



## BOARD OF DIRECTORS MEETING

Thursday, September 15, 2022

6:30 P.M.

DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953(e). MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.

The following members of the BAWSCA Board are listed to permit them to appear telephonically at the Board Meeting on September 15, 2022: Angela Andrews, Jay Benton, Randy Breault, Tom Chambers, Drew Combs, Alison Cormack, Tom Hamilton, Karen Hardy, Sam Hindi, Steve Jordan, Gustav Larsson, Sam Liccardo, Antonio López, Juslyn Manalo, Lisa Matichak, Chris Mickelsen, Carmen Montano, Ann O'Brien, Tom Piccolotti, Barbara Pierce, Dan Quigg, Tom Smegal, Lou Vella, John Weed, Sepi Wood, and Tom Zigterman.

Members of the public wanting to participate in the meeting may do so by:

Participating via Video Conference:

Click on the link to Join the meeting, <https://us02web.zoom.us/j/85453405419>

- Meeting ID: **854 5340 5419**
- Password: **186459**
- The web browser client will download automatically when you start or join your first Zoom meeting. It is also available for [manual download here](#).

OR,

Participating via Telephone:

- **Dial (888) 788-0099** US Toll-free, and entering **Meeting ID 854 5340 5419** and **Password 186459** when prompted.
- To Mute or UnMute, Press \*6.
- To Raise Hand, Press \*9.
- The Presentation will be available prior to the meeting at [www.bawasca.org](http://www.bawasca.org).

All audio and video will be OFF upon entry. Remaining on mute will reduce background noise.

Videos of non-Board Member meeting participants will be kept OFF at all times during the meeting. Audio for non-Board Member meeting participants will be enabled during allocated public speaking times and will be disabled when public comment time has expired.

In the event of technical malfunction on Zoom, the meeting will be conducted via the Call-In #.

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## BOARD OF DIRECTORS MEETING

Thursday, September 15, 2022

6:30 P.M.

### AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Larsson)	
2. Comments by the Chair	(Larsson)	
3. Consent Calendar ( <i>Attachments</i> )	(Larsson)	
A. Adoption of Resolution #2022-10, Declaring that the Board Meetings will Continue to be Held Via Teleconference ( <i>Attachment</i> )		Pg 5
B. Approve Minutes of the July 21, 2022 Meeting		Pg 9
C. Receive and File Pre-Audit Budget Status Report – As of 6/30/22		Pg 17
D. Receive and File Investment Report – As of 6/30/22		Pg 19
E. Receive and File Directors' Reimbursement Report – As of 6/30/22		Pg 21
F. Receive and File Bond Surcharge Collection, Account Balance and Payment Report for Fiscal Year Ending June 30, 2022		Pg 23
4. Public Comments <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Larsson)	
5. SFPUC Report	(Flynn/Kothari)	
6. Water Management Representatives Report	(Nussbaum)	
7. Action Calendar		
A. Authorization of the CEO/General Manager to Execute a Memorandum of Agreement for the SF-Peninsula Regional PureWater, and of BAWSCA's cost share contribution ( <i>Attachment</i> )	(Sandkulla)	Pg 27
B. Review and Consideration of the Proposed Amendments to the Rules of the Board Regarding Change to the Location of Regular Board Meetings ( <i>Attachment</i> )  <i>The Committee did not meet in August. The items above are being presented to the Board without a recommendation from the BPC.</i>		Pg 81
8. Closed Session #1	(Schutte)	
A. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002.		
B. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 State Water Board Cases (Sacramento County Superior Court Case No. 5013).		

**(Schutte)**

**(Sandkulla)**

- Pg 111

(Larsson)

- (Larsson)**

(Larsson/Schutte)

(Larsson)

- (Larsson)**

(Larsson)

- (Larsson)

(Larsson) Pg 135

(Larsson)

*Upon request, BAWSCA will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to [bawscas@bawscas.org](mailto:bawscas@bawscas.org) or submitted by phone at 650-349-3000. Requests will be granted whenever possible and resolved in favor of accessibility.*

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Adoption of Resolution #2022-10, Declaring that Board Of Directors Meetings Will Continue to be Held via Teleconference**

**Summary:**

On July 21, 2022, the Board of Directors (Board) adopted Resolution #2022-09 in response to the passage of Assembly Bill (AB) 361 which allowed the Board to continue meeting via teleconference. Pursuant to Government Code § 54953(e), Resolution #2022-09 was only valid for 30 days. The attached Resolution #2022-10 follows the prior Resolution #2022-09 and once again declares the Board's intent to continue meeting via teleconference under AB 361.

**Fiscal Impact:**

This item has no impact on BAWSCA's annual operating budget.

**Recommendation:**

That the Board adopt Resolution #2022-10 declaring that it will continue to meet via teleconference, in accordance with AB 361 and the provisions of Government Code Section 54953(e).

**Discussion:**

On March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19. On March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act in order to allow local legislative bodies to conduct meetings electronically without a physical meeting place.

On September 16, 2021, the Governor signed Assembly Bill (AB) 361 into law, effective October 1, 2021, to allow agencies to use teleconferencing for public meetings during proclaimed state of emergencies without requiring the teleconference locations to be accessible to the public or a quorum of the members of the legislative body of the agency to participate from locations within the boundaries of the agency's jurisdiction. AB 361 will sunset on January 31, 2024.

Under AB 361, a local agency is allowed to meet remotely without complying with traditional Brown Act teleconference requirements when:

1. The local agency holds a meeting during a state of emergency declared by the Governor, and either
  - State or local officials have imposed or recommended measures to promote social distancing, or
  - The legislative body finds that meeting in person would present imminent risks to the health or safety of attendees.

Since late February, the Governor has rescinded a number of prior Executive Orders and the California Department of Public Health (CDPH) has lifted its universal mask mandate. However, masks are still required in San Mateo County courts and statewide in healthcare settings and shared housing. The CDPH continues to strongly recommend that individuals wear masks in childcare facilities and schools. Furthermore, the relaxed mask mandates and rescinded Executive Orders did

not change social distancing recommendations. The San Mateo County Health Officer, CDPH, and the Department of Industrial Relations all continue to recommend social distancing. Finally, the Governor's proclaimed State of Emergency remains in effect.

Therefore, the Board can continue to conduct meetings via teleconference, as long as it adheres to the following emergency requirements under Government Code Section 54953(e)(2), added by AB 361:

1. The legislative body gives notice and posts agendas as otherwise required by the Brown Act, including directions for how the public can access the meeting.
2. The legislative body does not take formal action on any item whenever there is a disruption in the meeting broadcast.
3. The public is allowed to provide comment in real time.
4. The legislative body allows time during a public comment period for members of the public to register with any internet website required to submit public comment.

Once a local agency passes an AB 361 resolution, the agency can meet under the emergency teleconference requirements for 30 days, at which point the resolution will expire. The agency can either make certain ongoing findings prior to the 30-day expiration to continue under its first resolution, or the agency can allow the first resolution to expire and pass a new resolution at a later date.

The Board has passed the following AB 361 resolutions:

1. Resolution 2021-05 (November 18, 2021)
2. Resolution 2022-01 (January 20, 2022)
3. Resolution 2022-04 (March 17, 2022)
4. Resolution 2022-07 (May 19, 2022)
5. Resolution 2022-09 (July 21, 2022)

Each of these Resolutions have since expired. Because the Board meets only every other month, this will continue to be the case. Therefore, the Board will pass a new AB 361 resolution via the consent calendar at each meeting, provided that the State of Emergency and social distancing recommendations remain in effect.

### **SB 1100, Disruptive Meeting Attendees**

On August 22, 2022, Governor Newsom signed SB 1100, amending the Brown Act to specifically authorize California public agencies to remove disruptive individuals from public meetings. SB 1100 authorizes removing an individual from a meeting when the individual:

1. After a warning, continues to engage in behavior that disturbs, impedes or otherwise prevents orderly conduct of the meeting,
2. After a warning, fails to comply with reasonable and lawful meeting regulations adopted by the agency, or
3. Uses force or makes a true threat of force.

This authority is in addition to the existing power to clear a meeting room in the event of a disruption pursuant to Government Code § 54957.9.

Attachment:

1. Resolution # 2022-10, Declaring that Board meetings will continue to be held via Teleconference

**RESOLUTION NO. 2022 – 10  
BY THE BOARD OF DIRECTORS OF THE  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**DECLARING THAT BOARD OF DIRECTORS MEETINGS WILL CONTINUE TO BE HELD  
VIA TELECONFERENCE**

**WHEREAS**, on March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19; and

**WHEREAS**, on September 16, 2021, the Governor signed Assembly Bill 361 into law as urgency legislation that went into effect on October 1, 2021, amending Government Code Section 54953 of the Brown Act to allow legislative bodies to continue to meet remotely during a proclaimed state of emergency where state or local officials have recommended measures to promote social distancing; and

**WHEREAS**, the Board of Directors of the Bay Area Water Supply and Conservation Agency has previously passed the following Resolutions to declare its intent to meet via teleconference in accordance with Assembly Bill 361 and the provisions of Government Code Section 54953(e):

1. Resolution 2021-05 (November 18, 2021)
2. Resolution 2022-01 (January 20, 2022)
3. Resolution 2022-04 (March 17, 2022)
4. Resolution 2022-07 (May 19, 2022)
5. Resolution 2022-09 (July 21, 2022)

which have all since expired; and

**WHEREAS**, the Governor's proclaimed State of Emergency remains in effect, and State and local officials, including the San Mateo County Health Officer, California Department of Public Health and the Department of Industrial Relations, continue to impose or recommend measures to promote social distancing.

**NOW, THEREFORE, BE IT RESOLVED** that, in order to ensure the health and safety of the public, meetings of the Board of Directors of the Bay Area Water Supply and Conservation Agency will continue to be held via teleconference in accordance with Assembly Bill 361 and the provisions of Government Code Section 54953(e).

Regularly passed and adopted this 15th day of September, 2022 by the following vote:

AYES:

NOES:

ABSENT:

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CHAIR, BOARD OF DIRECTORS

ATTEST:

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Board Secretary

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING****July 21, 2022 – 6:30 p.m.**

DUE TO COVID-19, THIS MEETING WAS CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953(e). MEMBERS OF THE PUBLIC COULD NOT ATTEND THIS MEETING IN PERSON.

<b>MINUTES</b>
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**1. Call to Order/Pledge of Allegiance/Roll Call – 6:33 pm following introductory instructions for conducting the meeting virtually through Zoom.**

BAWSCA Chair, Gustav Larsson, called the meeting to order. Nicole Sandkulla called the roll. Seventeen (17) members of the Board were present at roll call. One member of the Board logged in after roll call. A list of Directors present (18), absent (8) is attached.

**2. Comments by the Chair:**

Board Chair Larsson announced and welcomed Mr. Tom Smegal as a new member of the Board appointed for Cal Water.

Chair Larsson noted that BAWSCA and its member agencies strongly support the call for water use reductions from both Governor Newsom and the SFPUC. BAWSCA's member agencies have all taken the necessary steps to comply with the Governor's recent executive order including implementing actions and rules associated with their individual Stage 2 drought action plans.

Action items for the Board's consideration includes two consultant contracts that will provide technical support that is critical to BAWSCA's work with its member agencies related to water conservation. Both contracts enable BAWSCA to provide a cost-effective service to the member agencies and their water customers.

The CEO's report will provide an update on the region's response to the call for water use reductions and an update on BAWSCA's efforts to facilitate the member agencies' negotiation of a new drought allocation plan among them.

Lastly, information on the upcoming CEO performance evaluation process, including some new components, will be shared with the Board.

**3. Consent Calendar:**

**Director Vella made a motion, seconded by Director O'Brien, that the Board adopt Resolution #2022-09, declaring that Board meetings will continue to be held via teleconference; approve, with corrections, the Minutes of the May 19, 2022 meeting; receive and file the Budget Status Report as of May 31, 2022, accept BAWSCA's amended Conflict of Interest Code as approved by the FPPC, and authorize a professional services contract with Maddaus Water Management to support member agencies with water use efficiency legislation.**

**The motion passed unanimously by roll call vote.**

**4. Board Policy Committee Report:**

Board Policy Committee (BPC) Chair Breault reported that the BPC met on June 8, 2022. The summary notes for the meeting are included in the agenda packet and accurately reflect the substance of the discussion held by the Committee.

There were no comments from members of the Board.

Public comments were provided by Peter Drekmeier, Tuolumne River Trust Policy Director.

**5. Public Comments on Items Not on the Agenda:**

Public comments were provided by:

1. Peter Drekmeier
2. Dave Warner
3. Martin Gothberg
4. John Rosapepe

**6. SFPUC Report:**

Mr. Steve Ritchie, SFPUC's Assistant General Manager for Water Enterprise, provided a report on the Regional Water System's water supply conditions.

There were no comments from members of the Board or members of the public.

**7. Action Calendar:**

- A. Authorization of Professional Services Contract to Support the Redesign and Implementation of BAWSCA's Water Conservation Database (WCDB).

Comments and questions were taken from members of the Board Mr. Francis' presentation.

There were no comments from members of the public.

**Director Hardy made a motion, seconded by Director Matichak, that the Board authorize the CEO/General Manager to negotiate and execute a contract with Woodard & Curran, Inc., subject to legal counsel's final review, for an amount not to exceed \$120,000 to support the redesign and implementation of BAWSCA's WCDB.**

**The motion passed unanimously by roll call**

**8. Report and Discussion**

- A. CEO/General Manager Performance Evaluation Process.

Chair Larsson reported the process for the upcoming CEO/General Manager Performance evaluation for FY 2021-22. The evaluation will include a 360 review and a compensation survey that will be performed by hired consultants.

Surveys will be conducted with the Board, Water Management Representatives and BAWSCA staff. An ad hoc committee has been formed to assist with the details of the 360 review. The committee includes the Chair, Vice Chair Chambers, and Directors O'Brien, and Vella.

A report will be provided to the Board in advance of the CEO's performance evaluation and contract consideration at the September Board meeting.

Questions and comments from members of the Board were received. There were no comments from members of the public.

#### **9. CEO Reports:**

Mr. Francis provided a report on water supply and demand status; updates on the Lawn Be Gone Program, Tier 2 Plan negotiations, FERC process and Bay Delta Plan; and future board meeting outlook.

Questions and comments were received from members of the Board.

Public comments were provided by Peter Drekmeier.

#### **10. Closed Session:**

There were no public comments prior to adjourning to Closed Session.

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

#### **10. Report After Closed Session:**

Closed Session ended at 8:20pm. Legal Counsel, Allison Schutte, convened Open Session and reported that no reportable action was taken during Closed Session.

#### **11. Directors' Discussion: Comments, Questions and Agenda Requests:**

Chair Larsson noted the success of the Hetch Hetchy tour held on May 31<sup>st</sup> through June 1<sup>st</sup>. He encouraged new Board members to participate in the next tour as seeing the facilities provide a better understanding of the Regional Water System. Additionally, he attended the California United Water Conference held in El Dorado Hills which focused on the upcountry watersheds and the challenges of mitigating fire risks and restoring habitat after wildfires for both human and wildlife residents, as well as for water quality. Secretary of Natural Resources Agency, Wade Crowfoot, and State Water Board Commissioner, Dorene D'Adamo, spoke at the conference.

Director Andrews expressed her appreciation for SFPUC's and the CEO's efforts in putting together the Hetch Hetchy tour. She found it highly educational as a new member of the Board.

Chair Larsson reminded the Board that there will be no Board Policy Committee meeting in August, and confirmed that the Board meeting in September will be virtual.

#### **12. Date, Time and Location of Next Meeting:** The next meeting scheduled on September 15, 2022 at 6:30pm will be via Zoom.

**13. Adjournment:** The meeting adjourned at 8:26pm

Respectfully submitted,

Nicole M. Sandkulla  
Chief Executive Officer/General Manager

NMS/le

Attachments: 1) Roll Call & Voting Log  
2) Attendance Roster

## Roll Call & Voting Log - BAWSCA

**Meeting Date:** July 21, 2022

Agency	Director	Simple Voting <sup>(1)</sup>				Weighted Voting <sup>(2)</sup>	
		Present/ Absent	Item #3 Consent	Item #7A WCDB	Other	Weighted "Yes" Votes	Weighted "No" Votes
Hayward	Andrews, Angela	y	y	y			
Hillsborough	Benton, Jay	y	y	y			
Guadalupe	Breault, Randy	y	y	y			
Westborough	Chambers, Tom	y	y	y			
Menlo Park	Combs, Drew	0	0	0			
Palo Alto	Cormack, Alison	0	0	0			
San Bruno	Hamilton, Tom	y	y	y			
Santa Clara	Hardy, Karen	y	y	y			
Foster City	Hindi, Sam	0	y	y			
Purissima	Jordan, Steve	y	y	y			
Sunnyvale	Larsson, Gustav	y	y	y			
San Jose	Liccardo, Sam	0	0	0			
East Palo Alto	Lopez, Antonio	0	0	0			
Daly City	Manalo, Juslyn	0	0	0			
Mountain View	Matchack, Lisa	y	y	y			
Coastside	Mickelsen, Chris	0	0	0			
Milpitas	Montano, Carmen	0	0	0			
Burlingame	O'Brien, Ann	y	y	y			
North Coast	Piccolotti, Tom	y	y	y			
Redwood City	Pierce, Barbara	y	y	y			
Millbrae	Quigg, Dan	0	0	0			
Cal Water	Smegal, Tom	y	y	y			
Mid-Peninsula	Vella, Lou	y	y	y			
ACWD	Weed, John	y	y	y			
Brisbane	Wood, Sepi	y	y	y			
Stanford	Zigterman, Tom	y	y	y			

### Vote Tally

	Simple Vote Summary				Weighted Vote Summary	
	Yes (y)	No (n)	Absent (0)	Abstain (a)	"Yes"	"No"
Yes (y)	17	18	18			
No (n)						
Absent (0)	9	8	8			
Abstain (a)						
Item Carries by Simple Vote?	y	y	y			
Item Carries by Weighted Vote?						

(1) Under simple voting, item carries if it receives an affirmative vote of a majority of the total membership (15 votes)

(2) Under weighted voting, item carries if it receives the affirmative vote of directors representing both

a) A majority of the members present and voting, and

b) a majority of the number of votes represented by directors present

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# Bay Area Water Supply and Conservation Agency

## Board of Directors Meeting Attendance Roster

Director	Agency	July 21, 2022	May 19, 2022	Mar. 17, 2022	Jan. 20, 2022	Nov. 18, 2021	Sept. 16, 2021
Andrews, Angela	Hayward	✓	✓	✓	✓*	✓*	✓*
Benton, Jay	Hillsborough	✓	✓	✓	✓	✓	✓
Breault, Randy	Guadalupe	✓	✓	✓	✓	✓	
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓
Combs, Drew	Menlo Park		✓	✓	✓	✓	✓
Cormack, Alison	Palo Alto		✓	✓	✓	✓	✓
Hamilton, Tom	San Bruno	✓	✓	✓	✓	✓	✓
Hardy, Karen	Santa Clara	✓	✓	✓	✓	✓	✓
Hindi, Sam	Foster City	✓	✓	✓	✓	✓	✓
Jordan, Steve	Purissima	✓	✓	✓	✓	✓	✓
Larsson, Gustav	Sunnyvale	✓	✓	✓	✓	✓	✓
Liccardo, Sam	San Jose						
Lopez, Antonio	East Palo Alto			✓	✓		
Manalo, Juslyn	Daly City		✓	✓	✓	✓	✓
Matichak, Lisa	Mountain View	✓	✓	✓	✓	✓	✓
Mickelsen, Chris	Coastside			✓	✓	✓	✓
Montano, Carmen	Milpitas		✓	✓	✓	✓	✓
O'Brien, Ann	Burlingame	✓	✓	✓	✓	✓	
Piccolotti, Tom	North Coast	✓	✓	✓	✓	✓	✓
Pierce, Barbara	Redwood City	✓	✓	✓	✓	✓	✓
Quigg, Dan	Millbrae		✓		✓	✓	✓
Smegal, Tom	Cal Water	✓	✓*	✓*	✓*	✓*	✓*
Vella, Lou	Mid-Peninsula	✓	✓	✓	✓	✓	✓
Weed, John	ACWD	✓	✓	✓	✓	✓	✓
Wood, Sepi	Brisbane	✓	✓	✓	✓	✓	✓
Zigterman, Tom	Stanford	✓	✓	✓	✓	✓	✓

✓ : Present

\* : Predecessor

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**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: September 1, 2022**

**SUBJECT: Pre-Audit Budget Status Report as of June 30, 2022**

This memorandum shows fiscal year budget status for FY 2021-22. 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, RFA and BAWUA.

**Operating Budget Summary:**

For the twelve-month period ending June 30, 2022, total expenditures were \$4,388,100 or 91 percent of the total budget of \$4,799,544.

**Table 1. Operating Budget Summary as of June 30, 2022**

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
<b>Consultants /Direct Expenditures</b>			
Reliability	1,522,350	1,390,772	91%
Fair Pricing	565,700	443,518	78%
Administration	140,000	137,888	98%
<b>Subtotal</b>	<b>2,228,050</b>	<b>1,972,178</b>	<b>89%</b>
<b>Administration and General</b>			
Salary & Benefits	2,122,019	2,113,359	100%
<b>Other Expenses</b>			
BAWSCA	385,900	300,038	78%
BAWUA	1,050	0	0%
<b>Subtotal</b>	<b>4,737,019</b>	<b>4,385,575</b>	<b>93%</b>
<b>Capital Expenses</b>	3,000	0	0%
<b>Budgeted Contingency</b>	57,500	0	0%
<b>Regional Financing Authority</b>	2,025	2,524	125%
<b>Grand Total</b>	<b>4,799,544</b>	<b>4,388,100</b>	<b>91%</b>

**Overview:**

Overall expenditures for FY 2021-22 tracked within budget.

**Consultants**

The \$63,201 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 50 percent expended. The budget allocation of \$174,999 for strategic counsel was 100 percent expended. The budget allocation of \$748,499 for legal counsel was 100 percent expended. The \$308,350 budget for water management and conservation-related activities was 57 percent expended.

**Administration and Other Expenses**

Budgets for salaries and other expenses were 100 percent and 78 percent expended respectively.

**Use of CEO's Discretionary Spending Authority:**

No use of CEO discretionary spending authority occurred during this period.

**Use of Reserve and Reserve Fund Balance:**

Unspent funds at the end of FY 2020-21 were \$43,727. In accordance with the adoption of the FY 2021-22 annual budget in May 2021, the Board approved transferring \$281,676 from the General Reserve to fund the FY 2021-22 Operating Budget. Both transfers were executed in November 2021. The General Reserve balance as of June 30, 2022 shown below reflects the transfers.

**Table 2. General Reserve Fund Balance**

<b>Fund</b>	<b>Account Balance (As of 05/31/22)</b>	<b>Account Balance (As of 06/30/22)</b>
General Reserve	\$758,794	\$758,794



**Bay Area Water Supply & Conservation Agency**

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

**MEMORANDUM**

**TO:** Nicole Sandkulla, CEO/General Manager  
**FROM:** Deborah Grimes, Office Manager  
**DATE:** September 2, 2022  
**SUBJECT:** Investment Report – As of June 30, 2022

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In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The Board most recently reviewed the investment policy at the November 18, 2021 board meeting.

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

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

<u>03/31/22</u>	<u>06/30/22</u>
\$2,544,669	\$2,746,674

Of the total in the BAWSCA LAIF account as of June 30, 2021, \$758,794 represents BAWSCA's General Reserve Fund, equivalent to approximately 16 percent of FY 2021-22 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

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

<u>03/31/21</u>	<u>06/30/22</u>
.32%	.75%

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**Bay Area Water Supply & Conservation Agency**

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

**MEMORANDUM**

**TO:** Nicole Sandkulla, CEO/General Manager

**FROM:** Deborah Grimes, Office Manager

**DATE:** September 1, 2022

**SUBJECT:** Directors' Reimbursement Quarterly Report for the Period Ending June 30, 2022

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

Table 1 presents the reimbursed expenses for BAWSCA Directors during the quarter ending June 30, 2022.

**Table 1. Director Reimbursement Expenses**

<b>BAWSCA Director</b>	<b>Expense Amount</b>	<b>Purpose</b>
Gustav Larsson, Chair	\$523.02	Lodging & Mileage June 2022 – Urban Water Institute Conference El Dorado Hills, CA

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**Bay Area Water Supply & Conservation Agency**

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

**MEMORANDUM**

**TO: Nicole Sandkulla, CEO/General Manager**

**FROM: Christina Tang, Finance Manager**

**DATE: August 15, 2022**

**SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report  
for Fiscal Year Ending June 30, 2022**

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

**Bond Surcharge Collections**

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

As of today, BAWSCA has received surcharge payments of \$24,626,658, which is \$65,934 less than the total surcharges billed for FY 2021-22. The shortfall was caused by two late payments that were received by the SFPUC in August 2022. BAWSCA expects the remaining balance of \$65,934 to be remitted to the Trustee account by September 15, 2022. Table 1 below presents a payment collection summary for FY 2021-22.

**Table 1: Summary of Surcharges Remitted to Trustee for Fiscal Year Ending 6/30/2022**

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>	<u>Difference</u>
July 2021	\$2,057,716	\$2,057,716	\$0
August 2021	\$2,057,716	\$2,057,716	\$0
September 2021	\$2,057,716	\$2,057,716	\$0
October 2021	\$2,057,716	\$2,057,716	\$0
November 2021	\$2,057,716	\$2,057,716	\$0
December 2021	\$2,057,716	\$2,057,716	\$0
January 2022	\$2,057,716	\$2,057,716	\$0
February 2022	\$2,057,716	\$2,057,716	\$0
March 2022	\$2,057,716	\$2,057,716	\$0
April 2022	\$2,057,716	\$2,057,716	\$0
May 2022	\$2,057,716	\$2,034,205	\$23,511
June 2022	<u>\$2,057,716</u>	<u>\$2,015,293</u>	<u>\$42,423</u>
Total	\$24,692,592	\$24,626,658	\$65,934

**Bond Surcharge Account Balances**

All surcharge payments are deposited with the Bank of New York, the Trustee, which manages BAWSCA's accounts and administers debt service payments. BAWSCA's account balances at the Trustee and the account activities in FY 2021-22 are shown in Table 2 below.

Table 2: Bank of New York Bond Trustee Account Activity for Fiscal Year Ending 6/30/2022

	<b>30,353,744</b>	<b>Account Market Value as of 6/30/2021</b>
<i>plus:</i>	<i>25,018,025</i>	<i>Surcharge Collected in July 2021 through June 2022</i>
<i>plus:</i>	<i>205,088</i>	<i>Money Market Fund Interest, Security Coupons/Accrued Interest Received</i>
<i>plus:</i>	<i>(645,429)</i>	<i>Change in Market Value of Held and Matured Treasury Bonds</i>
<i>minus:</i>	<i>24,386,383</i>	<i>Debt service payment to bondholders</i>
<i>minus:</i>	<i>2,521,682</i>	<i>Principal for Treasury bonds purchased</i>
<i>minus:</i>	<i>653</i>	<i>Accrued interest for Treasury bonds purchased</i>
<i>plus:</i>	<i>2,506,424</i>	<i>Market Value of Purchased Bonds</i>
<i>plus:</i>	<i>(11,058)</i>	<i>Reimbursement to BAWSCA for bond administration expenses</i>
<i>plus:</i>	<i>(300,000)</i>	<i>Withdrawal from Excess Stabilization Fund to pay for the non-contingent refunding costs</i>
	<b>30,218,076</b>	<b>Account Market Value as of 6/30/2022</b>

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

Based upon an evaluation of the available yields, it was determined that BAWSCA would realize a moderate earnings benefit by purchasing U.S. Treasury securities instead of staying invested in the money market account. Following further evaluation, BAWSCA determined that a strategy that involved both a rolling and a ladder security structure provided the Agency with the most appropriate balance of safety, liquidity, and yield. Consequently, this investment strategy was implemented in October 2015. With the Investment Advisor's assistance, BAWSCA re-evaluated the investment strategy in April 2018 and determined that a modest extension of portfolio maturity was appropriate to pursue higher yields while still satisfying the primary objectives of safety and liquidity. Following the April 2018 debt service payment, BAWSCA began the transition to a 0-5 year ladder portfolio strategy and recently completed the process with the trades executed in April 2021. In October 2021, BAWSCA reviewed the strategy again, in light of recent market developments and changes to interest rate policy made by the Federal Reserve. BAWSCA and its investment advisor believe that the current 0-5 year ladder portfolio strategy remains appropriate as such longer-maturity strategies have historically provided greater investment returns and income while protecting against the reinvestment rate risk associated with potential declines in short term interest rates and earnings.

As the Federal Reserve has commenced its campaign to raise interest rates in response to elevated inflation, rates in the 0-5 year range have risen significantly. With the maturity of each ladder security, the portfolio continues to benefit from reinvesting into longer dated securities and locking in additional income. In addition, the portfolio's ladder exposure to

the yield curve continues to provide important diversification against both market price and reinvestment rate risks consistent with BAWSCA's investment objectives and risk tolerance.

As of June 30, 2022, the book yield and market yield on BAWSCA's revised portfolio strategy was 1.39% and 2.78% respectively, as compared to the yield of 1.21% for the money market fund.

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

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

During FY 2021-22, BAWSCA made debt service payments twice, using the bond surcharges collected from the agencies, consistent with the initial bond structure. The first payment of \$19,037,028 was made on October 1, 2021. The second payment of \$5,349,356 was made on April 1, 2022. The next debt service payment of \$19,324,356 will be made on October 1, 2022. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1st and October 1st of each year until 2034.

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Authorization of CEO/General Manager to Execute a Memorandum of Agreement for the SF – Peninsula Regional PureWater Project, and BAWSCA's Cost Share Contribution**

**Summary:**

This item requests that the Board authorize the CEO/General Manager to execute the Memorandum of Agreement (MOA) to participate in the development of the SF-Regional PureWater Project (SPRP), including authorization of BAWSCA's \$51,500 cost share.

Since 2016, BAWSCA along with local partners, Silicon Valley Clean Water (SVCW), Redwood City, Cal Water, SFPUC and other wastewater providers and recycled water users in the area (Partners) joined a Memorandum of Understanding (MOU) to study regional potable reuse opportunities in San Mateo County through the Potable Reuse Exploratory Plan (PREP).

In 2022, the PREP partners developed a proposed scope of work for initiating a more formal feasibility study of a 6-12 mgd purified water project that meets State and Federal requirements for funding support. The feasibility study will include a Basis of Design Report (BODR) that advances key project components to a 10% design level. The estimated cost of the development for this feasibility study and BODR is \$1,030,000. BAWSCA's proposed share of that cost is \$51,500, which is included in BAWSCA's adopted FY 2022-23 budget.

A Memorandum of Agreement (MOA) is being used to guide the proposed work effort for this most recent phase of SPRP and is being brought to the BAWSCA Board for approval. It documents the responsibilities of the partner agencies, including their financial commitments.

BAWSCA's continued participation with PREP will enable BAWSCA's continuing ability to directly affect the project's development to the benefit of the member agencies and is consistent with BAWSCA's Long-Term Reliable Water Supply Strategy.

**Fiscal Impact:**

Each PREP Partner is contributing between 5%-50% of the cost to complete the BODR, with BAWSCA contributing \$51,500 (5%) of the total \$1,030,000 budget. BAWSCA's participation in the SPRP Project is included in the adopted Fiscal Year (FY) 2022-23 Work Plan, and funds are available for BAWSCA's cost-share as part of the adopted FY 2022-23 Operating Budget.

**Board Policy Committee Action:**

The Memorandum of Agreement was completed in July 2022 and was not in a form sufficient to be presented to the Board Policy Committee (BPC) at its June meeting. Since the BPC did not meet in August, this item is being presented to the Board without a recommendation from the BPC.

**Recommendation:**

**That the Board authorize the CEO/General Manager, subject to legal counsel review, to execute the Memorandum of Agreement to participate in the development of the SF-Regional PureWater Project, including authorization of BAWSCA's cost share contribution of \$51,500.**

**Discussion:**

BAWSCA has been investigating potable reuse opportunities in the service area in keeping with future water supply planning recommendations made as part of the Long-Term Reliable Water Supply Strategy finalized in 2015. In 2016, the Partners initiated studies to explore potable reuse opportunities in San Mateo County. The Partners developed the Potable Reuse Exploratory Plan (PREP) to utilize an integrated approach to identifying projects that enhance local water supply resiliency and reduce discharge to the San Francisco Bay, with the goal of developing a regional project with multiple economic, environmental, and social benefits.

There have been three phases of the project so far:

- The PREP Phase 1 Initial Study (completed in 2018) considered potable reuse alternative concepts, including groundwater replenishment reuse and reservoir water augmentation at Crystal Springs Reservoir (CSR) and Bear Gulch Reservoir.
- The PREP Phase 2 Concept Study (completed in 2019) further defined the concept of a RWA project at CSR. Phase 2 included a parallel study of preliminary PREP institutional considerations related to the implementation of a potable reuse project that augments CSR with purified water.
- The PREP Phase 3 Feasibility Study was initiated in 2020 to further simulate the impact of reservoir water augmentation on the Regional Water System and explore direct potable reuse opportunities through raw water augmentation and treated drinking water augmentation. The outcomes of Phase 3 have identified a short-list of projects to move forward for further analysis.

In 2022, the Partners initiated scoping of a Basis of Design Report (BODR) to develop a 6-12 mgd project, resulting from the short list of alternatives identified in Phase 3, to be “California Environmental Quality Act (CEQA) Ready”. “CEQA Ready” means preparation of a conceptual-level design at or near the 10-percent level which would allow the project to move forward with CEQA. Work on a BODR will commence following the execution of this MOA among the PREP partners. Completion of the BODR is expected by the end of FY 2022-23.

The scope of work includes tasks to develop a BODR for a phased, hybrid potable reuse project, including CEQA and National Environmental Policy Act (NEPA) considerations, cost analysis and financial planning, public outreach strategy, and a conceptual basis of design for the advanced water purification facility (AWPF), conveyance facilities, and new facilities and upgrades at SFPUC’s Pulgas facilities.

The MOA sets forth the roles and responsibilities of each agency for their participation in the development of the BODR. The MOA includes cost sharing provisions to fund the development of the plan with BAWSCA contributing \$51,500 (5%) of the total \$1,030,000 budget. BAWSCA’s share of the MOA costs are included in the adopted FY 2022-23 budget. The draft MOA is provided at Attachment A.

Together, the PREP partners recognize that regional collaboration offers opportunities to address multiple water supply and wastewater challenges, while realizing the benefits of shared infrastructure, asset recovery, economies of scale, and a more competitive strategy to pursue funding, in addition to enhancing regional self-reliance through integrated water management.

**Scope of Work and Rates:**

A copy of the scope of work and rates as submitted by Kennedy Jenks is provided in Attachment B.

## **ATTACHMENT A**

### **MEMORANDUM OF AGREEMENT AMONG**

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY,  
CALIFORNIA WATER SERVICE COMPANY, CITY OF REDWOOD CITY,  
CITY OF SAN MATEO, CITY & COUNTY OF SAN FRANCISCO PUBLIC  
UTILITIES COMMISSION, MID-PENINSULA WATER DISTRICT  
AND SILICON VALLEY CLEAN WATER**

### **REGARDING SF-PENINSULA REGIONAL PUREWATER PROJECT BASIS OF DESIGN REPORT**

THIS MEMORANDUM OF AGREEMENT (“Agreement”), made in the State of California on this \_\_\_\_ day of \_\_\_\_\_, 2022, is by and among the Bay Area Water Supply and Conservation Agency (“BAWSCA”), California Water Service Company (“Cal Water”), City of Redwood City (“Redwood City”), City of San Mateo (“San Mateo”), City & County of San Francisco acting by and through its Public Utilities Commission (“San Francisco” or “SFPUC”), Mid-Peninsula Water District (“MPWD”), and Silicon Valley Clean Water, a Joint Powers Authority (“SVCW”), referred to collectively herein as the “Parties” and individually as a “Party.”

### **RECITALS**

1. WHEREAS, the Parties represent, own, and/or operate independent water or wastewater treatment systems that collectively serve the needs of over 2.7 million residents and businesses in the San Francisco Bay Region; and
2. WHEREAS, the Parties recognize that California is prone to droughts, which will be exacerbated by climate change, and that the use of advanced water purification technology for potable reuse may provide increased water supply reliability and/or water quality benefits to the Parties and the public they all serve; and
3. WHEREAS, BAWSCA, Cal Water, Redwood City, San Mateo, SFPUC, and SVCW have worked collaboratively since 2016, under two separate agreements dated November 3, 2016 (amended in April 2018) and December 11, 2020, to develop a coordinated plan for potable reuse in the San Francisco Bay Region, known as the Potable Reuse Exploratory Plan (“PREP”); and
4. WHEREAS, this collaboration has thus far produced three feasibility studies, which analyzed, in succeeding more technical detail, a number of potable reuse alternatives and described the risks and viabilities of those alternatives; and
5. WHEREAS, through these studies, the six Parties developing the PREP have identified a phased, hybrid potable reuse concept that they wish to move into the design phase and have named the SF-Peninsula Regional Purewater (“SPRP”) Project; and

6. WHEREAS, MPWD, which has not participated in the PREP to date, wishes to join the other six Parties in the development of the SPRP Project under this Agreement; and
7. WHEREAS, the Parties wish to engage a consultant to produce a “Basis of Design Report,” which will further develop the SPRP Project concept, establish design criteria, create design drawings, delineate a preliminary project footprint, and analyze costs, and have together prepared a scope of work for the Basis of Design Report, which is attached hereto and incorporated herein as Attachment 1 (“Scope of Work”); and
8. WHEREAS, SVCW has an existing contract with the consulting firm Kennedy Jenks (“Consultant”) under which the Parties would like the Consultant to produce the Basis of Design Report via task order, and the total maximum costs for such services shall not exceed \$1,030,000; and
9. WHEREAS, SVCW and the Consultant have also entered into a separate agreement concerning the Scope of Work and the Consultant’s obligations under its existing contract with SVCW with respect to its performance of the Scope of Work (“SVCW-Consultant Agreement”), which is attached hereto and incorporated herein as part of Attachment 1, and that said SVCW-Consultant Agreement, together with the Consultant’s existing contract with SVCW, is referred to in this Agreement as the “Contract”; and
10. WHEREAS, the Parties desire to enter into this Agreement setting forth the respective roles and responsibilities of the Parties, and the cost sharing allocations and procedures, regarding the SPRP Project Basis of Design Report;

NOW, THEREFORE, in consideration of the recitals and mutual obligations of the Parties herein expressed, the Parties agree as follows:

## **1. TERM**

- a) This Agreement shall become effective on the date that all Parties have signed the Agreement, with the condition precedent that SVCW and the Consultant must have signed the SVCW-Consultant Agreement for this Agreement to be effective.
- b) This Agreement will terminate on December 31, 2024, or when all obligations under this Agreement have been performed, whichever occurs first, unless the Agreement is earlier terminated as otherwise provided herein.

- i. Payment obligations under Section 6, Cost Sharing and Payment, and Section 10, Termination, shall survive the termination of this Agreement until obligations under those sections are satisfied.

## **2. PURPOSE**

The purpose of this Agreement is to:

- a) Define the general roles and responsibilities of all Parties, and the additional roles and responsibilities of SVCW, for the development of the SPRP Project Basis of Design Report. All work associated with the Basis of Design Report is to be conducted in accordance with the Agreement, and the Parties agree that no work on the Basis of Design Report shall commence until this Agreement has been executed by all Parties.
- b) Establish the cost sharing allocations among the Parties for the Basis of Design Report and the procedures by which the Parties will contribute their individual cost shares and be reimbursed for any funds collected that are not expended for the Basis of Design Report.

## **3. CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The Parties agree that the work contemplated in this Agreement, as it involves the preparation of the Basis of Design Report, is exempt from the requirements of the California Environmental Quality Act ("CEQA").

## **4. GENERAL ROLES AND RESPONSIBILITIES OF THE PARTIES**

The general roles and responsibilities of each Party under this Agreement are as follows:

- a) Work cooperatively with the other Parties and the Consultant, as applicable, and commit staff time, as needed, to develop and complete the Basis of Design Report, as described in the Scope of Work, and complete other related tasks and activities.
- b) Provide oversight of, and review and prepare comments on, the Consultant's draft and final deliverables as well as other work product prepared for the Basis of Design Report.
- c) Contribute its share of the total actual costs of the Basis of Design Report, as specified in Section 6 of this Agreement.
- d) Share relevant engineering, permitting, regulatory, and operational information regarding its own facilities and permits with other Parties or the Consultant when requested, if such information is necessary for the Basis of Design Report.

- e) Provide other Parties and/or the Consultant with access to facilities and/or operational data when requested, if such access or data is necessary for the Basis of Design Report (such access or data might concern groundwater management, hydrogeology, intakes, aqueducts and pumping plants, transmission lines, reservoirs, treatment plants, interties). If there is also a reasonable need, commit staff time to conduct analysis of its own facilities, permits, operational data, modeling information, procedures or requirements, or any other data and share the information from such analysis with other Parties and/or the Consultant. Access to facilities will be consistent with, and will follow, the facility owner's standard safety and notification requirements.
- f) Conduct general work that is needed to advance the Basis of Design Report's development. These efforts may include State and Federal grant application and grant administration support, website updating, and outreach.

## **5. ADDITIONAL ROLES AND RESPONSIBILITIES OF SVCW**

The additional roles and responsibilities of SVCW under this Agreement are as follows:

- a) Subject to approval by SVCW's governing board, serve as the contracting entity, managing and administering the Contract with the Consultant to develop the Basis of Design Report, as described in the Scope of Work, on behalf of all of the Parties.
- b) Prepare and transmit to the other Parties invoices for their respective shares of the total costs of the Basis of Design Report, per Section 6 of this Agreement.
- c) Receive and pay all invoices from the Consultant for services rendered under the Contract to develop the Basis of Design Report. Costs for the Consultant's services shall be shared among the Parties as described in Section 6 of this Agreement.
- d) Instruct the Consultant to communicate with all Parties directly about the development of the Basis of Design Report and related activities and deliverables.
- e) Instruct the Consultant to distribute both draft and final deliverables for the Basis of Design Report, and other related work product, to all Parties directly for review and comment.
- f) Return to the other Parties as a reimbursement any funds collected by SVCW under this Agreement that are not expended to pay for the Consultant's services for the Basis of Design Report, per Section 6 of this Agreement.
- g) Ensure that the Consultant abides by the terms of the SVCW-Consultant Agreement (included in Attachment 1).

## 6. COST SHARING AND PAYMENT

The Parties agree that the total financial contribution of all Parties for the Basis of Design Report, based on the Consultant's estimate of the total costs for the services in the Scope of Work, shall not exceed \$1,030,000.

The Parties agree to allocate the total actual costs of the Basis of Design Report among the Parties in accordance with the following proportions, with each Party's individual share of the total actual costs not to exceed the following amounts:

Party	Cost Allocation & Refund Percentage	Not to Exceed Amount
SVCW	9%	• \$92,700
San Mateo	9%	• \$92,700
BAWSCA	5%	• \$51,500
Cal Water	9%	• \$92,700
Redwood City	9%	• \$92,700
MPWD	9%	• \$92,700
SFPUC	50%	• \$515,000

After all Parties have approved and executed this Agreement, SVCW will prepare and transmit to the other Parties invoices for their respective shares of the costs of the Basis of Design Report. The invoice that SVCW prepares and transmits to each Party shall be for the individual Party's not-to-exceed amount as specified in this Section. The Parties will pay SVCW their individual shares promptly, in a single payment, upon receipt of SVCW's invoices. SVCW will use the funds collected from the other Parties, and its own financial contribution specified above, to pay the invoices SVCW receives from the Consultant for its performance of services with respect to the Basis of Design Report under the Contract.

After the completion of the Basis of Design Report, SVCW will return to the Parties as a reimbursement any funds collected by SVCW under this Agreement that were not expended to pay for Consultant's services for the Basis of Design Report in the proportions identified in the table in this Section, above.

If a Party chooses to terminate its participation under the terms of this Agreement, said Party shall remain financially responsible for its individual share of the total actual costs of the Basis of Design Report as specified in Section 10, Termination.

## **7. INDEMNIFICATION**

To the extent permitted by California State law and in proportion to fault, each Party will indemnify, defend, and hold harmless all other Parties and their respective directors, officials, officers, agents, and employees for any and all claims, suits, judgments, damages, penalties, costs, expenses, liabilities, and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees, and any other professional fees) that arise from or are related in any way to the acts or omissions of itself, its respective directors, officials, officers, employees, subconsultants, or other agents in the operation and/or performance of this Agreement; provided, however, that no Party shall indemnify or hold harmless another Party for that Party's own negligent acts, errors, or omissions, or willful misconduct, in the operation and/or performance of this Agreement.

SVCW's Contract with Consultant shall similarly contain language requiring Consultant, to indemnify, defend, and hold harmless all Parties and their respective directors, officials, officers, agents, and employees for any and all claims, suits, judgments, damages, penalties, costs, expenses, liabilities, and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees, and any other professional fees) that arise from or are related in any way to the operation and/or performance of this Agreement. In addition, SVCW's Contract with Consultant shall contain language requiring Consultant, , to indemnify and hold all Parties harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by the Parties of the Consultant's services under this Agreement.

This indemnity provision shall survive the termination of this Agreement and the termination of any Party's participation in this Agreement. Further, each Party will be liable to the other Party(ies) for attorneys' fees, costs, and expenses, and all other costs and expenses whatsoever, which are incurred by the other Party(ies) in enforcing this indemnity provision.

## **8. INSURANCE**

Each Party agrees that it will maintain in force, throughout the term of this Agreement, a program of insurance and/or self-insurance of sufficient scope and amount to permit each Party to discharge promptly any obligations each incurs by operation of this Agreement. If at any time during the term of this Agreement any Party plans to cease to be self-insured for any such possible claims, the Party shall provide the other Parties advance notice of the change in sufficient time for the Parties to negotiate appropriate insurance

requirements before any lapse in coverage. If the Parties fail to reach agreement on the terms of insurance policies or policy endorsements required, the Parties may terminate that Party's participation in this Agreement by giving written notice of termination specifying the date upon which termination shall become effective. If a Party's participation in this Agreement is terminated under this Section, the additional termination provisions of Section 10 shall apply.

SVCW's Contract with the Consultant shall require the Consultant to procure and maintain in force the following insurance at all times during the term of this Agreement and its performance of the Scope of Work and to name all other Parties and their directors, officials, officers, agents, and employees as additional insureds: (1) Commercial General Liability Insurance with limits not less than \$2,000,000 each occurrence for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; (2) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable, if Consultant uses or causes to be used any vehicles in connection with its performance of services under the Contract; (3) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness with a waiver of subrogation in favor of each of the Parties; and (4) Professional Liability Insurance, applicable to Consultant's profession, with limits not less than \$1,000,000 for each claim with respect to negligent acts, errors or omissions in connection with services provided.

## **9. DISPUTES**

Any claim that a Party may have against another Party or Parties regarding the performance of this Agreement including, but not limited to, claims for compensation will be submitted to the other Party or Parties in writing. Parties will meet and confer, first at a staff level and then elevated to a meeting of executive management, as needed, in a good faith attempt to negotiate a resolution of the claim and, if necessary, process an amendment to this Agreement or a settlement agreement to implement the terms of any resolution.

## **10. TERMINATION**

If an individual Party elects to terminate its participation in this Agreement, it may do so by providing each of the other Parties at least thirty (30) days' written notice of its intention to terminate. The terminating Party's notice shall state the effective date of its termination. Termination of a Party from this Agreement shall not terminate this Agreement. No portion of the terminating Party's financial contribution provided under this Agreement for use in preparing the Basis of Design Report shall be refunded to the terminating Party. If the staff of the terminating Party was providing a service to the other Parties for the Basis of Design Report under the terms of this Agreement that was not completed as of the effective date of the Party's termination, it shall be the responsibilities of the remaining Parties to assume the terminating Party's staff role or

roles. If SVCW is the terminating Party, the obligations of the Consultant under the Contract with SVCW with respect to the Basis of Design Report shall also terminate, and it will become the responsibilities of the remaining Parties to pursue further development of the Basis of Design Report from the Consultant (or another consultant) independent of either SVCW or the Contract entered into by the Consultant with SVCW. Under such circumstances, the remaining Parties to the Agreement shall have joint ownership of and access to the deliverables that were produced under the Agreement by Consultant and SVCW as of the effective date of SVCW's termination, per Section 12 of this Agreement, and SVCW shall return to the other Parties as a reimbursement any funds collected by SVCW under this Agreement that were not expended to pay for Consultant's services for the Basis of Design Report as of that same date in the same proportions specified under Section 6 of this Agreement, plus SVCW's remaining individual share of the costs, for the other Parties to use towards the further development of the Basis of Design Report without SVCW's participation; the other Parties shall not be liable for any costs incurred by the Consultant after SVCW's termination date of this Agreement.

#### **11. MAINTENANCE AND INSPECTION OF BOOKS, RECORDS, AND REPORTS**

All Parties will maintain and, upon reasonable advance written notice, make available for inspection to the other Parties all records, books, and other documents directly relating to the Basis of Design Report as well as any other work related to water supply institutional arrangements and agreements that are necessary for the Basis of Design Report, except where privilege applies. If a Party receives a request for information or records related to the Basis of Design Report from a non-Party, including but not limited to requests under the California Public Records Act, San Francisco Sunshine Ordinance (San Francisco Administrative Code Chapter 67), a subpoena, or court order, the Party that has received the request shall provide prior written notice to any other Party to whom the request pertains to provide the Party or Parties the opportunity to obtain a protective order to prevent disclosure, if applicable. Nothing in this Agreement is intended to affect the applicability of the Sunshine Ordinance to documents that would otherwise have to be disclosed under the terms of the ordinance.

#### **12. OWNERSHIP OF RESULTS**

The Parties shall have joint ownership of and access to the deliverables that are produced under this Agreement, including any final: drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Parties or the Consultant for the purposes of this Agreement.

#### **13. AGREEMENT NOT A PRECEDENT**

The Parties intend that the provisions of this Agreement will not bind the Parties as to the provisions of any future agreement between them. This Agreement was developed for the specified Agreement term.

## 14. NOTICES

Any notice, demand, or request made in connection with this Agreement must be in writing and will be deemed properly served if delivered in person or sent by United States mail, postage prepaid, to the addresses of the Parties identified in this Section. Any Party may change its signatory authority, delegated project contact, or agency phone number or mailing address to which notices are to be sent by giving written notice thereof to the other Parties. Day-to day communications about the Basis of Design Report and related tasks and activities under this Agreement will be among the delegated project contacts identified in this Section.

AGENCY	SIGNATORY AUTHORITY	DELEGATED PROJECT CONTACT	AGENCY MAILING ADDRESS AND PHONE NUMBER
Bay Area Water Supply and Conservation Agency	Nicole M. Sandkulla	Tom Francis <a href="mailto:tfrancis@bawasca.org">tfrancis@bawasca.org</a> (650) 349-3000	Bay Area Water Supply and Conservation Agency 155 Bovet Road, Suite 650 San Mateo, California 94402 (650) 349-3000
California Water Service Company	Rob Kuta	Ken Jenkins <a href="mailto:kjenkins@calwater.com">kjenkins@calwater.com</a> (408) 367-8200	California Water Service Company 1720 North First Street San Jose, CA 95112-4508 (408) 367-8200 (800) 750-8200 toll-free
San Francisco Public Utilities Commission	Dennis Herrera	YinLan Zhang <a href="mailto:yzhang@sfwater.org">yzhang@sfwater.org</a> (415) 487-5201	San Francisco Public Utilities Commission 525 Golden Gate Avenue San Francisco, CA 94102 (415) 551-3000
Silicon Valley Clean Water	Teresa Herrera	Arvind Akela <a href="mailto:aakela@svcw.org">aakela@svcw.org</a> (650) 832-6485	Silicon Valley Clean Water 1400 Radio Road Redwood City, CA 94065 (650) 591-7121

San Mateo	Azalea Mitch	Azalea Mitch <a href="mailto:amitch@cityofsanmateo.org">amitch@cityofsanmateo.org</a> (650) 522-7309	City of San Mateo 330 W. 20 <sup>th</sup> Avenue San Mateo, CA 94403 (650) 522-7000
Redwood City	Melissa Stevenson Diaz	Justin Chapel <a href="mailto:jchapel@redwoodcity.org">jchapel@redwoodcity.org</a> (650) 780-7469	City of Redwood City Public Works Services 1400 Broadway Street Redwood City, CA 94063 (650) 780-7469
Mid-Peninsula Water District	Tammy Rudock	Tammy Rudock <a href="mailto:tammyr@midpeninsulawater.org">tammyr@midpeninsulawater.org</a> (650) 591-8941	Mid-Peninsula Water District 3 Dairy Ln, Belmont, CA 94002 (650) 591-8941

## 15. NO THIRD-PARTY BENEFICIARIES

No third-party beneficiaries are intended or created by this Agreement.

SVCW's Contract with the Consultant shall contain language granting third-party beneficiary status to the other Parties that are contributing funds towards the performance of the Consultant's services in the Scope of Work under this Agreement.

## 16. SAN FRANCISCO CERTIFICATION OF FUNDS

San Francisco's financial obligations under this Agreement are subject to the budget and fiscal provisions of the City and County of San Francisco's Charter. Charges will accrue only after prior written authorization certified by the City's Controller, and the amount of the SFPUC's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to the SFPUC at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. The SFPUC has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. San Francisco budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS

AGREEMENT. ALL PARTIES MAY TERMINATE WITHOUT PENALTY IF THE REQUIRED FUNDS UNDER SECTION 6 ARE NOT APPROPRIATED BY THEIR RESPECTIVE GOVERNING BODIES.

#### **17. SAN FRANCISCO MAXIMUM COSTS**

As provided in Section 6 of this Agreement, in no event shall the amount of this Agreement for the SFPUC exceed \$515,000. The SFPUC's payment obligation under this Agreement cannot at any time exceed the amount certified by the City's Controller for the purpose and period stated in such certification. Absent an authorized Emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor, any offered or promised payments under this Agreement in excess of the certified maximum amount without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 22 of this Agreement.

#### **18. PAYMENT OF PREVAILING WAGES**

The Parties agree to comply with all applicable City and County of San Francisco, State of California, and federal laws respecting the payment of prevailing wages for services provided under this Agreement.

#### **19. PROHIBITION ON USE OF PUBLIC FUNDS FOR POLITICAL ACTIVITY**

In performing activities under this Agreement, the Parties shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Parties are subject to the enforcement and penalty provisions in Chapter 12G.

#### **20. SEVERABILITY**

If any term or provision of this Agreement is deemed invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it will not affect the validity of any other provision, which will remain in full force and effect.

#### **21. ASSIGNMENT**

This Agreement is not assignable either in whole or in part, except upon mutual written consent of the Parties.

#### **22. AMENDMENT AND WAIVER**

Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed and approved in the

same manner as this Agreement by all Parties except those Parties, if any, who have withdrawn from the Agreement before the amendment is made.

### **23. SUCCESSORS**

This Agreement shall bind the successors of the Parties in the same manner as if they were expressly named.

### **24. INTERPRETATION**

This Agreement shall be deemed to have been prepared equally by all Parties, and its individual provisions shall not be construed or interpreted more favorably for one Party on the basis that the other Parties prepared it.

### **25. ENTIRE AGREEMENT**

This Agreement, together with the attachment hereto, represents the entire agreement of the Parties as to those matters contained herein. No prior oral or written communications among the Parties shall be of any force or effect with respect to those matters covered hereunder.

### **26. TIME OF THE ESSENCE**

Time is of the essence in this Agreement.

### **27. WAIVER**

The waiver at any time by any Party of its right with respect to default or other matter arising in connection with this Agreement will not be deemed a waiver by that Party with respect to any subsequent default or matter.

### **28. GOVERNING LAW**

This Agreement is governed by and will be interpreted in accordance with the laws of the State of California.

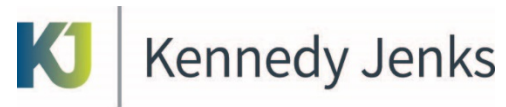
### **29. COUNTERPART SIGNATURES**

This Agreement may be executed in counterparts, which taken together constitute one and the same Agreement. A scanned, electronic, facsimile, or other copy of a Party's signature shall be accepted and valid as an original.

If all Parties agree, electronic signatures may be used in place of original signatures on this Agreement. Each Party intends to be bound by the signatures on the electronic document, is aware that the other Parties will rely on the electronic signatures, and hereby waives any defenses to the enforcement of the terms of this Agreement based on the use

of an electronic signature. After all Parties agree to the use of electronic signatures, all Parties must sign the document electronically.

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## Scope of Work

### Potable Reuse Exploratory Plan (PREP)

### Basis of Design Report (BODR)

The **Potable Reuse Exploratory Plan (PREP)** is a regional effort to resolve multiple water supply and wastewater issues, while realizing the benefits of shared infrastructure, asset recovery, economies of scale and a more competitive strategy to pursue funding. **PREP Parties** include the Bay Area Water Supply and Conservation Agency, Cal Water, San Francisco Public Utilities Commission, Silicon Valley Clean Water, and other wastewater providers and recycled water users in the area.

Kennedy Jenks Consultants (KJ) has led the technical work and facilitated a series of interactive webinars and workshops with the PREP Parties over **three phases**, which have focused on identifying and evaluating concepts for potable reuse on a local and regional scale. Through the PREP studies, the Parties have utilized an integrated approach to identifying projects that enhance local water supply resiliency and reduce discharge to the San Francisco Bay, with the goal of developing a regional project with multiple economic, environmental, and social benefits. The three phases include:

- The **PREP Phase 1 Initial Study** considered potable reuse alternative concepts, including groundwater replenishment reuse and Reservoir Water Augmentation (RWA) at Crystal Springs Reservoir (CSR) and Bear Gulch Reservoir.
- The **PREP Phase 2 Concept Study** further defined the concept of a RWA project at CSR. Phase 2 also included a parallel study of **PREP Institutional Considerations**, which provided a preliminary evaluation of institutional considerations related to the implementation of a potable reuse project that augments CSR with purified water.
- The **PREP Phase 3 Feasibility Study** was initiated in 2020 to further simulate the impact of reservoir augmentation on the regional water system and explore direct potable reuse opportunities through raw water augmentation and treated drinking water augmentation.

The outcomes of **Phase 3** have identified a short-list of projects to move forward for further analysis. The completion of this study is good timing for the SFPUC Regional Water System's overall water supply planning efforts, for which SFPUC has projected a shortfall of dry year supply by 2025. A PREP Project is one of multiple projects that can address dry year supplies in a short year. SFPUC has made a commitment to the SFPUC Commission to present project(s) that are ready for analysis under the California Environmental Quality Act (CEQA) by July 2023.

The next steps for the PREP is to develop a hybrid project, resulting from the short list of alternatives identified in Phase 3, to be "**CEQA Ready**". "CEQA Ready" to SFPUC means preparation of a conceptual-level design at or near the 10-percent level, and completion of an abbreviated CEQA checklist document,

which would allow the project to move forward with CEQA and to be compared with other projects. The PREP Parties identified the need for a ***Basis of Design Report (BODR)*** to satisfy these requirements.

At the most recent meeting with the PREP Parties on Jan 25<sup>th</sup>, 2022, the Parties aligned on developing the BODR for a phased potable reuse project, described as follows:

- Phase 1 – Indirect Potable Reuse (IPR) via Reservoir Water Augmentation (RWA) at Crystal Springs Reservoir (CSR)
- Phase 2 – Direct Potable Reuse (DRP) via Treated Drinking Water Augmentation (TDWA) for local use by the City of Redwood City, Cal Water and/or potentially the Mid-Peninsula Water District.
- Construction of a new Advanced Water Purification Facility (AWPF) that meets regulatory requirements for IPR in Phase 1 and DPR for the Phase 2 expansion.
- Conveyance infrastructure to deliver tertiary effluent to the new AWPF, purified water to the place of use and brine for discharge via the SVCW outfall.
- Upgrades at SFPUC’s Pulgas Facility to treat and discharge purified water into CSR.
- Source water derived from up to 8 mgd of tertiary effluent from SVCW and 8 mgd of tertiary effluent from the San Mateo Wastewater Treatment Plant (WWTF)
- An operational strategy where the new AWPF would produce up to 12 mgd of purified water for potable reuse, with 6 mgd or more delivered to CSR.

The PREP Parties are also interested in preparing a **US Bureau of Reclamation (USBR) Title XVI Feasibility Study (FS) / SWRCB Recycled Water Facilities Planning Study (RWFPS)** to be able to get in line for funding through US Bureau of Reclamation (USBR) and for SRF funds. The report will aim to meet the requirements of both funding agencies in one document. Given the available funding remaining in **Phase 3** budget, the **PREP Phase 3 Feasibility Study** will be submitted in a format to match the USBR Title XVI FS requirements, with a cross-walk to meet the SWRCB RWFPS requirements. The initial work completed as part of the BODR will be integrated into the **Title XVI FS** to define the recommended project and considerations for environmental, legal, financing and research needs, which are elements required by USBR. Due to limited USBR staffing resources, the timing for review and approval are uncertain at this time, however, the goal will be to submit a **Draft Title XVI FS** to USBR by end of June in hopes of having an approved **Final Title XVI FS** by the end of 2022.

This scope of work presented herein has been prepared to develop a ***Basis of Design Report (BODR)*** that meets SFPUC definition of “CEQA Ready” by July 2023. The following Attachments are included to support this Scope of work:

- Attachment A: Agreement between SVCW and Kennedy/Jenks Consultants, Inc.
- Attachment B: Detailed Fee Breakdown and Rate Schedule
- Attachment C: CEQA Checklist
- Attachment D: USBR/SWRCB Report Outlines and Cross-Walk

## Scope of Work

The scope of work includes the following tasks to develop a BODR for a phased, hybrid potable reuse project that meets the requirements of SFPUC's definition of CEQA Ready by July 1, 2023. The scope of work includes the following tasks, major deliverables and task specific meetings summarized in **Table 1**, and described in the scope sections herein.

**Table 1: Summary of Tasks, Major Deliverables and Task Specific Meetings**

Tasks	Major Deliverables	Task Specific Meetings
<b>Task 1: AWPB Basis of Design &amp; Drawings</b>	AWPB Design Criteria TM (Draft/Final)	AWPB Mtg#1 - Process/WQ for AWPB Design Criteria (SFPUC/SVCW/SM)
	AWPB Conceptual Site Maps	AWPB Mtg#2 - Review Design Criteria and Discuss Siting Considerations (SFPUC/SVCW)
	AWPB Conceptual-Level Design Drawings (Draft/Final)	AWPB Mtg#3 - Walk through comments on Draft drawings
<b>Task 2: Conveyance Basis of Design &amp; Drawings</b>	Conveyance Design Criteria TM (Draft/Final)	Conveyance Mtg#1 - Conveyance Design Criteria and Data Requests
	Pipeline Conceptual Alignments and PS Conceptual Site Maps	Conveyance Mtg#2 and Mtg#3 - Review Design Criteria and Discuss Alignments and Repurposing Assets
	Conveyance Conceptual-Level Design Drawings (Draft/Final)	Conveyance Mtg#4 - Walk through comments on Draft drawings
<b>Task 3: Pulgas Facility Upgrades Basis of Design &amp; Drawings</b>	Pulgas Facility Upgrades Design Criteria TM (Draft/Final)	Pulgas Mtg#1 - Breakpoint Chlorination Design Criteria (SFPUC)
	Pulgas Facility Upgrades Conceptual Site Maps	Pulgas Mtg#2 and Mtg#3 - Review Design Criteria and Discuss Upgrades and Facility Siting (SFPUC)
	Pulgas Facility Upgrades Conceptual-Level Design Drawings (Draft/Final)	Pulgas Mtg#4 - Walk through comments on Draft drawings (SFPUC)
<b>Task 4: Technical Support</b>	Source Control TM (Draft/Final)	Source Control Mtg#1 & Mtg#2 - Data Request/Info Gathering (SVCW, San Mateo) & Walk-through TM
	Brine Disposal TM (Draft/Final)	Brine Disposal Mtg#1 to Mtg#3 - Data Request/Info Gathering (SVCW, San Mateo), Regulatory Meeting & Walk-through TM
	Preliminary CSR Operational Strategies TM (Draft/Final)	Ops Strategy Mtg#1 & Mtg#2 - Strategy Discussion (SFPUC) & Walk-through TM
	Drinking Water Distribution System (DWDS) TM (Draft/Final)	DWDS Mtg#1 to Mtg#6 - Data Request/Info Gathering (CalWater, MPWD, RWC) & Walk-through TM

Tasks	Major Deliverables	Task Specific Meetings
<b>Task 5: CEQA Checklist and NEPA Considerations</b>	CEQA Checklist Report (Admin Draft, Draft and Final)	CEQA Mtg#1 - Discuss for Title XVI FS responses and CEQA Checklist tailored for this project
	Summary of additional NEPA requirements	CEQA Mtg#2 - Walk through comments on Admin Draft CEQA Checklist
		CEQA Mtg#3 - Walk through comments on Draft CEQA Checklist
<b>Task 6: Cost Analysis and Financial Planning</b>	Cost Analysis TM (Draft/Final)	Cost estimates to be discussed at monthly status meeting
	Summary of Funding Sources and Possible Financial Approaches	Financial Mtg#1 to Mtg#4 - 2022 Mtgs to support Title XVI FS Financial Plan, 2023 Mtgs to support BODR
<b>Task 7: Basis of Design Report</b>	BODR (Outline, Admin Draft, Draft and Final)	In-Person Presentation of Draft and Final BODR
<b>Task 8: Public Outreach Strategy</b>	Meeting agendas and notes	Up to 12 meetings (virtual/in-person) with PREP Agency outreach staff, decision makers, board, commission, or council members, political appointees and/or elected officials.
	Strategic Outreach Plan (Draft and Final)	One in-person meeting to present Outreach Strategy
<b>Task 9: Meetings and Presentations</b>	Meeting materials and minutes.	Kickoff and 13 Monthly Status Webinars
	Meeting materials and minutes.	Up to three (3) in-person meetings
<b>Task 10: Project Management and QA/QC</b>	Status reports and monthly invoices (15)	Weekly internal coordination meetings
	Concept and Criteria Review (C&CR) findings	Three (3) internal C&CR meetings
<b>Task 11: As-Requested Support</b>	To be determined	To be determined

The following sections describe each task included in the scope of work, first describing the purpose of the task, followed by a brief description, list of assumptions and deliverables associated with each subtask. The project team, anticipated project schedule and budget are provided following the scope of work.

## Task 1: AWPB Basis of Design and Drawings

This task will focus on developing a conceptual-basis of design for the AWPB, including defining treatment processes and design criteria to meet IPR and DPR regulatory requirements, siting considerations at up to three locations and preliminary drawings at a conceptual-level of design to support the cost analysis in Task 4 and fulfill the CEQA checklist requirements in Task 5.

### 1.1 AWPB Treatment Requirements and Design Criteria

**Purpose:** Identify conceptual-level AWPB treatment requirements.

**Description:** Furthering the design concepts established in the PREP Phase 3 Feasibility Study, KJ will establish the design requirements and criteria for the advanced water purification facility, which will include the following:

- Regulatory/permitting requirements for RWA/TDWA treatment processes
- Summary of the tertiary effluent quality (influent to the AWPB)
- Summary of treatment objectives and water quality objectives for RWA/TDWA
- Preliminary design criteria for the AWPB, including but not limited to anticipated removal rates, equipment sizing, chemical dosing, etc.
- Code and standard reference requirements
- Phasing implementation plan and schedule
- Staffing requirements and operator certification requirements at potable reuse facilities
- AWPB Process Flow Diagram
- AWPB Hydraulic Profile
- Preliminary operational strategies

The AWPB train is expected to consist of the following:

- Ozone and biologically activated carbon (BAC) filtration pretreatment, likely required for TDWA and potentially beneficial for a phased RWA/TDWA project
- Low-pressure membrane microfiltration (MF) or ultrafiltration (UF) pretreatment
- Reverse osmosis (RO) system
- Advanced oxidation process (AOP), which typically combines UV treatment with the addition of an oxidant, such as hydrogen peroxide (H<sub>2</sub>O<sub>2</sub>) or chlorine
- Free chlorine or ozone addition (to provide additional log-removal credits for virus or giardia if the dilution credits are insufficient)
- Product Water Stabilization
- Process equalization and storage tanks
- Dechlorination prior to discharge into the reservoir (to meet surface water requirements), which may be achieved via breakpoint chlorination at the AWPB or at the Pulgas Facilities (Task 3)
- Nutrient removal after the AWPB process (to reduce nutrients prior to discharge into the reservoir to meet surface water quality objectives), which may also be achieved via breakpoint chlorination at the AWPB or at the Pulgas Facilities.

**Assumptions:**

1. This Conceptual-Design scope and associated level of effort is based on a 12 mgd output capacity AWPf.
2. SVCW will provide the geotechnical, survey, utility or other site-specific information available for the site near SVCW and the Hwy 101 Site prior to start of this task.
3. Power supply requirements to operate the AWPf will be calculated and compared to available power at each site to identify additional power needs. This task does not include discussions with local energy providers to initiate new power agreements. Temporary power requirements during construction will also be estimated.
4. Pump station requirement design criteria will be developed as part of Task 2.1.
5. Noise studies and any associated acoustical design elements are not included in this scope of work.
6. The conceptual design excludes structural drawings and calculations for the AWPf.
7. Since the preferred delivery approach for the AWPf is unknown at this time, the level of completion for the preliminary design and BODR may not be suitable for all types of procurement methods.
8. SVCW and San Mateo will provide available water quality data for the AWPf influent. Sampling, testing and data collection are not included.
9. Brine minimization will not be considered.
10. The phased approach the AWPf treatment train will consider the merits of (1) two parallel treatment trains to meet RWA and TWDA requirements, (2) one treatment train implemented in a phased approach to add processes to the full flow to meet TDWA requirements or (3) one treatment train implemented to meet TDWA for the initial phase. The conceptual design will only reflect one preferred treatment train.
11. This task includes one (1) meeting with SFPUC, SVCW and San Mateo to discuss available water quality information, process considerations and AWPf design criteria.

**Deliverable:** Prepare an **AWPF Design Criteria Technical Memorandum (TM)** that defines the design parameters for use in developing a Conceptual-Design for the AWPf sizing and expanded unit processes. A Draft and Final AWPf Design Criteria TM will be included as an appendix to the BODR.

**1.2 AWPf Siting**

**Purpose:** Review existing background information and participate in discussions with SVCW and San Mateo County to identify potential siting options at or near SVCW and the Hwy 101 site, as identified in the Phase 3 Feasibility Study. Identify up to two (2) potential sites that have between 4 to 6 acres of available space and identify constraints that would impact the AWPf site layout or orientation (e.g. height restrictions, ability to construct below grade facilities, need for supporting piles, and other construction considerations). The AWPf site will include pump stations to deliver purified water to CSR for RWA, purified water to TDWA, and RO concentrate to outfall will be .

**Description:**

KJ will review available background information to develop a list of considerations pertaining to each site alternative, which will guide the conceptual-level design. Siting information/considerations will include:

- Existing topographic/survey data
- Existing property ownership review
- Environmental considerations and potential mitigation requirements
- Geotechnical considerations – based on available geotechnical studies/evaluations
- Utility considerations – based on record drawings and existing/desktop utility survey data
- Power considerations - based on available record drawings, KJ will identify available power sources near the AWPf sites and compare them to the expected facility power demand (per Task 1.1 design criteria). Transformers and other major equipment needed will be shown on the AWPf site layouts.
- Pump station requirements will be developed as part of Task 2.3.
- Structural considerations - based on existing data /desktop structural assessment
- Architectural considerations – general descriptions only, architectural renderings will not be developed.
- Traffic considerations (e.g. site access and parking)
- Relevant codes and building requirements, including: Building Occupancy Classification, Construction Classification(s), Hazardous Materials Storage and Use including Contaminated Soils, Americans With Disabilities Act (ADA) Requirements, LEED and/or other Sustainability, Energy Code, Fire Code (NFPA 820), Building Code, Electrical Code, Stormwater requirements, Planning department requirements (e.g. setbacks, appearance, height restrictions, and other local requirements).

**Assumptions:**

1. Two site layouts will be evaluated, one at the AWPf site near SVCW and one at the Hwy 101 Site. No additional site layouts will be evaluated. A preferred AWPf site will not be identified as part of this task.
2. Siting considerations will rely on existing survey data and prior site investigation studies. Additional field surveys or site investigations will not be performed as part of this Task.
3. Redwood City and SVCW will provide geotechnical, survey, utility or other site-specific information available for the existing facilities at SVWC, including Redwood City's storage tanks which may be repurposed for the project.
4. SVCW will identify preferred points of connection to tertiary effluent (source water) and the existing outfall (RO concentrate disposal).
5. New pipeline connections (tertiary, purified, and RO concentrate) and pump stations at the AWPf will be considered in this task. Conveyance design criteria development and evaluation of pipeline alignments will be developed in Task 2.
6. Pump station requirement design criteria will be developed as part of Task 2.1. Siting for the pump stations located at the AWPf site will be considered in this task.
7. This task includes one (1) meeting with SFPUC, SVCW and San Mateo to discuss siting, leasing and land purchasing options.
8. This task does not include development of agreements to confirm the acquisition or leasing of a piece of property.

#### Deliverables:

- ✓ Summary tables summarizing considerations for each AWPf Site.
- ✓ Conceptual site maps and building footprints.
- ✓ Meeting materials and notes (PDF format).

### 1.3 AWPf Preliminary Drawings

**Purpose:** Prepare conceptual-level design level drawings for the AWPf, including site layouts for up to two (2) potential AWPf siting options at or near SVCW and at the Hwy 101 Site, including pump stations on the AWPf site.

#### Description:

This task builds upon Tasks 1.1 and 1.2 to develop the conceptual-level design drawings of the AWPf.

**Table 2** lists the drawings and anticipated number for sheets include in the AWP conceptual-level design package.

**Table 2: AWPf Conceptual-Level Design Package**

Drawing(s)	Est. No. Sheets
Title – Location Map, Vicinity, Map, and Index of Drawings	1
Standard Abbreviations	1
Site Topography and Grading Plan for Each Site	2
Proposed Site Plan for the AWPf Site near SVCW and the Hwy 101 Site	2
Overall System Process Flow Diagram	1
AWPf Process Flow Diagrams	2
Hydraulic Profile	1
Electrical Single-line Diagram	1
Overall Process Control Block Diagram	1
<b>Total Number of Sheets:</b>	<b>12</b>

The conceptual-level design drawings will include information to support CEQA documentation (Task 5), including

- General site plan requirements, including overall work limits and adjacent property lines
- Site access and parking (if known)
- Structure footprints
- Preliminary grading areas (cut/fill) and quantities

#### Assumptions:

1. Conveyance design criteria development and evaluation of pipeline alignments will be developed in Task 2. New pipeline connections (tertiary, purified, and RO concentrate) and pump stations at the AWPf will be shown in the Task 1.3 drawing set.

2. Pump station requirement design criteria will be developed as part of Task 2.1. Drawings for the pump stations located at the AWPf site will be included in this task.
3. Drawings at the conceptual-level design will not be generated in 3D or BIM formats.
4. Technical specifications, vendor pre-qualification, and equipment selections will not be provided.
5. This task includes one (1) meeting with SFPUC, SVCW and San Mateo to walk through comments on draft conceptual-level design drawings.

**Deliverable:** Draft and Final AWPf Conceptual-Level Design Drawings (11" x 17" PDF Format).

## Task 2: Conveyance Basis of Design and Drawings

This task will focus on developing the basis of design for conveyance facilities (pipelines, pump stations and points of connections to existing facilities), including defining conveyance requirements and design criteria to meet regulatory, code and standard reference requirements. This task includes considerations for trenching versus trenchless construction, identification of potential sites for jacking and receiving pits, considerations for repurposing existing assets, and identification of pump stations outside of the AWPf fence line. Preliminary drawings will be developed at a conceptual level of design to support the cost analysis in Task 4 and to fulfill the CEQA checklist requirements in Task 5.

As described in the PREP Phase 2 Concept Study and Phase 3 Feasibility Study, the conveyance alignment options to be considered include those listed in **Table 3**.

**Table 3: Summary of Conveyance Options**

Alignment Description	Locations	Design Flow (mgd)	Pump Station Siting	Pipeline Alignment Options
<b>San Mateo Tertiary</b>	San Mateo → AWPf	8	San Mateo WWTP	Option A: Beach Park to SVCW Site Option B: - Edgewater Blvd to Hwy 101 Site
<b>SVCW Tertiary</b>	SVCW → AWPf	8	SVCW	Anchored in abandoned SVCW influent pipeline with new trench pipeline
<b>Purified Water (RWA)</b>	AWPf → CSR	≥ 6	AWPf Site (Task 1.2)	Option 1: Woodside Road - SFPUC ROW Option 2: San Carlos – Club Drive Option 3: Edgewood Road
<b>Purified Water (TDWA)</b>	AWPf → TWDA	≤ 6	AWPf Site (Task 1.2)	To preferred point of connection identified by water agencies.
<b>RO Concentrate</b>	AWPf → Outfall	4	AWPf Site (Task 1.2)	From AWPf to preferred point of connection to SVCW outfall identified by SVCW.

The repurposing of abandoned pipelines identified in the Phase 2 Concept Study will further be explored including:

- Repurposing the SVCW Influent Line, a 54-inch RCP pipeline that will be deactivated in advance of repurposing or decommissioning in late 2022. This segment is approximately three miles in

length and traverses through the Redwood Shores area, a community that is particularly sensitive to new construction. One, or possibly two, pipelines could be slip-lined into the abandoned pipeline and supported inside to convey: 1) purified water to the place of use; 2) tertiary effluent to the AWPf at the Hwy 101 site; and/or 3) the RO concentrate or reject water back to the SVCW outfall.

- Repurposing the SVCW Abandoned Sewer Line, which includes 48-inch to 54-inch pipeline segments that are also planned to be abandoned in late 2022 after the SVCW Gravity Pipeline Project is complete. This segment is approximately 2.4 miles in length and passes through an environmentally sensitive area on Inner Bair Island (part of the Don Edwards San Francisco Bay National Wildlife Refuge managed by the US Fish and Wildlife Service), which would be a challenging and expensive stretch to lay new pipeline. A segment of the pipeline on Bair Island, now decommissioned and out of service, is subject to ground movement in poor soils and has had joint leaks while in service and operating under pressure. This 48-inch segment passes through (and under) the San Carlos Airport, which is owned and operated by the County of San Mateo. The alignment from the Hwy 101 APWF site to Inner Bair Island RCP either passes through airport and under Pulgas Creek that separates Airport from Inner Bair, or it goes down Skyway Road and has a trenchless crossing under Pulgas Creek (SVCW has paid for and recorded a permanent easement for this crossing, which was not used as part of the SVCW 48-inch force main project completed in 2015).

This task will identify a conceptual-level design criteria to repurpose these valuable assets by installing and/or suspending new pipeline(s) within the abandoned pipe.

## 2.1 Conveyance Requirements and Design Criteria

**Purpose:** Identify the design criteria for conveying tertiary effluent, RO concentrate, and purified water to CSR for RWA and existing drinking water system points of connection for TWDA.

### **Description:**

Furthering the concepts established in the PREP Phase 3 Feasibility Study, KJ will establish the design requirements and criteria for the conveyance facilities, including pipelines, pump stations, and connections to existing facilities. The criteria will include the following:

- Regulatory/separation requirements
- Preliminary design criteria for the pipelines and pump stations, including but not limited to pipeline sizing and lengths, preliminary hydraulic calculations, pumping design points, etc.
- Requirements for repurposing the existing abandoned pipelines.
- Code and standard reference requirements
- Phasing implementation plan and schedule
- Process Flow Diagrams
- Preliminary Hydraulic Profiles

### **Assumptions:**

1. This conceptual-level design scope and associated level of effort is based on a 12 mgd output capacity AWPf.
2. SVCW will provide the geotechnical, survey, utility, or other site-specific information available for the existing pipelines to be reused and the approximate alignments prior to start of this task.
3. SVCW will provide relevant documentation prepared for the RESCU project related to construction activities in Inner Blair Island that would be applicable to repurposing abandoned pipelines and installation of new pipelines in the area, which would be considered for future CEQA efforts.
4. San Mateo will identify preferred points of connection to tertiary effluent.
5. Pump station design criteria, including those located at the AWPf site, will be developed as part of this task.
6. SFPUC will provide geotechnical, survey, utility, ROW or other site-specific information available for the alignments following the Bay Division Pipeline ROW and in the vicinity of the Las Pulgas Facilities.
7. Other PREP Parties to provide site-specific information if available.
8. Field work is not included as part of this work. All information will be based on existing data sets, reports, GIS layers and surveys provided by the PREP Parties or available through existing databases.
9. Noise studies and any associated acoustical design elements are not included in this scope of work.
10. Since the preferred delivery approach for conveyance facilities is unknown at this time, the level of completion for the preliminary design and BODR may not be suitable for all types of procurement methods.
11. This task includes one (1) meeting to discuss conveyance design criteria and data requests.

**Deliverable:** Prepare a **Conveyance Design Criteria TM** that defines the design parameters for use in developing a conceptual-level design for the pipeline alignments, evaluation of repurposing abandoned SVCW pipelines, pump stations and points of connection to existing facilities. A Draft and Final Conveyance Design Criteria TM will be included as an appendix to the BODR.

## 2.2 Pipeline Alignments

**Purpose:** Review existing background information and participate in discussions with SVCW, SFPUC Redwood City, CalWater and MPWD in evaluating the conveyance pipeline alternative alignments identified in Task 2.1. Identify constraints that would impact the pipeline alignments and/or costs (e.g. soil conditions, easements required, surge analysis, corrosion control, major crossings, considerations for construction utilities, micro tunneling sections).

### **Description:**

KJ will review available background information to develop a list of considerations pertaining to each alternative alignment. Siting information/considerations will include:

- Existing topographic/survey data
- Preliminary property ownership review – KJ will perform a high-level evaluation of property ownership. Alignments will be located in public utility easements and partner easements (i.e., SFPUC) where possible, minimizing private easements that are required. KJ will also consider revisiting uses in the existing SVCW easements for currently-active force mains in Redwood Shores.

- Environmental considerations and potential mitigation requirements
- Geotechnical considerations – based on available geotechnical studies/evaluations
- Utility considerations – based on record drawings and existing/desktop utility survey data
- Structural considerations - based on existing/desktop structural data
- Traffic considerations
- Corrosion Control
- Surge Analysis
- Relevant codes and building requirements, including: Building Occupancy Classification, Construction Classification(s), Hazardous Materials Storage and Use including Contaminated Soils, Americans With Disabilities Act (ADA) Requirements, LEED and/or other Sustainability, Energy Code, Fire Code (NFPA 820), Building Code, Electrical Code, Stormwater requirements, and Planning department requirements (e.g. setbacks, appearance, height restrictions, and other local requirements)

**Assumptions:**

1. Additional alignments or conveyance alternatives beyond those listed in **Table 3** will not be evaluated.
2. A preferred alignment will not be identified as part of this task.
3. Alignment considerations will rely on existing survey data and prior site investigation studies. No additional field survey, site investigations, or pipeline condition assessments will be performed.
4. KJ will perform a desktop study using available general parcel information from the County of San Mateo Parcel GIS system. KJ will make general assumptions regarding the timing and cost associated with acquiring easements in overall program but will not perform outreach for titles of individual properties. This task does not include development of agreements to confirm the acquisition or leasing of property or easements.
5. KJ will evaluate each alignment for major crossings (based on aerial images and available information) that may require trenchless construction methods. Approximate lengths of such crossings will be developed for each alignment alternative and reflected in the estimated costs (Task 6). This task does not include developing a total number of utility crossings for each alternative, performing a USA/dig request, or contacting individual utilities for records along the proposed pipeline alignments.
6. This task does not include outreach or coordination with regulatory/permitting agencies or residents.
7. KJ assumes most of the pipeline alignments will be constructed in existing roads and right-of-way. The centerline of the alignment will not be identified in the conceptual-level design.
8. New pipeline connections to the AWPf (tertiary, purified, and RO concentrate) and pump stations at the AWPf site will be developed in Task 1.2.
9. This task includes two (2) meetings to discuss alignments, repurposing assets, ROW and traffic considerations.
10. KJ assumes the PREP parties will provide relevant data including geotechnical studies, parcel maps, utility maps, topographic files, etc.

11. KJ will identified likely areas for trenchless construction and jacking/receiving pit locations based on aerial photos. The limits of trenchless construction and pit locations will be further investigated during the EIR phase.

**Deliverables:**

- ✓ Summary tables summarizing alignment considerations for each AWPf Site and place of use.
- ✓ Conceptual site maps for pipeline alignments (GIS based)
- ✓ Meeting materials and notes (PDF format).

### 2.3 Pump Station

**Purpose:** Review existing background information and participate in discussions with SVCW and SFPUC, to identify potential siting options(s) for new pump stations outside of the AWPf footprint, if needed. Identify the available space and site constraints for the proposed pump station sites (e.g. height restrictions, ability to construct below grade facilities, need for supporting piles, and other construction considerations).

**Description:**

KJ will review available background information to develop a list of considerations pertaining to the pump station siting. Siting information/considerations will include:

- Existing topographic/survey data
- Existing property ownership review – consider right-of-Way and possible encroachment/coordination issues (e.g. with Caltrans, Caltrain, SFPUC, US Fish and Wildlife, BCDC, US Army Corps of Engineers)
- Environmental considerations and potential mitigation requirements
- Geotechnical considerations – based on available geotechnical studies/evaluations
- Utility considerations – based on record drawings and existing/desktop utility survey data.
- Power Supply – Evaluate the power supply has sufficient voltage and availability near PS location(s).
- Power supply requirements to operate the pump stations will be calculated and compared to available power at each site to identify additional power needs. This task does not include discussions with local energy providers to initiate new power agreements. Temporary power requirements during construction will also be estimated.
- Structural considerations - based on existing/desktop structural data
- Architectural considerations – general descriptions only, architectural renderings will not be developed.
- Traffic considerations (e.g. site access and parking)
- Relevant codes and building requirements, including: Building Occupancy Classification, Construction Classification(s), Hazardous Materials Storage and Use including Contaminated Soils, Americans With Disabilities Act (ADA) Requirements, LEED and/or other Sustainability, Energy Code, Fire Code (NFPA 820), Building Code, Electrical Code, Stormwater requirements,

Planning department requirements (e.g. setbacks, appearance, height restrictions, and other local requirements).

The preliminary design criteria developed in Task 2.1 will be used to develop conceptual site maps and pump station footprints.

**Assumptions:**

1. No additional field survey or site investigations will be performed.
2. Additional site alternatives will not be evaluated.
3. This task does not include development of agreements to confirm the acquisition or leasing of a piece of property.
4. Siting considerations for the pump stations and pipeline connection points located at the AWPf site will be included under Task 1.2.

**Deliverables:** Summary tables summarizing considerations for each pumps station based on available information. Conceptual site maps and building footprints.

## 2.4 Conveyance Preliminary Drawings

**Purpose:** Prepare conceptual-level design drawings for the conveyance pipeline alignments and pump stations outside the AWPf (if needed).

**Description:**

This task builds upon Tasks 2.1 through 2.3 to develop the pre-design to a conceptual-level design. These drawings will include pump stations outside of the AWPf and the conveyance alternatives.

Table 4 lists the drawings and anticipated number of sheets included in the conveyance conceptual-level design package. The drawing list assumes that the layouts and grading for the pump stations located at the AWPf site are included in Task 1. The purified pipeline alignment drawings will show possible connections to the potential AWPf sites, Pulgas facility and potable drinking water system tanks and pipelines. The conceptual-level design drawings will include information to support CEQA documentation (Task 5), including:

- General site plan requirements, including overall work limits
- Topographic and aerial background
- Preliminary grading areas (cut/fill) and quantities
- Structure footprints for pump stations (outside AWPf)
- Preliminary pipeline alignments (plan view only) with considerations for points of connections at a conceptual-level of design
- Preliminary estimate of lane closures
- Approximate lengths of open trench and trenchless construction for each alternative and preliminary number and locations of jacking/receiving pits
- Conceptual laydown areas, if known

- Major anticipated utility crossings, where known (note: KJ map all small diameter utilities, minor crossings, or lateral crossings).

**Table 4: Conveyance Conceptual-Level Design Package**

Drawing(s)	Est. No. Sheets
Title – Location Map, Vicinity, Map, Index of Drawings, Standard Abbreviations	1
San Carlos Tertiary Pump Station – Site Topography, Grading, and Site Plan	1
SVCW Tertiary Pump Station – Site Topography, Grading, and Site Plan	1
San Carlos Tertiary Pipeline – Option A (Plan View)	2
San Carlos Tertiary Pipeline – Option B (Plan View)	2
SVCW Tertiary /RO Concentrate – Option A: AWPf at SVCW Site (Plan View)	1
SVCW Tertiary /RO Concentrate – Option B: AWPf at Hwy 101 Site (Plan View)	1
RWA Purified Water Pipeline – Option 1 (Plan View)	4
RWA Purified Water Pipeline – Option 2 (Plan View)	2
RWA Purified Water Pipeline – Option 3 (Plan View)	3
SVCW Tertiary Pipeline – Option B: AWPf at Hwy 101 Site (Plan View)	2
TDWA Purified Water Pipelines(s) Alignment Alternatives (Plan View)	2
Hydraulic Profiles (San Carlos and SVCW Tertiary Alignments)	1
Hydraulic Profiles (Purified Pipeline Alignments)	1
Hydraulic Profiles (TDWA Purified Alignments)	1
San Carlos Tertiary Pump Station – Electrical Single-Line Diagram	1
SVCW Tertiary Pump Station – Electrical Single-Line Diagram	1
Process and Instrumentation Diagrams	4
<b>Total Number of Sheets:</b>	<b>31</b>

**Assumptions:**

1. Drawings at the conceptual-level design will not be generated in 3D or BIM formats.
2. The points of connections from the proposed pipeline alignment options to existing tertiary effluent facilities (at SVCW and San Mateo WWTP), SVCW's brine outfall pipeline, Pulgas Facilities, potable drinking water systems (tanks or pipelines) will be developed at a conceptual-level of design based on preferences by the agency that owns the existing facility.
3. Drawings for the pump stations located at the AWPf site are included under Task 1.3.
4. Technical specifications will not be provided.
5. Pipeline profiles are not included.
6. Utility locating will not be performed along the pipeline alignments.
7. This task includes one (1) meeting with to walk through comments on draft conceptual-level design drawings.

8. Drawings developed under Tasks 1.3, 2.4 and 3.3 will be submitted as a combined set in the BODR document. The Title Sheet (Location Map, Vicinity, Map, and Index of Drawings) and Standard Abbreviations sheet are included in Task 1.3.

**Deliverable:** PREP Conveyance Conceptual-Level Design Drawings (11" x 17" PDF Format)

### Task 3: Pulgas Facilities Upgrades - Basis of Design and Drawings

This task will focus on developing the basis of design for new facilities and upgrades at SFPUC's Pulgas Facilities, including defining the point of connection to accept purified water and treatment requirements and design criteria to reduce nutrient concentrations in the purified water to meet background water quality objectives for Crystal Springs Reservoir (CSR). This task includes siting considerations for identified facilities and upgrades and preliminary drawings at a conceptual-level of design to support the cost analysis in Task 4 and fulfill the CEQA checklist requirements in Task 5.

#### 3.1 Pulgas Facilities Additional Treatment Requirements and Design Criteria

**Purpose:** Identify the treatment requirements and design criteria for the Pulgas facilities upgrades needed to accept and treat purified water prior to discharge into CSR.

**Description:**

Furthering the design concepts established in the PREP Phase 2 and Phase 3 Feasibility Studies, KJ will work with SFPUC to establish the design requirements and criteria for the Pulgas Facilities upgrades, which will include the following:

- Regulatory/permitting requirements for RWA
- Preliminary design criteria for the Pulgas Facility upgrades, including but not limited to treatment objectives, sizing, storage, chemical dosing, blending, required treatment retention time etc.
- Code and standard reference requirements
- Pulgas facilities upgrades process flow diagram
- Pulgas facilities upgrades hydraulic profile
- Process and Instrumentation Diagrams
- Preliminary operational strategies

The Pulgas Facilities upgrades may consist of the following:

- New connection of the purified water line to the existing Pulgas Facilities
- Additional chemical storage and dosing, contactor pipe, and break tank for additional retention time
- Consider breakpoint chlorination (to provide nutrient removal prior to discharge into the reservoir to meet surface water requirements), with and without the addition of ozone at the AWPf.

**Assumptions:**

1. This conceptual-level design scope and associated level of effort is based on 6 to 12 mgd of purified water augmentation to CSR.
2. SFPUC will provide the record drawings, geotechnical, survey, utility, or other site-specific information available for the Pulgas Facilities and site prior to start of this task. KJ will work directly with SFPUC's staff to identify design criteria and understand existing facility and operational constraints.
3. Noise studies and any associated acoustical design elements are not included in this scope of work.
4. This conceptual-level design scope excludes structural drawings and calculations.
5. SFPUC will provide relevant water quality data for the Pulgas Facilities (e.g. from the Hetch Hetchy Regional Water System (RWS) and CSR). Sampling and data collection are not included.
6. This task includes one (1) meeting with SFPUC Pulgas Facilities staff to discuss system connections, breakpoint chlorination design criteria and chemical dosing process controls

**Deliverable:** Prepare a **Pulgas Facility Design Criteria TM** that defines the design parameters for use in developing a conceptual-level design for upgrades or new facilities required at the Pulgas Facility points of connection to existing facilities. A Draft and Final Pulgas Facility Design Criteria TM will be included as an appendix to the BODR.

### 3.2 Pulgas Facility Upgrades Siting

**Purpose:** Review existing background information and participate in discussions with SFPUC to identify potential options to located new facilities or implement upgrades at the Pulgas Facilities site, as identified in the Phase 3 Feasibility Study, including the possible location(s) for the new connection to the purified water line and placement of potential additional break tanks for retention time. Identify the available space and site constraints that would impact the Pulgas Facilities upgrades (e.g. height restrictions, ability to construct below grade facilities, need for supporting piles, and other construction considerations).

#### **Description:**

KJ will review available background information to develop a list of considerations pertaining to the Pulgas Facilities site, which will guide the conceptual-level design. Siting information/considerations will include:

- Existing topographic/survey data
- Existing property ownership review
- Environmental considerations and potential mitigation requirements
- Geotechnical considerations – based on available geotechnical studies/evaluations
- Utility considerations – based on record drawings and existing/desktop utility survey data
- Structural considerations - based on existing/desktop structural data
- Architectural considerations, if applicable – general descriptions only, architectural renderings will not be developed.
- Traffic considerations (e.g. site access and parking)

- Relevant codes and building requirements, including: Building Occupancy Classification, Construction Classification(s), Hazardous Materials Storage and Use including Contaminated Soils, Americans With Disabilities Act (ADA) Requirements, LEED and/or other Sustainability, Energy Code , Fire Code (NFPA 820), Building Code, Electrical Code, Stormwater requirements, and Planning department requirements (e.g. setbacks, appearance, height restrictions, and other local requirements)

The preliminary design criteria developed in Task 3.1 will be used to develop conceptual site maps.

**Assumptions:**

1. Facility siting considerations will rely on existing survey data and prior site investigation studies. No additional field survey or site investigations will be performed.
2. One preferred siting location for new facilities will be evaluated based on discussions with SFPUC. Multiple siting alternatives will not be evaluated.
3. This task includes two (2) meetings with SFPUC Pulgas Facilities staff to discuss breakpoint chlorination facility upgrades and facility siting considerations.
4. This task does not include development of agreements to confirm the acquisition or leasing of a piece of property.
5. This task does not include design related to other planned upgrades by SFPUC at the Pulgas Facilities.

**Deliverables:**

- ✓ Summary tables summarizing considerations for each site alternative based on available information.
- ✓ Conceptual site maps and building footprints.

### 3.3 Pulgas Facility Upgrades Preliminary Drawings

This task builds upon Tasks 3.1 and 3.2 to develop the conceptual-level design drawings for Pulgas Facilities Upgrades. **Table 5** lists the drawings and anticipated number for sheets include in the AWP conceptual-level design package.

**Table 5: Pulgas Facilities Upgrades Conceptual-Level Design Package**

Drawing(s)	Est. No. Sheets
Title – Location Map, Vicinity, Map, Index of Drawings, Standard Abbreviations	1
Site Topography, Drainage, and Grading Plan	1
Proposed Site Plan	1
Pulgas Facilities Upgrades Process Flow Diagram	1
Pulgas Facilities Upgrades Hydraulic Profile	1
Electrical Single-line Diagram	1
Overall Process Control Block Diagram	1
<b>Total Number of Sheets:</b>	<b>7</b>

The conceptual-level design drawings will include information to support CEQA documentation (Task 5), including:

- General site plan requirements, including overall work limits and adjacent property lines
- Site access and parking
- Structure footprints
- Preliminary grading areas (cut/fill) and quantities
- Plot plans for tree removal greater than 4 inches in diameter or 20 feet in height, if any

**Assumptions:**

1. Drawings at the conceptual-level design will not be generated in 3D or BIM formats.
2. Technical specifications, vendor pre-qualification, and equipment selections will not be provided.
3. This task includes one (1) meeting with SFPUC Pulgas Facilities staff to walk through comments on draft conceptual-level design drawings.

**Deliverable:** Pulgas Facilities Upgrades Conceptual-Level Design Drawings (11" x 17" PDF Format)

## Task 4: Technical Support

### 4.1 Source Control Program Considerations

**Purpose:** Summarize existing source control programs by SVCW and San Mateo and anticipated DDW requirements for source control for an indirect or direct potable reuse project.

**Description:** Review existing pre-treatment and source control programs by SVCW and San Mateo and available information (e.g. industrial pretreatment program reports and associated sampling) on significant industrial users (SIUs) in the SVCW and San Mateo wastewater service areas. Review existing sampling event data and results developed by others. Identify gaps and future studies needed to develop a Source Control Program for the PREP Project. Evaluate and provide considerations for a source control strategy that could include either a phased or combined approach to comply with existing RWA source control requirements and anticipated future enhanced source control requirements for TDWA.

**Assumptions:**

1. Additional sampling and data collection are not included and will be provided by others in response to an information request.
2. This task includes two (2) meetings with SVCW and San Mateo to understand current source control efforts, request industrial/commercial data prepared for NPDES permit compliance, and walk through the Draft TM.
3. Developing, amending, revising and/or implementing the source control program is outside the scope of this task.

**Deliverables:** Prepare a Draft and Final **Source Control TM** to document items above and next steps to implement supplemental source control, including summary of additional source control sampling and periodic review of SIUs for project implementation, identification of agency responsibilities for source control activities including potential coordination and governance approaches and summary of DDW requirements for potable reuse. A Draft and Final Source Control TM will be included as an appendix to the BODR.

## 4.2 Brine Disposal Considerations

**Purpose:** Summarize existing NPDES discharge permit requirements and identify additional studies needed to discharge brine through existing outfalls.

**Description:** Review existing NPDES discharge permits for SVCW and San Mateo, describe results of Task 4.1 - Source Control Program Considerations to estimate changes in concentration/flow of industrial pollutants through brine concentration process. Summarize how other potable reuse projects have or are addressing brine discharge from a new AWPf to an existing outfall (e.g. San Diego, Padre Dam, Oceanside, Monterey One Water) to identify potential issues and approaches. Develop preliminary list of studies (e.g. mixing zone, dilution credits, toxicity etc.) to be submitted with NPDES revised permit application; confirm needed studies, future monitoring, schedule and other considerations with call with Regional Board staff.

**Assumptions:**

1. This task includes two (2) meetings with SVCW to discuss point of connection to brine outfall, water quality/permitting considerations and walk through the Draft TM.
2. This task includes one (1) meeting with Regional Board staff to discuss and review studies to be conducted and anticipated future NPDES permit requirements
3. Developing, amending, revising and/or implementing a revision to the existing NPDES permit requirements is outside the scope of this task.

**Deliverable:** Prepare a Draft and Final **Brine Disposal TM** to document items above including likely brine disposal connection point, estimated brine concentration and flow, next steps/future studies and schedule to update NPDES permit(s) to include brine as a discharge. A Draft and Final Brine Disposal TM will be included as an appendix to the BODR.

### 4.3 Preliminary Operational Strategies

This task will identify preliminary operational strategies for the RWA and TDWA deliveries, building on prior work in the Phase 3 Feasibility Study

- **RWA operational strategies** to meet regulatory requirements for dilution and retention were developed as part of the Phase 3 Feasibility Study, utilizing a Reservoir Operations Model (ROM), utilizing data from SFPUC's monthly timestep water balance model called the Hetch Hetchy Local Simulation Model (HHLSM). For the PREP Phase 3 Study, the HHLSM model was primarily used to understand the amount of available storage space for purified water in the RWS in dry years, the associated water supply benefits for the RWS, and conversely to evaluate the amount of water that would "spill" from the RWS to make room for purified water when the reservoir system is full (e.g. primarily in wet years). Three RWA operational scenarios (continuous, seasonal ramp down and seasonal shut down) were evaluated to assess the impact of continuous versus seasonal augmentation with purified water, to calculate how reduced production of purified water would reduce the amount of spill during wet years.
- **TDWA operational strategies** do not have to adhere to retention requirements, however there is still a nexus with the blending of purified water with other water (e.g. potable water or raw water) to provide additional dilution, which may guide the need for additional treatment processes (e.g. ozone and biological activated carbon (BAC)). Additionally, augmenting a local drinking water system with purified water could theoretically result in a "spill" from the RWS when the reservoir system is full and those. The Phase 3 Feasibility Study did not assess TWDA operational scenarios.

**Purpose:** This task will summarize the preliminary operational strategies for both RWA and TDWA to support the development of AWPf design and operational criteria. For RWA, operational strategies to meet dilution and retention criteria will guide treatment process selection for meeting log-removal value (LRV) requirements set forth by the Division of Drinking Water (DDW). For TWDA, operational strategies will consider potable water demands and the percent of purified water augmenting each Agency's drinking water distribution system. The potential for "spill" from the RWS will be addressed for both RWA and TDWA.

**Description:** This task will describe the following:

- Overall approach for introduction of purified water into CSR to meet RWA regulatory requirements for retention and dilution, based on the ROM outcomes.
- Operational strategies that could be applied to maintain retention greater than or equal to 6 months and dilution greater than or equal to 100:1 to minimize LRV requirements
- Operational strategies to minimize the amount of Hetch Hetchy water that would "spill" in the upcountry system as a result of purified water addition to CSR, based on the HHLSM model outcomes from the Phase 3 Feasibility Study. This could include ramping down or shutting down the AWPf during wet months of wet years, as evaluated in Phase 3.

- Estimation of the amount of purified water that would be blended with potable water in that portion of each water agency's service area that is augmented by purified water, based on the outcomes of Task 4.4.
- The need for a three-dimensional (3-D) hydrodynamic numerical model of the Crystal Springs – San Andrews Reservoir System to simulate mixing, dilution and retention within the reservoir, and evaluate compliance with the key elements of the RWA regulations.

**Assumptions:**

1. The ROM will be run to identify emergency scenarios and operational constraints to avoid the calculated retention going below 6 months.
2. A three-dimensional (3-D) hydrodynamic numerical model will not be developed as part of this task.
3. Field data collection will not be performed as part of this task.
4. Drinking water distribution system considerations will be addressed in Task 4.4.

**Deliverable:** Prepare a **Preliminary Operational Strategies TM** to document items above. A Draft and Final Preliminary Operational Strategies TM will be included as an appendix to the BODR.

#### 4.4 Drinking Water Distribution System Considerations

**Purpose:** Identify preferred points of connection to introduce purified water into the existing drinking water distribution systems owned and operated by the City of Redwood City, CalWater and/or the Mid-Peninsula Water District, and determine potential operational and hydraulic constraints and infrastructure requirements.

**Description:** For TDWA, purified water would be delivered to the drinking water distribution system for local distribution. Potential tie-in locations would consist of potable water storage tanks, distribution and/or transmission pipelines. The following potential points of connection will be considered:

- Redwood City's existing Redwood Shores tanks, which have a combined storage capacity of 6.2 million gallons (MG). Additional points of connection to be identified by Redwood City and their modeling group.
- CalWater has various locations within its distribution system that could serve as potential tie-in locations in San Carlos and San Mateo. Cal Water is planning to add additional storage tanks that could potentially be an additional tie-in. Additional points of connection to be identified by CalWater and their modeling group.
- Mid-Peninsula Water District service area potential points of connection to be identified by their modeling group.

Understanding the boundary conditions for augmenting each drinking water system is important to defining flow restrictions and infrastructure requirements.

**Assumptions:**

1. Purified water would be delivered to the existing potable distribution systems via:

- Existing tanks via an air gap or an existing inlet manifold
  - Direct pipe-to-pipe connections within the distribution system. This option would require coordination regarding the hydraulic grade line (HGL)/operating pressure of the existing potable water pipeline at the tie-in location. Pressure reducing valves/systems will be identified as needed.
2. Redwood City, CalWater and the MPWD would provide information on their respective systems, hydraulic capacities, operating HGLs and pressures at each tie-in location, operational constraints, and preferred locations and infrastructure requirements to tie-in.
  3. Redwood City, CalWater and the MPWD will share considerations for planned and future CIP projects that may be impacted by or benefit from the project.
  4. This task includes up to six (6) meetings with Redwood City, CalWater and MPWD to discuss point of connection to their potable water system, coordinate with their modeling groups and walk through the Draft TM.
  5. Redwood City, CalWater and the MPWD would run their respective drinking water distribution system models and provide operational and design criteria and limitations (e.g. pressure requirements, maintenance and operational requirements, etc.) as appropriate.
  6. Development of a new distribution system hydraulic model is not included in this task.

**Deliverable:** Prepare a **Drinking Water Distribution System TM** to document items above, define infrastructure and system operational requirements and identify additional evaluations needed to support the next phase of design. A Draft and Final Drinking Water Distribution System TM will be included as an appendix to the BODR.

## Task 5: SFPUC CEQA Checklist and NEPA Considerations

### 5.1 CEQA Checklist

**Purpose:** In order for the proposed project to be considered “CEQA Ready” by SFPUC, SFPUC’s CEQA Checklist for environmental review would need to be submitted to provide SFPUC’s Bureau of Environmental Management (BEM) with sufficient information about the project and alternatives to begin environmental review. The completed CEQA Checklist would allow the project to move forward with CEQA and to be compared with other projects.

**Description:** This task will address relevant elements of the SFPUC CEQA Checklist, provided in Attachment C, based on the conceptual-level design in Tasks 1 through 3, and additional efforts performed as part of Task 4 or the Phase 3 Title XVI Feasibility Study.

**Assumptions:**

1. This task is focused on providing information about the project to meet SFPUC’s BEM initial requirements to perform environmental review.
2. The Checklist will be developed using information developed as part of conceptual-level design , known site conditions, and anticipated permit requirements.

3. No additional site work or coordination with permitting or trustee agencies will take place as part of Task 5.
4. This task assumes three (3) meetings with SFPUC BEM staff to answer questions about CEQA Checklist items and discuss comments received on the Admin Draft and Draft CEQA Checklists.

**Deliverable:**

- ✓ Admin Draft, Draft and Final CEQA Checklist Report, which will be included as an appendix to the BODR.
- ✓ The schedule assumes that the PREP parties will review and return comments on submitted deliverables within two weeks. Each agency shall submit one set of consolidated comments, preferable in a digital format (track changes/comments in word and pdfs)

## 5.2 NEPA Considerations

**Purpose:** Since the project will potentially pursue federal funding in the future, either through USBR Title XVI program or EPA loan programs (e.g. WIFIA), NEPA analysis may be required in the future. The purpose of this task will be to identify the additional analyses needed to comply with NEPA (e.g., “cross-cutters”) Cross-cutting federal authorities are the requirements of other federal laws and Executive Orders that apply in the case of federally funded projects. In the State Revolving Fund (SRF) programs, compliance with federal cross-cutting authorities is required by all recipients of these federal funds. Typical federal cross-cutters that need to be addressed include: the Archaeological and Historic Preservation Act , the Clean Air Act, the Coastal Barriers Resources Act, the Coastal Zone Management Act, the Endangered Species Act, the Environmental Justice Executive Order, Flood Plain Management, the Migratory Bird Treaty Act, and the National Historic Preservation Act.

**Description:** The USBR Title XVI Feasibility Study report, completed as part of Phase 3, does not require National Environmental Policy Act (NEPA) compliance, however, USBR does require a discussion on whether, and to what extent, the proposed Title XVI project will have potentially significant impacts on endangered or threatened species, public health or safety, natural resources, regulated waters of the United States, or cultural resources. As well as identification of additional and/or unique environmental risks, environmental and cultural compliance measures or NEPA compliance measures (e.g. use of CEQA+ approach to satisfy NEPA Requirements) , which will be discussed with SFPUC BEM staff who will be responsible for leading future CEQA efforts.

SFPUC’s CEQA Checklist (Attachment C) notes that if projects are pursuing federal funding or require federal permits then NEPA analysis would be required and would need to analyze a range of alternatives with a co-equal level of detail. The approach for Task 1 to look at two alternative AWPf sites and Task 2 to look at multiple alignments would serve to support this requirement.

**Assumptions:** The description of NEPA considerations will be developed using information developed as part of conceptual-level design, known site conditions, and anticipated permit requirements. No additional site work or coordination with permitting or trustee agencies will take place as part of Task 5.

**Deliverable:** A list of additional analysis that would need to occur, above and beyond that typically performed to comply with CEQA, to meet the federal cross-cutters and make the project eligible for federal funding. This information will be incorporated into the appropriate section of the BODR in Task 7.

## Task 6: Cost Analysis and Financial Planning

### 6.1 Engineers Estimate of Probable Costs for Conceptual-Level Design

**Purpose:** The engineers estimate of probable cost will include a summary of cost assumptions, construction, operations and maintenance (O&M), unit life cycle costs and other cost considerations. The cost analysis will be at a Class IV level (AACE) sufficient to reflect the conceptual-level design.

**Description:** This task will identify capital and O&M costs for the proposed project and any sub-alternatives identified as part of the basis of design, reflecting annual costs to construct, operate and maintain the system. Unit life cycle cost will be developed to compare the project cost to projected wholesale water rates over time.

- **Capital Costs:** will be developed at a Class IV level, representing quantity take-offs from the preliminary design, capturing anticipated material and labor costs by discipline and appropriate markups. Unit costs will be based on equipment quotes, recent projects and professional experience for treatment, pipelines, pump stations, storage tanks and other facilities. Site development costs will be based on earthwork quantities developed as part of the conceptual-level civil design work. Additional facility costs yard piping, electrical, and instrumentation and controls are assigned as a percent of facility costs. Sales taxes, mobilization costs, engineering and design, environmental permitting, contractor overhead and profit costs, and an estimate contingency are applied to all alternatives as a percent of facility direct costs. An annual inflation rate will be applied to represent anticipated escalation to the mid-point of construction, based on an estimated construction schedule.
- **Annualized Construction Costs:** Construction costs will be converted to annualized life cycle costs using basic assumptions about discount rates and life expectancy of project components.
- **O&M Cost:** will be developed, representing O&M requirements from the preliminary design, capturing anticipated material and labor costs by discipline and appropriate markups. Annual O&M costs include energy, labor, chemicals, and maintenance costs with a contingency applied to all O&M costs. Operational considerations, such as ramping or shutting down the AWPf will be incorporated into the O&M costs.
- **Life Cycle Unit Cost:** Annualized construction costs will be added to O&M annual costs to get a total annualized costs for the project. Total annualized costs will be divided by the purified water delivered over the life of the project to obtain a uniformly derived unit cost of water in dollars per acre-foot (\$/AF), which is also converted to dollars per gallon (\$/gal) and dollars per hundred cubic feet (\$/CCF).

- **Cost of “Spill”:** The amount of “spilled” water will be estimated based on the Reservoir Operations Modeling work done in Phase 3 and discussions with SFPUC. The cost of spilled water may be estimated based on the projected wholesale water rate over time or another rate schedule, to be determined by SFPUC. The intent is to reflect the lost opportunity to capture upcountry supplies if there is insufficient storage in the Regional Water System (RWS).

**Assumptions:** PREP Parties will provide feedback on proposed cost assumptions and provide recent relevant project bids, if available. Given current chain supply issues, an additional contingency will be included in the cost estimate to reflect increased bid prices received for pipeline projects in the area. Opinions of probable construction cost will be at a preliminary level (+50%/-15%) accuracy with allowances and contingencies applicable to this level of estimate.

**Deliverable:** Prepare a **Cost Analysis TM** that defines the cost assumptions used to develop the Class IV costs and includes detailed and summary cost tables for construction, O&M and unit life cycle costs. A Draft and Final Cost Analysis TM will be included as an appendix to the BODR.

## 6.2 Project Implementation Schedule

**Purpose:** a proposed project implementation schedule will be developed to support the unit life cycle cost analysis, financial plan and CEQA checklist (Task 5). The schedule will reflect a phased project that begins with RWA and expands to include TDWA.

**Description:** the schedule will identify milestone dates for design, environmental documentation, permitting, contract bidding, equipment procurement, construction, testing and start-up.

**Assumptions:** Project delivery strategies can be discussed but a preferred method (e.g. design bid build, design build, progressive design build, or other) will not be identified as part of this effort. A discussion of how these different strategies will impact the schedule can be provided.

**Deliverable:** Proposed project implementation schedule and discussion of implementation considerations, to be incorporated into the appropriate section of the BODR in Task 7.

## 6.3 Financial Planning Considerations

**Purpose:** The purpose of this task is to identify potential approaches to fund the project as it moves into construction. This task will focus on funding considerations irrespective of institutional agreements, cost sharing and ownership framework, which will not be determined as part of this task.

**Description:** The financial plan will utilize the cost analysis (Task 4.1), identify typical funding sources (financing approaches, bonds, grants/loans) and discuss common pricing policies to identify key considerations for financial planning. Since the project sponsor will not be identified as part of this study, the financing plan will be at a conceptual level, documenting established vehicles used by the PREP Parties to fund capital projects and recovery annual costs. This task will identify the connectivity between design, environmental/permitting and construction activities on funding (e.g. eligibility for grants/loans to payback considerations).

**Assumptions:**

1. SFPUC's consultant, under a separate contract, will be performing a financial analysis for this project as well as other projects in the alternative water supply portfolio. This task includes up to two (2) meetings to coordinate with SFPUC's financial consultant.
2. Two additional task focused meetings are assumed to understand vehicles used by the PREP Parties (water and wastewater agencies) to fund capital projects and recovery annual cost.
3. The development of institutional agreements and cost-sharing commitments are not included in this task. However, partnership goals and objectives discussed during the status meetings could be integrated in the BODR to support future governance activities.
4. The Phase 2 Institutional Study considerations will be summarized, as-appropriate, and that report could be included as an appendix to the BODR.

**Deliverable:** Tables summarizing available funding sources and general financing approaches. This information will be incorporated into the appropriate section of the BODR in Task 7.

**Task 7: Basis of Design Report (BODR)**

**Purpose:** KJ will prepare a BODR summarizing the content of the work performed in Tasks 1-6 and from the Phase 3 Feasibility Study, where appropriate. The TMs and design drawings will be included in an appendix and/or attachment to the BODR. The BODR will represent a preliminary design for key project facilities at a conceptual-level design, which is deemed to be at a suitable level to confirm that the project is CEQA Ready.

**Description:** The BODR is anticipated to include, but not be limited to, the following components:

1. Introduction – Background, Parties, Goals
2. Project Definition – Source Water, Flows, Place of Use, Regulatory Overview,
3. Project Facilities – Overview of Treatment, Conveyance, Brine Disposal, Reservoir Augmentation, Drinking Water System Points of Connection,
4. AWPB Basis of Design
5. Conveyance Basis of Design
6. Pulgas Facility Upgrades Basis of Design
7. Operational Strategies and Controls
8. Environmental Considerations (CEQA/NEPA)
9. Opinion of Probable Costs
10. Implementation Considerations - Schedule, Phasing Plan, Institutional, Funding, Outreach,

Attachments may include but not be limited to:

- A. AWPB Design Criteria TM, Brine Disposal TM and supporting information
- B. Conveyance Design Criteria TM and supporting information
- C. Pulgas Facility Upgrades Design Criteria TM and supporting information
- D. Cost Analysis TM (with detailed cost sheets)

- E. CEQA Checklist and supporting environmental information
- F. Source Control TM
- G. Preliminary CSR Operational Strategies TM
- H. Drinking Water Distribution System TM
- I. Phase 3 Feasibility Report (Title XVI FS)

A separate Design Package will include:

- A. AWPf Conceptual-Level Design Drawings
- B. Conveyance Conceptual-Level Design Pre-Design Drawings
- C. Pulgas Facilities Upgrades Conceptual-Level Design Drawings

**General Assumptions:**

- 1. The BODR will not include reservoir modeling at CSR, institutional agreements, land purchase/ROW agreements, financial and cost sharing agreements
- 2. No other special studies not identified in the scope are included unless added by amendment.
- 3. Front-end specifications, bid documents, procurement documents, and/or standard form contracts are not included for the BODR
- 4. Technical specifications, vendor pre-qualification, and equipment selections will not be provided.

**Review and Response Expectations**

- The schedule assumes that the PREP parties will review and return comments on submitted deliverables within two weeks.
- Each agency will provide one set of consolidated comments, submitted in a digital format (.doc, .pdf and/or .xls)
- Conflicting comments between agencies will be discussed at project meetings
- Responses to editorial comments on the BODR text will be provided in the .doc in track changes mode
- Responses to substantial technical comments on the BODR will be provided in a spreadsheet format to track how decisions were made and integrated.
- Responses to comments on the design drawings will be provided in a spreadsheet format to track how decisions were made and integrated.

**7.1 Outline and Admin Draft BODR**

**Description:** Develop a BODR outline early in the process to solicit input from the PREP Parties on elements to be included in the BODR. Develop and submit Admin Draft BODR sections for preliminary review and comments. The Admin Draft BODR sections may be submitted at different times to allow

**Assumptions:**

- 1. The schedule assumes that the PREP parties will review and return comments on submitted deliverables within two weeks.
- 2. Each agency shall submit one set of consolidated comments, preferable in a digital format (track changes/comments in word and pdfs)

3. General comments on the Admin Draft BODR comments will be discussed during task specific meetings with and monthly status webinars all parties, which are anticipated to include the following participants.
  - AWPB Basis of Design Section (SFPUC and SVCW)
  - Conveyance Basis of Design Section (All Parties)
  - Pulgas Upgrade Basis of Design Section (SFPUC)
  - General and Implementation (All Parties)

**Deliverables:**

- ✓ Draft and Final BODR Outline (digital .doc, .pdf, .xls format)
- ✓ Admin Draft BODR (digital .doc, .pdf, .xls format) – potentially submitted in sections, not including the executive summaries

## 7.2 Draft BODR

**Description:** Develop a Draft BODR that responds to and updates the Admin Draft BODR sections based on the comments received from the PREP Parties. The Draft BODR will include an Executive Summary

**Assumptions:**

1. The schedule assumes that the PREP parties will review and return comments on submitted deliverables within two weeks.
2. Each agency shall submit one set of consolidated comments, preferable in a digital format (track changes/comments in word and pdfs)
3. This task includes one (1) task-specific meeting to discuss Draft BODR comments.

**Deliverables:**

- ✓ Response to comments on Admin Draft Sections of the BODR (in track changes version of the document).
- ✓ Draft BODR with Executive Summary (digital .doc, .pdf, .xls format)

## 7.3 Final BODR

**Description:** Develop a Final BODR that responds to and updates the Draft BODR sections based on the comments received from the PREP Parties.

**Assumptions:**

1. The schedule assumes that the PREP parties will review and return comments on submitted deliverables within two weeks.
2. Each agency shall submit one set of consolidated comments, preferable in a digital format (track changes/comments in word and pdfs)
3. The final report will be provided in a print-ready format. Hard copies will not be provided.

**Deliverable:**

- ✓ Response to comments on Draft Sections of the BODR (in track changes version of the document).
- ✓ Final BODR Report (digital .doc, .pdf, .xls format)

**Task 8: Public Outreach Strategy**

The public outreach strategy will be led by Data Instincts

**8.1 Outreach Focused Meetings**

**Purpose:** Initiate conversations with PREP Agency outreach staff, decision makers, board/commission/council members, and/or elected officials regarding the PREP Project.

**Description:** To help us prepare and develop a stakeholder/public outreach strategy we will gather PREP Agency input and views regarding certain education and outreach approaches that could be used, while evaluating and considering potable reuse alternatives that would directly affect constituents in their respective service areas. DI's efforts would include applying lessons learned from similar successful water reuse projects and building upon them for this effort.

**Assumptions:**

1. Effort includes participation in up to three (3) PREP Monthly meetings to identify individuals for outreach focused meetings and report out on outreach activities.
2. Effort includes up to 12 meetings (virtual/in-person) with PREP Agency outreach staff, decision makers, board, commission, or council members, political appointees and/or elected officials regarding the PREP Project
3. This does not include outreach to NGOs, stakeholder groups or the public.

**Deliverable:** Meeting agendas and notes, with recommendations based on cumulative input gathered.

**8.2 Develop Outreach Strategy**

**Purpose:** Develop an outreach strategy, based on the input received through Task 8.1, which provides a road map for communicating with stakeholders and the public when/if the PREP Project is selected to move forward.

**Description:** Developing a public outreach action plan in collaboration with Partner Agencies and their respective locally elected officials and policymakers. There are several ways as a region the communication and engagement with customers could be advanced. Achieving these in a sensitive and appropriate manner will be key to initial and long-term community and regional acceptance. An outreach strategy will encompass these goals:

- Crafting of key messages regarding augmenting water supplies with purified water, for external audiences and interested parties, Board members, and staff of water retailers and cities throughout the region

- Inform stakeholders about recycled and purified water, including the many possible uses
- Ensure understanding and acceptance of the science and technology behind purified water and potable reuse
- Minimize confusion, opposition, and discomfort about using purified water for potable reuse
- Identify potential Agency partnership opportunities and draft an initial strategy to guide development of such opportunities
- Create and maintain a pathway for all stakeholders to easily access clear and credible information
- Seek balanced media coverage throughout the region as appropriate

**Assumptions:** Strategy will be based on input received in Task 9.1 and consideration of successful approaches elsewhere.

**Deliverable:**

- ✓ Provide a written Strategic Outreach Plan (Draft and Final) for consideration by PREP
- ✓ Present strategic outreach plan to PREP leaders in a meeting: explain objectives, methods and tactics, and respond to questions/concerns

### 8.3 Additional Outreach Support

**Purpose:** This effort would be in support of the initial conversations in Task 9.1 that typically result in requests for additional outreach or technical support to address concerns related, but not limited to:

- The significance of unknown or perceived health risks and characterization of health risks from recycled water exposure for potable reuse (i.e., potential concerns related to Constituents of Emerging Concern (CECs), and Pharmaceuticals & Personal Care Products (PPCPs))
- Rational, scientific approaches to identifying potential risks to human health or the environment to make informed, defensible environmental management decisions (such as, Management of Source Waters)

**Description:** Support the PREP Parties in addressing concerns of their decision makers, board/commission/council members, and/or elected officials about potential risks associated with the PREP Project. From prior experience, we anticipate the following services:

- Development of, and participation in, additional meetings/workshops with PREP Agency outreach staff, decision makers, board, commission, or council members, political appointees and/or elected officials regarding the PREP Project
- This does not include outreach to NGOs, stakeholder groups or the public.
- Presentations to elected officials and tours of existing demonstration and educational potable reuse facilities
- Guidance to existing documentation and/or preparation of a technical white paper on state of the science and risk analyses

**Assumptions:** This is a vital component of outreach to communities considering/evaluating augmentation of their water supply with advanced purified water. This would be needed to support initial outreach efforts, to address any health and environmental concerns raised and could be provided as-requested by the PREP Parties up to the budget established for this task.

**Deliverables:**

- ✓ Outreach materials developed per PREP project components and referencing state requirements
- ✓ Development of Communications materials (frequently asked questions, key messages, videos, fact sheets, maps, web, social media, project emails, presentation slides, info-graphics, etc.) in support of PREP related web pages and descriptions for public viewing, public workshops, and public meetings (virtual/in-person)
- ✓ Draft and Final technical white paper defined above (optional)

## Task 9: Meetings and Presentations

### 9.1 Monthly Status Webinars with PREP Parties

**Purpose:** Monthly meeting will be conducted via webinar to provide status updates, align on decisions and obtain input from all PREP parties.

**Description:** This task assumes one (1) kickoff meeting and 13 monthly status meetings via webinar, 1.5 hours in duration, including time to prepare meeting materials in advance and send out minutes, highlighting action items, after each meeting.

**Assumptions:** A monthly recurring meeting will be scheduled during the kick-off meeting. The anticipated focus of each meeting is described in **Table 1**, in the schedule section of this proposal.

**Deliverables:** Meeting materials and minutes.

### 9.2 In-Person Meetings or Presentations

Assume three (3) in person meetings to present (1) Outreach Strategy, project concepts and design criteria, (2) Draft BODR Presentation and (3) Final BODR Presentation. If the ability to meet in person is limited by statewide or local quarantine requirements these meetings will be held via video conferencing and/or webinar.

**Assumptions:** SVCW or SFPUC to identify schedule based on availabilities of parties and coordinate logistics for meeting location.

**Deliverables:** Meeting materials and minutes.

## Task 10: Project Management and QA/QC

### 10.1 Project Management

Project management includes project setup, submittal of monthly project status reports, tracking of project schedule and budget. The scope herein assumes a 15-month project duration

**Deliverables:** Status reports and monthly invoices (assume 15-month duration).

### 10.2 Internal Coordination Meetings

Internal coordination meetings with project teams and subconsultants, assume weekly check-ins between Project Manager, Deputy Project Manager for the conceptual-level design and Deputy Project Manager for overall project.

### 10.3 Quality Assurance/Quality Control (QA/QC)

Quality assurance and quality control (QA/QC) activities are integrated into KJ's project management system from project inception, through execution to final document submission. KJ uses experienced senior staff, familiar with, but not directly involved in the project work, to provide QA/QC review of work products and project deliverables. All submittals will be reviewed by senior engineers prior to submittal to the PREP Parties. This task includes three (3) internal concept and criteria review (C&CR) meetings to discuss design criteria and conceptual layouts for the AWPf, Conveyance and Pulgas Facilities.

**Deliverables:** outcomes from the C&CR will be integrated into deliverables and discussions for task specific meetings and monthly status webinars.

## Task 11: As-Requested Support

As-requested items would be upon authorization only. Activities may include but not be limited to:

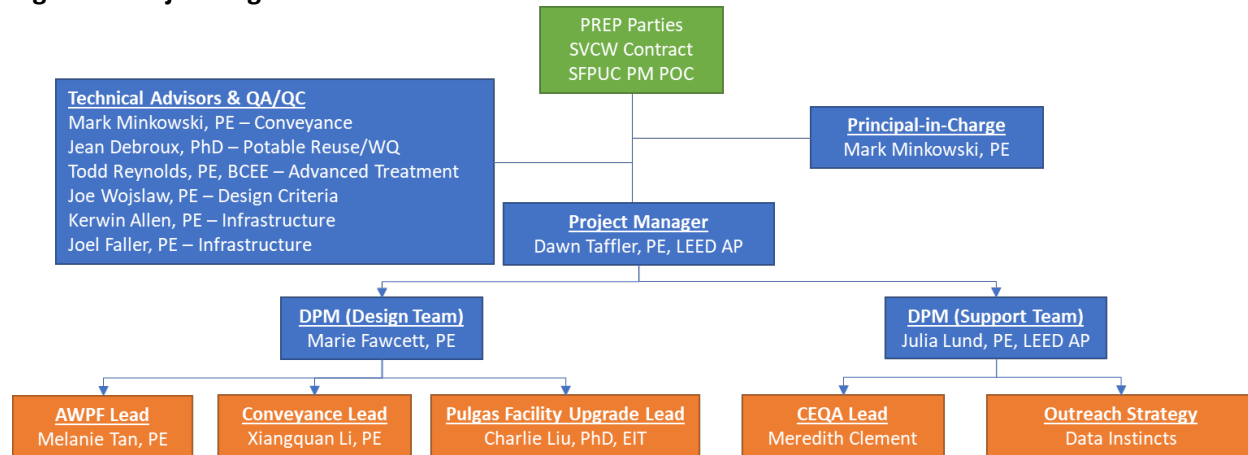
- Additional alternatives or more detailed analysis of flows,
- water quality or ROM analysis beyond assumptions in Task 1,
- engineering support for Pulgas Facility point of connection
- additional meetings/webinars beyond those defined in Task 4,
- institutional support provided by Paul Brown, if requested,
- initial public outreach considerations such as a potential program timeline, public outreach concept strategy, development of FACT sheets and listing of funding opportunities, as previously included in earlier versions of the scope of work, and
- new items identified by PREP Parties.

A budget allowance will be assigned but the actual effort will be confirmed with the PREP parties prior to authorization.

## Project Team

KJ will lead the BODR Study. Key team members are highlighted in the organization chart in **Figure 1**.

**Figure 1: Project Organization Chart**



Technical Specialist Support				
AWPFL Eric Marshall, EIT	Conveyance Michael McEvoy, EIT	Permitting Sachi Itagaki, PE	Cost Estimating Janet Hoffman, PE CEP	GIS Jennifer Joern
Hydraulics Connor Rutten, PE	Conveyance Evelyn Choudhary, EIT	Title XVI Kristine Tolentino, EIT	Operational Strategy Tim Waters, PE	CADD Designer
Brine Disposal Melanie Tan, PE	Source Control Melanie Tan, PE	Water Quality Charlie Liu, PhD, EIT	Financial Planning Pat Huston, PE	
Structural Peter Symonds, PE, Assoc DBIA	Storage Don Barraza, PE	Geotechnical Steve Montagna, PE	Electrical Jeff Mohr, PE	Mechanical Zach Harris, PE, LEED AP

*Note: Data Instincts, led by Mark Milan, will lead Task 8 Public Outreach Strategy*

## Anticipated Project Schedule

The anticipated project schedule is shown in **Figure 2**. Due to the limited time frame for the project, the intent is to stagger deliverables and task specific meetings and to discuss preliminary findings with the broader group at the monthly status webinars. Standing meetings will be established early in the process along with identification of points of contact for task specific meetings. Timely reviews of interim and draft deliverables by the PREP Parties prior and prompt responses to requests for information will be paramount to keeping to the schedule.

**Figure 2: Anticipated Schedule**

Task and Key Deliverables	2022												2023						
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
<b>Phase 3 Title XVI Feasibility Study</b>																			
Admin Draft for PREP Parties Review			✦	✦	✦														
Draft for USBR Submittal and PREP Parties Review							◆	USBR review duration unknown											
Final to Respond to USBR/PREP Parties Comments											✓								
<b>Notice to Proceed</b>																			
				+															
<b>Task 1: AWWPF Basis of Design &amp; Drawings</b>																			
AWPF Design Criteria TM				📄	◆		✓												
Conceptual AWWPF Site Maps						📄	◆		✓										
AWPF Drawings													◆	📄	✓				
<b>Task 2: Conveyance Basis of Design &amp; Drawings</b>																			
Conveyance Design Criteria TM					📄	◆		✓											
Conceptual Alignment Maps, pit/staging identification						📄	📄	◆		✓									
AWTF Drawings														◆	📄	✓			
<b>Task 3: Pulgas Facility Upgrades Basis of Design &amp; Drawings</b>																			
Pulgas Facility Upgrades Design Criteria TM						📄	◆		✓										
Conceptual Pulgas Facility Upgrades Site Maps								📄	◆	📄	✓								
Puglas Facility Upgrade Drawings												◆	📄	✓					
<b>Task 4: Technical Support</b>																			
Source Control TM				📄				◆	📄	✓									
Brine Disposal TM							📄		◆	📄	✓								
Preliminary Operational Strategies TM					📄			◆	📄	✓									
Drinking Water Distribution System TM					📄	📄	📄	📄	📄	◆		📄	✓						
Other (TBD)																			
<b>Task 5: CEQA Checklist and NEPA Considerations</b>																			
General CEQA/NEPA Considerations					📄														
Admin Draft and Draft CEQA Checklist												✦	📄		◆				
Final CEQA Checklist																📄	✓		
<b>Task 6: Cost Analysis and Financial Planning</b>																			
Eng Estimate of Probable Costs (Class IV - 10% Design)												◆			✓				
Schedule and Financial Plan				📄	📄							📄		📄					
<b>Task 7: Basis of Design Report</b>																			
Admin Draft Sections										✦	✦	✦	✦						
Draft															◆				
Final																	✓		
<b>Task 8: Public Outreach Strategy</b>																			
Outreached Focused Mtgs						📄	📄	📄	📄										
Strategy Outreach Plan									📄				◆	📄		✓			
<b>Task 9: Meetings and Presentations</b>																			
Monthly Status Meetings (via Webinar)					KO	W#1	W#2	W#3	W#4	W#5	W#6	W#7	W#8	W#9	W#10	W#11	W#12	W#13	
In-Person Meetings or Presentations											⊗					⊗		⊗	
<b>Task 10: Project Management and QA/QC</b>																			
				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
<b>Task 11: As-Requested Support</b>																			

LEGEND	
Meetings	Deliverables
Monthly Status Webinar	Interim/Admin Draft
Task Focused Mtgs	Draft
In Person Presentation	Final

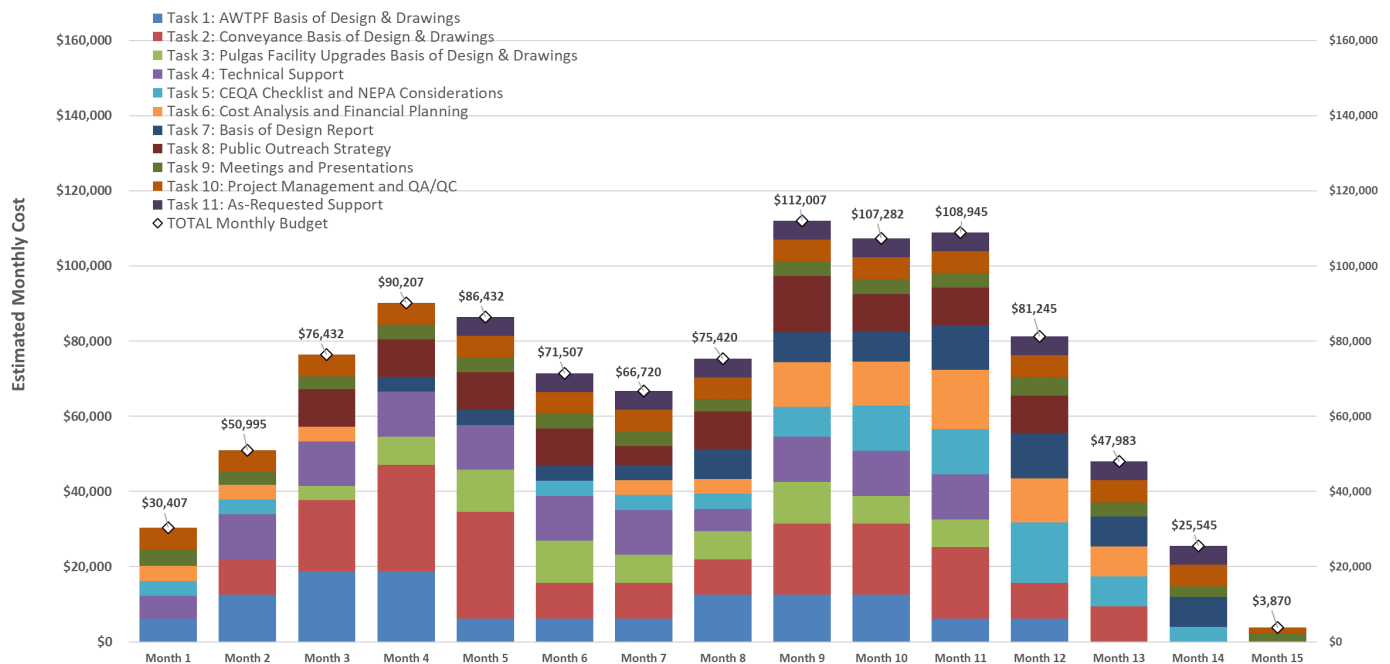
## Budget

A summary of the budget for each task is provided in **Table 6**. A detailed fee sheet is included in Attachment B. **Figure 3** shows the anticipated monthly effort to meet SFPUC's requirements for a "CEQA Ready" Project by July 2023.

**Table 6: PREP Pre-Design Study Budget by Task**

Tasks	Total Est Hours	Total KJ Labor	SUB Data Instincts	Total Expenses	Total Labor + Subs + Expenses
Task 1: AWTPF Basis of Design & Drawings	559	\$125,000	\$0	\$0	\$125,000
Task 2: Conveyance Basis of Design & Drawings	910	\$189,250	\$0	\$0	\$189,250
Task 3: Pulgas Facility Upgrades Basis of Design & Drawings	357	\$74,500	\$0	\$0	\$74,500
Task 4: Technical Support	526	\$119,500	\$0	\$0	\$119,500
Task 5: CEQA Checklist and NEPA Considerations	331	\$80,000	\$0	\$0	\$80,000
Task 6: Cost Analysis and Financial Planning	352	\$78,750	\$0	\$0	\$78,750
Task 7: Basis of Design Report	342	\$79,500	\$0	\$0	\$79,500
Task 8: Public Outreach Strategy	74	\$17,500	\$75,000	\$0	\$100,000
Task 9: Meetings and Presentations	193	\$49,500	\$0	\$5,500	\$55,000
Task 10: Project Management and QA/QC	328	\$83,500	\$0	\$0	\$83,500
Task 11: As-Requested Support	0	\$50,000	\$0	\$0	\$50,000
<b>TASK 1 - 11 Total</b>	<b>3972</b>	<b>\$946,999</b>	<b>\$75,000</b>	<b>\$5,500</b>	<b>\$1,035,000</b>

**Figure 3: Anticipated Monthly Effort**





An Agreement between SVCW and KJ regarding the PREP Pre-Design Study is included in Attachment A. This Agreement provides additional indemnification and insurance requirements related to the PREP Parties for this Scope of Work. This Agreement is only applicable to the PREP BODR Study Task Order, which is being contracted under the KJ Master Services Agreement for Professional Consulting Services with SVCW, dated 14 August 2008.

## Closing

We look forward to continuing to work with you to support the PREP Project and develop a BODR that meets SFPUC definition of "CEQA Ready" by July 2023. Please do not hesitate to contact me with any questions on this proposal.

Very truly yours,

Kennedy/Jenks Consultants, Inc.

A handwritten signature in blue ink, appearing to read 'Dawn Taffler', with a large, sweeping flourish extending from the end of the signature.

Dawn Taffler, PE, LEED®  
Project Manager

A handwritten signature in blue ink, appearing to read 'Mark Minkowski', with a horizontal line drawn underneath the signature.

Mark Minkowski, PE  
Principal-in-Charge

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**            **Review and Consideration of Proposed Amendment to the Rules of the Board Regarding a Change to the Location of Regular Board Meetings**

**Summary:**

This item presents a recommended change to the Rules of the Board regarding the location of regular Board meetings. The meeting day of 3<sup>rd</sup> Thursday bi-monthly and time of 6:30PM will remain the same.

The current regular meeting location for the Board is the Oak Room of the San Mateo Main Library (Library). Following the shelter in place orders due to the COVID-19 pandemic, the Library shortened its hours of operation and is currently piloting a closure of 8:00PM in place of its pre-pandemic closing time of 9:00PM. This prompted BAWSCA to look into alternative venues that can accommodate the Board meeting duration of two and one quarter hours in preparation for the recommencement of in-person meetings.

Staff investigation of alternative meeting locations has resulted in identification of the newly constructed Burlingame Community Center as the recommended new meeting location for the Board. The Board will need to amend the Rules of the Board in order to permanently change its regular meeting location.

**Fiscal Impact:**

Overall, the recommended action would provide a financial benefit to the agency as there is no charge for the room rental at the Burlingame Community Center. By comparison, anticipated costs for in person meetings at the San Mateo Library for calendar year 2020 were \$1,475 for the Oak and Cedar Rooms.

**Recommendation:**

1. That the Board modify Rule II.D to read as follows:

- D. Location of Regular Meetings. All regular meetings of the Board shall be held at the Burlingame Community Center, 850 Burlingame Ave, Burlingame. When that location is unavailable, or when it is otherwise in the public's interest, a meeting may be held at another location determined by the Chairperson. Notice of the change shall be given as provided in Rule II.B above.

A complete copy of the Rules of the Board with the recommended change is attached as Exhibit A (redline) and Exhibit B (clean).

**Discussion:**

As a result of the COVID-19 pandemic, the San Mateo Library closed its community meeting room reservations until January 2022. BAWSCA was refunded for its reservations in 2020. Upon its re-opening, the library's hours of operation remain limited, and the library is currently piloting a closing time of 8:00PM in place of its pre-pandemic closing time of 9:00PM. This prompted BAWSCA to look into alternative venues that can accommodate the Board meeting

duration of two and one quarter hours in preparation for the recommencement of in-person meetings.

The Burlingame Community Center was recently constructed and became available for reservations in July 2022. Its hours of rental operation accommodate BAWSCA's Board meeting time and duration. The newly constructed Burlingame Community Center offers large meeting rooms that can accommodate the set up needed for the size of the BAWSCA Board with ample spacing to ensure the health and safety of all meeting participants should COVID-19 safety measures persist. It also has a new, state of the art, ventilation system that will provide further protection for the health and safety of all meeting participants.

In comparison to the San Mateo Main Library, the Burlingame Community Center is 0.2 miles from the Burlingame CalTrain Station, and is equally accessible from CA-82 (El Camino Real) and the I-92 and I-280 highways as the San Mateo Main Library.

In January 2017, the San Mateo Main Library Oak Room became BAWSCA's regular meeting venue because of its central location for members of the Board traveling from the South, North and East Bay. It's accessibility from I-92, I-280, and CA-82 served BAWSCA well despite a few restrictions, including the library's Annual Book Fair, which in some years, would fall on the same date as the Board meeting and occupied the Oak Room. In these cases, BAWSCA would need to hold the Board meeting at a different location as a Special Meeting. The Burlingame Community Center has no such conflict.

**BAWSCA Rules of the Board**

BAWSCA's enabling legislation grants the Agency discretion to establish and change the time, place, and frequency of its Board meetings.

BAWSCA's Board establishes the time and place of its regular meetings through its Rules of the Board, which are its bylaws, adopted in September 2003, and amended in June 2004, July 2011, and January 2017.

Rule II of BAWSCA's Rules of the Board currently states that:

- Regular meetings of the Board shall be held on the third Thursday of January, March, May, July, September and November at 6:30 P.M.
- The date, time, and/or location of a particular regular meeting may be changed by the Board as needed to accommodate scheduling conflicts, subject to the notice requirements in Rule II.B.
- Special meetings of the Board may be called by the Chairperson or by a majority of the members of the Board. The notice of the meeting shall state the particular business to be conducted. The Board may not consider other business at such meetings.
- All regular meetings of the Board shall be held at the San Mateo Main Library, 55 W. 3<sup>rd</sup> Ave., San Mateo. When that location is unavailable, or when it is otherwise in the public's interest, a meeting may be held at another location determined by the Chairperson.

Rule VI requires an affirmative vote by the majority of the full Board to amend the Rules. The Board will need to amend the Rules of the Board through a majority vote of the full Board in order to permanently change its regular meeting date or time.

**Attachments:**

1. Exhibit A: Copy of the complete Rules of the Board with recommended revisions shown in track changes.
2. Exhibit B: A "clean" copy of the complete Rules of the Board.

# **EXHIBIT A**

## **BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

### **RULES OF THE BOARD**

**January 19, 2017**

# BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

## RULES OF THE BOARD

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**BOARD OF DIRECTORS  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
RULES OF THE BOARD**

The Board of Directors (“Board”) of the Bay Area Water Supply and Conservation Agency (“Agency”) adopts these Rules pursuant to Section 81417 of the California Water Code.

These Rules are designed solely to facilitate the Board’s conduct of its own meetings and proceedings. They are not intended to, and do not, create procedural or substantive rights in any person.

The Rules are subordinate to state and federal law.

**RULE I.      OFFICERS OF THE BOARD**

- A.      Chairperson. The Board shall elect a Chairperson from among its members annually at the regular meeting in January.

The Chairperson shall preside at all meetings of the Board.

The Chairperson may appoint directors to standing and ad hoc committees of the Board and may designate the chairs of such committees. The Chairperson may also appoint directors to serve as the representative of the Agency to other groups and organizations, unless the law requires such appointments to be made by action of the full Board.

The Chairperson shall have such other powers and duties as are provided elsewhere in these Rules or delegated by the Board.

- B.      Vice Chairperson. The Board shall elect a Vice Chairperson from among its members annually at the regular meeting in January. The Vice Chairperson shall perform the duties of the Chairperson in the Chairperson’s absence or incapacity. In the case of a vacancy of the office of the Chairperson, the Vice Chairperson shall succeed to that office. In the case of a vacancy of the office of the Vice Chairperson, an election shall be held at the next regular meeting to fill the vacancy.

- C.      Term. The term of officers of the Board shall commence at the close of the meeting at which they are elected.

## **RULE II. MEETINGS OF THE BOARD**

### **A. Call of Meetings**

1. Regular Meetings. Regular meetings of the Board shall be held on the third Thursday of January, March, May, July, September and November at half-past the hour of 6 P.M. The date and/or time of a particular regular meeting may be changed by the Board as needed to accommodate scheduling conflicts, subject to the notice requirements in Rule II.B below.
2. Special Meetings. Special meetings of the Board may be called by the Chairperson or by a majority of the members of the Board. The notice of the meeting shall state the particular business to be conducted. The Board may not consider other business at such meetings.
3. Emergency Meetings. The Chairperson or a majority of the members of the Board may call an emergency meeting in the case of an “emergency situation,” as defined in the Brown Act. The Board shall not meet in closed session during an emergency meeting.

### **B. Notice of Meetings.** A notice stating the time and place of the meeting shall be sent to each director no later than the time the agenda is required to be distributed by Rule II.C. If the date, time or place of a regular meeting is changed, notice of the change shall be sent at least 72 hours in advance of the regular meeting date or the rescheduled date, whichever is earlier, to each director and to all newspapers of general circulation and radio and television stations that have requested notice of meetings pursuant to the Brown Act.

### **C. Agenda of Meetings.** The General Manager/CEO shall prepare the agenda of all meetings of the Board, in consultation with the Chairperson.

A copy of the agenda shall be posted in a location freely accessible to the public, and delivered to each director, at least 72 hours before each regular meeting and at least 24 hours before each special meeting.

A copy of the agenda, and of all documents (other than those exempt from disclosure under the Public Records Act) distributed to the directors with the agenda, shall be available for public inspection at the Agency’s office at least 72 hours before each regular meeting and at least 24 hours before each special meeting. A copy of the agenda and such supporting documents shall also be available for public review at the meeting.

### **D. Location of Regular Meetings.** All regular meetings of the Board shall be held at the ~~San Mateo Main Library, 55 W. 3rd Avenue~~ Burlingame Community Center, 850 Burlingame Ave., Burlingame. When that location is unavailable, or when it is otherwise in the public’s interest, a meeting may be held at another location determined by the Chairperson. Notice of the change shall be given as provided in Rule II.B above.

E. Meetings Open to the Public. All meetings of the Board shall be open and public and conducted in accordance with the Brown Act.

F. Order of Business. The Order of Business shall generally be as follows:

Call to Order  
Roll Call  
Pledge of Allegiance  
Special Orders of Business/Public Hearings/Ceremonial Items (if any)  
Public Comment  
Consent Calendar  
Action Calendar  
Reports  
Directors' Comments and/or Agenda Requests  
Closed Session (if any)  
Adjournment

A director may request that an item be taken out of order. The Chairperson may take any item out of order in response to a request by a director or on his or her own initiative, subject to the right of a director to appeal.

G. Procedure.

1. Role of Chairperson. Authority for conduct of meetings is assigned to the Chairperson, who shall be responsible for timely, fair and reasonable conduct of the meeting's business. Decisions of the Chairperson on questions of procedure are final, except that any ruling may be appealed to a vote of the meeting.

In case of the Chairperson and Vice Chairperson of the Board's absence or incapacity, the duties of the Chairperson of the Board shall be served by the Chairperson of the Board Policy Committee or, in case of his or her absence or incapacity, by the Vice Chairperson of the Board Policy Committee. In such case, the Chairperson or Vice Chairperson of the Board Policy Committee is authorized only to conduct meetings of the Board pursuant to these Rules and is not authorized to add items the Agenda for any meeting of the Board or exercise any other duties of the Chairperson or Vice Chairperson of the Board.

2. Convening the Meeting. A majority of the full Board constitutes a quorum for the conduct of business. The Chairperson shall be responsible for ascertaining and announcing the presence of a quorum and the due convening of the meeting.
3. Consent Calendar. Matters to be included on the Consent Calendar are those that are regularly presented to the Board and are routine in nature, such as approval of minutes. All matters on the Consent Calendar may be acted upon by a single vote. If any director requests that a matter on the

Consent Calendar be considered and acted upon separately, the matter shall be removed from the Consent Calendar. Such matters shall be separately considered immediately after approval of the remainder of the Consent Calendar, subject to the Chairperson's authority to take up the matter later in the meeting.

4. General Principles for Discussion or Debate. Discussion of any issue is subject to regulation by the Chairperson to assure adequate consideration of relevant points of view in the best interests of the Agency. The objectives of discussion are to:
  - Determine the will of the Board.
  - Assure sufficient discussion and consideration of issues so that all pertinent points of view are considered.
  - Maintain the dignity of the meeting so that each recognized speaker's views are made known to the directors and to ensure that appropriate respect is accorded all members,
  - Present the consideration of business in a manner understood by all participants.
5. Motions. The Board prefers a flexible format for meetings and does not insist that its meetings be conducted strictly in accordance with formal rules of procedure. The following rules of motion practice are to be applied as a guide to the Chairperson in disposition of motions. If a director believes that adequate order is not being maintained or that the procedures being followed do not allow for adequate and orderly discussion of an item, the director may raise a point of order to the Chairperson. If the director is not satisfied with the ruling of the Chairperson, the director may appeal to the full Board. A majority of the Board will determine the point of order.

All matters requiring Board action must be presented in the form of a motion. In order for a vote to be taken on a motion, the motion must be seconded by another director. When a motion has been made and seconded, it shall be stated by the Chairperson for consideration by the directors.

Under these Rules, motions should be limited to those set forth on the Chart of Motion Practice (Attachment 1). Motions on Attachment 1 are listed in order of precedence. When a motion is pending, any motion listed above it on the chart is in order, but those below it are out of order.

6. Voting. The affirmative vote of a majority of all directors is necessary to pass a main motion. The vote needed to pass other types of motions are as

stated in Attachment 1. For motions not listed in Attachment 1, the vote shall be as stated in Roberts Rules of Order.

A roll call shall be taken on the vote on all main motions associated with an ordinance or resolution, on all motions subject to weighted voting, and on any other motion when requested by a director.

Any director may call for any motion to be subject to weighted voting as provided in Water Code Section 81405. If such a call is made before the next item on the agenda is introduced for consideration, weighted voting shall be implemented. The number of votes assigned to each member agency's director for purposes of weighted voting is shown on Attachment 2. A roll call vote shall be taken on all motions subject to weighted voting.

7. Time Limit on Meetings. When a meeting of the Board has lasted two and one quarter hours or more, no new item of business may be taken up for discussion or action unless a majority of the directors then present vote to extend the meeting. This provision may be invoked by the Chair or any director. However, it has no effect on the validity of any action taken by the Board unless and until it is invoked.
8. Adjournment. Upon completion of the meeting's agenda, or upon conclusion of a meeting pursuant to Rule II.G.7, the Chairperson shall adjourn the meeting. Adjournment may be accomplished by a motion or announcement of the Chairperson.

- H. Minutes. The Secretary shall prepare minutes of each Board meeting, which shall be submitted for approval at a subsequent meeting. Minutes shall record the ayes and nays on roll call votes. Minutes should not include the text of ordinances and resolutions, which shall be maintained by the Secretary in separate volumes. Minutes are intended to be a record of Board action and a brief summary of discussion; they should not be an exhaustive record of deliberation.

**RULE III. COMMITTEES OF THE BOARD**

- A. Standing Committees. The Board may establish standing committees that have continuing jurisdiction over a particular subject matter, or a set meeting schedule. Rules II.B, C, D, and E shall apply to all meetings of a standing committee. Standing committees may include, but shall not be limited to the following:
1. Board Policy Committee. The Board Policy Committee advises the Board and General Manager/CEO about policy issues related to the Agency's goals and courses of actions proposed by the General Manager/CEO to address those issues.
- B. Ad Hoc Committees. The Board, or the Chairperson on his or her own initiative, may establish ad hoc advisory committees to undertake special, limited assignments on behalf of the Board.

**RULE IV.     STAFF RESPONSIBILITIES**

- A.     General Manager/CEO. The General Manager/CEO shall be responsible for introducing agenda items and for directing staff responses to Board inquiries arising during the course of a meeting.
- B.     Secretary. The Secretary shall record votes, take minutes, and distribute copies of documents as required.

**RULE V.     COMMUNICATIONS TO THE BOARD**

- A.     General. Members of the public should address comments and questions to the Chairperson.
1.     Agenda Items. Members of the public may speak on any item under discussion by the Board, after receiving recognition from the Chairperson.
  2.     Non-Agenda Items. Members of the public may speak on matters that are within the jurisdiction of the Agency, but which are not on the agenda, during Public Comments. The Board will take no immediate action on matters which are not on the Agenda. Such items raised by the public may be referred to staff for review and analysis and may be reported back to the Board at a subsequent meeting.

If a speaker refers to any document, writing, record, picture, or other exhibit, the Secretary shall request a copy so that it can be included in the record.

- B.     Time Limits on Public Comments. The presiding officer may impose time limits on each speaker.

**RULE VI.     SUSPENSION/AMENDMENT/REPEAL**

A Rule may be suspended at any Board meeting by a majority of directors present at such meeting. The Rules may be amended or repealed by an affirmative vote of a majority of the full Board.

## ATTACHMENT 1

CHART OF MOTION PRACTICE				
Motion	Second Required?	Debatable?	Amendable?	Vote Required*
<b>MEETING CONDUCT (PRIVILEGED) MOTIONS</b>				
Point of Privilege	No	No	No	None
Point of Order	No	No	No	None
To Appeal Ruling of Chair	No	Yes	No	Majority
To Recess	Yes	Yes	Yes	Majority
To Adjourn	Yes	Yes	No	Majority
<b>DISPOSITION (SUBSIDIARY) MOTIONS</b>				
To Withdraw a Motion	No	No	No	None
To Postpone Consideration (Table)	Yes	Yes	Yes	Majority
To Refer to Committee	Yes	Yes	Yes	Majority
To Amend	Yes	Yes	Yes	Majority
To Limit or Close Debate (Call the Question)	Yes	Yes	Yes	2/3
<b>MAIN MOTIONS</b>				
To Take Action; To Reconsider	Yes	Yes	Yes	Majority of Full Board

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\* For privileged and subsidiary motions, required vote refers to those present and voting. Main motions require a majority of the full board, whether or not present and voting. This chart assumes weighted voting is not in effect.

## ATTACHMENT 2

### MEMBER AGENCY VOTES UNDER WEIGHTED VOTING

<u>Name of Agency</u>	<u>No. of Votes</u>
Alameda County Water District	7
California Water Service Company	21
City of Brisbane	1
City of Burlingame	3
City of Daly City	3
City of East Palo Alto	1
City of Hayward	10
Town of Hillsborough	2
City of Menlo Park	2
City of Millbrae	2
City of Milpitas	4
City of Mountain View	6
City of Palo Alto	8
City of Redwood City	7
City of San Bruno	1
City of San Jose	3
City of Santa Clara	2
City of Sunnyvale	5
Coastside County Water District	1
Estero Municipal Improvement District	3
Guadalupe Valley Municipal Improvement District	1
Mid-Peninsula Water District	2
North Coast County Water District	2
Purissima Hills Water District	1
Stanford University	1
Westborough Water District	1

**NOTE:** If weighted voting is in effect, a motion, resolution or ordinance must be approved by **both** (1) a majority of the directors present and voting, **and** (2) a majority of the number of votes specified above represented by directors present and voting.

## **EXHIBIT B**

### **BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

#### **RULES OF THE BOARD**

**January 19, 2017**

# BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
RULES OF THE BOARD**

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- A.      Chairperson. The Board shall elect a Chairperson from among its members annually at the regular meeting in January.

The Chairperson shall preside at all meetings of the Board.

The Chairperson may appoint directors to standing and ad hoc committees of the Board and may designate the chairs of such committees. The Chairperson may also appoint directors to serve as the representative of the Agency to other groups and organizations, unless the law requires such appointments to be made by action of the full Board.

The Chairperson shall have such other powers and duties as are provided elsewhere in these Rules or delegated by the Board.

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- C.      Term. The term of officers of the Board shall commence at the close of the meeting at which they are elected.

## **RULE II.     MEETINGS OF THE BOARD**

### **A.     Call of Meetings**

1.     Regular Meetings. Regular meetings of the Board shall be held on the third Thursday of January, March, May, July, September and November at half-past the hour of 6 P.M. The date and/or time of a particular regular meeting may be changed by the Board as needed to accommodate scheduling conflicts, subject to the notice requirements in Rule II.B below.
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### **D.     Location of Regular Meetings.** All regular meetings of the Board shall be held at the Burlingame Community Center, 850 Burlingame Ave., Burlingame. When that location is unavailable, or when it is otherwise in the public’s interest, a meeting may be held at another location determined by the Chairperson. Notice of the change shall be given as provided in Rule II.B above.

E. Meetings Open to the Public. All meetings of the Board shall be open and public and conducted in accordance with the Brown Act.

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Directors' Comments and/or Agenda Requests  
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A director may request that an item be taken out of order. The Chairperson may take any item out of order in response to a request by a director or on his or her own initiative, subject to the right of a director to appeal.

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2. Convening the Meeting. A majority of the full Board constitutes a quorum for the conduct of business. The Chairperson shall be responsible for ascertaining and announcing the presence of a quorum and the due convening of the meeting.
3. Consent Calendar. Matters to be included on the Consent Calendar are those that are regularly presented to the Board and are routine in nature, such as approval of minutes. All matters on the Consent Calendar may be acted upon by a single vote. If any director requests that a matter on the

Consent Calendar be considered and acted upon separately, the matter shall be removed from the Consent Calendar. Such matters shall be separately considered immediately after approval of the remainder of the Consent Calendar, subject to the Chairperson's authority to take up the matter later in the meeting.

4. General Principles for Discussion or Debate. Discussion of any issue is subject to regulation by the Chairperson to assure adequate consideration of relevant points of view in the best interests of the Agency. The objectives of discussion are to:
  - Determine the will of the Board.
  - Assure sufficient discussion and consideration of issues so that all pertinent points of view are considered.
  - Maintain the dignity of the meeting so that each recognized speaker's views are made known to the directors and to ensure that appropriate respect is accorded all members,
  - Present the consideration of business in a manner understood by all participants.
5. Motions. The Board prefers a flexible format for meetings and does not insist that its meetings be conducted strictly in accordance with formal rules of procedure. The following rules of motion practice are to be applied as a guide to the Chairperson in disposition of motions. If a director believes that adequate order is not being maintained or that the procedures being followed do not allow for adequate and orderly discussion of an item, the director may raise a point of order to the Chairperson. If the director is not satisfied with the ruling of the Chairperson, the director may appeal to the full Board. A majority of the Board will determine the point of order.

All matters requiring Board action must be presented in the form of a motion. In order for a vote to be taken on a motion, the motion must be seconded by another director. When a motion has been made and seconded, it shall be stated by the Chairperson for consideration by the directors.

Under these Rules, motions should be limited to those set forth on the Chart of Motion Practice (Attachment 1). Motions on Attachment 1 are listed in order of precedence. When a motion is pending, any motion listed above it on the chart is in order, but those below it are out of order.

6. Voting. The affirmative vote of a majority of all directors is necessary to pass a main motion. The vote needed to pass other types of motions are as

stated in Attachment 1. For motions not listed in Attachment 1, the vote shall be as stated in Roberts Rules of Order.

A roll call shall be taken on the vote on all main motions associated with an ordinance or resolution, on all motions subject to weighted voting, and on any other motion when requested by a director.

Any director may call for any motion to be subject to weighted voting as provided in Water Code Section 81405. If such a call is made before the next item on the agenda is introduced for consideration, weighted voting shall be implemented. The number of votes assigned to each member agency's director for purposes of weighted voting is shown on Attachment 2. A roll call vote shall be taken on all motions subject to weighted voting.

7. Time Limit on Meetings. When a meeting of the Board has lasted two and one quarter hours or more, no new item of business may be taken up for discussion or action unless a majority of the directors then present vote to extend the meeting. This provision may be invoked by the Chair or any director. However, it has no effect on the validity of any action taken by the Board unless and until it is invoked.
8. Adjournment. Upon completion of the meeting's agenda, or upon conclusion of a meeting pursuant to Rule II.G.7, the Chairperson shall adjourn the meeting. Adjournment may be accomplished by a motion or announcement of the Chairperson.

- H. Minutes. The Secretary shall prepare minutes of each Board meeting, which shall be submitted for approval at a subsequent meeting. Minutes shall record the ayes and nays on roll call votes. Minutes should not include the text of ordinances and resolutions, which shall be maintained by the Secretary in separate volumes. Minutes are intended to be a record of Board action and a brief summary of discussion; they should not be an exhaustive record of deliberation.

**RULE III. COMMITTEES OF THE BOARD**

- A. Standing Committees. The Board may establish standing committees that have continuing jurisdiction over a particular subject matter, or a set meeting schedule. Rules II.B, C, D, and E shall apply to all meetings of a standing committee. Standing committees may include, but shall not be limited to the following:
1. Board Policy Committee. The Board Policy Committee advises the Board and General Manager/CEO about policy issues related to the Agency's goals and courses of actions proposed by the General Manager/CEO to address those issues.
- B. Ad Hoc Committees. The Board, or the Chairperson on his or her own initiative, may establish ad hoc advisory committees to undertake special, limited assignments on behalf of the Board.

**RULE IV.     STAFF RESPONSIBILITIES**

- A.     General Manager/CEO. The General Manager/CEO shall be responsible for introducing agenda items and for directing staff responses to Board inquiries arising during the course of a meeting.
- B.     Secretary. The Secretary shall record votes, take minutes, and distribute copies of documents as required.

**RULE V.     COMMUNICATIONS TO THE BOARD**

- A.     General. Members of the public should address comments and questions to the Chairperson.
1.     Agenda Items. Members of the public may speak on any item under discussion by the Board, after receiving recognition from the Chairperson.
  2.     Non-Agenda Items. Members of the public may speak on matters that are within the jurisdiction of the Agency, but which are not on the agenda, during Public Comments. The Board will take no immediate action on matters which are not on the Agenda. Such items raised by the public may be referred to staff for review and analysis and may be reported back to the Board at a subsequent meeting.

If a speaker refers to any document, writing, record, picture, or other exhibit, the Secretary shall request a copy so that it can be included in the record.

- B.     Time Limits on Public Comments. The presiding officer may impose time limits on each speaker.

**RULE VI.     SUSPENSION/AMENDMENT/REPEAL**

A Rule may be suspended at any Board meeting by a majority of directors present at such meeting. The Rules may be amended or repealed by an affirmative vote of a majority of the full Board.

## ATTACHMENT 1

CHART OF MOTION PRACTICE				
Motion	Second Required?	Debatable?	Amendable?	Vote Required*
<b>MEETING CONDUCT (PRIVILEGED) MOTIONS</b>				
Point of Privilege	No	No	No	None
Point of Order	No	No	No	None
To Appeal Ruling of Chair	No	Yes	No	Majority
To Recess	Yes	Yes	Yes	Majority
To Adjourn	Yes	Yes	No	Majority
<b>DISPOSITION (SUBSIDIARY) MOTIONS</b>				
To Withdraw a Motion	No	No	No	None
To Postpone Consideration (Table)	Yes	Yes	Yes	Majority
To Refer to Committee	Yes	Yes	Yes	Majority
To Amend	Yes	Yes	Yes	Majority
To Limit or Close Debate (Call the Question)	Yes	Yes	Yes	2/3
<b>MAIN MOTIONS</b>				
To Take Action; To Reconsider	Yes	Yes	Yes	Majority of Full Board

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\* For privileged and subsidiary motions, required vote refers to those present and voting. Main motions require a majority of the full board, whether or not present and voting. This chart assumes weighted voting is not in effect.

## ATTACHMENT 2

### MEMBER AGENCY VOTES UNDER WEIGHTED VOTING

<u>Name of Agency</u>	<u>No. of Votes</u>
Alameda County Water District	7
California Water Service Company	21
City of Brisbane	1
City of Burlingame	3
City of Daly City	3
City of East Palo Alto	1
City of Hayward	10
Town of Hillsborough	2
City of Menlo Park	2
City of Millbrae	2
City of Milpitas	4
City of Mountain View	6
City of Palo Alto	8
City of Redwood City	7
City of San Bruno	1
City of San Jose	3
City of Santa Clara	2
City of Sunnyvale	5
Coastside County Water District	1
Estero Municipal Improvement District	3
Guadalupe Valley Municipal Improvement District	1
Mid-Peninsula Water District	2
North Coast County Water District	2
Purissima Hills Water District	1
Stanford University	1
Westborough Water District	1

**NOTE:** If weighted voting is in effect, a motion, resolution or ordinance must be approved by **both** (1) a majority of the directors present and voting, **and** (2) a majority of the number of votes specified above represented by directors present and voting.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**            **BAWSCA Other Post-Employment Benefits (OPEB) Liability  
Funded Status Update**

**Summary:**

BAWSCA participates in the California Employers' Retiree Benefit Trust (CERBT) program, administered by CalPERS, to prefund the agency's Other Post-Employment Benefits (OPEB) obligations. Since entering the CERBT program on April 26, 2014 through June 30, 2022, BAWSCA has had total contributions of \$807,731 and investment earnings of \$190,751. The average annual rate of return was 4.2%.

As of June 30, 2022, BAWSCA's unfunded OPEB liability, also known as Net OPEB Liability, was \$808,070, and the total OPEB liability is 55% funded based on a discount rate of 5.5%, which is same as the CERBT's expected long-term rate of return for Strategy 2 asset allocation.

As a result of the reduced discount rate from 5.75% to 5.5% for BAWSCA's selected CERBT Strategy 2 asset allocation, in order to pay off the unfunded OPEB liability by 2036 (the projected pay off date based on last year's amortization schedule), BAWSCA would need to increase the annual contribution to the CERBT trust from \$70,000 to \$78,000 per year moving forward in addition to the benefit payments to cover the retired employees.

**Fiscal Impact:**

BAWSCA's FY 2022-23 Operating Budget includes a CERBT contribution of \$70,000 to fully fund the annual OPEB expense for FY 2022-23 per the actuarial valuation as of June 30, 2021 based on a discount rate of 5.75%. This amount was deposited into BAWSCA's CERBT account in August 2022.

**Recommendation:**

This item is for informational purposes only. No Board action is requested at this time.

**Discussion:**

Like many other public agencies, BAWSCA prefunds its OPEB obligations in order to generate investment income from employer-controlled contributions to pay for future retiree benefits, reduce future employer cash flow requirements, and reduce OPEB liabilities reported on the agency's annual financial statements. To achieve these goals, BAWSCA established a CalPERS CERBT trust to prefund OPEB obligations in April 2014.

BAWSCA participates in CERBT's Strategy 2 asset allocation portfolio and considers its actual investment performance during the annual OPEB actuarial valuations. Based on the recently adopted CalPERS 2022 Capital Market Assumptions, CERBT expects to receive a 20-year rate of return of 5.5% for this portfolio. Over the past 8 years (from inception to June 30, 2022), BAWSCA's average annual rate of return was 4.2%. Six months ago, BAWSCA's average return as of December 31, 2021 was 8.4%. The drop in investment returns is due to the impact of the public market, including both public equity and fixed income, in the first six months of 2022. Per CERBT's investment benchmarks, their gross investment returns continue to

outperform the public market and Local Agency Investment Fund (LAIF) where BAWSCA's fund was previously invested.

From a short-term perspective, it is typical to see rate volatility from year to year. CalPERS asks the agencies to focus on the long-term returns to align with the nature of the OPEB liabilities. In consideration of both CERBT's expected future returns and BAWSCA's historical returns, BAWSCA and its actuary determined the CERBT's Strategy 2 expected long-term rate of return assumption, also as known as discount rate, of 5.5% as the most reasonable for the recent valuation as of June 30, 2022 provided as Attachment 1 ([under separate cover](#)). In general, a lower discount rate results in a higher annual OPEB expense and a decreased funded status but will reduce the agency's unfunded liability risk from overly optimistic interest rate assumptions in the future.

As of June 30, 2022, BAWSCA's unfunded OPEB liability was \$808,070. The unfunded OPEB liability represents the excess of the total OPEB liability of \$1,802,324 over the value of assets of \$994,254 that have been accumulated in the CERBT trust. The total OPEB liability is the actuarial present value of projected benefit payments that have been earned by employees based on past years of service. As of June 30, 2022, BAWSCA's total OPEB liability is 55% funded based on a discount rate of 5.5%. As a result of the reduced discount rate from 5.75% to 5.5%, in order to pay off the unfunded OPEB liability by 2036 (the projected pay off date based on last year's amortization schedule), BAWSCA would need to increase the annual contribution to the CERBT trust from \$70,000 to \$78,000 per year moving forward in addition to the benefit payments to cover the retired employees.

The table below provides a summary of BAWSCA's CERBT account as of June 30, 2022.

<b>CERBT Account Summary as of June 30, 2022</b>	
Total Contributions (Initial contribution made on 4/26/2014)	\$807,731
Total Disbursements	-
Total CERBT Expenses	(\$4,228)
Total Investment Earnings	\$190,751
Total Assets	\$994,254
Current Asset Allocation Strategy Selection	CERBT Strategy 2
CERBT 20-Year Expected Rate of Return	5.5%
BAWSCA's Discount Rate Used in OPEB Actuarial Valuation as of June 30, 2022	5.5%
BAWSCA Actual Cumulative Annualized Rate of Return* from Inception (4/26/2014) through 6/30/2022	4.2%
BAWSCA Net OPEB Liability as of 6/30/2022 (Estimated to Be Paid Off by 2036)	\$808,070
Funded Status	55%

*\*Net of fees*

**SFPUC's OPEB Liability Funded Status Update**

The SFPUC participates in the single employer defined benefit plan that is maintained by the City and County of San Francisco (San Francisco) and administered through the San Francisco Health Service System. San Francisco's funding has been based on "pay-as-you-go" plus a contribution to the Retiree Health Care Trust Fund (Trust Fund).

*SFPUC Share of Net San Francisco Liability.* Per San Francisco's latest OPEB actuarial valuation as of June 30, 2021 as provided in Attachment 2 ([under separate cover](#)), the total San Francisco net OPEB liability was \$3.823 billion, which is estimated to be paid off by 2043. San Francisco's net OPEB liability is calculated by subtracting the Trust Fund balance of \$0.489 billion from San Francisco's total liability of \$4.312 billion. The SFPUC's proportionate share was 6.13% of San Francisco's net OPEB liability, or \$234.488 million, that includes \$148.771 million for the Water Enterprise and \$14.444 million for Hetchy Water, based on a discount rate of 7.0%. For context, the SFPUC's FY 2021-22 operating budget, which includes contributions to the Trust Fund and pay as you go benefits payments, was \$1.483 billion.

*SFPUC Share of Total Contributions.* The City's funding is based on "pay-as-you-go" plus a contribution to the Trust Fund. For FY 2020-21, the SFPUC's proportionate share of contributions was \$15.087 million, which includes \$9.572 million for the Water Enterprise and \$0.929 million for Hetchy Water.

At this time, the estimated wholesale customers' share of the SFPUC's net OPEB liability is not available, as the Wholesale Customers' share of costs are paid for in the annual Wholesale Revenue Requirement on a cash basis and there is not a translation as to how much of the balance sheet liability is attributable to the Wholesale Customers.

**BAWSCA Advisors' Analysis of Member Agencies Accounting Treatment of SFPUC's Unfunded OPEB and Pension Liabilities**

Recently BAWSCA consulted with its audit advisor Burr, Pilger and Mayer (BPM) on the Board's concerns related to the SFPUC's current level of the unfunded OPEB and pension liabilities and potential risk to the Wholesale Customers.

BPM has confirmed that San Francisco's unfunded liability is an obligation of San Francisco and is not BAWSCA agencies' liability. There are no accounting guidelines that would require BAWSCA agencies to report their share of the San Francisco's unfunded OPEB and pension liabilities on the agencies' financial statements. BPM is unaware of any future obligation that the BAWSCA agencies would have in relation to San Francisco's unfunded liabilities.

San Francisco prepares a cash budget, including retirement benefit payments based on pay as you go and Trust Fund contributions as part of the benefits portion of salary. Through current wholesale water rates, BAWSCA agencies pay the wholesale customers' share of such benefits costs of the SFPUC's OPEB and pension liabilities attributable to its current employees.

BAWSCA also consulted with its legal counsel, who confirmed that per the Water Supply Agreement (WSA), BAWSCA agencies should only pay their share of expenses of SFPUC operations from which they receive benefit. BAWSCA agencies' share of the SFPUC's labor costs, including OPEB and pension benefits, is calculated based on the terms specified in the WSA. BAWSCA legal counsel also agreed with the results of BPM's analysis as stated above.

**Attachments ([Under Separate Cover](#)):**

1. Item 10A – Attachment 1: BAWSCA OPEB Actuarial Valuation as of June 30, 2022
2. Item 10A – Attachment 2: City and County of San Francisco OPEB Actuarial Valuation as of June 30, 2021

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**            **BAWSCA Pension Liability Funded Status Update**

**Summary:**

BAWSCA offers its employees and retirees a defined pension benefit plan that is managed and administered by California Public Employees' Retirement System (CalPERS), a State of California Pension Trust Program.

Per the latest CalPERS actuarial valuation as of June 30, 2021, BAWSCA's pension Unfunded Accrued Liability (UAL) was \$353,710, which is estimated to be paid off by 2030 based on the current amortization schedule, based on a discount rate of 6.8%.

**Fiscal Impact:**

BAWSCA's FY 2022-23 Operating Budget includes the CalPERS required employer contributions of \$237,795, which represents 5.0% of the annual budget of \$4,720,885.

**Recommendation:**

This item is for informational purposes only. No Board action is requested at this time.

**Discussion:**

CalPERS retirement benefits are based on a formula, rather than contributions and earnings to a savings plan. Retirement formulas vary based on classifications of the employees (e.g., miscellaneous, safety, or industrial). BAWSCA only participates in the pension plan for miscellaneous employees. Every year, CalPERS provides BAWSCA an actuarial valuation report that includes the latest pension trust plan funded status and the minimum required employer contributions for the next fiscal year. The minimum required employer contributions represent the sum of the Normal Cost (expressed as a percentage of total active payroll) plus the amortization of the Unfunded Accrued Liability.

Per the latest CalPERS actuarial valuation as of June 30, 2021 provided as Attachments 1 and 2 ([under separate cover](#)), BAWSCA's unfunded pension liability was \$353,710, which is estimated to be paid off by 2030. The unfunded pension liability represents the liability for service that has been earned but not funded. Based on the current amortization schedule, BAWSCA's minimum required employer contribution towards the UAL for FY 2022-23 is \$76,396.

**BAWSCA's CalPERS Pension Plan Funded Status**

The measure of funded status is an assessment of the sufficiency of plan assets to cover future employee benefits for completed service years. The Present Value of Projected Benefits (PVB) presents the total value of all future pension liabilities for current and former employees. The Unfunded Accrued Liability (UAL) is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. BAWSCA's latest CalPERS pension plan funded status is summarized below in Table 1.

Table 1. Summary of BAWSCA's Pension Plan Funded Status as of 6/30/2021

Actuarial Calculation	CalPERS "Misc." Plan Value
a. Present Value of Projected Benefits (PVB)	\$6,803,316
b. Entry Age Normal Accrued Liability (AL)	\$4,886,955
c. Market Value of Assets (MVA)	\$4,533,245
d. Unfunded Accrued Liability (UAL) =b-c	\$ 353,710
e. Funded Ratio =c/b	92.8%

**SFPUC's Pension Liability Funded Status Update**

The SFPUC participates in a cost-sharing multiple-employer defined benefit pension plan (the Plan) that is maintained by the City and County of San Francisco (San Francisco) and administered by the San Francisco City and County Employees' Retirement System (SFERS).

*SFPUC Share of Net San Francisco Liability.* Per SFERS Actuarial Valuation Report as of July 1, 2021 as provided in Attachment 3 ([under separate cover](#)), San Francisco's total net pension liability was \$5.292 billion. San Francisco's net pension liability is calculated by subtracting the total SFERS balance of \$30.043 billion from San Francisco's total liability of \$35.335 billion. The SFPUC's proportionate share was 7.20% of San Francisco's net pension liability, or \$381.205 million that includes \$215.240 million for the Water Enterprise and \$26.645 million for Hetchy Water, based on a discount rate of 7.4%. For context, the SFPUC's FY 2021-22 operating budget, which includes the pension benefit payments, was \$1.483 billion. As of June 30, 2021, San Francisco's total funded ratio was 15%.

*SFPUC Share of Total Contributions.* For FY 2020-21, the SFPUC's proportionate share of employer contributions was \$59.094 million, which include \$33.367 million for the Water Enterprise and \$4.130 million for Hetchy Water.

At this time, the estimated wholesale customers' share of the SFPUC's net pension liability is not available, as the wholesale customers' share of costs are paid for in the annual Wholesale Revenue Requirement on a cash basis and there is not a translation as to how much of the balance sheet liability is attributed to the wholesale customers.

**BAWSCA Advisors' Analysis on Member Agencies Accounting Treatment of SFPUC's Unfunded OPEB and Pension Liabilities**

Recently BAWSCA consulted with its audit advisor Burr, Pilger and Mayer (BPM) regarding the Board's concern of the SFPUC's current level of the unfunded OPEB and pension liabilities and potential risk to the BAWSCA agencies.

BPM has confirmed that San Francisco's unfunded liability is an obligation of San Francisco and is not BAWSCA agencies' liability. There are no accounting guidelines that would require BAWSCA agencies to report their share of the San Francisco's unfunded OPEB and pension liabilities on the agencies' financial statements. BPM is unaware of any future obligation that the BAWSCA agencies would have in relation to the San Francisco's unfunded liabilities.

San Francisco prepares a cash budget, including retirement benefit payments based on pay as you go and Trust Fund contributions as part of the benefits portion of salary. Through current wholesale water rates, BAWSCA agencies pay the wholesale customers' share of such benefits costs of the SFPUC's OPEB and pension liabilities attributable to its current employees.

BAWSCA also consulted with its legal counsel, who confirmed that per the Water Supply Agreement (WSA), BAWSCA agencies should only pay their share of expenses of SFPUC operations from which they receive benefit. BAWSCA agencies' share of the SFPUC's labor costs, including OPEB and pension benefits, is calculated based on the terms specified in the WSA. BAWSCA legal counsel also agreed with the results of BPM's analysis as stated above.

**Attachments ([Under Separate Cover](#)):**

1. Item 10B – Attachment 1: BAWSCA Miscellaneous Plan of CalPERS Actuarial Valuation Report as of June 30, 2021
2. Item 10B – Attachment 2: BAWSCA PEPRA Miscellaneous Plan of CalPERS Actuarial Valuation Report as of June 30, 2021
3. Item 10B – Attachment 3: City and County of San Francisco Employees' Retirement System Actuarial Valuation Report as of July 1, 2021

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# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

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

## **MEMORANDUM**

**TO:** BAWSCA Board of Directors  
**FROM:** Nicole Sandkulla, CEO/General Manager  
**DATE:** September 9, 2022  
**SUBJECT:** Chief Executive Officer/General Manager's Letter

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### **Water Demand Study Update:**

BAWSCA continues to make progress on schedule on the Water Demand Study Update. The second part of the Update, which consists of a sensitivity analysis, will be completed by the end of Fall 2022. The 2022 Demand Study Update builds on the data and methods used in BAWSCA's 2020 Demand Study while also developing a scenario-based planning framework for regional demand projections. The sensitivity analysis estimates the impact of key variables on water demand projections to quantify uncertainty, resulting in improved regional and agency-level water use forecasts and potential refinements to BAWSCA agencies' water use efficiency programs. Furthermore, in the future, BAWSCA can compare results from this analysis to actual conditions and water use to validate accuracy of a variable's impact on water demand. BAWSCA has chosen five alternative futures for scenario planning and the results and analysis of the demand forecasts will be presented in a Final Report scheduled to be released by December 2022.

### **Tier 2 Allocation Plan – Update:**

In early September, BAWSCA and the Water Management Representatives (WMR) held an in-person half-day workshop for the Tier 2 Plan update. A second in-person workshop is scheduled for mid-September. The in-person format facilitated greater participation and discussion from all agencies, providing them with the opportunity to share individual agency perspectives and hear from others. Due to the success of the first meeting, BAWSCA anticipates these workshops will continue for at least the next several months as supplemental discussions to those that will take place at monthly WMR meetings.

The first in-person workshop focused on how an updated Tier 2 Plan could ensure public health and safety needs are met, a key policy principle agreed to by the WMR. As the updated Tier 2 Plan process continues, discussions will become more technical, focusing less on policy principles and more calculations and data inputs.

### **Water Conservation:**

#### **Leak Detection Program:**

In early 2022, the California Water Efficiency Partnership (CalWEP), with funding from BAWSCA and Valley Water, conducted research to assess the need for and feasibility of a leak detection and repair certification training program for plumbers and landscape professionals. If

the certification training proves to be feasible and eventually offered regionally, those who successfully complete the training could opt to be included in a directory of leak-certified professionals. This would provide water agencies with an additional resource to assist customers in leak detection and repair.

As a first step, and prior to conceptualizing a leak detection certification training, CalWEP conducted a research and discovery effort to better understand and prioritize customer leak detection needs, existing education and training frameworks, and motivations and barriers to undertaking leak detection certification trainings. Findings from this first phase will inform the training framework that will be developed in Phase II.

As part of this research and discovery phase, CalWEP held focus groups, produced water agency surveys, and conducted several industry (landscape and plumbing professionals) interviews. The key objectives of these tasks were to gauge interest in the proposed training including identifying motivators and barriers to participation, understanding the frequency of customer reported leaks, and identifying the most common leaks observed from an industry perspective. It was also crucial to identify existing training frameworks to serve as a resource for the development of a potential leak detection and repair certification training. CalWEP documented its key findings in a task report for BAWSCA and Valley Water.

The next step in this work effort is to conceptualize a leak detection certification training using what CalWEP learned in the initial research and discovery phase. The certification training framework will detail the training scope, curriculum requirements, administrative responsibilities, and other key components of certification. BAWSCA anticipates this work effort to last through at least the current fiscal year and will provide updates to the Board and WM as Phase II develops.

**Greywater Web Page:**

BAWSCA has created a new page on its main website, [www.BAWSCA.org](http://www.BAWSCA.org), that provides a centralized resource for all information relating to greywater. BAWSCA's summer intern, Brene Pita, provided the initial research, collected greywater information from each of BAWSCA's 26 member agencies, and produced the original design of the webpage; <https://bawasca.org/conservesources/greywater>.

The purpose of this webpage is to provide general information regarding greywater, policy updates, state and local rebate programs, Laundry to Landscape design information, and agency updates regarding greywater initiatives. BAWSCA has also included a clickable map at the bottom of the page that links directly to member agency greywater pages. The map will link to their general conservation pages if a greywater page is not available. BAWSCA plans to continually update this page as new greywater information becomes available at the state and local level.

**SFPUC Workshop on the Design Drought:**

The SFPUC hosted a Workshop on the topic of the Design Drought on August 23, 2022. The Design Drought has been used by the SFPUC to plan and guide the operation of the Regional Water System (RWS) such that it can weather a prolonged drought, one of extreme severity. All large California water agencies incorporate a design drought as part of long-term planning and system operations. SFPUC's Design Drought for the RWS is 8.5 years in length, and assumes that hydrology experienced during the 1987-1992 drought takes place, followed by two additional years of drought (that assume the river hydrology experienced in 1976-1977). The Workshop was held as part of the regular commission meeting. A recording of the workshop can be viewed on the SFPUC's website at the following link

<https://www.sfpuc.org/about-us/boards-commissions-committees/sfpuc-commission/agendas-minutes-resolutions-log> . Attached are two background documents provided by SFPUC staff to the Commission in support of the workshop: “Planning for Drought” and “SFPUC Water Supply Planning Introduction and Review” White Paper.

There were two presentations given at the Workshop. The first presentation was by Peter Drekmeier of the Tuolumne River Trust (TRT). The TRT and other environmental organizations advocate for shortening the Design Drought, and reference information from the SFPUC’s Long-Term Vulnerability Assessment that in their assessment indicates that it is too severe in length. The second presentation was by Steve Ritchie of the SFPUC. Mr. Ritchie provided details surrounding the merits of the existing 8.5 year Design Drought, explained how the Design Drought was selected, and discussed its benefits to water supply planning needs and concerns. Following the two presentations, the Commission provided its thoughts on the information presented and the merits/purpose of the existing Design Drought. Following the Commission’s discussion, the public was invited to comment. In person public comments were provided Bay Area Council and BAWSCA. Several members of the public provided public comments via remote access.

BAWSCA’s comments indicated support for the 8.5 year Design Drought, and questioned the need at this time to modify it. BAWSCA also noted that while the agency is not opposed to revisiting the Design Drought, BAWSCA is adamant that any such exercise be performed by experts in the field coupled with significant engagement with BAWSCA.

At the close of the Workshop, the SFPUC Commission did not provide any further direction to staff regarding the Design Drought.

### **Governor Newsom’s Water Initiative:**

Governor Newsom, on behalf of the State, prepared a Water Supply Strategy (Strategy) that was released to the public on August 21, 2022. The Strategy was prepared “to ensure California has the water needed for generations to come”. It proposes the “modernization” of the State’s water systems aimed to help replenish the water California will lose due to hotter, drier weather, and generate enough water for more than 8.4 million households”. The Strategy proposes to: 1) Create storage space for up to 4 million acre-feet of water; 2) Recycle and reuse at least 800,000 acre-feet of water per year by 2030; 3) Free up 500,000 acre-feet of water through more efficient water use and conservation; and 4) Make new water available for use by capturing stormwater and desalinating ocean water and salty water in groundwater basins. The strategy is posted on the State of California’s webpage at the following link: <https://resources.ca.gov/-/media/CNRA-Website/Files/Initiatives/Water-Resilience/CA-Water-Supply-Strategy.pdf>

If it is implemented as proposed, it aligns well with BAWSCA’s and the SFPUC’s future water supply plans (and needs). The Strategy indicates that significant funding would be made available for new water supply projects and that water supply project permitting could be expedited. Many of the projects being examined by SFPUC and BAWSCA to serve the service area and member agencies (i.e., recycled water, potable reuse, desalination) are promoted. However, BAWSCA believes that the State’s implementation of the Strategy will be challenging since the cost of developing and operating projects of this nature can prove to be extremely high and the amount of funding available could prove inadequate. The proposal to expedite environmental permits for certain water supply projects will face opposition from local and environmental interest groups. Water demand reduction goals may prove difficult to achieve, particularly in certain areas of the state. The sheer number of implementation steps is extreme, and some degree of delay or failure should be expected. And possible changes to the way that water rights are “considered” will face steep challenges.

As the Governor and the State begin the implementation of the Water Supply Strategy, BAWSCA will keep track of the progress of Strategy implementation, actively assist member agencies efforts to secure funding for water supply projects of merit, monitor and ensure SFPUC meets its contractual obligations to defend its water rights, and ensure that BAWSCA's update of its Long-Term Water Supply Strategy aligns with the State's Strategy to the degree possible.

Attachments:

1. Planning for Drought
2. SFPUC Water Supply Planning Introduction and Review White Paper.

# Planning for Drought

Having a reliable water supply isn't just about what rain or snow fell recently. It's a multi-year process that strikes a balance — protecting natural habitats while ensuring there is water when you turn on the tap.

The Hetch Hetchy Regional Water System operated by the San Francisco Public Utilities Commission provides water to 2.7 million residents and businesses in the Bay Area. It relies on the Tuolumne River; local watersheds in Alameda, Santa Clara and San Mateo Counties; groundwater; and alternative water supplies. Droughts are part of living in California. Planning for them is critical to ensuring we continue to support the environment while delivering water every day. With almost 3 million people relying on us, failure is not an option.

## How Much New Water Will be Available Next Year? No One Knows.

There is no way to reliably predict future snow or rainfall. We must remain prepared for dry conditions at any time. They could even worsen in the years to come. Our Tuolumne River watershed precipitation records go back 100 years, with numerous dry years and droughts. Beyond that, tree ring studies indicate that California is periodically subject to severe droughts. Climate change appears to be making this situation worse.

Average Precipitation	Dry Years	Worst Drought Experienced	Prudent Planning	Most Dire
Many years we have plenty of water	Some years we have little to no new water available to us.	The 1987-1992 drought is the worst drought of the last 100 years for the Hetch Hetchy system.  We also continue to experience severe two-year droughts.	Preparedness means planning for droughts to be even worse in the future.	<b>0</b> <b>Rain or Snow</b>

### Water Rights and Water for Us

The Tuolumne River is the source of 85% of the Hetch Hetchy Regional Water System's supply. When there is a lot of rain and snow in the Sierra Nevada, there is plenty of water. In dry years, there may not be any runoff water available to us because our water rights are junior to those of the Modesto and Turlock Irrigations Districts, which also draw from the Tuolumne River.

### Multi-Year Storage

In dry years, we rely on water stored in prior years. By storing water in wet years when there is lots of snow and rain, our system can deliver water even during multiple dry years. However, just like a savings account, this storage can only last so long if it is not regularly replenished, and there is no guarantee of when that would happen.

### Prudent Planning for Today and the Future

Running out of water is not an option. Prudent planning dictates we examine our supplies and operations under severe stress. A prudent utility must understand and plan for a worst-case scenario.

### As an Independent System, No One Will Bail Us Out

Water systems in California are rarely interconnected. Our system is not part of the large state or federal water projects, and our physical connections to other water systems are limited and not a long-term drought solution. We must be prudent, because no one is coming to our rescue if we run out of water during a drought.

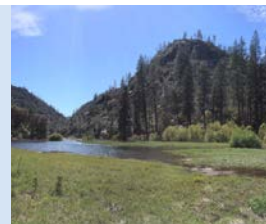
### Water Conservation, Demand Management

We continuously focus on managing our customer demands for water now and into the future through water conservation programs and recycling or reusing water. San Francisco's per capita water use is already among the lowest in the state. However, conservation cannot reduce our water demand to zero.

### Protecting the Environment

At all times, we maintain flows downstream of our dams and invest in ecological studies, projects and programs to support native species and the environment.

None of these projects are done alone; we partner with the U.S. Forest Service, National Park Service, San Joaquin Tributaries Authority, and Modesto and Turlock Irrigation Districts, among others.



Seasonal flooding of Poopenaut Valley below O'Shaughnessy Dam is part of the Upper Tuolumne River Ecosystem Program.

Whether wet or dry, we always release water downstream to protect the natural ecosystems of our watersheds. Being deliberate in our drought planning ensures we can continue to support downstream ecosystems even during prolonged droughts. The Turlock and Modesto Irrigation Districts, who own and operate Don Pedro Reservoir, are essential partners in managing the river below Don Pedro Reservoir.



## The ‘Design Drought’ - A Stress Test

Droughts can occur at any time and their length cannot be predicted. As a water supplier for over 2.7 million Bay Area residents, we must plan for the worst-case scenario. To prepare our system and examine how limited precipitation can affect our operations and water storage, we have created a ‘design drought’ for planning purposes.

The ‘design drought’ does not predict a given precipitation or drought sequence. It is essentially a stress test of our ability to deliver water under extreme drought circumstances. It is similar to examining your personal finances to determine how much savings you would need to weather a serious illness or losing your job.

**A Simulated Drought** During the 1987-1992 drought, it was assumed each year that the drought would continue for the next two years. Our ‘design drought’ stress test is based on learning from those six years.

The ‘design drought’ utilizes the drought of record: 1987 to 1992



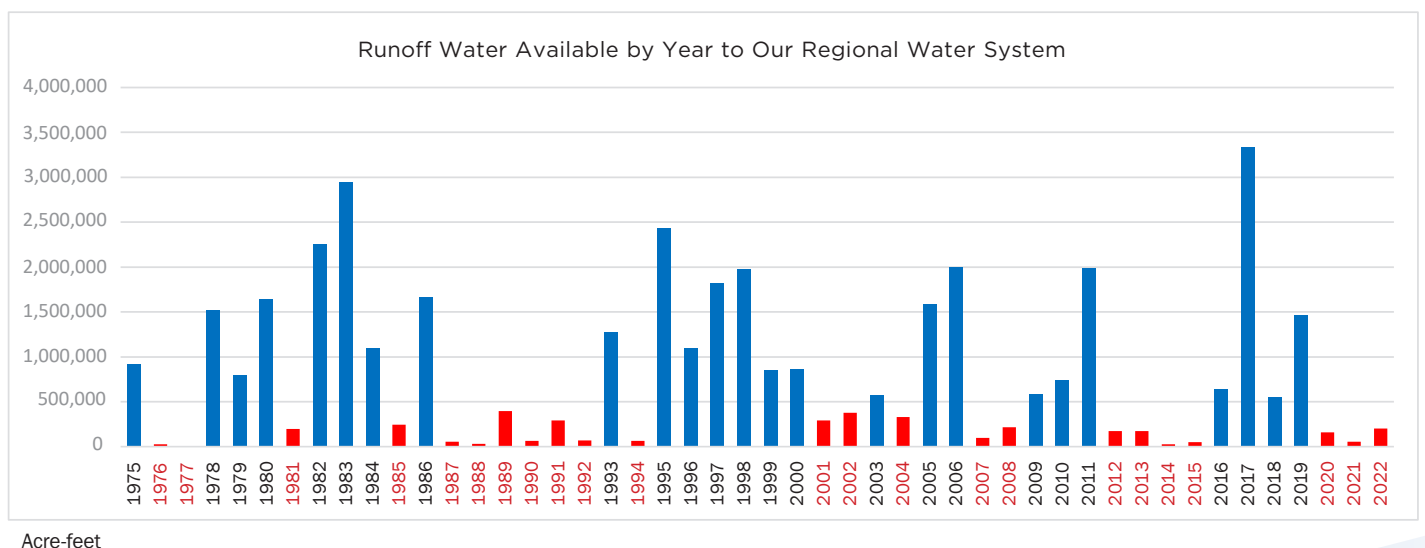
Extended by two years and assumes the most severe historically experienced two-year sequence (1976-77) will recur

Operationally, we must assume that any given year may be a drought, so that in a wet year, the assumption is that the next year is the beginning of a drought. In a dry year the assumption is that the next year is the continuation of a drought.

Our ‘design drought’ reflects our experience, our nearly exclusive reliance on surface water diversions and carryover storage, and our water rights relationship with the Modesto and Turlock Irrigation Districts under the 1913 Raker Act.

Extreme two-year droughts can happen at virtually any time. Recently they’re happening even more frequently. Our design drought takes our worst drought on record, the 1987-1992 drought, and then adds on two years of extremely dry conditions. This allows us to model how our storage and system would behave. We plan for an eight-year severe drought so we are prepared before it happens.

### Some Years Our System Has Little to No New Water Available

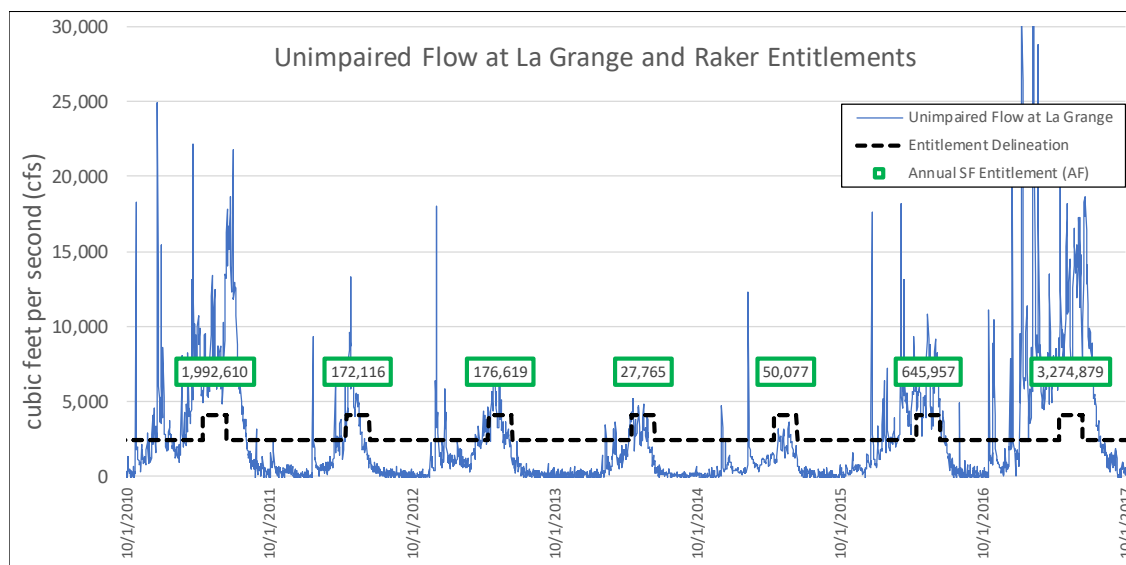


## SFPUC Water Supply Planning Introduction and Review White Paper Updated August 2022

This document was originally created as an introduction of information for the Commission's March 26, 2021 workshop and review of some of the important concepts presented to the Commission in recent years regarding management of our water supply.

### 1. San Francisco's entitlements on the Tuolumne River as expressed in the 1913 Raker Act

- The Raker Act allocated 2,350 cubic feet per second (cfs) of the natural daily (unimpaired) flow of the Tuolumne River to the Modesto and Turlock Irrigation Districts and 4,000 cfs during the 60-day period from April 15 to June 13.
- Any flows above those volumes are San Francisco's entitlement for diversion, referred to as Water Available to the City from the Tuolumne River.
- The graph below depicts Unimpaired Flow at La Grange (blue line), the Irrigation Districts' entitlements (black dashed line), and annual Water Available to the City in Acre-Feet (in the green boxes) for Water Years 2011 – 2017. The graph shows the great variability from year to year in Unimpaired Flow and Water Available to the City (Annual SF Entitlement).
- Most years we are entitled to more water than we need; some years we are entitled to less than we need; and in very dry years we get almost nothing.
- The result of this is that we operate a unique system that prioritizes carryover water storage. We must store water in wet years to meet demand over a series of multiple dry years.
- This also means that in years when we get very little entitlement, our instream flow requirements (for example, Bay-Delta Plan) have to be met by releasing water from our reservoirs rather than reducing the amount of water diverted.



## 2. Environmental Commitments and Obligations

- Below its dams and guided by its Water Enterprise Environmental Stewardship Policy, SFPUC has existing and long-standing instream flow and environmental commitments. These include stipulations with Federal agencies related to Cherry, Eleanor and O'Shaughnessy Dams in the Sierra Nevada as well as permit conditions (Lower Crystal Springs and Calaveras) and voluntary commitments (Pilarcitos) related to Bay Area dams.
- Downstream of Hetch Hetchy Project facilities, the SFPUC has co-created and committed to the Upper Tuolumne River Ecosystem Program with the National Park Service and other stakeholders.  
<https://uppertuolumneriver.wordpress.com/>
- On Alameda Creek, the SFPUC was a founder of the Alameda Creek Fisheries Work Group, which has led to dam removals, fish passage improvements and instream flow objectives for the benefit of fisheries.
- Below Don Pedro Dam, environmental obligations exist through the Irrigation Districts' FERC license. The Districts and San Francisco have already signed a Memorandum of Understanding with the US Fish and Wildlife Service (in 2021) to spend \$4,000,000 on fishery habitat improvements prior to issuance of the re-license of the Don Pedro Hydroelectric Project. The State Water Board's Bay-Delta Water Quality Control Plan, Phase 1 Amendments, would increase flow obligations substantially with no requirements for non-flow measures. San Francisco and the Irrigation Districts have proposed a Tuolumne River Voluntary Agreement (TRVA) with flow and non-flow measures to be negotiated with the State as an alternative to the Bay-Delta Plan Amendments.

## 3. Demand projection updates

- Every 5 years we update demands as part of the State-required Urban Water Management Plan (UWMP). These represent the demands for water that we would experience if our service area was successful in meeting its development goals and mandates.
- Our 2020 UWMP demand projections as well as most other agencies around California are lower than those projected for the 2015 Urban Water Management Plan.
- The new UWMP demand projections on the Regional Water System (RWS) in million gallons per day (MGD) are:

	2020	2025	2030	2035	2040	2045
Retail	66.5	67.2	67.5	68.6	70.5	73.7
Wholesale*	132.1	146.01	147.87	151.9	156.31	162.76
<b>Total</b>	<b>198.6</b>	<b>213.2</b>	<b>215.4</b>	<b>220.5</b>	<b>226.8</b>	<b>236.5</b>

\*Includes San Jose and Santa Clara, 4.5 MGD each

#### **4. The Supply Assurance**

- Applies to the Wholesale Customers only, excluding San Jose and Santa Clara.
- It was established in 1984 and is a contractual obligation to meet demand up to 184 MGD in perpetuity. It does not expire but is subject to reduction due to drought, scheduled maintenance and emergencies.
- The Supply Assurance is not a demand projection. However, if the Wholesale Customers have disruption in their other supplies, this contractual obligation to meet additional demands can fall on us (subject to a contractual requirement that retail and wholesale customers use best efforts to develop their own water supplies to the maximum extent feasible.).
- Development of new water supplies would be necessary to deliver the Supply Assurance together with our obligations to San Francisco on a sustained basis.
- The Wholesale Customers don't project their SFPUC purchases to reach 184 MGD in the next 25 years. They project 162.76 MGD, but only 153.76 excluding San Jose and Santa Clara.

#### **5. The Water System Improvement Program (WSIP) Water Supply Levels of Service**

SFPUC's undertaking of the WSIP and the subsequent expense borne by the retail and wholesale customers came with a commitment to:

- Meet average annual water demand of 265 MGD from the SFPUC watersheds for retail and wholesale customers during non-drought years for system demands through 2018 while limiting rationing to a maximum 20 percent system-wide reduction in water service during extended droughts.
  - 265 MGD is the 184 MGD Supply Assurance plus the non-binding retail allocation of 81 MGD.
    - The Level of Service is not a demand projection.
    - We project retail demand on the RWS to reach 74 MGD in the next 25 years.

#### **6. Design Drought**

- The Design Drought is a stress test used for water supply planning. Operations are guided by the amount of water available for delivery and power generation based on storage targets tied to the Design Drought.
- The Design Drought is a stress test analogous to the concept of a design load in structural engineering, or a design flood in dam design. These are the maximum stresses that the structure or dam are designed to withstand, and a stress greater than the design level would break the structure.
- The total duration of the SFPUC Design Drought is 8 ½ years; it uses the drought of record (1987-92) plus two very dry years which act as insurance against a drought worse than that experienced to date.
- The development of the Design Drought is not based on the frequency or likelihood of occurrence of specific droughts.

- The RWS is managed in the computer simulations of the Design Drought so that there is no water left in storage at the end of the period. The RWS would never be managed to zero storage in real-world operations.
- It is informed by history and our experience.

## **7. Firm Yield**

- Firm Yield is the average amount of water supply that can be provided to the service area from the RWS during the Design Drought while bringing usable system storage to zero at the end of the Design Drought.
- It is the average annual amount of actual water that can be delivered without reduction over the Design Drought.
- The firm yield of the RWS can be increased by adding water transfers and water supply projects that contribute water supply during the Design Drought. The firm yield can be reduced by adding instream flow requirements that reduce the water supply available for delivery to the RWS service area during the Design Drought. Changing the Design Drought would also result in a change in the Firm Yield.

## **8. Reliability Standard (Rationing Policy)**

SFPUC adopted a reliability standard (or rationing policy) as part of the WSIP (SFPUC Resolution 08-200 states "Meet dry-year delivery needs through 2018 while limiting rationing to a maximum 20 percent system-wide reduction in water service during extended droughts."). It was studied and publicly discussed in the WSIP Programmatic Environmental Impact Report analysis:

- In the 8 ½ year Design Drought we would face 3 years of 10% rationing and 3 ½ years of 20% rationing at a demand of 265 MGD.

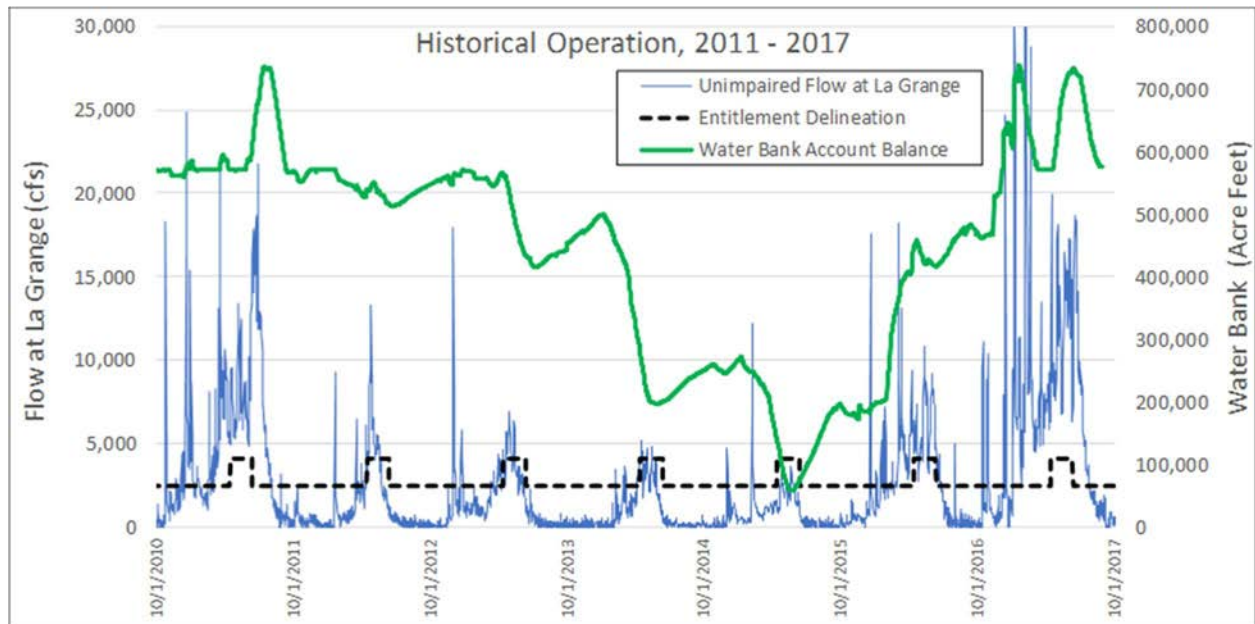
## **9. Total System Yield**

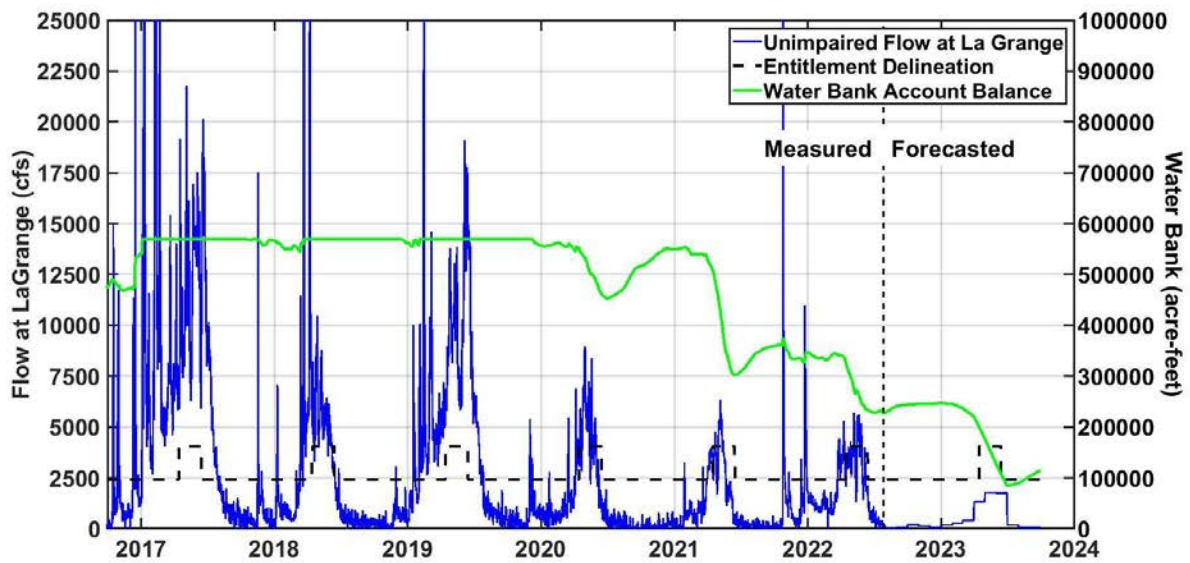
- The amount of water that can be delivered, with rationing included, during the Design Drought.
- Total System Yield is calculated by adding the Firm Yield and the Reliability Standard (Rationing Policy).
- It is greater than the Firm Yield by the amount of rationing included in the Reliability Standard (Rationing Policy).
- It can be thought of as the amount of "reliable" supply available to meet various demands.

## **10. The Fourth Agreement**

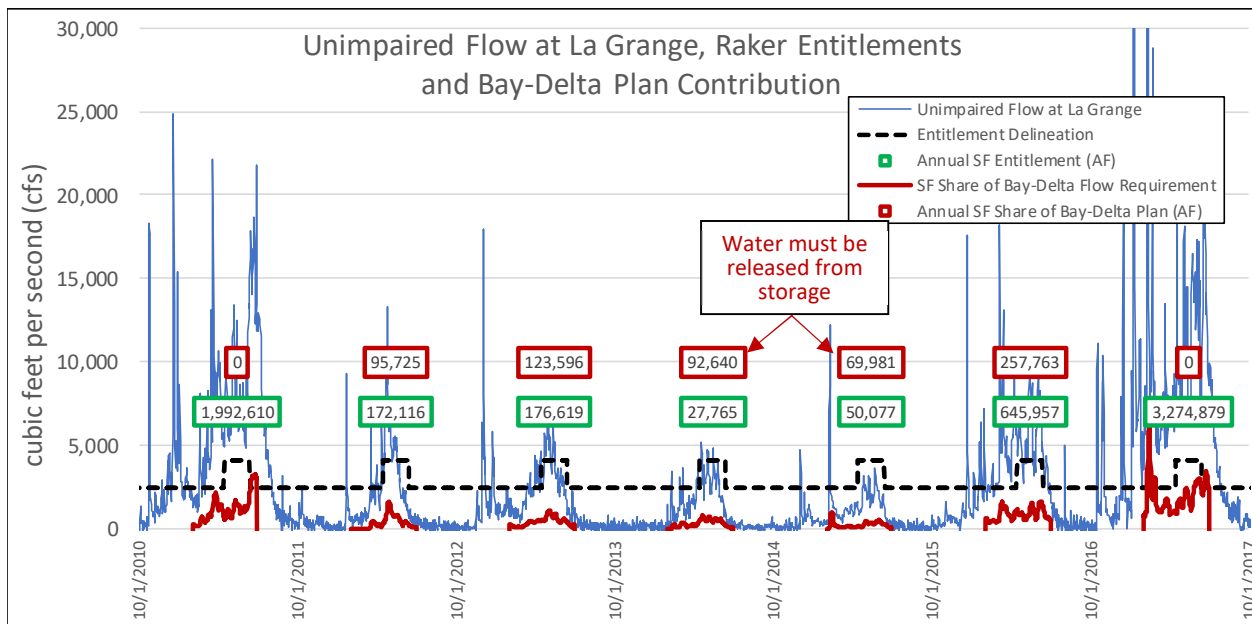
- It established the terms for our participation in the New Don Pedro Project.
- It established the Water Bank at 570,000 acre-feet of storage and gave the City access to an additional 170,000 acre-feet of seasonal flood encroachment storage.
- It relieved the City of flood control responsibility on the Tuolumne River.

- It obligates the City to provide 51.7% of any new instream flows ordered by FERC if the Districts' water entitlements are being adversely affected.
- The agreement does not expire.
- The graph below depicts Unimpaired Flow at La Grange (blue line), the Irrigation Districts' entitlements (black dashed line), and the Water Bank Account Balance in Acre-Feet (green line). The graph shows how the Water Bank Account was drawn down in the series of Water Years from 2012 – 2015 to meet the Irrigation Districts' entitlements and thus protecting our water supply. The second graph shows the same effect in the 2020-2022 drought and with the drought projected to continue into 2023.





- The result of the Fourth Agreement obligations coupled with the Raker Act entitlement requirements means that we could be obligated to deliver water down the Tuolumne River by releasing water from our previously stored supplies in dry years because we have no rights to any of the natural flow of the River in those years.
- The graph below depicts the Unimpaired Flow at La Grange (blue line), the Irrigation Districts' entitlements (black dashed line), and annual Water Available to the City in Acre-Feet (in the green boxes) plus the San Francisco Share of the Bay-Delta Plan Amendments flow requirement (red line) and the annual San Francisco Share of the Bay-Delta Plan Amendments flow requirement in Acre-Feet (in the red boxes).



#### **11. 1995 Side Agreement**

- In 1995, a Settlement Agreement was reached to implement additional flows on the Lower Tuolumne River as part of the current FERC Don Pedro Hydroelectric Project license.
- The Districts and San Francisco entered into a Side Agreement in which the Districts would provide all of the water associated with the Settlement Agreement in exchange for an agreed amount of money from San Francisco.
- The Side Agreement is in place until a new license for the Don Pedro Project is issued by FERC.
- San Francisco and the Districts are in discussion regarding an extension of the Side Agreement upon issuance of the re-license of the Don Pedro Project, but no extension has been agreed to yet.
- Without the Side Agreement in place, San Francisco could be required to provide 51.71% of the Settlement Agreement flows in addition to any additional flows associated with the TRVA or Bay-Delta Plan Amendments, if these flows are adopted as part of a new license for Don Pedro by FERC under the Clean Water Act Water Quality Certification Process.

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# Board of Directors

## Policy Calendar Through May 2023

Meeting Date	Purpose	Issue or Topic
Nov 2022	D&A D&A R&D	Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy Update on the Long-Term Reliable Water Supply Strategy Scoping Effort
January 2023	D&A R&D D&A S	Mid-Year 2022-23 Work Plan, Budget and General Reserve Review Water Supply Update Review of Agency Personnel Handbook FY 2023-24 Work Plan and Budget Study Session
March 2023	D&A R&D R R&D	Consideration of FY 2023-24 Bond Surcharges Discussion of Preliminary FY 2023-24 Work Plan and Budget Annual WSA Balancing Account Update Review of Water Supply Forecast
May 2023	R&A R&D	Consideration of Proposed FY 2022-23 Work Plan and Budget Review of Water Supply Forecast

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

**Meeting Schedule through July 2023**

DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953(e). MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.

<b>Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – September 15, 2022	TBA
Thursday – November 17, 2022	TBA
Thursday – January 19, 2023	TBA
Thursday – March 16, 2023	TBA
Thursday – May 18, 2023	TBA
Thursday – July 20, 2023	TBA

<b>Schedule for RFA Board Meetings (Meeting time will be announced)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – January 19, 2023	TBA

<b>Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Wednesday, October 12, 2022	TBA
Wednesday, December 14, 2022	TBA
Wednesday, February 8, 2023	TBA
Wednesday, April 12, 2023	TBA
Wednesday, June 14, 2023	TBA

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**OPEN SESSION MATERIALS  
SEPTEMBER 15, 2022 BAWSCA AGENDA ITEM 15A**

**CONSIDER COMPENSATION ADJUSTMENT FOR  
CEO/GENERAL MANAGER  
FY 2022-23**

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Consider Compensation Adjustment for CEO/General Manager for FY 2022-2023**

**Summary:**

The Board of Directors (Board) of the Bay Area Water Supply and Conservation Agency (BAWSCA) evaluated the CEO/General Manager's performance during FY 2021-22 and found Ms. Sandkulla had an outstanding year. The Chair recommends the Board approve a 7% salary increase.

**Fiscal Impact:**

The CEO/General Manager's current salary is \$297,675. The 7% adjustment in salary would be \$20,837. This adjustment would bring the total compensation for fiscal year 2022-2023 to \$318,512. Funds are available for the compensation adjustment without an increase to the total operating budget.

**Recommendation:**

That the Board approve the contract amendment to the CEO/General Manager's Employment Agreement.

**Background:**

The Board considers compensation for the CEO/General Manager at the time of her yearly evaluation. The Chair proposes the below changes to the CEO/General Manager's Employment Agreement.

The CEO/General Manager's Employment Agreement (signed in 2013) provides that she may be awarded a salary increase, merit pay (bonus), or both. Section 3.A of the Employment Agreement states that salary adjustments may be considered annually.

In recognition of Ms. Sandkulla's outstanding executive leadership through the demonstration of her ability to manage known, anticipated, and unanticipated events this year and through her hiring, and utilization of, a highly competent and professional staff, the BAWSCA Board of Directors desires to modify the CEO/General Manager's Employment Agreement to provide a 7% increase to Ms. Sandkulla's base salary so that her new annual base salary is \$318,512.

**Attachment:**

1.       Draft Ninth Amendment to CEO/General Manager's Employment Agreement

## **NINTH AMENDMENT TO EMPLOYMENT AGREEMENT**

THIS NINTH AMENDMENT TO EMPLOYMENT AGREEMENT is made as of September 15, 2022, by and between the BAY AREA WATER SUPPLY & CONSERVATION AGENCY ("Agency") and NICOLE SANDKULLA ("Ms. Sandkulla").

**WHEREAS**, the Agency and Ms. Sandkulla entered into an Employment Agreement ("Agreement") as of July 19, 2013, and Ms. Sandkulla began serving as CEO and General Manager beginning on September 30, 2013;

**WHEREAS**, Section 3.A. of the Employment Agreement provides that the Board of Directors will review the performance of the CEO and General Manager on an annual basis and authorizes the Board of Directors, in its sole discretion, to approve contract adjustments, including increases in Ms. Sandkulla's salary;

**WHEREAS**, in recognition of Ms. Sandkulla's outstanding performance during her second through eighth years, the Board of Directors of the Agency previously amended the Employment Agreement eight times as follows:

1. On September 19, 2014 ("First Amendment"), to provide a 3% increase to Ms. Sandkulla's base salary and a one-time \$10,000 merit bonus;
2. On September 17, 2015 ("Second Amendment"), to provide a 3% increase to Ms. Sandkulla's base salary and a one-time \$10,000 merit bonus;
3. On September 15, 2016 ("Third Amendment"), to provide a 3% increase to Ms. Sandkulla's base salary and a one-time \$10,000 merit bonus;
4. On September 21, 2017 ("Fourth Amendment"), to provide a 3% increase to Ms. Sandkulla's base salary and a one-time \$15,000 merit bonus;
5. On September 20, 2018 ("Fifth Amendment"), to provide a 5% increase to Ms. Sandkulla's base salary; and
6. On November 21, 2019 ("Sixth Amendment"), to provide a 21% increase to Ms. Sandkulla's base salary; and
7. On September 17, 2020 ("Seventh Amendment"), to provide a 5% increase to Ms. Sandkulla's base salary.
8. On September 16, 2021 ("Eighth Amendment"), to provide a 5% increase to Ms. Sandkulla's base salary.

**WHEREAS**, the Board of Directors evaluated the performance of the CEO and General Manager in 2021-22 and found that Ms. Sandkulla continues to exhibit superior performance in meeting BAWSCA's goal of "a reliable supply of high-quality water at a fair price"; and

**WHEREAS**, in recognition of Ms. Sandkulla's sustained excellent performance and her continuing to deliver extraordinary results in all areas of her work, according to the Board's own review process, the Board of Directors of the Agency now desires to modify the Employment Agreement to provide a 7% increase to Ms. Sandkulla's base salary pursuant to Section 3.A. of the Agreement effective on her anniversary date of September 30, 2022; and

**WHEREAS**, the Agency and Ms. Sandkulla wish to memorialize these actions.

**NOW, THEREFORE**, the parties agree as follows:

1. Compensation. Section 3.A. of the Agreement, is amended by deleting and replacing the first sentence of that section in its entirety as follows:

A. Salary and Evaluation. Agency agrees to pay Ms. Sandkulla an annual base salary of Three Hundred Eighteen Thousand, Five Hundred Twelve Dollars (\$318,512), payable in installments at the same time and in the same manner as other management employees of the Agency are paid, effective as of September 30, 2022, for the faithful and diligent performance of the duties and obligations of the CEO and General Manager.

2. Except as expressly modified by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, and Ninth Amendments, all terms and conditions of the Employment Agreement remain in full force and effect.

IN WITNESS WHEREOF the parties have executed this Ninth Amendment to Employment Agreement as of the day and year first above written.

BAY AREA WATER SUPPLY AND  
CONSERVATION AGENCY

By: \_\_\_\_\_  
NICOLE SANDKULLA  
CEO and General Manager

By: \_\_\_\_\_  
GUSTAV LARSSON  
President, Board of Directors

Approved as to form:

By: \_\_\_\_\_  
ALLISON C. SCHUTTE  
Legal Counsel