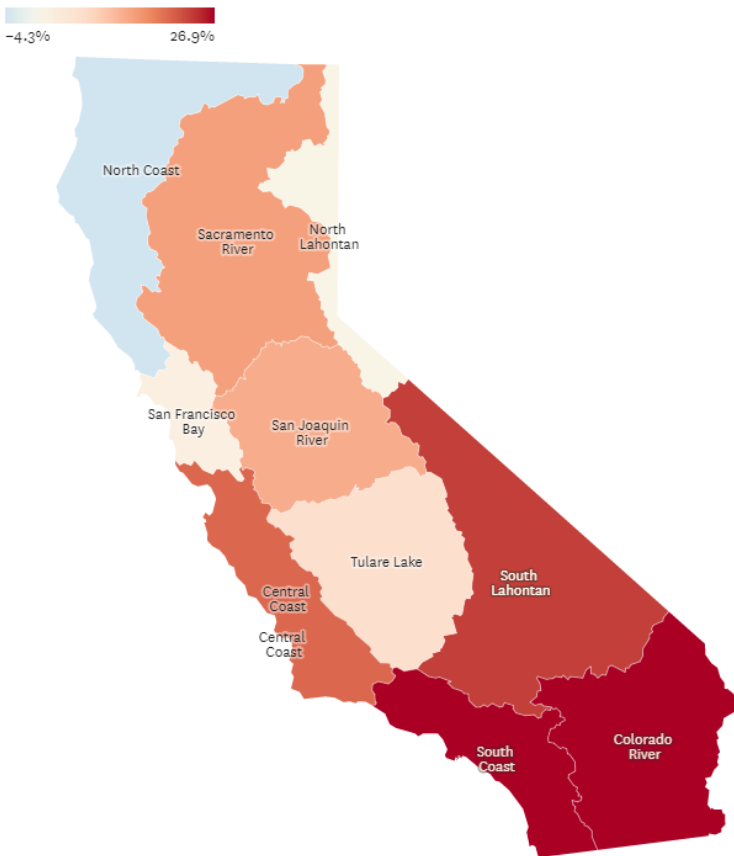
While the new urban water data released Tuesday by state regulators shows that Bay Area cities generally outperformed their Southern California counterparts on conservation, water use in the region still rose by about 2.5% in March, compared to two years earlier. Some communities saw huge spikes, including Hillsborough with a 58% jump, Palo Alto with a 42% uptick and Benicia with a 22% increase. San Francisco recorded nearly 7% savings.

Statewide, water use rose 18.9% in March, more than any other month since the governor called for cuts in July.

Cumulative water savings since the summer have amounted to only 3.7%.

Percent change in water use in California

Between March 2020 and 2022, by hydrologic region



Map: Yoohyun Jung / The Chronicle - Source: [State Water Resources Control Board](#)

While the state's poor conservation showing in March, which followed lackluster numbers the prior two months, can be partially chalked up to an extraordinarily dry start to the year, water experts say it's also a matter of people simply not knowing that they need to save, or caring. There's already plenty for people to worry about, from the pandemic to politics to personal finances.

"Part of the challenge is the messaging," said Heather Cooley, director of research at the Pacific Institute, a water think tank in Oakland. "There's not a lot of messaging about the severity of the drought, about what we can do and about the imperative to conserve."

Cooley noted that the past three dry years have not given rise to the highway signs, television and radio ads, and social media blitz encouraging conservation that emerged during last decade's five-year drought.

Also, there haven't been as many mandatory water restrictions and fines, which certainly helped catch people's attention between 2012 and 2016. But this is changing.

In light of the grim savings, the Metropolitan Water District of Southern California, the state's largest wholesaler of residential water, announced last month that, on June 1, it will begin limiting outdoor watering to just one day a week for about 6 million people in parts of Los Angeles, Ventura and San Bernardino counties. Communities that don't comply with the restrictions would be subject to fines of \$2,000, a penalty that could be passed along to households and businesses.

In Northern California, several water agencies are already limiting irrigation to certain days of the week while a handful of suppliers have gone as far as capping the amount of water homes and businesses can use.

The East Bay Municipal Utility District, the largest water retailer in the Bay Area, last month enacted a policy of issuing fines to its biggest residential users in Alameda and Contra Costa counties — those who use more than 49,368 gallons of water per month. That's about 1,646 gallons per day, or about eight times the average household consumption, so it won't affect many people, but the district hopes that water hogs will take notice.

The Santa Clara Valley Water District, which provides water to San Jose, Santa Clara, Sunnyvale and other South Bay communities, also plans to step up enforcement — in concert with the retailers it supplies. On May 24, district leaders are expected to consider \$500 fines for those who violate current water rules, including a prohibition on outdoor watering more than two days a week.

"This is the first time Valley Water is enforcing restrictions," said Matt Keller, spokesman for the district, in an email. "It's needed because of the unprecedented times and because we aren't making enough progress on water savings."

The level of savings within the South Bay district varies by community. The private San Jose Water Co., serving more than 1 million people, conserved nearly 1% in March, compared with 2020, and about 10% cumulatively since July. The city of Santa Clara, meanwhile, increased water use 10% in March and saved nearly 6% cumulatively.

Valley Water has set a district-wide goal of saving 15%, with 2019 as its baseline year instead of 2020. By this measure, the district's total water use jumped 30% in March and 23% in February. Since June, using this standard, cumulative water use has dropped 3%.

While each of California's many water agencies has different sources of water, with different levels of robustness, the overall picture is not pretty.

After three dry winters, the state's reservoirs are alarmingly low. Shasta Lake, the state's largest reservoir, is at its lowest level for this time of year since at least the late 1970s. On Monday, it contained just 48% of the water it typically holds on the date. Lake Oroville, the second-largest reservoir, had just 70% of what it typically holds.

Given the diminished supplies, some have called on Newsom to enact mandatory statewide water reductions like his predecessor, Jerry Brown, did during last decade's drought. The governor has so far resisted, preferring to let local leaders handle their individual situations.

Last month, however, the governor required water agencies to step up their drought response to a "Level 2" contingency, essentially directing utilities to prepare for water shortages of 10% to 20%.

Administration officials have also acknowledged the need for better messaging about the drought and the value of conservation. They've recently expanded the state's Save Our Water campaign to include multilingual ads on social media and radio. Officials said additional money for public outreach would be included in the governor's upcoming budget proposal, scheduled for release Friday.

"It takes a while for folks to get the word out about the situation we're in and the actions that are needed," said Lisa Lien-Mager, spokeswoman for the California Natural Resources Agency.

Even if cities and towns boost conservation, urban water use represents just a fraction of the state's total water demand. Agriculture accounts for roughly 80% of consumption. Farmers, too, are cutting back because of the drop in deliveries from state and federal reservoirs as well as restrictions state officials have put on direct water draws from rivers and creeks.

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Kurtis Alexander is a San Francisco Chronicle staff writer. Email: kalexander@sfchronicle.com
Twitter: @kurtisalexander

“Water cops” likely this summer as Santa Clara County misses drought goal by large margin

Warm January, February and March led residents to increase water use 30% as drought worsened

Mercury News | May 10, 2022 | Paul Rogers



SAN JOSE, CALIFORNIA - OCTOBER 13: Photo illustration of a lawn sprinkler running at a yard in San Jose, Calif., Wednesday, Oct. 13, 2021. (Karl Mondon/Bay Area News Group)

If you waste water in Santa Clara County, water cops could soon be on the way.

Since last summer, Santa Clara County residents have been asked to cut water use by 15% from 2019 levels to conserve as the state’s drought worsens. But they continue to miss that target — and by a growing amount.

In March, the county’s 2 million residents not only failed to conserve any water, but they increased use by 30% compared to March 2019, according to newly released data.

Now, faced with the alarming prospect of water shortages, the Santa Clara Valley Water District — a government agency and the county’s largest water provider — is proposing to hire water enforcement officials to issue fines of up to \$500 for residents watering so much that it runs into the street or watering lawns too many times a week or wasting water in other ways.

Not all details have been worked out. The water district's board is expected to discuss the enforcement plan Tuesday and vote on a detailed ordinance on May 24 at its meeting in San Jose. If the crackdown goes forward as expected, it will be the first time in the agency's history it has taken such a step.

"These trends are alarming. We are in a serious drought emergency," said Aaron Baker, a chief operating officer of the water district, on Monday. "We are looking to take additional actions to help us meet the goals."

California has had three years in a row of below-normal rainfall. Overall, 95% of the state is now in a severe drought, according to the U.S. Drought Monitor, a weekly federal report. That level is similar to 2014 when the state was in the depths of its last drought, an emergency that began in 2012 and finally ended in 2017 with heavy winter rains.

But this time, Santa Clara County is in a more severe predicament than many other parts of Northern California and the Bay Area. Federal dam regulators in 2020 ordered the district's largest reservoir, Anderson, near Morgan Hill, drained for earthquake repairs. The \$1.2 billion job, which involves constructing a huge new outlet tunnel and essentially tearing down and rebuilding the 235-foot high earthen dam, has been plagued by delays and cost overruns and is not scheduled to be finished until 2030.

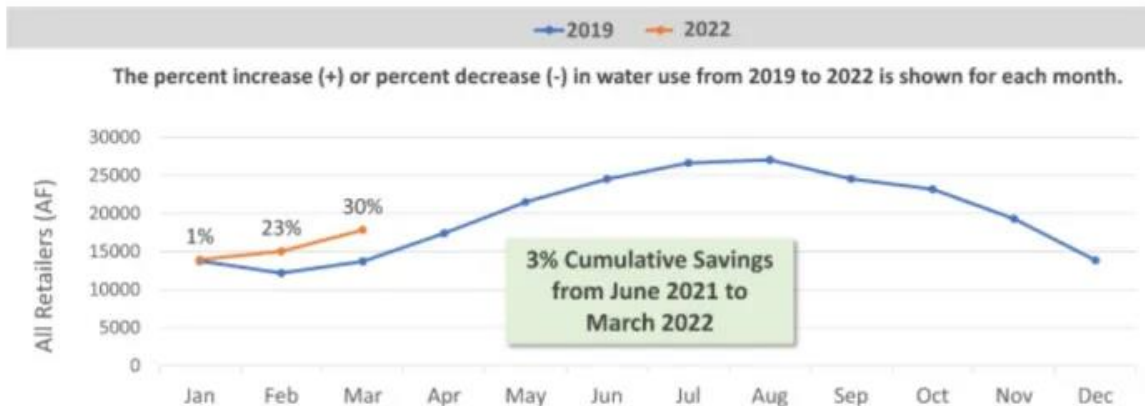
On Monday, all 10 of the district's reservoirs were just 24% full. The agency has also been told it will receive little water from state and federal suppliers. It has been spending millions to buy water from Central Valley farmers with senior water rights and also has been pumping groundwater to make up the difference.

But this year, water sales are more scarce. And district projections show that without more conservation, groundwater could drop to dangerously low levels next year in Santa Clara County if the drought continues into 2023. That could cause subsidence, a condition where the ground sinks in some places, potentially breaking roads, building foundations, water lines and gas lines.

"We are looking to end the year at adequate groundwater levels," Baker said. "But if we are unable to meet the call for conservation, groundwater levels will be below our subsidence levels, and wells will go dry in South County."

Since last June, when the district declared a drought emergency and asked residents to cut water use 15% from 2019 levels, through March, the total cumulative savings has been only 3%.

Countywide Water Savings



Water use in Santa Clara County increased 30% in March 2022 from March 2019 levels -- missing a goal of 15% water conservation by a large amount. Cumulative water savings from June 2021 to March 2022 was just 3% compared with 2019 levels. (Source: Santa Clara Valley Water District)

The water district has asked the public to water landscaping no more than 2 days a week. Most of the cities in Santa Clara County have passed local ordinances requiring that. But some, such as Milpitas and Sunnyvale, still allow 3 days a week. Several others — Palo Alto, Mountain View and Stanford University — have put no limits in place on weekly watering.

More significant, cities and private water companies that have limited watering to 2 days a week have not enforced the rules.

“Fines aren’t the only thing we need to be doing, but they are an important component of a drought strategy,” said Heather Cooley, director of research at the Pacific Institute, an Oakland non-profit that studies water issues.

“There are individuals who may not respond to conservation requests,” she said. “And if people are allowed to waste water, that makes other people feel like ‘I’m not going to save because that person isn’t.’ It creates a culture of ignoring the requests.”

The Santa Clara Valley Water District already asks people to report if residents are watering lawns so much that water runs into the street or watering more than twice a week. They can call the district at 408-630-2000 or email waterwise@valleywater.org and the district sends a letter or puts out a door hanger asking the water waster to conserve. But until now, the district has not taken the additional step of issuing fines for repeat violators.

Data from the water district shows that many of the wealthiest areas are using the most water — much of it to water lawns during January, February and March, which were the driest three months to start any year in Northern California since 1849.

While the 1 million customers of San Jose Water company increased water use 28% in March compared with March 2019, Palo Alto residents increased water use 58% over the same time period, and Purissima Hills Water District in Los Altos reported a 119% increase.

Cooley said that water used on lawns this summer is water that can't be used to fight fires or serve hospitals or keep sewer systems running. Fines may not be enough of an incentive in some areas, she said. What does work is making public the names of the biggest water users.

The East Bay Municipal Utility District does that in droughts. Under rules passed last month, it will begin releasing the names later this summer. But many other public agencies do not, even though they are allowed to under state law.

"There are users who aren't sensitive to price," Cooley said. "It does get their attention. I don't know why more agencies aren't doing it. Given the intensity of the drought, we need to be using all the tools in the tool box."

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May 19, 2022 – SUPPLEMENTAL CORRESPONDENCE #2

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

May 19, 2022

Correspondence and media coverage of interest on May 19, 2022

Correspondence

BAWSCA's Bay Delta Plan Lawsuit

From: Clare Cleveland
To: BAWSCA Board of Directors
Date: May 19, 2022
Subject: BAWSCA, please drop your lawsuit blocking environmental protections for the Bay

From: Julianne Adams Frizzell
To: BAWSCA Board of Directors
Date: May 19, 2022
Subject: BAWSCA meeting May 19, 2022

From: Esther Nigenda
To: BAWSCA Board of Directors
Date: May 19, 2022
Subject: State Water Board's Bay-Delta Water Quality Control Plan Lawsuit

Media Coverage

Water Conservation:

Date: May 18, 2022
Source: Scott Scoop
Article: Water conservation: A little goes a long way

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Lourdes Enriquez

Subject: FW: Bay Area Water Supply and Conservation Agency (BAWSCA), please drop your lawsuit blocking environmental protections for the Bay

From: Clare Cleveland <claremcleveland@gmail.com>

Sent: Wednesday, May 18, 2022 9:19 PM

To: BAWSCA2 <bawsca@bawsca.org>

Subject: Bay Area Water Supply and Conservation Agency (BAWSCA), please drop your lawsuit blocking environmental protections for the Bay

Dear Bay Area Water Supply and Conservation Agency,

Dear BAWSCA Directors:

I am writing to ask you to drop your lawsuit against the State Water Board's Bay-Delta Water Quality Control Plan. The state is seeking to better balance water use in order to protect the Bay-Delta, the Central Valley rivers that flow into it, and the fish and wildlife that live there. Your ratepayers do not want to fund anti-environmental lawsuits. They strongly support environmental protections.

Ratepayers reject use of our money to pursue a doomed lawsuit aimed at preserving excessive diversions from the Tuolumne River, the source of our drinking water. The state notified you in October, 2021 that these excessive diversions are unacceptable, in light of the environmental damage they're causing. Rather than work with the state to restore the environment, you are suing.

The Tuolumne is one of the Sierra Nevada rivers that feeds the San Francisco Bay-Delta. This entire ecosystem is on the brink of ecological collapse. Six fish species are now listed as threatened or endangered, and once-bountiful wild salmon populations are on the verge of extinction. Toxic algae blooms that flourish in the stagnant cesspool left after excessive upstream diversions threaten people, pets, and wildlife. The salmon fishing industry, and coastal communities they support, are struggling to survive. Salmon runs that are central to tribal culture and spirituality are in danger of being lost forever.

The Tuolumne River has among the worst flows of any Central Valley salmon river, particularly in dry years. It is not a surprise that over the past 30 years, mismanagement by the SFPUC, which supplies water to BAWSCA, as well as the Modesto and Turlock irrigation districts that also syphon from the Tuolumne, have produced the worst salmon recovery record of any major Central Valley river.

Your constituents on the SF Peninsula strongly support the environment. In 2016, more than 70% of Bay Area voters supported Measure AA, agreeing to tax themselves to restore the Bay's wetlands.

A peer review of your faulty restoration plan, commissioned by the National Marine Fisheries Service, confirmed that the plan is not supported by credible science.

We appreciate that BAWSCA agencies are committed to ensuring reliable water supplies to residents. We want reliable water too. The evidence shows that BAWSCA can maintain highly reliable water supplies while taking needed steps to protect the Tuolumne River and the Bay-Delta. It is time for BAWSCA and the SFPUC to catch up with communities like Los Angeles and Orange County, which are far ahead when it comes to investing in alternative water supplies like water recycling.

Again, we strongly encourage you to drop your lawsuit over the Bay-Delta Plan and support real environmental

protections. We are confident that investments in proven water management tools, currently not being used, can ensure a reliable water supply, while supporting a healthy Tuolumne River and Bay-Delta.

Sincerely,
Clare Cleveland
720 Baker St
San Francisco, CA 94115

From: julianneasla@sonic.net
To: bawscaboardofdirectors
Subject: BAWSCA meeting May 19, 2022
Date: Thursday, May 19, 2022 10:22:28 AM

*To the BAWSCA Board of Directors
BAWSCA meeting May 19, 2022 at 6:30 PM*

I have followed the development of the Bay Delta Water Quality Control Plan over many years. I even attended a State meeting in order to support the plan. I support the State recommended Bay Delta Plan. The Plan was based on years (over 10) of gathering data and years of negotiations with all involved parties.

I find it deeply offensive that BAWSCA continues its law suit over the Bay Delta Plan. And to add "insult to injury" BAWSCA is requesting a 25% increase in the water rate assessments by 25%. These rate hikes will be passed on to folks like me who live within your district.

Your lawsuit is anti-environment and harmful and should be dropped.

*Thank you
Julianne Frizzell.*

Julianne Adams Frizzell / ASLA
650-325-0905
julianneasla@sonic.net



Virus-free. www.avg.com

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From: [E Nigenda](#)
To: [bawscaboardofdirectors](#)
Subject: State Water Board's Bay-Delta Water Quality Control Plan Lawsuit
Date: Thursday, May 19, 2022 12:09:13 PM

Dear BAWSCA Directors,

I am strongly opposed to the lawsuit you are pursuing against the State Water Board's Bay-Delta Water Quality Control Plan on behalf of your 24 member cities and water districts and their residents.

I realize that your goal is to ensure that your constituents have sufficient water and as a constituent, I appreciate that. I also appreciate that we are in a megadrought and that robbing Peter (the rivers and their ecosystems on which we all depend) to pay Paul (your constituents) is not the answer. [Users of the Colorado River water](#) have to do with less river water and unfortunately, so do we.

I still see verdant lawns and water from over spraying sprinklers running down the street. Yes, we could report neighbors but, who wants to have a hostile neighbor next door? I suggest that instead of paying lawyers, you could fund more programs that incentivize people to save water. One such program could be sending a qualified person to do free water sprinkler adjustments.

Another suggestion is working with stakeholders to ensure groundwater is not pumped and dumped into the Bay when doing underground construction. Due to climate change the sea level and groundwater levels will rise; it's probably not judicious to build underground where the groundwater level is high. However, if it is absolutely necessary to do so, the [groundwater can be frozen](#) during construction. This is a well-known technique, used in Japan and elsewhere but not widely practiced in the Bay Area. This will avoid wasting the shallow groundwater that supports our buildings, infrastructure, and canopy (thus reducing the water needed for irrigation) and which, when not depleted, feeds our streams and the deeper aquifer.

In [a recent presentation](#), the renowned Pacific Institute affirmed that:

- Efficient technologies and practices could reduce California's urban water use by 2.0 million to 3.1 million AFY, or by 30% to 48%.
- Reuse of municipal wastewater could boost local water supplies by 1.8 million to 2.1 million AFY.
- Urban stormwater capture in areas overlying public supply aquifers could boost water supplies by 580,000 AF in a dry year to 3.0 million AF in a wet year.

Let's all work collaboratively with the State Water Board, the Pacific Institute, and all

interested stakeholders for a sustainable water future.

Thank you for your service to our communities,
Esther Nigenda, Ph.D.

Water conservation: A little goes a long way

Scott Scoop | May 18, 2022 | Clementine Cunningham, Staff Writer

181 gallons.

That is the amount of water a Californian uses every day on average, according to the California Water Science Center.

As summer approaches, the ground underneath the Californian sun becomes bone dry. Lack of rainfall causes reservoirs to plunge to dangerously low levels. People across the state turn on their sprinklers hoping to revive their yellowing lawns, and water usage shoots upwards.

But all this is not new. It has been happening for the past 20 years.

“Long-term drought conditions are normal in California, and much of our water policy and allocations were designed in a time of plenty,” said Rachael Londer, a sustainability specialist at the San Mateo County Office of Sustainability.

For years, new policies have been implemented in the hopes of minimizing the drought’s impact on the environment and communities of California.

“There needs to be a loud and consistent message about the need to save water.”

— Tom Francis

Most recently, Governor Gavin Newsom advanced \$22.5 million in drought response funding. \$8.25 million of that funding is going towards water conservation outreach and education through the Save Our Water campaign.

“There needs to be a loud and consistent message about the need to save water. The message needs to be easily grasped by the public. We all receive our news differently. So [the message] needs to be shown on TV, on radio, in newspapers, on billboards, and on social media, in order to reach everyone. We need to reach out in multiple languages since not everyone is an English speaker or reader,” said Tom Francis, the Water Resources Manager at the Bay Area Water Supply and Conservation Agency (BAWSCA).

To spread awareness and motivate individuals to save water, BAWSCA has various programs, including a personal home water report program. This program allows customers to have their water usage analyzed to determine where they might be able to adopt water-efficient practices or technology.

A similar alternative to this program is using a water consumption calculator.

“Using a tool to calculate personal or household water consumption can give you an accurate snapshot of how much water you consume and help identify the actions, appliances, or areas where you use the most water,” Londer said.

From there, various water conservation tips can be adopted to reduce water consumption. In California, irrigation makes up the largest percentage of water usage. To lower this water usage, people can limit watering to one or two days a week, install drip irrigation, or remove their lawns altogether. The lawn space can then be replaced with drought-tolerant landscaping, known as xeriscaping. Drought tolerant plants include sage, lavender, and California poppies. Not only are these plants drought-tolerant, but they also help ecosystems and insects like bees.

Despite the various water-conservation tips that water agencies have promoted for years, many people do not implement these simple actions in their lives.

“Motivation [for water conservation] can take many forms. It can be financial, like rebates to install low water use fixtures. Or [rebates] to take out lawns and replace them with drought-tolerant landscaping. It can be a penalty, in other words, a fine for those that waste water or excessively water plants and yards. A bit of peer pressure too. If a neighbor puts in a greywater system or takes out their lawn, perhaps others are influenced to do so by their neighbors’ example,” Francis said.

There are various rebate programs offered in San Mateo County for those who install water conservation technology. Those who install drought-tolerant landscaping in the place of lawns are offered \$4.00 per square foot through the Lawn-Be-Gone program. Homeowners who install a rain barrel or a smart irrigation controller are also eligible for rebates.

HOW TO CONSERVE WATER

5 Ways to Save

- 1. Remove Your Lawn**
Removing lawns in exchange for drought-tolerant plants lowers outside water usage.
- 2. Fix Leaks Quickly**
Leaving leaks unfixed wastes water unnecessarily. To discover silent leaks, conduct a dye test in toilet tanks.
- 3. Take Shorter Showers**
Each minute you reduce shower time saves 2.5 gallons of water. Adding a water-efficient showerhead saves even more.
- 4. Install A Rain Barrel**
Rain barrels capture rainwater from roofs that can then be used on plants, lawns, etc.
- 5. Reduce Washer Use**
Only run the clothes/dishwashers on full loads to reduce water usage. Using high-efficiency washers saves water and energy.

For more tips visit:
bawasca.org/conserves/tips

“In the future, water agencies in the Bay Area will have the opportunity to provide “on-bill financing” to their customers through the Bay Area Regional Energy Network Water Upgrades Save program. This program allows customers to pay for water-saving upgrades overtime as they generate savings on their water utility bill,” Londer said.

There are also many ways to reduce water consumption indoors as well. These include taking shorter showers, only running the clothes and dishwasher on full loads, and using aerators on faucets.

“There really is not one best way to reduce water consumption. Instead, you need to tackle that on multiple fronts. You may find someone is willing to reduce their yard watering but not limit their time in the shower and vice versa. So you make sure you ask for both, knowing you may only get one, depending on the person. That is why water agencies have so many different water conservation programs in play to provide many options to reduce one’s water use,” Francis said.

Despite all these efforts to motivate people to save water, the drought is still worsening.

In March, water usage increased by 19%. This inaction stems from a lack of self-efficacy. Self-efficacy is believing in oneself and that one’s actions matter and can make a difference. However, from an environmental standpoint, people with low self-efficacy do not believe that taking actions to save water can amount to any true change.

“During a drought, the actions required [to conserve water] become more of a challenge. People need to be willing to make changes that are less pleasant, such as foregoing watering their lawns or consistently taking shorter showers. Not everyone is comfortable with change. Moreover, some individuals do not easily grasp the concept that our water supply is limited during a drought. They think the tap will always run, whether or not we are in dry times,” Francis said.

When people do not believe they will be personally affected by environmental issues, they have a tendency to avoid taking action. However, if individuals are taught about the ways events like droughts affect their communities, they become more motivated to make changes.

“It is clear that self-efficacy has been studied in prior research as a dispositional variable that influences resource conservation behavior, including water conservation,” said Daniel Stokols, a research professor and founding dean of the School of Social Ecology at the University of California, Irvine.

Various studies have analyzed the relationships between self-efficacy and pro-environmental actions. A study conducted by researchers at the University of New England showed that households that received more information about water-saving tips and strategies had increased self-efficacy and motivation toward water conservation. The study determined that the

more knowledgeable a person is about pro-environmental actions, the more likely that person is to adapt their behavior and habits.

In a research article written by Stokols in *Umweltpsychologie* (the German Journal of Environmental Psychology), he explains that environmental-related behaviors are related to education.

“To the extent that people today are exposed to a wider array of international events and experiences, it may be important for environmental education programs to teach children and adults about ...ecological literacy so that they acquire a deeper understanding of the ... broader ecological impacts of their... routines,” Stokols said.

To combat this lack of self-efficacy, water agencies highlight how individual actions add up to significant changes. This builds individuals’ confidence in being able to create change. By exposing more people to environmental matters, individuals are able to see how their daily actions affect issues like the drought.

“Often, we think that we are already taking actions to conserve when there are still opportunities to reduce our water consumption. Once you understand how much water you are using, you are more likely to become motivated to make a change,” Londer said.

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