



BOARD OF DIRECTORS MEETING

Thursday, May 16, 2024
6:30 P.M.

[850 Burlingame Ave., Burlingame – Sequoia Room](#)

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AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Chambers)	
2. Comments by the Chair	(Chambers)	
3. Board Policy Committee Report (<i>Attachment</i>)	(Hardy)	Pg 5
4. Consent Calendar (<i>Attachments</i>)	(Chambers)	
A. Approve Minutes of the March 21, 2024 Meeting		Pg 21
B. Receive and File Budget Status Report – As of March 31, 2024		Pg 27
C. Receive and File Bond Surcharge Collection Reports – As of March 31, 2024		Pg 29
D. Receive and File Investment Report – As of March 31, 2024		Pg 31
E. Receive and File Directors' Reimbursement Report – As of March 31, 2024		Pg 33
F. Receive and File Employee Reimbursement Report – As of March 31, 2024		Pg 35
G. Authorize Consultant Contract with Hazen and Sawyer to Develop a Regional Water Demand and Conservation Projections Study		Pg 37
H. Second Amendment to Hanson Bridgett Professional Services Contract		Pg 45
<i>The Committee voted unanimously to recommend Board approval of the recommended action for Agenda Items #5G and 5H.</i>		
5. SFPUC Report	(Ritchie)	
6. Public Comments	(Chambers)	
<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>		
7. Action Calendar		
A. Proposed Fiscal Year 2024-25 Work Plan, Results to be Achieved, and Operating Budget (<i>Attachment</i>)	(Sandkulla)	Pg 49
That the Board approve the:		
1. Proposed Fiscal Year 2024-25 Work Plan and Results to be Achieved;		
2. Proposed Operating Budget of \$5,614,518; and		
3. Proposed funding plan Option 2 with a 9% assessment increase and a transfer of \$340,120 from the General Reserve.		
<i>The Committee voted unanimously to recommend Board approval of the recommended actions.</i>		

B. Approval of Professional Services Contracts for FY 2024-25 (<i>Attachments</i>)	(Sandkulla)	Pg 83
<u>Consultant Contracts for Technical and Administrative Services</u>		
1. Chavan & Associates (Auditor)		Pg 87
2. E Source (Water Loss Management Program)		Pg 93
3. Hanson Bridgett (Legal Counsel)		Pg 105
4. Hazen & Sawyer (Engineering/Water Mgmt.)		Pg 111
5. IG Services (Auditing/Accounting Services)		Pg 117
6. KNN Public Finance (Financial Advisor)		Pg 119
7. Maddaus Water Management (Water Use Efficiency Legislation)		Pg 121
8. Orrick, LLP (Bond Documents, Legal Services)		Pg 131
9. Richard Sykes (WSIP, 10-year CIP)		Pg 133
10. Stetson Engineering (Water Analyses, WSA)		Pg 137
11. Woodard & Curran (Water Mgmt./Tier 2 Plan)		Pg 141
<u>Consultant Contracts for Conservation Programs</u>		
12. AM Conservation Group (School Education Program)		Pg 147
13. EarthCapades (School Assembly Program)		Pg 167
14. Global Sun Landscape (Lawn Be Gone Inspection Services)		Pg 173
15. M&M Backflow and Meter Maintenance (Customer Meter Testing)		Pg 177
16. Regional Water Authority (Rachio Smart Controller Program)		Pg 181
17. VertexOne (Home Water Use Reports Program)		Pg 187
18. Waterfluence, LLC (Large Landscape Conservation Services)		Pg 205
<i>As these items are considered annually and do not represent new policy action for board consideration, and therefore, were not presented to the Committee.</i>		

8. Reports and Discussions

A. Negotiations of a New Tier 2 Plan	(McPherson)	Pg 211
B. BAWSCA's Strategy 2050	(Ashoori)	Pg 213

9. CEO Reports

(Sandkulla)

A. Water Supply and Use Update		
B. FERC/Bay Delta Plan Update		
C. CEO/General Manager's Letter (<i>Attachment</i>)		Pg 223
D. Board Policy Calendar (<i>Attachment</i>)		Pg 281
E. Correspondence Packet (Under Separate Cover)		

10. Closed Session

(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).
- C. **Public Employment**
Title: CEO/General Manager
Closed Session Pursuant to Government Code Section 54957

11. Report after Closed Session

(Schutte)

12. Agreement with Executive Recruitment Firm (Attachment)

(Chambers/Schutte) Pg 283

- A. Authorize the CEO to Negotiate and Execute a Professional Services Agreement with an Executive Recruitment Firm for an amount not to exceed \$57,000.

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

(Chambers)

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

(Chambers) Pg 285

15. Adjourn to next meeting on scheduled for July 18, 2024 at 6:30 pm

**NOTE: Different Location: Wind Room of Foster City Community Building
1000 E. Hillsdale Blvd. Foster City**

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

BAWSCA
Bay Area Water Supply & Conservation Agency

MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: May 10, 2024

SUBJECT: Summary of Board Policy Committee meeting held April 10, 2024

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:31pm. CEO/General Manager, Nicole Sandkulla called the roll. Nine members (9) of the Committee were present at roll call. One member joined via teleconference in accordance with the traditional Brown Act rules. A list of Committee members who were present (9) and other attendees is attached.

The Committee took the following actions and discussed the following topics.

2. **Comments by Committee Chair:** Committee Chair Hardy welcomed members of the Committee, and noted that while the meeting is being livestreamed, it is an in-person meeting following the traditional Brown Act Rules. One member of the Committee is participating by teleconference from a location that is published on the Agenda, in accordance with the Brown Act requirements. The meeting is not a hybrid meeting, and all public comments shall be made in-person, or from the teleconferencing location. Accordingly, all committee actions require a roll call vote.

3. **Consent Calendar:**

Director Schneider made a motion, seconded by Director Vella, that the Committee approve the Minutes of the February 14, 2024 Board Policy Committee meeting.

The motion passed unanimously by roll call vote.

There were no comments from members of the public on the consent calendar.

4. **Public Comments:** There were no public comments.

5. **Action Calendar:**

- A. **Proposed FY 2024-25 Work Plan, Results to be Achieved, and Operating Budget:** Ms. Sandkulla presented the Proposed FY 2024-25 Work Plan which addresses the critical issues identified between now and 2060 to achieve BAWSCA's goals on behalf of the water customers of BAWSCA member agencies.

Ms. Sandkulla highlighted the activities critically important in FY 2024-25, and noted that while some appear on the list year after year with routine tasks, activities that have direct impacts on member agencies and the water customers can suddenly arise, and therefore, need to be addressed.

Specifically, under BAWSCA's role in managing the Water Supply Agreement with San Francisco to protect the member agencies' financial and water supply interests, Ms. Sandkulla has had to send two letters to the SFPUC regarding two separate and developing activities that fall under BAWSCA's designated function to represent the member agencies' best interests. Those letters are included in the agenda packet for the Committee's information.

Other FY 2024-25 work plan activities include oversight of SFPUC's WSIP, 10-Year CIP, and Asset Management Program; engagement in SFPUC's Alternative Water Supply Plan implementation; participation in the Bay Delta Plan and FERC process; initiation of the development of the Updated Regional Water Demand and Conservation Projections (2025 Demand Projections); facilitating the adoption of a new Tier 2 Drought Plan; and continuing BAWSCA's fundamental work, since its inception, of implementing core and subscription conservation programs.

The proposed work plan reflects five (5) necessary changes to what was presented to the Committee in February.

Work Plan Item #2b, development of 2025 Demand Projections, was presented to the Committee in February with an estimated cost of \$400K. Ms. Sandkulla was pleased to report that BAWSCA received four competitive proposals, three of which were interviewed, but in each case the proposals were above the estimated budget. The proposed work plan reflects the costs for the recommended consultant contract, which has a budget increase of \$150K in FY 2024-25, and a budget increase of \$5K in FY 2025-26.

Work Plan Item 4h is SFPUC's possible proposal for a WSA Amendment on Minimum Purchase obligations. This has been a topic that has been discussed, to some degree, between BAWSCA and SFPUC staff over the years. And while BAWSCA anticipated the need to respond to the proposal in FY 2024-25, the discussions have increased significantly in the last two months, and the need for an increased level of engagement is expected to occur in the beginning of FY 2024-25. The proposed work plan includes a budget increase of \$30K for this work plan item.

Similarly, Work Plan Item 9a, which is to administer the WSA to protect financial interests of members, has a budget increase of \$20K given the recent activities associated with SFPUC's regional source meter testing plan.

A fourth change is related to the new demand projections methodology that will be used, and therefore an existing subscription conservation program that supports member agencies with the use of the current Decision Support System (DSS) modeling system will be eliminated. This change has no impact on the operating budget.

Lastly, the implementation of BAWSCA's Internship Program under Work Plan Item 11, is deferred for FY 2024-25. BAWSCA interviewed several candidates during Winter 2024, but BAWSCA was unable to secure a qualified and interested candidate for this Summer's internship. BAWSCA will continue to work with its partners, East Side Prep, to review what more can be done to improve student interest next year. This change results in a \$15K reduction in the proposed FY 2024-25 Operating Budget.

The proposed operating budget will fully fund the agency's annual OPEB expenses. It includes a budget allowance for salary adjustments that will allow up to 5% increase for each staff member based on COLA and merit under the discretion of the CEO. This is the process that has been done by the agency for the last 20 years.

The proposed operating budget is equivalent to total water customer cost of \$3 per person. It increased by \$0.7 cents per person from last year's budget.

The proposed operating budget is applied to the agency's goals to ensure a reliable supply of high-quality water at a fair price. BAWSCA's budget expenditure indicates the agency's priorities with the area of Reliable Supply having the largest percentage of the budget at 55%. The area of Fair Price is slightly increasing from previous years at 11.5 %. Agency Operations is at 33%. High Water Quality is at .5% which reflects BAWSCA's small but designated role under the WSA related to Water Quality.

BAWSCA's primary source of funding is its assessments on the member agencies, in accordance with BAWSCA's enabling legislation, AB2058. BAWSCA has historically used four principles when considering how to fund the Operating Budget:

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

It is anticipated that 90%-95% of the FY 2023-24 approved budget will be expended. The current fiscal year budget was fully funded by the existing assessment with no increases. To date, the General Reserve balance is at \$1.5 million, which is 31% of the current adopted Operating Budget for FY 2023-24.

Ms. Sandkulla noted that if the recommended increase in legal counsel contract is approved, the General Reserve balance will be at \$1.4 million, which remains within the general guidelines for the reserve to be between 20% to 35% of the adopted operating budget.

Five funding alternatives were presented to the Committee, highlighting the intent behind each option of relying upon the assessment and use of General Reserve.

Option 1 targets the General Reserve at 20% and an assessment increase of 7%.

Option 5 targets the General Reserve to remain at the highest possible balance, with the assessment fully funding the operating budget at a 16% increase. Ms. Sandkulla does not recommend this option.

Option 4 is midway, providing a General Reserve Balance that is at 24% of the proposed Operating Budget, and an assessment increase of 11%.

Ms. Sandkulla recommends Options 2 or Option 3. Both Options maintain a General Reserve balance within the budgetary guidelines, while keeping in mind the sensitivities between a single digit and a double-digit increase in assessments.

Ms. Sandkulla noted that Option 3 provides a General Reserve balance at 22% as opposed to 21% with Option 2. Both are at the lower end of the General Reserve budgetary guidelines, but she noted that it is at the lower end of a larger operating budget.

	FY 2023-24	FY 2024-25				
Fund Source	Adopted Funding Plan as of 1/18/2024	Option 1 7% Assessment Increase	Option 2 9% Assessment Increase	Option 3 10% Assessment Increase	Option 4 11.5% Assessment Increase	Option 5 16% Assessment Increase
Assessments	\$4,838,897	\$5,177,620	\$5,274,398	\$5,322,787	\$5,395,370	\$5,614,518
Transfer from GR	\$144,522	\$436,898	\$340,120	\$291,731	\$219,148	\$0
Total Op. Funds/Op. Budget	\$4,983,419	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518
Est. EOY Transfer to GR	\$1,543,390	\$0	\$0	\$0	\$0	\$0
Est. EOY Reserves	31%	\$1,106,492	\$1,203,270	\$1,251,659	\$1,324,242	\$1,543,390
% of Total Budget	97%	20%	21%	22%	24%	27%
Assessment to Budget Ratio	\$4,838,897	92%	94%	95%	96%	100%

Comments and questions were taken from members of the Committee following Ms. Sandkulla's presentation.

Director Doerr asked a clarifying question on the proposed operating budget's total cost to water customers per account, per year. Director Doerr stated that seeing the cost by user account would be a helpful metric for the Board to have moving forward.

Based on the five options for funding the Operating Budget, Director Doerr asked what the estimated costs to water customers would look like for each option. Seeing that number to understand what it means to the water customers would be helpful at the full Board meeting.

In response, Ms. Sandkulla stated that the proposed operating budget's total cost to water customers per account per year would be \$9-10 per household, with the general assumption of 3 people per household.

Director Ragsdale appreciates BAWSCA continuing its engagement with East Side Prep in East Palo Alto to bring an intern for Summer 2025. She had the opportunity to interact with the 2023 Summer intern at the Hetch Hetchy Tour and she was very impressive and remarkable.

In addition to Director Doerr's request for cost breakdown, Director Schneider asked if the funding options, particularly 2, 3 and possibly 5, can be broken down by agency. This would

provide a breakdown of cost per customer and per agency to inform agencies' communication of the rate increase with their water customers.

Director Pierce asked if the current FY 2023-24 operating budget includes the additional legal work required from the increased activities with SFPUC's wholesale water fixed charge study. She commented that the Board should keep in mind that anytime there are increasing discussions on the WSA, there are implications in terms of additional legal fees that are needed.

In response to Director Pierce's question, Ms. Sandkulla stated that the increased needs for legal services this fiscal year are being addressed through the balancing of resources to obtain the funding needed for legal in the current fiscal year including a recommended transfer from the General Reserve for the most recent proposed contract amendment.

Director Pierce noted that it is important to remember that charges to the water customers are more likely to be impacted by what San Francisco is charging the wholesale customers for the water as well as the agencies' own costs, than the cost to operate BAWSCA and its incremental increases in the budget. She, however, recognizes that everything adds up.

Director Doerr asked about work plan item 2B, 2025 Demand Projections, and whether it is work that is already being done in the scope of what the SFPUC is doing. How is BAWSCA's work being additive, and are there, perhaps, areas of redundancy?

Ms. Sandkulla explained that since 2001, the SFPUC has not done regional projections for the wholesale customers. It has relied upon BAWSCA to perform the regional demand projections for the entire wholesale customer as a single process; and as proposed in the work plan for FY 2024-25. The information is provided to the SFPUC and the numbers are developed with the member agencies, which are then incorporated in the agencies' Urban Water Management Plans. There is no redundancy.

Director Doerr was pleased with the meeting being livestreamed to create transparency. She voiced her continuing interest for the agency to move towards hybrid meetings to allow remote participation by members of the public.

Additionally, she commented on the budget allowance for the CEO/General Manager compensation, and expressed her concerns with the benchmarking of bonuses in the proposed operating budget, as well as the optics it creates for BAWSCA as a public agency. She would feel more comfortable if, should the Board feel that the CEO/General Manager is not being fairly compensated, the compensation is incorporated in the salary as opposed to having a discretionary, subjective bonus process that is being benchmarked with a number slated in the operating budget for the Board. She noted that this continues to concern her and that she would like to see other avenues explored to ensure a fair compensation for the CEO.

Director Zigterman encouraged the Committee to think about the increase in assessments that will properly fund a robust and ambitious work plan, and that takes into account current water use demands. Perhaps having the current water demands can allow an increase in assessments and reduce a hit on the General Reserve. With that, he is leaning towards Option 4, and is open to making a motion if there is no further discussion.

Ms. Sandkulla noted that between 9, 10 and 11%, the difference is roughly \$50,000 for each percent. BAWSCA continues to be cost-effective for the member agencies, saving more money than it spends every year between the savings from the bonds and the Wholesale Revenue Requirement (WRR) review. She feels an 11% increase in assessments is acceptable to the member agencies. However, it is the principle of budgeting for what is

needed to achieve the results, and to maintain a General Reserve balance that does not get too high. BAWSCA has and continues to be diligent in managing the General Reserve, which is her intent by recommending Options 2 and 3. The Board can choose to approve the option they agree on.

Director Schneider stated that she is hesitant to go too high because there are jurisdictions that are balancing multiple costs that are increasing. She commented that the City of Millbrae is very price sensitive in both water and garbage. Its population has grown but it remains conservative with its water use.

Director Chambers noted that while the region is in a non-drought condition and have increased water use demands, some agencies have local capital improvement projects that needs to be completed, and some agencies expect to issue Prop 218 notices to fund those projects. Keeping in mind that the current budget will be expended between 90-95% with a balance transfer to the General Reserve at the end of the fiscal year, he is comfortable with a General Reserve balance at 21% or 22% and is leaning towards Option 2 or Option 3.

Chair Hardy entertained a motion from Director Chambers, with a choice to bifurcate the CEO/General Manager's recommendation between Option 2 and Option 3.

Director Chambers made a motion, seconded by Director Vella, that the Committee recommend the Board to approve the:

- 1. Proposed Fiscal Year 2024-25 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$5,614,518; and**
- 3. Recommended funding plan Option 2.**

Director Doerr called for further discussion regarding her comment on the CEO/General Manager compensation.

Chair Hardy gave the floor to Ms. Sandkulla.

Ms. Sandkulla explained that the budget allowance of \$24,998 included in the proposed operating budget provides the Board a funding source to draw from in the event that it makes a decision on the CEO's salary in September 2024.

It is consistent with the Board's direction for the past twelve years that stems from not having a budget in the past, and having to draw from the General Reserve to fund any increase in the CEO's compensation. The Board provided direction to include a budget allowance for the CEO compensation, similar to having a budget allowance for staff compensation adjustments. Its inclusion is not an authorization for an adjustment, but is a budgeting process.

Ms. Sandkulla further explained that in the past, the Board felt uncomfortable relying upon the use of the General Reserve to fund any approved increase in the CEO's compensation.

With no further discussions, or comments from members of the public, the Chair called for a roll call vote on the motion.

The motion passed unanimously by roll call vote.

- B. Authorize Consultant Contract with Hazen and Sawyer to Develop a Regional Water Demand and Conservation Projections Study: BAWSCA Senior Water Resource Specialist, Danielle McPherson, reported that BAWSCA released a Request for Proposals (RFP) to initiate the Regional Water demand and Conservation Projections Study (2025 Demand Study). Historically, BAWSCA conducts the demand study on a 5-year basis to develop transparent

and defensible demand projections for each agency to support development of their Urban Water Management Plans (UWMPs) due on July 1, 2026. Additionally, the 2025 Demand Study will support member agencies' conservation planning and implementation of the State's "Making Conservation a California Way of Life" requirements, as well as regional planning efforts including Strategy 2050 and the SFPUC's Alternative Water Supply Plan.

As part of the 2025 Demand Study, each of the agencies will receive a customized water demand and conservation projections model that goes out to a 20-year planning horizon. To build on the successful work that was done in 2022 Demand Study update, a sensitivity analysis will be included in the 2025 Demand Study to evaluate impacts of a range of potential future scenarios on water demands.

The RFP was issued on January 3, 2024 and generated four proposals received on February 16, 2024. A review panel of two BAWSCA staff, two member agency representatives, and an outside expert reviewed and scored the proposals. BAWSCA conducted consultant interviews on March 8th with the top three proposers. Hazen and Sawyer was selected as they consistently scored the highest in the review process and stood out in the interview process. Contract negotiations with the consultants began on March 15th. Work is anticipated to begin in July.

The 2025 Demand Study will have two phases and will be done over two fiscal years to meet the agencies' timelines. Phase 1 will be done in FY 2024-25 and will include data collection, baseline and future demand analysis, calculation of urban water use objectives, conservation program analysis and selection, member agency coordination and stakeholder engagement. Three Technical memos documenting the analysis and 27 individual models will be produced in Phase 1. Ms. McPherson explained that there will be 27 models instead of 26 because while Brisbane and Guadalupe Valley Municipal Improvement District are operated as a single system, CalWater's three districts are considered separate districts that will each require a model. The budget for Phase 1 is \$550K.

Phase 2 will build on the work from the 2022 Demand Study update with a sensitivity analysis that will have stakeholder engagement as part of the process to select the scenarios that will be analyzed. Phase 2 will look into creating a regional model that pulls in data from the 27 individual service area models, as well as developing a methodology that incorporates future drought scenarios. The work products will include two technical memos documenting the analysis, and a final report that documents the entire process of Phase 1 and Phase 2. The budget of Phase 2 is \$260K.

Chair Hardy asked what the primary gains would be from this study that have not been had in the past.

Ms. McPherson stated that past Demand Studies have provided each agency with a proprietary modeling tool that required consultant support to change inputs. The 2025 Demand Study will utilize an open source model that will enable the member agencies to input scenarios according to changes in their service area to identify the impacts of those changes in their demands. While previous demand studies have met BAWSCA's and the member agencies' needs adequately, the open source feature will be beneficial.

Secondly, the sensitivity analysis; in which the first conducted round was well received by the public and stakeholders, can provide critical information. With the demand forecasting expert on the consultant team, there will be new and additional insights brought to the process. Additionally, demand projections, in general, are evolving over time and have more complex and nuance at every round compared to the 2022 Demand Study update.

Director Schneider asked if the study will take into account any main waterline and end user water line leak programs that agencies may have. For example, if Millbrae was to fix its infrastructure for sewer and water, will it fit into the model?

Additionally, will the study provide data for addressing Regional Housing Needs Assessment (RHNA).

Ms. Sandkulla responded to Director Schneider's first question with a yes and explained that agencies' historic and projected water loss will be part of the models. She noted that with individual models, each agency will be able to, with a single platform and a single methodology, customize it to what is actually going to happen in the service area, to best account for what is known.

Regarding data to address RHNA, Ms. Sandkulla stated that with the individual models, each agency will have the ability to put their projected number of housing, population, growth in non-residential customers, and see the impacts of those factors on their water supply picture.

Director Doerr asked if the study will include precipitation variability modeling and climate modeling at the regional scale, and how detailed will the information be. She would be interested in incorporating such data for Menlo Park's stormwater management process, in which she was told would need regional data.

Ms. McPherson stated that the sensitivity analysis will look at different hydrological conditions and a range of potential future outcomes from weather and precipitation conditions.

Ms. Sandkulla added that while the model will not state what will happen, it will identify the scenarios resulting from forecasts informed by NOAA data. It will not be developing a separate hydrologic model about what might happen in a range of scenarios.

Director Doerr expressed her interest in the possibility of further exploring ways to, not just create scenarios, also identify what agencies should be planning based on what researchers are saying what might happen.

With no further discussions, or comments from members of the public, the Chair called for a motion.

Director Zigterman made a motion, seconded by Director Schneider, that the Committee recommend the Board to authorize the CEO/General Manager to negotiate and execute an agreement with Hazen Sawyer, subject to legal counsel review, for a total amount of \$810,000, with \$260,000 subject to future Board approval as part of the FY 2025-26 Operating Budget adoption, to complete the Regional Water Demands and Conservation Projections Study.

The motion passed unanimously by roll call vote.

- C. Second Amendment to Hanson Bridgett Professional Services Contract: Ms. Sandkulla reported that in developing the fiscal year work plan, BAWSCA works closely with Legal Counsel to identify the number of hours and level of effort needed to complete the critical tasks in the work plan. The budget for legal counsel is prepared according to the approved work plan and specific results. This approach ensures sufficient legal support for the fiscal year without overestimating or overbudgeting. This process, however, doesn't always provides sufficient resources for new and unanticipated issues that arise and that need to be addressed.

The current budget for legal is \$891,000. New and unanticipated expenses for legal resources generally require a contract amendment, which also enables transparency with the Board and public on the use of legal resources.

Since the Board's last action on legal's contract amendment in January 2024, several items have come up that require additional legal support that is beyond what was anticipated even as recently as last January.

They include the Wholesale Water Fixed Charge Study released by San Francisco in February, the Water Meter Maintenance and Testing Procedure Manual, and SFPUC's draft proposal regarding a possible WSA amendment related to Minimum Purchase Obligations. The first two items are described in the CEO letter and copies of correspondence with San Francisco are included in the Correspondence Packet.

Additional funding of \$84K is needed for legal counsel to address these issues in the current fiscal year. The increase can be funded by a transfer from the General Reserve. If approved, the FY 2023-24 Operating Budget would increase to \$5,067,419, and would bring the General Reserve balance to 29% of the revised Operating Budget.

In response to Director Zigterman's question, Ms. Sandkulla stated that the Board adopted General Reserve Policy recommends a General Reserve balance of 20% - 35% of the Operating Budget.

With no further questions and comments from the Committee and no comments from the Public, Chair Hardy opened the floor for a motion.

Director Schneider made a motion, seconded by Director Vella, that the Committee recommend the Board to authorize the CEO/General Manager to:

- 1. Amend the professional services contract with Hanson Bridgett by \$84K for a total not-to-exceed amount of \$975K;**
- 2. Authorize a transfer of \$84K from the General Reserve to the Operating Budget; and**
- 3. Increase the approved FY 2023-24 Operating Budget by \$84K to \$5,067,419.**

The motion passed unanimously by roll call vote.

6. Reports and Discussions:

- A. Update on Negotiations of a new Tier 2 Plan: Ms. McPherson reported that negotiations continue to make progress towards the June 2024 deadline that the agencies set for themselves. Lead negotiators are working towards finalizing a New Tier 2 Plan for unanimous adoption by governing bodies by December 2024.

While consensus is not yet secured, BAWSCA continues to believe that lead negotiators will reach agreement on final key parameters by end of June. BAWSCA is closely tracking the progress and considering the expiration of the existing Tier 2 Plan. If it appears that unanimous adoption by the BAWSCA agencies is not possible by December 2024, BAWSCA will begin facilitating the process, beginning with the BPC in October and with the Board in November, on whether to extend the existing Tier 2 Plan or adopt a new Plan.

Director Hardy asked if, in the event that the Board extend the existing Tier 2 Plan in December 2024, and the New Tier 2 Plan is adopted by the agencies, the New Plan will supersede the extended Tier 2 Plan.

Ms. Sandkulla stated that that is an option the Board can put in place when it takes its action in November.

Director Zigterman asked if there was a way the Board Policy Committee or the full Board can encourage the lead negotiators to conclude the negotiations this fiscal year, and whether there are any associated side issues, such as the minimum purchase, that are being brought up.

Director Hardy noted that members of the BAWSCA Board have discretion to do what they need to do within their agencies to assist progress of the negotiations.

Ms. Sandkulla stated that the proposed Minimum Purchase Amendment from San Francisco is influencing the process. The agencies that are subject to a minimum purchase obligations, particularly one, have clearly expressed their interest in addressing the issue as part of the new Tier 2 Plan. This can be expected in a multi-party negotiations.

Ms. Sandkulla encouraged members of the Committee and the Board to reach out to the negotiators of their appointing agencies. She reported that the negotiators have been made aware that beginning in June with the BPC, more details around a possible new Tier 2 Plan will be discussed with the Committee and the Board in preparation for the potential future need for the Board to act on a new Tier 2 Plan in absence of the member agencies adopting a plan themselves. Ms. Sandkulla noted that she encouraged the negotiators to embrace the need to come to resolution and stated that she was applying pressure to all sides to move the negotiations forward.

- B. BAWSCA's Long Term Reliable Water Supply Strategy 2050: Sr. Water Resource Engineer, Negin Ashoori was pleased to report that development of the draft Scope of Work for Strategy 2050 is on track with the helpful input received from the Board and Water Management Representatives.

The development of the draft Scope of Work began by establishing a purpose for Strategy 2050. With input from the Board and WMR, the purpose was established as:

“To identify the water supply and demand management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience.”

From the established purpose, further information from the member agencies were collected through a needs assessment survey. Results from that survey formed 6 specific objectives to achieve the purpose. The six objectives align with the goal of ensuring a reliable supply of high quality water at a fair price and are in addition to BAWSCA's work to oversee the WSA.

The purpose and objectives of Strategy 2050 informed the identification of seven (7) key tasks for the draft Scope of Work. In addition to the details provided in the staff report included in the agenda packet, Ms. Ashoori explained the specifics of each of the seven (7) task.

1. Evaluate water supply and demand management reliability.

- A risk assessment of water reliability will review the potential risks impacting water supply reliability in the BAWSCA region. Risks and stressors may include the impacts of Climate Change, evolving regulations, and other uncertainties on water supply both at the local and regional levels. The effects of the stressors on the water supply for four potential future scenarios will be quantified using the existing Riverware model.

This is similar to the sensitivity analysis for the 2022 Demand Study, but looking more at the supply side.

- In addition to the 2025 Demand Study, developing a preliminary water demand, supply, and reliability assessment for 2025 UWMP's will provide additional information that the agencies need to complete their reports. This includes the analysis of individual BAWSCA agency total water demand, water use efficiency potential, and water supply reliability risks.
- Assessment of existing risks and emergency framework will focus on identifying vulnerabilities from factors such as wildfires, earthquakes, and sea level rise, and looking at emergency response plan frameworks to identify differences, Best Practices in emergency planning and in responses as well as plan implementation across counties and individual agencies.
- Assessment of regional emergency resilience programs will explore the frameworks of member agencies as well as regional entities outside of the region to identify opportunities to incorporate best practices learned from other regions into the BAWSCA region to improve resources and coordination across BAWSCA agencies.

2. Assess regulatory setting and collaboration opportunities.

- Summary of up to six specific regulations and their requirements to see what the potential risks and opportunities might be for the BAWSCA region, including water supply availability, costs and staffing implementation.
- Develop recommended action for advancing regulatory collaborations by reviewing other regional frameworks. Potentially looking at what the Regional Water Authority is doing and applying to the BAWSCA region.

3. Evaluate existing project concepts and identify new regional project opportunities.

- Through the OneWater Reliability Roundtable series, BAWSCA compiled a list of projects that will be placed in a single shared database and refined to include factors such as water yield, potential benefits, capital costs, O&M, as well as secondary benefits that includes community and environmental benefits as well as challenges.
- Develop up to twelve new water supply and demand management project concepts and details that will focus on regional project opportunities.
- Develop metrics for comparing water supply projects and portfolios. The metrics developed would evaluate factors such as project opportunities and may include costs, dry year reliability benefits, water quality impacts, regulatory complexities, and speed of implementation to supplement the existing project concepts.
- Develop up to five multi-project portfolios from the project inventory to assess reliability benefits of different combinations of projects.
- Evaluate and identify, if any, necessary updates and refinements to the existing Regional Groundwater Model. BAWSCA established the Regional Groundwater Model during the 2015 Strategy development. The model was updated in 2018 with new data from the San Mateo County.
- Establish a subscription program to support member agencies with individual planning tasks if the tasks go beyond what is scoped at the regional level. This

would include development of individual agency projects or other reliability planning and analysis needed by individual agencies.

4. Provide support to member agencies in their efforts to obtain external funding.

- Expanding the new grant tracking tool, which will be released to the member agencies by the end of FY 2023-24, to incorporate new funding opportunities and to align it with the project inventory, identifying which projects are both eligible and competitive for funding.
- Establish a regional funding strategy and advocacy approach to maximize the funding in the BAWSCA region. It will outline potential opportunities, coordinate messaging, and recommend next steps to obtain funding.
- Provide funding application and administrative support as a subscription program to the agencies.
- Prepare application, if relevant State and/or Federal funding for Strategy 2050 becomes available during its development, to offset or augment funding through the Water Management Charge.

5. Document drinking water affordability challenges and opportunities.

- Review other State and regional findings and efforts related to drinking water affordability, including efforts by member agencies and others outside the region.
- Assess affordability programs and develop recommendations on potential programs and/or models that can be considered on a local or regional scale to address affordability challenges.

6. Develop method to track and report on the status of Strategy 2050 implementation.

- Develop a dashboard in which all the information will be available to help agencies collaborate and track progress on the 2050 development. It will include some of the components in BAWSCA's Water Conservation Database (WCDB).
- Develop a custom decision support tool designed to connect all the data sources compiled from the Strategy 2050 efforts to analyze certain projects over others. It will provide capability to adjust some of the assumptions, and prioritize alternatives. For example, projects that provide dry year reliability, or projects that can be completed in a shorter period of time can be prioritized and analyzed over other projects to allow planning for various scenarios.
- Develop metrics for tracking the progress towards achieving Strategy 2050 objectives. This would tie in with the decision support tools, and can include LOS metrics, regulatory compliance, and metrics for funding or affordability.
- Develop initial Strategy 2050 Progress Report and Action Plan that would summarize the progress made in the development of Strategy 2050 and outline the next steps to achieve the objectives.

7. Report preparation – including findings, near and long-term recommendations.

- Prepare the Final Strategy 2050 Report
- Develop Strategy 2050 communications materials

The draft Scope of Work includes a detailed schedule that identifies key points of engagement with the Board and the WMR to ensure continued communication throughout the

Strategy 2050 development. Workshops and meetings with the agencies will be regularly scheduled as BAWSCA works through the tasks.

Member agencies were provided the draft Scope of Work on March 1st, and comments were received on March 15th. The feedback received from the WMRs and the Board has guided the selection of tasks and subtasks for the development of the draft Scope of Work.

BAWSCA will continue to communicate with the WMRs and the Board in May and in June to discuss the funding plan through the use of the Water Management Charge in accordance with the WSA.

The draft Scope of Work will be presented to the Board at its May meeting as an informational item. BAWSCA anticipates recommending Board action on Strategy 2050 in July on a professional services contract and associated scope of work, as well as authorization on the use of the Water Management Charge as a funding source.

Director Hardy was pleased with the inclusion of emergency planning and the expansion of the “to be completed” grant tracking tool in the draft scope of work. She asked about whether the noted number of five multi-project portfolios to be developed under task #3 is a maximum or a minimum.

Ms. Ashoori stated that it is a maximum based on the designated number of consultant hours for the specific subtasks, but it can be adjusted if necessary.

Director Schnieder commented that what appears to be the current trend in grant applications is to try to get as many combined projects as possible. She appreciates that the draft scope of work is recognizing that approach for obtaining external funding opportunities.

Director Zigterman is looking forward to the study, and asked if Task #1 will look at the uncertainties resulting from the Bay Delta Plan by evaluating scenarios with a range of what might happen versus the way things are today.

Ms. Ashoori stated that it is something that will be looked at as Strategy 2050 is developed.

Ms. Sandkulla added that she is cautious about BAWSCA tackling the issue outside of the SFPUC as it falls under the SFPUC’s responsibility, and she would like to keep the pressure where it appropriately lies. It will be something that she will challenge the project team to evaluate within the context of the scenarios that they will look at.

Director Zigterman also commented to consider including an Executive Summary of the Final Report under Task #7.

Director Chambers was pleased that the draft Scope of Work will look at groundwater because regulations are very dynamic, specifically with the PFAS requirements, which can have a significant impact on water supplies for agencies that depend on groundwater. Additionally, some agencies have chromium 6 problems, therefore including groundwater in the scope of work for Strategy 2050 is a positive direction.

Director Duncan was pleased with the draft scope of work, particularly with the tasks of assessing existing vulnerabilities and emergency framework as well as regional emergency resilience programs. They align with agencies’ re-certification process for the America’s Water Infrastructure of 2018 (AWIA) that is due between 2025 and 2026. It would be valuable for agencies to have alignment with the AWIA goals.

Ms. Sandkulla noted that AWIA is a Federal requirement related to the reliability of water systems, and depending on the size of the system, there are certain levels by which agencies

have to respond about the system's security. It required, at its first round, a substantial effort across the nation for the water systems to comply.

Director Hardy reminded the Committee that there is a list of Acronyms included in the CEO letter for the Board members' reference.

7. CEO Reports:

- A. Water Supply Conditions: Ms. Sandkulla reported that Hetch Hetchy precipitation and snowpack are both near the historic median for the water year. Storage in the Regional Water System is at 90% of maximum.

Water demand from the Regional Water System is approaching the 5-Year average at approximately 170 mgd for this time of year. It is expected to increase in the months ahead, but given recent cold temperatures and precipitation, it may have dipped down.

Overall, water supply conditions are in a good position. SFPUC's final Water Supply Availability Report is anticipated by April 15th and will be shared with the Board and member agencies.

- B. Bay-Delta Plan and FERC Update: Ms. Sandkulla reported that the State Water Board is hosting a 3-day Workshop on the proposed Voluntary Agreements (VA) on April 24, 25 and 26. The workshops will be held in-person in Sacramento, but will be available live online, and recorded for viewing after.

The workshops will be focused on the proposed VAs, primarily on VAs to support the Bay Delta Plan Update Phase 2. The parties will provide detailed overview of the VA's. The goal is to receive input and answer questions from Board members, and receive input from the public. Ms. Sandkulla noted that the Tuolumne VA is included in the Bay Delta Plan Update Phase 1. There may be some mention of the Tuolumne in these workshops, but perhaps up to 5 minutes over the course of the workshops.

In support of the workshops, the State Board issued a cover memo on March 28th explaining the key documents that were submitted, which included flow accounting procedures, non-flow measure accounting protocols, implementing agreements, enforcement agreements, and a VA flowchart.

BAWSCA is reviewing the key documents and will monitor the workshops.

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

8. **Closed Session:** There were no public comments prior to Closed Session. The committee adjourned to a 5 minute break at 3:04pm prior to Closed Session.

9. **Report from Closed Session:** Legal Counsel, Allison Schutte, reported that Closed Session ended at 3:39. No reportable action was taken during Closed Session.

10. **Comments by Committee Members:** Director Hardy thanked members of the Committee for their time in attending the meeting, and for their patience as staff work through the challenges of applying technology in a rented facility. She noted the change in venue for the June meeting.

There were no further comments from members of the Committee or members of the public.

11. **Adjournment:** The meeting was adjourned at 3:33pm. The next meeting is June 12, 2024 in Oak Room of the San Mateo Main Library.

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Apr. 10 2024	Feb. 14, 2024	Dec. 13, 2023	Oct. 11, 2023	Aug. 11, 2023	Jun. 14, 2023
Santa Clara	Hardy, Karen (C)	✓	✓	✓	✓	MEETING CANCELLED	✓
Hillsborough	Ragsdale, Leslie (VC)	✓	✓	n/a	n/a		n/a
Westborough	Chambers, Tom	✓	✓	✓	✓		✓
Menlo Park	Doerr, Maria	✓	✓	✓	✓		
CalWater	Duncan, Darin	✓	✓	n/a	n/a		n/a
Redwood City	Pierce, Barbara	☎	✓	☎	✓		✓
Millbrae	Schneider, Ann	✓	✓	✓	✓		✓
MPWD	Vella, Lou	✓	☎	✓	✓		✓
Stanford	Zigterman, Tom	✓	✓	✓	✓		✓

✓: present

☎ : Teleconference

April 10, 2024 Meeting Attendance (*In-Person*)

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
Christina Tang	Finance Manager		
Danielle McPherson	Sr. Water Resources Specialist		
Negin Ashoori	Sr. Water Resources Engineer		
Lourdes Enriquez	Asst. to the CEO/General Manager		
Deborah Grimes	Office Manager		

Public Attendees:

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

March 21, 2024 – 6:30 p.m.

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 6:43 pm.

BAWSCA Chair, Tom Chambers, called the meeting to order. CEO/General Manager Nicole Sandkulla called the roll. Sixteen (16) members of the Board were present at roll call with two members on teleconference. Three members arrived after roll call. A list of Directors present (21) and absent (5) is attached.

2. Comments by the Chair:

Chair Chambers announced two new members of the Board; Darin Duncan from Cal Water, and Richard Mehlinger from City of Sunnyvale.

Chair Chambers noted that BAWSCA's comment letter to the SFPUC on the 10-Year Capital Improvement Plan (Plan), which was submitted to the Commission prior to the Plan's adoption in February, is included in the correspondence packet along with the SFPUC's response. The projects in the adopted Plan include necessary improvements to the water delivery and treatment facilities, like the Moccasin Penstocks Replacement Project and the Sunol Valley Water Treatment Plant, as well as the important early planning work for new alternative water supplies. These projects are critical for ensuring that the Regional Water System continues to provide a reliable water supply for the customers BAWSCA represents.

On March 15, 2024, the Court in the State Water Board Cases issued its decision and ruled in the State Board's favor on all counts, including BAWSCA's claims. While the ruling is unfortunate, Chair Chambers noted that it is important to recognize that the concerns BAWSCA expressed to the Court are now a part of the official record for future further consideration. With the increased risk to the water supply from the Regional Water System resulting from implementation of the Bay Delta Plan, SFPUC's continued planning to advance the Alternative Water Supply Plan is even more important.

The transition to livestream for the Board meetings continues. There are a few outstanding technical issues that remain, however the current schedule anticipates that the upcoming April 10th Board Policy Committee meeting will be livestreamed. Staff's diligence in working through the technical challenges is much appreciated.

3. Board Policy Committee Report – Director Hardy provided information on the February 14th Board Policy Committee meeting. The Board Policy Summary Report included in the agenda packet reflects the discussions by the Committee including the Committee's recommendations.

4. SFPUC Report:

Ms. Alison Kastama, SFPUC's BAWSCA Liaison, provided a water supply conditions update.

Mr. Steve Richie, SFPUC AGM for Water Enterprise, reported on the SFPUC's adopted Budget and 10-Year Capital Improvement Program (10-year CIP).

Comments and questions were received from members of the Board.

Public comments were provided by Dave Warner and Peter Drekmeier.

5. Consent Calendar:

Director Pierce made a motion, seconded by Director Doerr, that the Board approve the Minutes of the January 18, 2024 meeting; receive and file the Budget Status Report and Investment Report as of January 31, 2024; receive and file the Bond Surcharge Collection, Account Balance and Payment Report as of December 31, 2023; and authorize Professional Services Contract to Support the Preparation of the 2021-2023 Drought Report.

The motion passed by roll call vote.

6. Public Comments on Items Not on the Agenda:

Public comments were provided by Dave Warner, Peter Drekmeier, and Jakob Evans.

7. Reports and Discussions:

A. Preliminary FY 2024-25 Work Plan, Results to Achieve, and Operating Budget:

CEO/General Manager, Nicole Sandkulla, presented the Preliminary FY 2024-25 Work Plan, Results to be Achieved, and Operating Budget to the Board for its feedback and discussion. Comments provided will be reflected in the Proposed Work Plan, Results to be Achieved, and Operating Budget that will be presented to the BPC for discussion at its April 10th meeting.

Questions and comments were taken from members of the Board.

Public comments were provided by Dave Warner and Peter Drekmeier

B. BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy 2050):

Senior Water Resources Engineer, Negin Ashoori, provided the Board an update on the development of BAWSCA's Long-Term Reliable Water Supply Strategy 2050.

Questions and comments were taken from members of the Board.

There were no comments from members of the public.

11. CEO Reports:

- A. Bay Delta Plan:** Ms. Sandkulla reported that on March 15, 2024, the Court in the State Water Board Cases issued its decision and ruled in the State Board's favor, dismissing all 116 claims by 12 petitioners, including BAWSCA's claims. BAWSCA is still reviewing the decision to determine next steps, if any. Based on its initial review, BAWSCA is extremely disappointed in the decision, which makes a reliable supply for the Regional Water System uncertain. The Court's decision highlights the importance of SFPUC's new Alternative Water Supply Program and early planning for new alternative water supplies. BAWSCA continues to support a voluntary agreement for the Tuolumne River, which is being currently evaluated by the State Water Board.

- B. Tier 2 Plan Update: Ms. Sandkulla reported that member agency lead negotiators made significant progress on major elements of the new Tier 2 Plan. They are working towards finalizing a new Tier 2 Plan by end of June for unanimous adoption by governing bodies by December 2024.

If progress slows down, the Board and BPC will be kept apprised and BAWSCA will facilitate necessary Board decision by October/November on whether to extend the existing Tier 2 or adopt a new Plan.

There were no comments from members of the public.

Chair Chambers opened the floor for a motion to extend the meeting until 10pm.

Director Hardy made a motion, seconded by Director Hamilton, to extend the meeting until 10pm.

The motion passed by roll call vote.

8. Closed Session

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

The meeting adjourned to Closed Session at 8:51pm.

9. Report from Closed Session:

Chair Chambers reconvened the meeting to Open Session.

Legal Counsel, Allison Schutte, reported that the Board reconvened from Closed Session at 9:36pm. There was no reportable action taken during Closed Session.

10. Directors' Discussion: Comments, Questions and Agenda Requests:

There were no comments from members of the Board.

Ms. Sandkulla reported that a 2nd Hetch Hetchy tour on October 15-16, 2024 was secured with the SFPUC. Board members were encouraged to participate in the tour, and were asked to respond to the email communication as space will be limited.

- 11. Date, Time and Location of Next Meeting:** The next meeting is scheduled on May 16, 2024 at 6:30pm at Burlingame Community Center.

- 12. Adjournment:** The meeting adjourned at 9:38pm.

Respectfully submitted,

Nicole Sandkulla
CEO/General Manager

NS/le

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

Roll Call & Voting Log - BAWSCA

Meeting Date: March 21, 2024

Agency	Director				Weighted Voting ⁽²⁾	
		Present/ Absent	Item #5A Consent	Other	Weighted "Yes" Votes	Weighted "No" Votes
Hayward	Andrews, Angela	y	y			
Brisbane	Breault, Randy	y	y			
Guadalupe	Breault, Randy	y	y			
Westborough	Chambers, Tom	y	y			
San Jose	Cohen, David	0	0			
Menlo Park	Doerr, Maria	y	y			
CalWater	Duncan, Darin	y	y			
San Bruno	Hamilton, Tom	y	y			
Santa Clara	Hardy, Karen	y	y			
Foster City	Hindi, Sam	0	0			
Purissima	Jordan, Steve	y	y			
East Palo Alto	Lopez, Antonio	y	0			
Daly City	Manalo, Juslyn	0	0			
Mountain View	Matichak, Lisa	y	y			
Sunnyvale	Mehlinger, Richard	0	0			
Coastside	Mickelsen, Chris	y	y			
Milpitas	Montano, Carmen	0	0			
North Coast	Piccolotti, Tom	y	y			
Redwood City	Pierce, Barbara	y	y			
Hillsborough	Ragsdale, Leslie	y	y			
Millbrae	Schneider, Ann	y	y			
Burlingame	Stevenson, Peter	0	0			
Palo Alto	Stone, Greer	y	y			
Mid-Peninsula	Vella, Louis	y	y			
ACWD	Weed, John	y	y			
Stanford	Zigterman, Tom	y	y			

Vote Tally

				Weighted Vote Summary	
				"Yes"	"No"
Yes (y)	20	19			
No (n)					
Absent (0)	6	7			
Abstain (a)					

Item Carries by Simple Vote?					
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

Bay Area Water Supply and Conservation Agency

Board of Directors Meeting Attendance Roster

Director	Agency	Mar. 21, 2024	Jan. 18, 2024	Nov. 16, 2023	Sept. 27, 2023	July 20, 2023	May 18, 2023
Andrews, Angela	Hayward	✓	✓	✓	✓	✓	✓
Breault, Randy	Guadalupe	✓	✓	✓	✓	✓	
Breault, Randy	Brisbane	✓	✓	✓	✓	vacant	✓*
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓
Cohen, David	San Jose		✓	✓	✓		
Doerr, Maria	Menlo Park	✓	✓	✓	✓	✓	✓
Hamilton, Tom	San Bruno	✓	✓	✓	✓	✓	✓
Hardy, Karen	Santa Clara	✓	✓	✓		✓	✓
Hindi, Sam	Foster City		✓		✓		✓
Jordan, Steve	Purissima	✓	✓	✓	✓	✓	✓
Lopez, Antonio	East Palo Alto	✓		✓	✓		
Manalo, Juslyn	Daly City						✓
Matichak, Lisa	Mountain View	✓	✓		✓	✓	✓
Mehlinger, Richard	Sunnyvale		✓*	✓*	✓*	✓*	✓*
Mickelsen, Chris	Coastside	✓		✓			✓
Montano, Carmen	Milpitas			✓		✓	
Piccolotti, Tom	North Coast	✓	✓	✓	✓		✓
Pierce, Barbara	Redwood City	✓	✓	✓	✓	✓	✓
Ragsdale, Leslie	Hillsborough	✓	✓	✓	✓	✓	✓*
Schneider, Ann	Millbrae	✓	✓	✓	✓	✓	✓
Smegal, Tom	Cal Water	✓	✓	✓	✓	✓	
Stone, Greer	Palo Alto	✓		✓	✓		✓*
Stevenson, Peter	Burlingame		✓	✓	✓	✓	✓*
Vella, Louis	Mid-Peninsula	✓	✓	✓	✓	✓	✓
Weed, John	ACWD	✓	✓	✓	✓		✓
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: May 1, 2024

SUBJECT: Budget Status Report as of March 31, 2024

This memorandum shows fiscal year budget status for FY 2023-24. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the nine-month period ending March 31, 2024, 75 percent into the fiscal year, total expenditures were \$3,368,648 or 68 percent of the total budget of \$4,983,419.

Table 1. Operating Budget Summary as of March 31, 2024

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,744,552	1,079,709	62%
Fair Pricing	272,500	147,860	54%
Administration	145,000	108,536	75%
Subtotal	2,162,052	1,336,105	62%
Administration and General			
Salary & Benefits	2,309,542	1,714,866	74%
Other Expenses			
BAWSCA	501,250	317,307	63%
BAWUA	1,050	0	0%
Subtotal	4,973,894	3,368,278	68%
Capital Expenses	5,000	0	0%
Budgeted Contingency	2,500	0	0%
Regional Financing Authority	2,025	369	18%
Grand Total	4,983,419	3,368,648	68%

Overview:

Overall expenditures for FY 2023-24 are tracking within budget.

Consultants

The \$91,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 29 percent expended. The Operating Budget allocation of \$172,500 for strategic counsel was 40 percent expended. The Operating Budget allocation of \$891,000 budget for legal counsel was 84 percent expended. The \$238,984 budget for water management and conservation-related activities was 43 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 74 percent and 63 percent respectively.

Use of CEO's Discretionary Spending Authority:

In April, the CEO entered into the following agreement under her discretionary spending authority:

- A first contract amendment in the amount of \$10,000 with IGService for services related to the annual Wholesale Revenue Requirement (WRR) review process.

The FY 2023-24 Operating Budget remains the same.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2022-23 were \$665,592. The General Reserve balance as of March 31, 2024 shown below reflects the transfer of the unspent balance from FY 2022-23 in accordance with BAWSCA's General Reserve Policy.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 01/31/24)	Account Balance (As of 03/31/24)
General Reserve	\$1,543,390	\$1,543,390


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: May 7, 2024

SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report
 as of March 31, 2024

In February 2013, 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. In January 2023, BAWSCA completed the settlement of Series 2023A bonds to refund the 2013A bonds based on a tax-exempt forward delivery, which resulted in a reduced monthly surcharge from the agencies starting March 2023. The bond transactions and the prepayment program are anticipated to generate approximately \$89.4 million in net present value savings to the water customers from 2013 to 2034 when the bonds will be paid off.

Bond Surcharge Collections

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

All surcharges billed for the months of January in 2024 have been collected. Payments of surcharges billed for February and March 2024 are still being received. Table 1 below presents a summary of transactions related to BAWSCA's Bond Series 2013B and 2023A for the three months.

Table 1: Summary of Surcharges Remitted to Trustee for Quarter Ending 3/31/2024

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>	<u>Difference</u>
January 2024	\$1,826,481	\$1,826,481	\$0
February 2024	\$1,826,481	\$1,794,442	\$32,039
March 2024	<u>\$1,826,481</u>	<u>\$909,818</u>	<u>\$916,663</u>
Total	\$5,479,443	\$5,479,443	\$948,702

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 the past quarter are shown in Table 2 below.

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 3/31/2024

	21,785,345	Account Market Value as of 12/31/2023
<i>plus:</i>	<i>5,480,965</i>	<i>Surcharge Collected in January 2024 through March 2024</i>
<i>plus:</i>	<i>145,201</i>	<i>Money Market Fund Interest, Security Coupons/Accrued Interest Received</i>
<i>plus:</i>	<i>(29,531)</i>	<i>Change in Market Value of Held and Matured Treasury Bonds</i>
	27,381,980	Account Market Value as of 3/31/2024

In April 2024, BAWSCA re-evaluated its investment strategy for the bond stabilization fund during the annual review of the Investment Policy. As the Federal Reserve maintains interest rates at their highest level in over twenty years in its efforts to tame inflation, rates in the 0-5 year range remain elevated. BAWSCA's longer-term 0-5 year ladder maturity investment strategy continues to provide a disciplined approach for extending portfolio duration at prevailing market rates. With a ladder maturity distribution, the fund has taken advantage of being able to reinvest into the higher rates available on longer-term bonds. The current 0-5 year ladder maturity investment strategy continues to provide important yield curve diversification against both market price and reinvestment rate risks consistent with BAWSCA's risk tolerances and primary investment objectives. For this reason, BAWSCA and its investment advisor believe that the current 0-5 year ladder maturity investment strategy remains appropriate as such longer-maturity strategies have historically provided greater investment returns and income over time.

Just prior to security maturities on March 31, 2024, the book yield and market yield on BAWSCA's revised portfolio strategy was 2.19% and 4.38% respectively, as compared to the yield of 5.21% 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.

Debt Service Payment Status

The recent debt service payment of \$4,280,534 was made on April 1, 2024. It was paid using the bond surcharges collected from the agencies, consistent with the bond indenture. The next debt service payment of \$17,690,534 will be made on October 1, 2024. 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.



Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: May 3, 2024

SUBJECT: Investment Report – As of March 31, 2024

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. As a result of the recent review of the policy, proposed modifications to the current statement of investment policy ensuring safety of bank deposits over the FDIC limit were presented and approved by the Board at its May 18, 2023 meeting.

BAWSCA funds not deposited in banks are invested in BAWSCA's 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>01/31/24</u>	<u>03/31/24</u>
\$2,963,658	\$2,963,658

Of the total in the BAWSCA LAIF account as of March 31, 2024, \$1,543,390 represents BAWSCA's General Reserve Fund, equivalent to approximately 31 percent of FY 2023-2024 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

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

<u>12/31/24</u>	<u>03/31/24</u>
4.00%	4.30%

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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: Deborah Grimes, Office Manager

DATE: May 2, 2024

SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending
March 31, 2024

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

There were no director expenses reimbursed for the quarter ending March 31, 2024.

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BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: May 3, 2024

SUBJECT: Employees' Reimbursement Quarterly Report for the Period Ending March 31, 2024

This report is prepared pursuant to Government Code Section 53065.5: Each special district, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that district and shall be made available for public inspection.

Table 1 presents the reimbursed expenses for BAWSCA Employees during the quarter ending March 31, 2024.

Table 1. Employee Reimbursement Expenses

BAWSCA Employee	Expense Amount	Purpose
Christiane Barth	\$461	<ul style="list-style-type: none"> Meeting expenses September board meeting
Tom Francis	\$2,703	<ul style="list-style-type: none"> Travel expenses Urban Water Institute Board Meeting, December 2023 Travel expense/registration Urban Water Institute Conference, Feb. 2024
Deborah Grimes	\$1,680	<ul style="list-style-type: none"> ACWA Spring 2024 Conference registration for Danielle McPherson & Nicole Sandkulla
Nicole Sandkulla	\$2,147	<ul style="list-style-type: none"> Travel Expense for ACWA Fall Conference, Nov. 2023
Christina Tang	\$310	<ul style="list-style-type: none"> CSMFO Membership renewal & Certified Public Finance Office annual membership fee

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Authorization of CEO to Enter into a Contract with Hazen and Sawyer to Develop a Regional Water Demand and Conservation Projections Study**

Summary:

BAWSCA seeks to complete a Regional Water Demand and Conservation Projections Study (2025 Demand Study), with the goal of developing water demand and conservation projections through 2050 for each BAWSCA agency and the region as a whole. The 2025 Demand Study will provide valuable insights on long-term water demand patterns and conservation savings potential for BAWSCA agencies to support regional efforts, such as implementation of the Long-Term Reliable Water Supply Strategy (Strategy 2050). The 2025 Demand Study will also provide necessary information to support individual agency efforts such as compliance with the new State water use efficiency requirements and completion of Urban Water Management Plans (UWMPs). The 2025 Demand Study is anticipated to be an 18-month effort split into two phases. Phase 1 will provide the necessary information for, and align with, the State's UWMP submittal schedule, with demand forecasting work to be completed by the end of June 2025. Phase 2 will include a sensitivity analysis, building on the successful work from the 2022 Demand Study Refresh, as well as new simulations of impacts from projected future droughts considering the potential for future demand hardening.

BAWSCA issued request for proposals on January 3, 2024, soliciting proposals from qualified firms to develop long-term regional water demand and conservation projections using a consistent methodology across its member agencies. In addition to the individual agency models produced through this effort, BAWSCA sought improvements from past Demand Studies, including (1) ability to estimate each agency's annual Urban Water Use Objectives as mandated by the State, (2) ability to forecast water demands and conservation savings under a range of hydrologic, climate, and other conditions, and (3) ability to incorporate more refined, locally approved land use projections. The Demand Study will require close coordination with each BAWSCA agency.

Four proposals were received and evaluated by a review panel consisting of BAWSCA staff and three representatives from outside agencies. Three of the proposals were highly competitive and BAWSCA interviewed each at least once. Through its proposal and during the interview process, Hazen and Sawyer (Hazen) highlighted its experience in the areas of statistical modeling, econometric water demand forecasting, and climate change modeling.

The Hazen team brings together highly qualified individuals, including award winning professionals specializing in water demand and conservation projections. BAWSCA is excited to move forward with Hazen on this project.

Fiscal Impact:

It is anticipated that the Demand Study will be a multi-year work effort in FY 2024-25 (Phase 1) and FY 2025-26 (Phase 2). The proposed funding source is the Operating Budget. Phase 1 work to be completed in FY 2024-25 is estimated to cost approximately \$550,000. Phase 2 work to be completed in FY 2025-26 is estimated to cost approximately \$260,000. Phase 1 costs are reflected in the proposed FY 2024-25 Work Plan and Operating Budget. Phase 2 costs will need

to be approved through the regular FY 2025-26 Operating Budget adoption process in Spring 2025.

Board Policy Committee Action:

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

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute an agreement with Hazen Sawyer, subject to legal counsel review, for a total amount of \$810,000, with \$260,000 subject to future Board approval as part of the FY 2025-26 Operating Budget adoption, to complete the Regional Water Demands and Conservation Projections Study.

Discussion:

BAWSCA has coordinated regional water demand and conservation projections for its member agencies since 2002. Since 2015, BAWSCA has completed these projection projects on five-year cycles to support regional planning efforts and to facilitate its member agencies' preparation of UWMPs. The most recent Demand Study was completed in June 2020 (2020 Demand Study) and a subsequent "refresh" was completed in December 2022 to better understand the impacts of COVID 19. The refresh also included a sensitivity analysis to evaluate how several variables may influence future demand projections.

Each of the regional water demand and conservation projections projects have developed long-term water demand and conservation savings projections for each BAWSCA member agency over a 20-year planning horizon and produced an individual model for each agency. 27 individual agency models are developed through BAWSCA's regional demand studies. Two member agencies, the City of Brisbane and Guadalupe Valley Municipal Improvement District, are jointly operated and use a single demand and conservation projection model for combined demand projections. Cal Water has three districts within the BAWSCA service area with an individual demand and conservation projection model for each district.

Past demand studies, and this upcoming 2025 Demand Study, utilize an econometric analysis of historic data to forecast future demands using empirically based parameters that influence water consumption. This method establishes an efficient framework capable of tailoring estimated parameters by member agency. The agency specific econometric models will be designed to include (where available and statistically significant) explanatory variables representing components related to seasonal variability, weather, price, general economic conditions, COVID-19 response and recovery, socioeconomic and demographic factors, passive conservation, drought response and recovery, etc.

New and Improved Analyses and Tasks for BAWSCA 2025 Demand Study

In addition to the 27 individual agency models produced through this effort, BAWSCA secured the following new and improved tasks compared to past Demand Studies in response to interest from the Board, member agencies and others: ability to estimate each agency's annual Urban Water Use Objectives as mandated by the State; ability to forecast water demands and conservation savings under a range of hydrologic, climate, and other conditions; ability to incorporate more refined, locally approved land use projections; a sensitivity analysis, building on the lessons learned from the 2022 Demand Study Refresh; and new simulations of impacts from projected future droughts considering the potential for future demand hardening

Consultant Selection Process

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

BAWSCA released the Request for Proposals (RFP) on January 3, 2024. A panel reviewed the proposals received. Consultant interviews were held on March 8, 2024. The panel included BAWSCA staff, two BAWSCA Agency staff, and a representative from an outside agency.

Consultants were evaluated based on the following criteria:

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

Based on the evaluation of the written proposals and interviews, the panel unanimously recommended Hazen and Sawyer for consideration by the CEO.

Scope of Work and Schedule

BAWSCA and the consultant team are continuing to finalize the details of the final scope of work which includes the following key tasks:

For Phase 1:

- Data Collection and Review
- Baseline and Future Demand Analysis
- Calculate Urban Water Use Objective
- Conservation Program Analysis and Selection
- Member Agency Coordination
- Stakeholder Engagement

For Phase 2:

- Stakeholder Engagement on Sensitivity Analysis
- Sensitivity Analysis
- BAWSCA Regional Model
- Methodology to Incorporate Future Droughts

BAWSCA anticipates commencing work July 1, 2025. Phase 1 will be completed June 2025 and Phase 2 will be completed December 2025.

The draft Scope of Work and schedule is included in Exhibit A.

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency and Hazen Sawyer for
Regional Water Demand and Conservation Projections Study (2025 Demand Study)

DRAFT SCOPE OF WORK and SCHEDULE

DRAFT SCOPE OF WORK

Phase 1 Scope of Work (FY 2024-25)

Task 1 – Data Collection and Review

The Consultant will identify data needs based on the model(s) requirements and submit a data request to BAWSCA for BAWSCA and each of its member agencies. In addition, the Consultant will also gather population and employment projections and other necessary data from other relevant sources (e.g., Association of Bay Area Governments, California Department of Finance, the US Census Bureau, County property appraisers, and other sources).

Consultant will prepare a Data Collection Technical Memorandum (TM-1), which will include the specific data for each of the 27 agency models and a roll up of results from each of the individual agency models into a BAWSCA regional Excel document.

Task 2 – Baseline and Future Demand Analysis

The Consultant will recommend and justify a base year from which to develop projections through 2050. The base year and the resultant projections may be normalized through the application of econometric tools/models that consider weather, water price, drought recovery, customer income, economic recovery, and other elasticities.

The Consultant will develop baseline annual demand projections based on projected population and employment growth, land use planning data, and other relevant information. Within the framework of the model(s), the Consultant will quantify and include impacts of passive conservation, evaluate demand by customer sector, project future agency water use characteristics, and consider impacts of demand rebound.

The Consultant will develop annual demand projections for a range of climate scenarios, including normal year, dry year, and multiple dry year, to facilitate understanding of demand patterns and the impacts of long-term conservation programs on water shortage contingency plan actions.

The Consultant shall develop a user guide that enables BAWSCA and/or its member agencies to update the demand forecasting model in the future, including data sources and assumptions used in developing the model.

Consultant will prepare a Demand Analysis Technical Memorandum (TM-2), which will include specific information and results for each of the 27 agency models and aggregate data for BAWSCA.

Task 3 – Calculate Urban Water Use Objective

The Consultant shall use best available information to estimate each agency's Urban Water Use Objective (UWUO), as required by AB 1668 and SB 606. Additionally, each agency's model should provide water use projections for (1) indoor residential use, (2) outdoor residential use, and (3) outdoor commercial, institutional, and industrial (CII) use with a dedicated irrigation meter (DIM) so that each agency can anticipate future compliance with the water use efficiency standards and evaluate different conservation measures that may be necessary.

Task 4 – Conservation Program Analysis and Selection

The Consultant will develop a suite of at least 25 conservation measures and their associated water savings, costs, and other metrics. BAWSCA and Consultant will convene two stakeholder meetings, the first to gather feedback on which measures should be included and the second to present the results of the conservation savings estimates.

The Consultant will configure three distinct programs for each member agency, each program including some combination of the 25 measures, based on general criteria (e.g., most cost-effective) and solicit individual member agency input in approving of the program components. The Consultant will perform a benefit-cost analysis for each measure and for each of the three distinct programs.

Based on the results of this task, the Consultant will prepare individual Water Conservation TMs (TM-3) for each agency model to document the results of the three conservation programs.

Task 5 – Member Agency Coordination

BAWSCA member agency input will be vital to the success of this effort; therefore, in its proposal, the Consultant is required to provide a detailed approach and budget for facilitating member agency participation. The Consultant must allot sufficient hours within the overall budget to accommodate this necessary input.

The Consultant will conduct meetings with BAWSCA staff and BAWSCA member agency staff to complete the data collection required for Tasks 2-4. It is anticipated that meetings and/or phone interviews with each of the 25 BAWSCA member agencies will be required to perform this task.

In addition, it is anticipated that at least three workshops with BAWSCA and all BAWSCA member agencies will be required to review deliverables, obtain agency feedback, and provide model training.

Task 6 – Stakeholder Engagement (Conservation Programs)

Consultant will prepare for and conduct two meetings with outside stakeholders identified by BAWSCA to identify and evaluate conservation measures (Phase 1 Task 4). The principal objective of the first workshop is to solicit input on conservation measures to be analyzed for potential implementation. The main objectives of the second stakeholder meeting will be to present and obtain feedback on the cost-benefit analyses of conservation measures and resulting demand projections including the estimated impacts of selected programs.

Task 7 – Project Management

To keep the Project on schedule and budget, the Consultant must provide BAWSCA with monthly project status, bills, and budget updates by task. The information can be shared via phone or email in combination with updated Excel spreadsheets detailing budget and schedule status.

Phase 2 Scope of Work (FY 2025-26)

Task 1 – Stakeholder Engagement (Sensitivity Analysis)

Consultant will prepare for and conduct two meetings with outside stakeholders identified by BAWSCA to identify and evaluate scenarios to be included in the sensitivity analysis (Phase 2 Task 2). The principal objective of the first workshop is to solicit input on which variables that are likely to influence water consumption should be included in projection scenarios. The main objectives of the second stakeholder meeting will be to present and obtain feedback on the results of the sensitivity analysis.

Task 2 – Sensitivity Analysis

Consultant will work with BAWSCA to establish 5-7 variables that have statistically significant impacts on water demand and would be most relevant in the demand projection model. Hazen will then work with BAWSCA, member agencies, and stakeholders to define up to 7 projection scenarios by varying assumed future values of model variables over the projection period.

Given the potentially wide and diverse range of scenario combinations, it will be necessary to concentrate on model variables that have the greatest impact and/or statistical significance. From an econometric perspective, the assessment will focus on the size and magnitude of estimated parameters, as well as observed historical variance.

Based on the results of this task, the Consultant will prepare a Sensitivity Analysis TM (TM-4) to document the results of the sensitivity analysis.

Task 3 – BAWSCA Regional Model

Consultant will develop an independent BAWSCA Regional Demand Model by consolidating the 27 individual agency models. Corresponding regional measures of the same model components discussed in Phase 1 Task 2 can be derived for econometric modeling purposes, characterizing variability in regional averages/totals of demand factors, such as weather, prices, housing, employment, and other modeled variables. The regional model will also support BAWSCA's work on Strategy 2050.

Task 4 – Methodology to Incorporate Future Droughts

While building future demand projection scenarios that incorporate pre-drought and pre-recession rebounds and active and passive conservation is critical for planning studies such as this one, these scenarios alone often do not provide a realistic range of potential future demands.

Consultant will develop a supplemental methodology that simulates the impacts of projected future droughts considering the potential for future demand hardening. This stochastic approach will be based on the realistic assumption that the region has a statistical likelihood of future

drought and corresponding requests for demand reduction in the period between the present and 2050.

The simulations will employ the lessons from the historical data analysis and drought response together with projected impacts of conservation programs to model how future water shortages would be managed.

Task 5 – Final Report and Documentation

The Consultant will develop a Final Water Demand and Conservation Projections Report, incorporating the information developed for each task in Phase 1 and 2. The Consultant will also provide a model User Manual.

Task 6 – Project Management

To keep the Project on schedule and budget, the Consultant must provide BAWSCA with monthly project status, bills, and budget updates by task. The information can be shared via phone or email in combination with updated Excel spreadsheets detailing budget and schedule status.

DRAFT SCHEDULE

Phase 1 (FY 2024-25) Deliverables	Proposed Completion Date
Technical Memorandum 1 (Data Collection)	November 2024
Stakeholder Engagement (Water Conservation)	April 2025
Technical Memorandum 2 (Demand Analysis)	June 2025
Technical Memorandum 3 (Water Conservation)	June 2025
Individual Agency Models	June 2025

Phase 2 (FY 2025-26) Deliverables	Proposed Completion Date
Stakeholder Engagement (Sensitivity Analysis)	July 2025
Technical Memorandum 4 (Sensitivity Analysis)	August 2025
Technical Memorandum 5 (BAWSCA Regional Model)	November 2025
Final Report and Model User Manual	December 2025

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Second Amendment to Hanson Bridgett Professional Services Contract**

Summary:

Activities associated with addressing the SFPUC Wholesale Water Fixed Charges Study and Water Meter Maintenance and Testing Procedures Manual has required additional legal resources and requires additional use of legal counsel services for the remainder of FY 2023-24. As a result, the contract with Hanson Bridgett must be amended to avoid disruption of necessary work to achieve critical results for FY 2023-24. A budget amendment for an additional \$84K is recommended to fund necessary work through June 2024 for a revised contract not to exceed a total budget of \$975K.

Fiscal Impact

This recommended budget increase would be funded using an \$84K transfer from the General Reserve. The recommended transfer would result in a General Reserve balance of \$1,459,390, which at 28.7% of the revised approved FY 2023-24 Operating Budget, would remain within budgetary guidelines.

Board Policy Committee Action:

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

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Amend the professional services contract with Hanson Bridgett by \$84K for a total not-to-exceed amount of \$975K; and**
- 2. Increase the approved FY 2023-24 Operating Budget by \$84K to \$5,067,419.**

Discussion:

Expenses associated activities to address the SFPUC Wholesale Water Fixed Charge Study (Study), the SFPUC Water Meter Maintenance and Testing Procedures Manual (Manual), and the SFPUC's draft proposal regarding a possible Water Supply Agreement amendment related to Minimum Purchase obligations has required additional legal resources. These needed additional legal resources go beyond what was anticipated or planned at the time of the FY 2024-24 Mid-Year Budget Review for different reasons outside of BAWSCA's control. For the Study, BAWSCA was unaware of the full scope of what the SFPUC was proposing until the Study was received in early February 2024. For both the Manual and the possible WSA amendment, the level of effort required by BAWSCA to address information from the SFPUC is significantly greater than previously anticipated or known in January 2024.

Table 1 presents the historical budget information for BAWSCA legal counsel with notations included to identify the reasons for significant budget increases and decreases. Table 2, which is also included as Table A-1 in the Proposed FY 2024-25 Work Plan and Operating Budget memo, presents the contract amounts for legal counsel and a comparison to the % of total BAWSCA operating budget over the past 10 years. The recommended action would result in a legal counsel budget that is 19% of the revised adopted Operating Budget for FY 2023-24.

Table 1. Historical Budget Information for BAWSCA Legal Counsel (Hanson Bridgett)

Hanson Bridgett	Original Contract	Budget at year-end	Year-end spending	Budget vs. expenses	
FY 05-06	\$335,000	\$395,000	\$297,848	75%	January 2006 - additional \$60,000 from contingency- no change to operating budget
FY 06-07	\$469,000	\$469,000	\$365,062	78%	
FY 07-08	\$665,000	\$665,000	\$583,120	88%	
FY 08-09	\$644,500	\$817,000	\$817,776	100%	May 2009 - additional \$172,500 reallocated from other expense categories - no change to operating budget
FY 09-10	\$311,000	\$419,000	\$333,169	80%	January 2010 - additional \$108,000 reallocated from other expense categories - no change to operating budget
FY 10-11	\$366,000	\$366,000	\$318,667	87%	
FY 11-12	\$390,000	\$415,000	\$414,430	100%	May 2012 - additional \$25,000 reallocated from contingency - no change to operating budget
FY 12-13	\$451,000	\$569,000	\$558,120	98%	September 2012 - additional \$58,000 reallocated from General Reserve for Pilot Water Transfer Program - increase operating budget
					May 2013 - additional \$60,000 reallocated from other expense categories, including contingency - no change to operationing budget
FY 13-14	\$496,000	\$601,000	\$600,983	100%	April/May 2014 additional \$105,000 reallocated from other expense categories, including contingency - no change to operating budget
FY 14-15	\$524,000	\$624,000	\$588,715	94%	May 2015 additional \$100,000 from other expense categories, including contingency - no change to operating budget
FY 15-16	\$586,500	\$586,500	\$556,148	95%	
FY 16-17	\$651,000	\$726,000	\$627,874	86%	May 2017 additional \$75,000 - \$57,000 from contingency & \$17,500 from Terry Roberts
FY 17-18	\$669,000	\$669,000	\$605,442	90%	
FY 18-19	\$669,000	\$919,000	\$919,000	100%	March 2019-additional \$150k; \$57.5k from contingency, \$50.k from General Reserve, \$42.5k from other unspent funds; \$50k added to operating budget. May 2019 - additional \$100k reallocated from other expense categories; no change to operating budget
FY 19-20	\$799,500	\$819,000	\$818,000	100%	June 2020 - \$19.5 reallocated from other expense categories; no change to operating budget
FY 20-21	\$606,500	\$1,006,500	\$1,006,500	99%	March 2021 - additional \$200,000; \$142.5k from General Reserve, \$57.5k from contingency; \$142.5k added to operating budget. May 2021 \$197k from Balancing Account, \$3k reallocated from other expense categories; \$197k added to operating budget
FY 21-22	\$723,500	\$748,499	\$748,499	100%	June 2022 - additional \$24,999; reallocated from other expense categories; no change to the operating budget
FY 22-23	\$781,500	\$856,499	\$856,492	100%	May 2023 - additional \$50,000; reallocated from other expense categories; no change to operating budget. June 2023 additional \$24,999 reallocated from other expense categories; no change to operating budge
FY 23-24	\$779,000				January 2024 - additional \$112,00 from General Reserve; \$112,000 added to operating budget. HB Budget \$891,000 as of April 2024.

Table A-1. Historical Legal Counsel Contract Amounts

Fiscal Year	Contract Amount	% of Total BAWSCA Operating Budget
2014-15	\$624,000	21%
2015-16	\$586,500	18%
2016-17	\$726,000	21%
2017-18	\$669,000	18%
2018-19	\$919,000	21%
2019-20	\$819,000	18%
2020-21	\$1,006,500	23%
2021-22	\$748,499	16%
2022-23	\$856,499	18%
2023-24	\$891,000 (as of 1/18/24)	18% (as of 1/18/24)
2024-25	\$880,000 (proposed)	16% (proposed)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Proposed Fiscal Year 2024-25 Work Plan, Results to be Achieved and Operating Budget**

Summary:

This memorandum presents the proposed Fiscal Year 2024-25 Work Plan, results to be achieved, and operating budget.

The proposed Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high-quality water at a fair price. Major work areas include review of SFPUC's 10-year Capital Plan and Asset Management Program; initiate development of BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050); initiate development of Updated Regional Water Demand and Conservation Projections; provide assistance to members in meeting new State water use efficiency mandates; implement BAWSCA's core and subscription conservation programs including the new BAWSCA grant tracking tool; take action necessary to ensure that the SFPUC meets its legal and contractual water supply reliability obligations to its Wholesale Customers; engage in SFPUC's Alternative Water Supply (AWS) Plan implementation; facilitate adoption of a new Tier 2 Drought Allocation Plan (Tier 2 Plan); participate in the State Water Resources Control Board (SWRCB) Bay-Delta Water Quality Control Plan Update to ensure member agency interests are represented; participate as an intervenor on Federal Energy Regulatory Commission (FERC) proceedings associated with the licensing of New Don Pedro Reservoir; administer the Water Supply Agreement (WSA) with San Francisco to protect financial interests of the members; administer BAWSCA's revenue bonds; implement Board policy directives for management of BAWSCA's unfunded pension liability obligations; maintain a motivated, trained and effective workforce; and continue development of a plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.

The proposed Operating Budget is \$5,614,518, which is 12.7% above the approved FY 2023-24 Operating Budget. The proposed Operating Budget represents approximately a 7-cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$3 per person per year, or \$9 per household (assuming 3 persons per household). Alternatively, on a per customer account basis (all accounts for all the BAWSCA agencies combined), the proposed Operating Budget reflects an estimated cost of \$12.76 per customer account, or a 36-cent increase per customer account compared to FY 2023-24.

Analysis of five funding options are provided. The Board Policy Committee recommends funding Option 2 with a 9% assessment increase and a transfer of \$340,120 from the General Reserve.

Board Policy Committee Action:

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

Recommendation:

That the Board approve the:

- 1. Proposed Fiscal Year 2024-25 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$5,614,518; and**

3. Proposed funding plan Option #2 with a 9% assessment increase and a transfer of \$340,120 from the General Reserve.

Discussion:

Proposed Work Plan and Results to be Achieved:

Next year's proposed Work Plan addresses all of the anticipated issues and results to be achieved that were discussed with the Board Policy Committee in December and with the Board in January.

The Proposed FY 2024-25 Work Plan includes the following major efforts:

- Oversight of the SFPUC's WSIP, 10-Year Capital Plan Program (Capital Plan), Regional Water System (RWS) Asset Management Program, and Emergency Response.
- Implement BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy), including the following actions:
 - Initiate development of Strategy 2050;
 - Initiate development of updated regional water demand and conservation projections;
 - Participate in the Bay Area Regional Reliability Partnership (BARR);
 - Participate in PureWater Peninsula potable reuse project planning; and
 - Facilitate development of other local water supply options by members.
- Support near term water supply solutions for members including:
 - Prepare the BAWSCA 2021-23 Drought Report;
 - Represent members' interests in discussions on development of, and compliance with, California's "Making Conservation a California Way of Life" requirements as appropriate;
 - Provide regional coordination to support Advanced Metering Infrastructure (AMI) implementation and data management; and
 - Implement BAWSCA's regional core and subscription conservation programs to support members and their customers.
- Take actions to protect members' water supply and financial interests in administration of the WSA including the following:
 - Monitor SFPUC's implementation of its Alternative Water Supply (AWS) Plan and engage as appropriate;
 - Facilitate final negotiations and adoption of an updated Tier 2 Plan;
 - Monitor SFPUC's unfunded pension and OPEB liabilities;
 - Protect members' water supply and financial interests in the SFPUC's required 2028 decisions;
 - Ensure correct implementation of asset classification adjustments associated with the 2018 WSA amendment;
 - Ensure correct implementation of the recent WSA amendment allowing for transfer of a paired portion of minimum purchase obligation and Individual Supply Guarantee; and

- If proposed by SFPUC, support member agencies in considering a possible new amendment to the WSA related to minimum purchase obligations
- Participate in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented.
- Participate in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies.
- Implement new BAWSCA grant tracking tool to support member agencies' access to grant funds.
- Support members in receiving reliable communication of water quality issues including:
 - Coordinating member participation in Joint Water Quality Committee; and
 - Relaying important water quality information to members and SFPUC, as necessary.
 - Review and act on, if necessary, State legislation affecting water quality regulations.
- Administer the WSA to protect financial interests of members.
- Administer BAWSCA's revenue bonds issued to retire capital debt owed by Wholesale Customers to San Francisco.
- Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.
- Maintain a motivated, trained, and effective workforce.
- Continue development of a staff-led plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.
- Implement directive to make BAWSCA Board and Policy Committee meetings available to the public via livestream.

Table 1 presents the draft proposed FY 2024-25 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

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

New or Significantly Re-scoped Activities for FY 2024-25

There are two new, significantly rescoped, or expanded activities included in the proposed FY 2024-25 Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA members.

1. Work Plan Item 2a: Initiate Development of BAWSCA's Strategy 2050 Estimated FY 2024-25 Cost: To be determined based on scoping completion

BAWSCA's review of water supply factors and water supply planning considerations in Spring 2022 showed significant changes that warranted the need to update the existing Long-Term Reliable Water Supply Strategy (Strategy 2015). Work that followed in FY 2022-23 focused on determining if consulting assistance was needed to update the Strategy and the best process for scoping the update. In FY 2023-24, with consulting

support secured, BAWSCA began the preparation of a Scope of Work for Strategy 2050. That Scope of work will be completed in Spring 2024, and will include an estimated budget for the recommended tasks associated with the preparation of Strategy 2050,

To date, the expectation has been that development of Strategy 2050 would begin at the start of FY 2024-25, however, due to staff resources constraints, as discussed in the subsequent section “Analysis of BAWSCA Staff Resources and its impact on the Proposed FY 2024-25 Work Plan”, the proposed FY 2024-25 Work Plan assumes that major work on Strategy 2050 will begin in January 2025.

Additionally, the sources of funds for the development of Strategy 2050 will be presented as a separate item for the Board when it considers the recommended consultant contract. As done in 2009 with the prior Strategy development, staff anticipates recommending that the Strategy development be funded via a separate Water Management Charge on the member agencies, as authorized by the Water Supply Agreement. Specifically, Section 3.06.A of the Water Supply Agreement states:

“In order to support the continuation and expansion of water conservation programs, water recycling, and development of alternative supplies within the Wholesale Customers’ service areas, the SFPUC will, if requested by BAWSCA, include the Water Management Charge in water bills sent to Wholesale Customers. The SFPUC will deliver all Water Management Charge revenue to BAWSCA monthly and shall deliver an annual accounting of Water Management Charge revenue to BAWSCA within 90 days after the end of each fiscal year.

The use of the Water Management Charge in 2009 was well received by the member agencies for this type of purpose.

2. Work Plan Item 2b: Initiate Development of Updated Regional Water Demand and Conservation Projections

Estimated FY 2024-25 Cost: \$550K

Estimated FY 2025-26 Cost: \$260K

BAWSCA has coordinated regional water demand and conservation projections for its members since 2002. Since 2015, BAWSCA has completed these regional projections on five-year cycles to support regional planning efforts and to facilitate its member agencies’ preparation of State required Urban Water Management Plans (UWMP). The most recent Regional Water Demand and Conservation Projections, completed in June 2020 (2020 Demand Study), developed long-term water demand and conservation savings projections for each BAWSCA member agency through the year 2045. BAWSCA proposes to update the regional water demand and conservation projections starting in FY 2024-25 in preparation for the 2025 UWMP reporting schedule and to support an update to its Long-Term Reliable Water Supply Strategy (Strategy 2050) which is designed to quantify the water needs of the BAWSCA region and to identify projects to meet that need. It is anticipated that this project will take 18 months to complete.

BAWSCA released a Request for Proposals for consultant support for this Work Plan item. Proposals were received on February 16th and a selected consultant was recommended at the April 2024 Board Policy Committee meeting. This work will not be completed until FY 2025-26 and therefore, additional costs will need to be included in the FY 2025-26 Operating Budget.

The estimated costs provided above reflect the results of the proposal received and resulting negotiations, including the Consultant's ability to complete the demand projections as needed for UWMP purposes in FY 2024-25 as part of Phase 1, leaving the remaining sensitivity analysis and new simulations of impacts from projected future droughts and potential for future demand hardening to be completed in Phase 2 (FY 2025-26).

Proposed FY 2024-25 Work Plan Includes Continuation of Previously Approved Multi-Year Projects

There are three major multi-year projects included in the proposed FY 2024-25 Work Plan that were previously approved or anticipated by the Board. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA members.

**1. Work Plan Item 3a: Prepare BAWSCA 2021-23 Drought Summary Report
Estimated FY 2024-25 Cost: \$100K**

Following the conclusion of the 2014-17 drought, BAWSCA prepared a drought report, published in August of 2017 and made it available to the public. Given the success of the 2017 report, preparation of a 2021-23 Drought Summary Report was recommended and is included in the adopted FY 2023-24 Work Plan. A Request for Proposals for consultant services to support its preparation was released in November 2023 and a staff recommendation to secure the selected consultant was brought before the BPC in February and will be presented to the Board in March. The 2021-23 Drought Summary Report is currently anticipated to be complete by December 2024, and therefore will need to be included in the FY 2024-25 Work Plan with additional funds allocated. The total cost for the work is \$135K, of which \$35K will be spent in the latter months of FY 2023-24 and the remaining \$100K in the first half of FY 2024-25.

**2. Work Plan Item 3b: Support Members with Water Use Efficiency Legislation CII Performance Measure Requirements
Estimated FY 2024-25 Cost: \$65K**

In August 2023, the State Water Resources Control Board (Water Board) released draft regulations to implement the 2018 water use efficiency legislation, commonly referred to as "Making Conservation a California Way of Life." The Water Board released a second draft of the regulations, reflecting feedback received from the first public comment period, on March 12, 2024. The new regulations will require significant new work requirements for BAWSCA member agencies that qualify as "urban water suppliers."¹

BAWSCA and Valley Water are collaborating to develop resources to support member agencies with implementation and compliance with commercial, industrial, and institutional (CII) performance measure requirements. These resources will synthesize critical reporting requirements, deadlines, and provide key, locally specific resources in concise, easily digestible guides.

The Water Board anticipates the regulations will be finalized in Summer 2024. Given the significant work effort that will be required by agencies and the near-term reporting deadlines, some as early as 2026, BAWSCA and Valley Water decided it would be

¹ Urban water supplier" means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually.

prudent to initiate elements of this project in the latter half of FY 2023-24 that are not subject to change based on the final rules. For example, at two meetings in January 2024, BAWSCA and Valley Water presented to the members what is known about the draft regulations, the rule-making timeline, and what resources this project will produce. A survey was also conducted in late January/early February 2024 to gather baseline data about the members' current practices related to the new requirements and will be used to ensure the resources are effective and designed to meet the agencies where they currently stand.

In the Spring of FY 2023-24, the consultant team will use the survey results, together with the second draft of the regulations, which were released by the Water Board on March 12, 2024, to develop the outline and structure of the guidance documents. The second draft of the regulations are expected to offer additional insight into what is likely to remain unchanged in the final rules that, as noted above, are anticipated to be finalized and adopted by the Water Board in the Summer of 2024. Funding for the work effort to be performed in FY 2023-24 was included in the budget and Work Plan for this current fiscal year.

In FY 2024-25, work on this project is expected to include finalizing the guidance documents to reflect the adopted regulations and training sessions to introduce and disseminate the materials and educate agencies on the new requirements.

**3. Work Plan Item 4e: Facilitate Negotiation and Adoption of an Updated Tier 2 Plan
Estimated FY 2024-25 Cost: \$130K**

Starting in FY 2021-22, the Board directed BAWSCA to facilitate negotiations to update the existing Tier 2 Plan. At its January 20, 2022 meeting, the Board authorized a professional services contract with Woodard & Curran to support BAWSCA's facilitation of negotiations among the members of the update. Progress continues with a June 2024 target for the completion of negotiations.

For FY 2024-25 work planning purposes, it is assumed that negotiations will be completed as of July 1, 2024. The work will then transition into the development and support of agency adoption efforts, along with a schedule that calls for the adoption of the Updated Tier 2 Plan by the governing body of each BAWSCA agency by December 31, 2024. Adoption package preparation efforts will include finalizing the associated contract language, preparation of materials to support adoption by the governing body of each BAWSCA agency (e.g., sample staff report, presentation, resolution), and in-person assistance for BAWSCA agencies to support governing body consideration of action. The cost shown assumes a total of \$80K for technical consulting support, as well as \$50K for legal support, totaling \$130K in FY 2024-25.

Analysis of BAWSCA Staff Resources and Its Impact on the Proposed FY 2024-25 Work Plan:

In preparing the Work Plan, hours for all nine BAWSCA staff members were allocated to each individual Work Plan item to ensure sufficient staff resources are available to achieve the Work Plan results. Care is taken to balance the Work Plan such that the proposed workload does not exceed staff's ability, from a time available perspective, to manage their assignments and ensure that the Work Plan results are delivered for the water customers.

The staff workload analysis for the first iteration of the preliminary Work Plan resulted in significant overloading for several of the staff members, including three staff with an estimated

workload at 150% of a Full Time Equivalent (FTE) employee or greater. An FTE is calculated as 1920 hours/year, which accounts for four weeks of vacation and sick leave.

Modifications to the Work Plan were reviewed to address this issue. For FY 2024-25 there are several major work areas with external schedule drivers, namely the Tier 2 negotiations and Regional Demand Projections, that directly impact the staff workload. To mitigate this issue in FY 2024-25, BAWSCA proposes to start one project mid-fiscal year (i. e., initiation of Strategy 2050), versus at the start of the fiscal year to better match staff availability. The resulting staff analysis identifies all staff being allocated above 100% of an FTE, but with just the CEO being allocated above 150% of an FTE. Overall, it is estimated that 21,232 staff hours, or 11 FTE, will be required to implement the proposed FY 2024-25 Work Plan. For comparison purposes, for FY 2024-25, BAWSCA has an approved staffing level of 9 FTE for a total of 17,280 working staff hours (i.e., staff time minus assumed four weeks of vacation plus sick time).

In response to feedback received from the Board Policy Committee at its February 14th meeting, a budget allowance of \$68,250 has been included in the proposed Operating Budget to support the use of an individual, through a consultant contract, that could act like an extension of staff to assist with the short term need.

Additionally, given the staffing resources constraints that have been identified, it is important to note that staff availability can be compromised if certain Work Plan items take longer to complete than planned (i. e., Tier 2 negotiations) or if new projects become a priority (e.g., a new Water Supply Agreement amendment to address the existing minimum purchase obligations), and thus one or more existing efforts must be postponed. For FY 2024-25, this staffing constraint will require close management to ensure that necessary work is completed, and the Board is kept apprised of progress.

Results of January 18, 2024 Work Plan and Budget Preparation Planning Session:

During BAWSCA's January 18, 2024 meeting, the Work Plan and Budget Preparation Planning Session was held with the Board as part of its regular meeting agenda. The focus of the planning session was to receive input from Board members on BAWSCA's long-term future challenges and possible Work Plan items for the coming fiscal year. Table 3 presents the detailed comments provided by Board members during the planning session and the staff response that was subsequently prepared. These comments and responses are reflected in the proposed FY 2024-25 Work Plan and results to be achieved.

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

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

- Developing Strategy 2050 in accordance with the scope prepared in FY 2023-24, and thereafter, implementing the Strategy 2050 recommendations to assure a reliable supply of high quality water at a fair price;
- Expanding efforts to monitor SFPUC's development of its Alternative Water Supply Program that will result in the implementation of water supply projects to meet its level of service requirements, including the multiple projects necessary to address Bay Delta Plan impacts;
- Supporting member agencies on the development of state required Urban Water Management Plans; and
- Performing regional water demand and conservation projections once every 5 years to support regional planning.

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

This information is provided to assist the Board in its deliberation of both the current funding plan for FY 2024-25 and beyond.

Changes Made between the Preliminary and Proposed Work Plan and Operating Budget:

Over the course of the Work Plan and Operating Budget development process, several events have resulted in the following necessary changes between the preliminary and proposed Work Plan and Operating Budget:

- The estimated budget for Work Plan Item 2b “Initiate development of updated regional water demand projections” was updated based on the proposal received and recommendation included in April BPC agenda. These changes have resulted in a \$150K increase in the proposed FY 2024-25 Operating Budget and \$5K increase in anticipated FY 2025-26 budget needed.
- The estimated budget was increased \$30K for Work Plan Item 4h related to a possible proposed minimum purchase amendment from SFPUC given recent level of activity with SFPUC and the affected member agencies.
- The estimated budget for Work Plan Item 9a “Administer the WSA to protect financial interests of members” was increased \$20k to support increased level of work related to the Regional Source Meter Testing Plan.
- Eliminated one subscription conservation program “Support Members with DSS (Demand Projection) Models” as these services are no longer relevant with new demand projection methodology. No resulting impact on proposed FY 2024-25 Operating Budget.
- “Implement BAWSCA Internship Program” under Work Plan Item #11 was removed for FY 2024-25. BAWSCA interviewed several candidates in Winter 2024, however BAWSCA was unable to secure a qualified and interested candidate for this Summer’s internship. BAWSCA is working with its partners, East Side Prep, to review what more can be done to improve student interest next year. This change resulted in a \$15K reduction in the proposed FY 2024-25 Operating Budget.

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

An alternative to the proposed Work Plan would be to delete the development of updated regional water demand projections. The estimated savings from deleting this item is \$550K in FY 2024-25.

This alternative is not recommended given the need for updated demand projections to support member agencies’ Urban Water Management Plans, which are due to the State by July 1, 2026, and the critical role these demand projections will play in SFPUC’s Alternative Water Supply Plan decision making and BAWSCA’s Strategy 2050.

PROPOSED FY 2024-25 OPERATING BUDGET:

The proposed Operating Budget of \$5,614,518 presented in Table 5 reflects the funding necessary to achieve the full Work Plan and includes an estimated pre-funding contribution for

Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this ninth year of funding.

The proposed Operating Budget represents approximately a 7-cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$3 per person per year, or \$9 per household (assuming 3 persons per household). Alternatively, on a per customer account basis (all customer account types for all member agencies combined), the proposed Operating Budget reflects an estimated cost of \$12.76 per customer account, or a 36-cent increase per customer account compared to FY 2023-24.

Explanation and Alternatives for Salaries and Benefits:

The increase for salaries and benefits of \$145,242 shown in the proposed Operating Budget is a result of a variety of changes.

Historically, BAWSCA budgets for an allowance for salary increases based on a Cost of Living Allowance (COLA) adjustment plus a merit allowance separate and in addition to the COLA adjustment such that the size of the merit allowance would permit potential salary increases of up to 5%, or to top step for the position, whichever is less.

This year the COLA adjustment, based on the December value of the Consumer Price Index for the Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area, is 2.797%. As such, the proposed Operating Budget also includes the following for all employees except the CEO:

- An increase to the top step of salaries for FY 2024-25 by 2.797% to ensure that the approved salary ranges stay competitive moving forward; and
- \$58,978 total budget allowance for salary increases, which represents a potential 5% adjustment to the actual FY 2023-24 salaries for both COLA and merit increases.

COLA increases for employees are not automatic, but can be granted by the CEO on the basis of merit. The 10-year history of salary and benefit adjustments for BAWSCA is presented in Appendix B to this memo.

A budget allowance of \$24,998 for a potential merit increase for the CEO has been included in the proposed Operating Budget. For budgeting purposes, this amount is calculated in a manner consistent with the merit increases budgeted for the CEO since FY 2017-18, when direction was provided to the CEO to provide a budget allowance for these purposes.

Funding Considerations for the Proposed Operating Budget:

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

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

The funding plan for the FY 2023-24 Operating Budget approved in May 2023 required no increase in assessments or use of the General Reserve.

In November 2023, the Board approved a transfer of \$56,752 from the General Reserve to increase the consultant contract with EKI for Strategy 2050 scope development. In January 2024, the Board approved a transfer of \$112,000 from the General Reserve to increase the consultant contract with Hanson Bridgett. Together, these changes have increased the adopted FY 2023-24 Operating Budget to \$4,983,419.

The General Reserve has a current balance of \$1,543,390, which is 31% of the adopted FY 2023-24 Operating Budget, and is within the 20% to 35% General Reserve budgetary guideline range set by the Board.

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

At this time, it is estimated that the FY 2023-24 Operating Budget will be 90-95% expended at year end. The CEO will continue to closely review the anticipated end of year expenses over the next few months. Any post-audit excess funds will be transferred to the General Reserve in Fall 2024, however at this time for budget funding purposes, it is assumed that no funds will be available for transfer at the end of FY 2023-24.

Funding Options and Alternatives:

In developing funding options to address FY 2024-25 budgetary needs, BAWSCA has three distinct funding sources to consider given the proposed Work Plan items:

1. Member Agency Assessments
2. BAWSCA General Reserve
3. WSA Water Management Charge as allowed per Section 3.06.A of the WSA

Table 6 presents a range of 5 funding options based on an increase in assessments and an associated target for the General Reserve.

- **Option 1 “Target 20% Reserve to Budget Ratio”:** 7% assessment increase (\$5,177,620) and a transfer of \$436,898 from the General Reserve. This results in a General Reserve balance of \$1,106,492, which is 20% of the proposed Operating Budget.
- **Option 2 “Limit Assessment Increase to 9%”:** A 9% increase in assessments (\$5,274,398) and a transfer of \$340,120 from the General Reserve. This alternative results in a General Reserve balance of \$1,203,270, which is 21% of the proposed Operating Budget.
- **Option 3 “10% Assessment Increase and Use of General Reserve”:** A 10% increase in assessments (\$5,322,787) and a transfer of \$291,731 from the General Reserve. This alternative results in a General Reserve balance of \$1,251,659, which is 22% of the proposed Operating Budget.
- **Option 4 “Mid-Range Increase in Assessments”:** A 11.5% increase in assessments (\$5,395,370) and a transfer of \$219,148 from the General Reserve. This alternative results in a General Reserve balance of \$1,342,242, which is 24% of the proposed Operating Budget.
- **Option 5 “Fully Fund Using Assessments”:** An 16% increase in assessments (\$5,614,518) and no transfer from the General Reserve. This alternative results in a

General Reserve balance of \$1,543,390, which is 27% of the proposed Operating Budget.

Funding Option 2 has been recommended by the Board Policy Committee as it provides for a moderate increase in assessments while maintaining a General Reserve balance that is within the agency's budgetary guidelines. Table 7 provides a breakdown of assessments by member agency for both funding Option 2 and Funding Option 3.

Table 1. Proposed FY 2024-25 Work Plan and Results to Be Achieved(Percent of Proposed Operating Budget for Each Item Shown in Parenthesis, *New/Expanded Items Shown in Blue Italic Font*)

BAWSCA OBJECTIVE & PROPOSED FY 2024-25 WORK PLAN	
RELIABLE WATER SUPPLY	
(4.9%)	<p>1. <u>Facility Reliability: Monitor SFPUC's WSIP, 10-Year Capital Plan, Asset Mgmt. Program, and Emergency Response</u></p> <ul style="list-style-type: none"> a. Monitor WSIP scope, cost, and schedule <i>including extending State oversight as necessary</i> through to completion. Press the SFPUC and the city's political leadership to meet the adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests. Track WSIP projects designated as critical drought water supply components to verify they have been completed in such a fashion that they can meet their intended Level of Service (LOS) goals. b. Review and monitor SFPUC's Regional 10-Year Capital Plan to ensure that identified projects and programs meet the needs of the members in a cost-effective and appropriate manner. c. Review & monitor SFPUC's Asset Management Program to ensure ongoing long-term maintenance and protection of RWS assets. d. Provide assistance to members and help facilitate engagement with the SFPUC regarding emergency response matters. e. Engage with and track the SFPUC Capital Planning Improvements Initiative Review. f. Review the SFPUC 2024 State of the Water System Report.
(20.9%)	<p>2. <u>Long-Term Supply Solutions: Implement BAWSCA's Strategy to Ensure a Reliable, High-Quality Supply of Water is Available Where and When Needed</u></p> <ul style="list-style-type: none"> a. <i>Initiate development of BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050).</i> b. <i>Initiate development of updated regional water demand projections "BAWSCA 2025 Regional Water Demand and Conservation Projections Project".</i> c. Participate in the Bay Area Regional Reliability (BARR) Partnership. d. Participate in the continued planning of the PureWater Peninsula potable reuse project. e. Facilitate development of other local water supply options including tracking and reporting to the Board on members' efforts, identifying potential grant funding, monitoring of related policy development, etc. f. Use BAWSCA Reliability Model to evaluate Bay Delta Plan Voluntary Agreement impacts on reliability, the prospective benefits that new alternative water supplies may provide, and to estimate the corresponding need to ration during droughts. g. Facilitate use of the BAWSCA Model by members via Subscription Program.
(10.7%)	<p>3. <u>Near-term Supply Solutions: Demand Management, Water Conservation and Drought Response</u></p> <ul style="list-style-type: none"> a. Prepare the BAWSCA 2021-2023 Drought Report. b. Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a California Way of Life" requirements as appropriate.

BAWSCA OBJECTIVE & PROPOSED FY 2024-25 WORK PLAN

- c. Provide regional coordination to support members' AMI implementation and data management and utilization.
- d. Implement BAWSCA's core water conservation programs.
- e. Implement BAWSCA's subscription conservation rebate programs that benefit and are paid for by participating members.
- f. Engage with CalWEP & others to promote 3rd party development & administration of a leak repair & training certification program.
- g. Participate in San Mateo County's C/CAG OneWatershed pilot project.
- h. Represent members in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible.

(7.4%) **4. Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration**

- a. Monitor SFPUC's implementation of its AWS Program, including associated recommended actions, and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations at a fair price to its Wholesale Customers.
- b. Protect members' water supply interests to ensure that the SFPUC meets its legal and contractual obligations for water supply from the Regional Water System in light of ongoing risks.
- c. Adopt a temporary extension of the existing Tier 2 Plan that expires Dec. 2024 if necessary.
- d. Facilitate final negotiations and adoption of an updated Tier 2 Plan.
- e. Protect members' water supply and financial interests in the SFPUC's required 2028 decisions.
- f. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.
- g. Ensure correct implementation of the recent WSA amendment allowing for the paired transfer of a portion of an agency's ISG and minimum purchase obligation.
- h. *If proposed by SFPUC, support members consideration of possible WSA amendment on to min. purchase obligations.*

(10.4%) **5. Protect Members' Interests in a Reliable Water Supply**

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

(0.1%) **6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**

- a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs, including Prop 1 Integrated Regional Water Management conservation grant.
- b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability.
- c. *Implement BAWSCA grant tracking tool to support members' access to grant funds.*
- d. Investigate potential for grant funds to support the implementation of BAWSCA's Strategy.

(0.5%) **7. Reporting and Tracking of Water Supply and Conservation Activities**

- a. Complete BAWSCA FY 2023-24 Annual Survey.
- b. Complete BAWSCA FY 2023-24 Annual Water Conservation Report.

BAWSCA OBJECTIVE & PROPOSED FY 2024-25 WORK PLAN	
	c. In partnership with members, operate and maintain BAWSCA's updated WCDB.
	HIGH QUALITY WATER
(0.5%)	8. <u>Support Members in Receiving Reliable Communication of Water Quality Issues</u> a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs. b. Relay important water quality information (notices as received from SFPUC) to members when made aware of changes that have the potential to impact water quality (e.g., taste, odor, blending). c. Review and act on, if necessary, State legislation affecting water quality regulations.
	FAIR PRICE
(11.5%)	9. <u>Perform Matters that Members Agencies Delegated to BAWSCA in the WSA</u> a. Administer the WSA with San Francisco to protect the financial interests of members. b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco.
	AGENCY EFFECTIVENESS
(5.2%)	10. <u>Maintain Community Allies and Contacts with Environmental Interests</u> a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them, if necessary, to achieve agency goal. b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability. c. Maintain effective communications with members, customers, and others to achieve results and support goals. d. In conjunction with San Francisco, conduct or co-sponsor tours of the Regional Water System for selected participants.
(14.3%)	11. <u>Manage the Activities of the Agency Professionally and Efficiently</u> a. Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations. b. Maintain a motivated, trained, and effective Workforce. c. Continue development of a staff-led plan to address BAWSCA's long-term policy & operational resilience to inform future policy decision making. d. <i>Implement directive to make BAWSCA Board and Policy Committee meetings available to the public via livestream.</i>

Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2024-25

<p>RELIABLE SUPPLY</p> <ol style="list-style-type: none">1. Engage in extended or complex applications for State or Federal grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Water Efficiency Partnership (CalWEP) (formerly the California Urban Water Conservation Council), or other agencies.2. Introduce major new legislation or support/oppose legislation initiated by others including legislation related to the Bay-Delta and California Water Fix. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.3. Initiate new unanticipated litigation or support/oppose new unanticipated litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.4. Secure outside technical expertise (i.e., geotechnical, hydrogeologic, water treatment, biological/fisheries professional services) to potentially assist in review of SFPUC's capital projects or Bay Delta Plan.
<p>FAIR PRICE</p> <ol style="list-style-type: none">5. Develop alternative wholesale rate structures that the SFPUC might consider including a rate study applicable to the Regional Water System. Actions will be limited to facilitating communication with SFPUC, developing goals and objectives relevant to the Wholesale Customers, and addressing the potential relationship to alternative retail rate structures members might consider to stabilize water rates and water revenues.6. Arbitrate issues related to the Water Supply Agreement.7. Possible BAWSCA action to address the Board's concerns regarding SFPUC's unfunded pension and OPEB liabilities.
<p>HIGH WATER QUALITY</p> <ol style="list-style-type: none">8. Perform technical studies of water quality or San Francisco's treatment of the water it delivers to the BAWSCA members.9. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.
<p>AGENCY EFFICIENCY</p> <ol style="list-style-type: none">10. Add resources to support additional Board, Board committee, or technical committee meetings.11. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, other than tours done in coordination with San Francisco.12. Provide for public participation in Board and Policy Committee meetings via a hybrid-style meeting format.

Table 3. FY 2024-25 Work Plan and Budget Planning Session – Comments and Suggested Work Plan Items for Further Consideration

#	Board Member	Board Member Comment/Question	Staff Response
1	Smegal	How does Strategy 2050 fit into the “challenges” table?	Developing and implementing Strategy 2050 is one of the ways that BAWSCA would address future challenge #3. Future challenge #3 has been modified, as shown on the attached Table 4, to remove any confusion about the focus of this challenge. By removing the reference to “completion of Updated Demand Projections”, it is clearer that this challenge is addressed by all of BAWSCA’s water resources work related to ensuring that water is available when and where the BAWSCA agencies and their customers need it.
2	Hamilton	There seems to be a disconnect between long-term planning (on the water side) and the RHNA challenges we all face.	Comment noted. Challenge #4 speaks to reflecting member agencies’ long-term water supply needs in regional planning efforts. BAWSCA’s demand projections are developed in close coordination with its member agencies and reflect the adopted land use policies and other policies for meeting state requirements, including RHNA, for each jurisdiction. As part of the Bay-Delta process, BAWSCA has identified the potential negative impact the proposed Bay-Delta Plan would have on the ability of its member agencies to meet required RHNA targets.
3	Schneider	Is there a need for lobbying or legislative work (in regard to infrastructure)?	The proposed FY 2024-25 includes one legislative item to extend State oversight of the SFPUC’s implementation of the WSIP. Historically, BAWSCA has relied upon Mr. Wendell, a registered lobbyist, to assist in this effort. BAWSCA is currently investigating the legal requirements for a lobbyist for this limited effort and will reflect this need accordingly in the proposed Work Plan and budget.
4	Andrews	It would be beneficial to be able to flag “bad actors” (high water users, either residential or commercial)	As a regional agency, BAWSCA does not have direct access to individual water user information. BAWSCA is aware that some agencies have a practice of reviewing a certain percentage or number of their largest residential and commercial accounts and contacting, as necessary.
5	Doerr	How is demand management showing up in the “challenges” table? It is important to point out its significance.	Implementing demand management programs, including BAWSCA’s core and subscription conservation programs, is one of the ways that BAWSCA would address future challenge #3. Future challenge #3 has been modified, as shown on the attached Table 4, to remove any confusion about the focus of this challenge. By removing the reference to “completion of Updated Demand Projections”, it is clearer that this challenge is addressed by all of BAWSCA’s water resources work related to ensuring that water is available when and where the BAWSCA agencies and their customers need it.

6	Doerr	In the “challenges” table, does “protection of water supply” include future needs and infrastructure costs for new water supply?	For future challenge #11 and #12, which focus on the reliability of the facilities that are included in Regional Water System, the water supply interests being protected is the SFPUC’s ability to meet the 184 mgd Supply Assurance in the development of its 10-Year CIP (challenge #11) and asset management (challenge #12). Future challenge #2 is where oversight of SFPUC’s development and implementation of its Alternative Water Supply Program (which includes possible new supplies) is included.
7	Weed	Future challenges such as sea level rise and PFAS need to be evaluated and considered in decision making for new alternatives supplies including use of recycled water for drinking purposes.	Comment noted. BAWSCA will continue to support the inclusion of this important technical information as part of future evaluation of possible new water supplies.
8	Stevenson	Can you provide more clarification on what it means for the “representation of agencies in the Bay Delta Plan update”?	BAWSCA has worked closely with its member agencies and the SFPUC to understand the impact of the Bay Delta Plan on the Regional Water System and its ability to meet the 184 mgd Supply Assurance and SFPUC’s adopted Level of Service goals. These impacts are currently documented by the SFPUC and member agencies in their State required Urban Water Management Plans. BAWSCA relies on this information to provide comment on the Bay Delta Plan about its impact on the member agencies and their water customers.
9	Ragsdale	BAWSCA’s subscription conservation programs are great but communication to customers is a challenge. How do we better get the word out that these programs exist.	Given the variation of participation among the member agencies in BAWSCA’s subscription conservation programs, BAWSCA must primarily rely on individual member agencies to promote programs in their service areas. BAWSCA does provide support where appropriate (e.g., promotional materials, etc.) and speaks to its programs throughout the service area when the opportunity arises. Additionally, BAWSCA’s Water Management Representative meetings and the Water Resources Committee meetings provide a forum for members to share information about a myriad of water related issues, including promotion of conservation programs, especially during drought periods.
10	Vella	Please attach staff hours to each Work Plan item and provide to board.	A new Chart 1 and new Table 3 are included in this document and present the estimated allocation of staff hours and FTE by staff member and by Work Plan item for the proposed FY 2024-25 Work Plan.
1	Public Comment (Mehlinger)	Climate change and resulting sea level rise will become a larger concern the future and we should be aware of that as we plan for the future.	Comment noted. Future challenge #1 has been modified accordingly.

Table 4. Potential Future Large Efforts

Project Name	Cost Updates			Discussion
	FY 2023-24 (Budget as Amended)	FY 2024-25 (Proposed Budget)	FY 2025-26 & Beyond	
Develop the Long-Term Water Supply Strategy 2050, and thereafter implement Strategy recommendations to assure a reliable supply of high quality water at a fair price.	\$147K	\$767K	\$1.53M for Strategy development in FY 2025-26; does not include Strategy Implementation (which has yet to be envisioned)	BAWSCA initiated its first regional long-term planning effort in 2009, which was completed in 2015. BAWSCA has initiated an update to the Strategy with a planning horizon through 2020, and therefore the work effort is termed Strategy 2050. A Scope of Work for Strategy 2050 is being developed in FY 2023-24, and the development of Strategy 2050 will begin in FY 2024-25. Development of Strategy 2050 will be completed by the end of fiscal year 2025-26. Costs for implementing Strategy 2050 will not be known until that time.
Expand efforts to monitor SFPUC's development of its Alternative Water Supply Program that will result in the implementation of water supply projects to meet its level of service requirements, including the multiple projects necessary to address Bay Delta Plan impacts ¹	\$122K	\$122K	\$122K thru 2028; additional costs associated with specific projects would be determined following AWS Plan adoption by the SFPUC.	<p>The Alternative Water Supply Plan is intended by the SFPUC to be a decision-support framework document that outlines guiding principles, delivery goals (LOS), priorities, risks and tradeoffs to help the Commissioners determine how projects should continue to progress into the proposed design and CEQA phase and beyond. The final plan will be provided to the SFPUC Commission and made public in March 2024. The SFPUC will embark upon project-level CEQA for select projects following plan adoption, and moreover be ready for a decision relative to making interruptible customers permanent by 2028.</p> <p>BAWSCA will be engaged with the SFPUC in FY 2024-25 as the Plan begins its' implementation phase. From a cost perspective, much of the work will involve BAWSCA staff vs. support from consultants. However, some consultant support is envisioned for evaluating the water supply benefits of respective projects.</p> <p>Included in BAWSCA's work effort is active engagement and review and comment on the Plan Annual Reports prepared by the SFPUC.</p>

Support Member Agencies on the development of their respective Urban Water Management Plans (UWMP), which the State requires be updated once every five years (the date of the last update was June 2021)	\$0	\$0K	\$50K (approximate) in FY 2025-26 as needed in support of agency-led UWMP updates (to be submitted to the State by June30, 2026)	The majority of BAWSCA member agencies are required by State Law to prepare an UWMP every five years. The last UWMP updates were due by June 30, 2021. The next UWMP updates are due to the State by June 30, 2026. During the latter portion of FY 2024-25 and into FY 2025-26 as part of the Strategy 2050 development, BAWSCA staff, with the assistance of its technical consultants and legal counsel, will develop language and technical data regarding water supply shortages (from drought period impacts to the SF RWS) and other common regional water resources information. Agencies must rely on BAWSCA for that information, which is a critical component of a complete and robust UWMP.
Complete a Regional Water Demand and Conservation Projections Study (refresh began in FY 2021-22)	\$0K	\$550K	\$260K expended in FY 2025-26 fiscal year; demand projections completed once every five-year period	For water supply planning purposes, as well as in support of each agency's need to plan for adequate water supply in future years, BAWSCA performs a demand study for the service area once every five years. This work effort is highly detailed and includes projections for several key demand drivers, such as population, zoning plans, etc. BAWSCA's last demand study was completed in June 2020 with a refresh and sensitivity analysis completed in 2022. BAWSCA intends to initiate work on an updated Demand Study starting in July of 2024. Work will continue through December of 2025. Given the success of the sensitivity analysis conducted as part of BAWSCA efforts in 2022, an enhanced sensitivity analysis will be a part of the 2025 demand study completed by BAWSCA.

Table 5. Proposed FY 2024-25 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2023-24 Budget (\$) ⁽¹⁾	Proposed FY 2024-25 Budget (\$)	Change from FY 2023-24 Budget (\$)
Consultants/ Direct Expenditures			
Reliability	1,714,552	2,102,550	387,998
Fair Pricing	272,500	337,500	65,000
Administration	175,000	140,000	(35,000)
<i>Subtotal Consultants</i>	2,162,052	2,580,050	417,998
Administration			
Employee Salaries & Benefits	2,231,542	2,368,143	136,601
Other Post-Emp. Benefits (net)	78,000	80,000	2,000
Operational Expenses	501,250	520,750	19,500
<i>Subtotal Administration</i>	2,810,792	2,968,893	158,101
Total Operating Expenses	4,972,844	5,548,946	576,099
Capital Expenses	5,000	5,000	0
Budgeted Contingency	2,500	57,500	55,000
Regional Financing Authority	2,025	2,025	0
Bay Area Water Users Assn.	1,050	1,050	0
Grand Total Operating Budget	4,983,419	5,614,518	631,099

Note: (1) The approved FY 2023-24 budget and funding plan reflects the changes approved by the Board on November 16, 2023 and January 18, 2024.

Table 6. Analysis of Funding Options

Fund Source	FY 2023-24 Adopted Funding Plan as of 01/18/2024	FY 2024-25				
		Option 1	Option 2	Option 3	Option 4	Option 5
		Proposed Work Plan & 7% Assessment Increase	Proposed Work Plan & 9% Assessment Increase	Proposed Work Plan & 10% Assessment Increase	Proposed Work Plan & 11.5% Assessment Increase	Proposed Work Plan & 16% Assessment Increase
Assessments	\$4,838,897	\$5,177,620	\$5,274,398	\$5,322,787	\$5,395,370	\$5,614,518
Transfer from/(to) General Reserve	\$144,522	\$436,898	\$340,120	\$291,731	\$219,148	\$0
Total Available Operating Budget/Funds	\$4,983,419	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518
Potential End of FY23-24 Transfer to General Reserve		\$0	\$0	\$0	\$0	\$0
Estimated Year-End Reserves ⁽¹⁾	\$1,543,390	\$1,106,492	\$1,203,270	\$1,251,659	\$1,324,242	\$1,543,390
General Reserve to Budget Ratio	31%	20%	21%	22%	24%	27%
Assessment to Budget Ratio	97%	92%	94%	95%	96%	100%

Table 7. Comparison of Assessment Increases for Funding Options 2 and 3

Member Agencies	FY 2023-24 Adopted Assessments ⁽¹⁾	FY 2024-25	
		Option 2 Proposed Work Plan & 9% Assessment Increase	Option 3 Proposed Work Plan & 10% Assessment Increase
ACWD	\$325,182	\$354,448	\$357,700
Mid-Peninsula WD	\$99,130	\$108,052	\$109,043
Brisbane	\$10,130	\$11,042	\$11,143
Burlingame	\$134,605	\$146,719	\$148,065
Coastside CWD	\$42,855	\$46,712	\$47,140
Cal Water	\$1,026,915	\$1,119,336	\$1,129,607
Daly City	\$125,655	\$136,964	\$138,221
E. Palo Alto	\$59,295	\$64,632	\$65,224
Esteros	\$162,975	\$177,643	\$179,273
GVMID	\$12,635	\$13,772	\$13,898
Hayward	\$508,105	\$553,834	\$558,916
Hillsborough	\$105,550	\$115,049	\$116,105
Menlo Park	\$95,560	\$104,160	\$105,116
Millbrae	\$75,950	\$82,786	\$83,545
Milpitas	\$195,340	\$212,921	\$214,874
Mtn. View	\$307,595	\$335,278	\$338,355
North Coast CWD	\$95,095	\$103,654	\$104,605
Palo Alto	\$381,670	\$416,020	\$419,837
Purissima Hills WD	\$60,465	\$65,907	\$66,511
Redwood City	\$326,085	\$355,433	\$358,694
San Bruno	\$67,600	\$73,684	\$74,360
San Jose	\$133,230	\$145,221	\$146,553
Santa Clara	\$113,285	\$123,481	\$124,614
Stanford	\$74,595	\$81,309	\$82,054
Sunnyvale	\$271,410	\$295,837	\$298,551
<u>Westborough WD</u>	<u>\$27,985</u>	<u>\$30,504</u>	<u>\$30,783</u>
Total	\$4,838,897	\$5,274,398	\$5,322,787

APPENDICES

Appendices A through J present additional detail about the proposed FY 2024-25 Work Plan and Operating Budget.

Appendix A: Uses of Professional Services

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

1. Professional engineering services for: a) evaluating and monitoring SFPUC's Asset Management Program; b) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program development and implementation; c) evaluating Water System Improvement Program project scopes during design and construction; d) monitoring WSIP project cost estimates, bids and schedules; e) monitoring and assessing San Francisco's performance in implementing the overall WSIP; f) assessing San Francisco's method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; g) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; h) analyzing hydraulic records used by San Francisco in setting the wholesale water rates; and g) providing as needed groundwater technical assistance.
2. Water resources analysis and planning services to: a) evaluate potential water supply projects using BAWSCA's new regional water supply reliability modeling tool; and b) support BAWSCA member agency efforts to meet the new State of California "Making Water Conservation a Way of Life" requirements.
3. General legal services for BAWSCA and the RFA; specialized legal services to support administration of the Water Supply Agreement; specialized legal services for addressing matters related to water supply reliability including Restore Hetch Hetchy litigation, Bay Delta Plan Update, and FERC intervention. Legal counsel provides significant value to BAWSCA and its member agencies in the administration of the WSA given the long-history legal counsel has with BAWSCA and its predecessor agency, BAWUA. Legal counsel also provides historical context to San Francisco City Attorney, SFPUC staff, and Water Management Representatives. For example, legal counsel routinely provides critical historical legal, contractual, and other information related to BAWSCA, its member agencies, the Water Supply Agreement, and the Regional Water System. Table A-1 below provides a history of legal counsel's budget for the past 10 years.
4. Strategic counsel for identifying and addressing strategic and political issues associated with maintaining the progress of the Water System Improvement Program, assisting the Board and the CEO in developing and implementing an effective policy making process that supports implementation of the Long-Term Reliable Water Supply Strategy, providing legislative and political support, and providing advice to the CEO and the Board on other issues significant to the water customers and the effectiveness of the agency. Historically, Strategic counsel has provided long-term continuity for BAWSCA and its work to the benefit of the water users. As BAWSCA seeks the services of a new Strategic counsel, it is anticipated that BAWSCA will endeavor to recreate that long-term relationship that will continue to provide the benefit of historical context and continuity.
5. Financial advisory services to conduct specified capital financing and rate impacts analyses on a task order basis.
6. Accounting/auditing expertise to assist with implementing the Water Supply Agreement, as well as an independent auditor to prepare and review annual financial

statements. The services provided by BAWSCA's accounting/auditing expert are critical to BAWSCA's work in successfully overseeing the WSA and the associated auditing role that BAWSCA plays to the financial benefit of the member agencies and their customers. BAWSCA strives to develop a long-term relationship with its accounting/auditing expert to ensure the best possible outcome for the member agencies and their customers given the complexity of the WSA and the nature of the auditing activity.

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

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

Table A-1. Historical Legal Counsel Contract Amounts

Fiscal Year	Contract Amount	% of Total BAWSCA Operating Budget
2014-15	\$624,000	21%
2015-16	\$586,500	18%
2016-17	\$726,000	21%
2017-18	\$669,000	18%
2018-19	\$919,000	21%
2019-20	\$819,000	18%
2020-21	\$1,006,500	23%
2021-22	\$748,499	16%
2022-23	\$856,499	18%
2023-24	\$891,000 (as of 1/18/24)	18% (as of 1/18/24)
2024-25	\$880,000 (proposed)	16% (proposed)

Appendix B: History of Salary and Benefits Adjustments

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

- FY 2014-15: The Board approved a 2.60 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.

- FY 2015-16: The Board approved a 2.09 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2016-17: The Board approved a 3.15 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2017-18: The Board approved a 3.025 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2018-19: The Board approved a 3.084 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2019-20: The Board approved a 4.398 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2020-21: The Board approved a 3.01 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2021-22: The Board approved a 2.15 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2022-23: The Board approved a 5.52 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2023-24: The Board approved a 4.63 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.

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

The proposed FY 2024-25 budget for BAWUA is \$1,050 and includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2024-25 Operating Budget.

Appendix D: Proposed Budget for the Regional Financing Authority (RFA) Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the RFA, at least until it becomes more actively involved and requires significant resources. Assuming a continued low level of activity in FY 2024-25, including only one planned meeting, the proposed RFA budget is \$2,025. This budget amount includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2024-25 Operating Budget. The RFA will formally consider and adopt this budget in January 2025.

Appendix E: Funding for Subscription Conservation Programs

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA's subscription water conservation programs. The staff time to be devoted to those programs for FY 2024-25 is estimated to be 1,807 hours. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are included in the Operating Budget and will be repaid to BAWSCA by participating agencies over the course of FY 2024-25.

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

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

**Table F-1: Select Financial Details Related to BAWSCA
Subscription Conservation Programs for Last Five Years**

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
FY 2018-19			
EarthCapades	\$66,500	\$2,480	
Free Sprinkler Nozzles	\$364		
HET		\$2,495	
Large Landscape Audit	\$94,900	\$1,184	
Lawn Be Gone		\$1,200	
Lawn Be Gone Inspections	\$2,420		
Water Wise Ed. Kits	\$75,483	\$1,946	
Watersense Giveaways	\$5,672		
WaterSmart Reports	\$288,081		
Rain Barrel Rebate	\$757		
Water Loss Program	\$128,403		
Total	\$662,580	\$9,305	\$0
FY 2019-20			
EarthCapades	\$79,720	\$2,960	
HET		\$1,600	
Large Landscape Audit	\$110,652	\$1,332	
Lawn Be Gone		\$880	
Lawn Be Gone Inspections	\$1,018		
Water Wise Ed. Kits	\$51,397	\$1,370	
Watersense Giveaways	\$4,382		
WaterSmart Reports	\$216,429		
Rain Barrel Rebate	\$900	\$200	
Water Loss Program	\$215,917		

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
Customer Meter Testing	\$4,570		
Smart Controller Rebate		\$1,200	
Total	\$686,185	\$8,342	\$0
FY 2020-21			
EarthCapades	\$95,515	\$2,200	
Large Landscape Audit	\$132,833	\$1,332	
Lawn Be Gone		\$360	
Lawn Be Gone Inspections	\$1,958		
Water Wise Ed. Kits	\$46,834	\$1,272	
Watersense Giveaways	\$2,902		
WaterSmart Reports	\$274,276		
Rain Barrel Rebate	\$400	\$390	
Water Loss Program	\$125,475		
Customer Meter Testing	\$17,280		
Smart Controller Rebate		\$1,600	
DSS Support Services	\$12,311.75		
Total	\$711,384	\$5,554	\$0
FY 2021-22			
EarthCapades	\$87,275	\$3,020	
Large Landscape Audit	\$169,697.50	\$1,628	
Lawn Be Gone		\$960	
Lawn Be Gone Inspections	\$3,234		
Water Wise Ed. Kits	\$68,018.51	\$1,621	
Watersense Giveaways	\$14,732.28		
WaterSmart Reports	\$293,124.64		
Rain Barrel Rebates	\$1,840	\$485	
Water Loss Program	\$239,366		
Customer Meter Testing	\$20,390		
Smart Controller Rebate		\$1,800	
DSS Support Services	\$0		
Irrigation Hardware Rebate		\$50	
Total	\$897,677.93	\$9,564	\$0
FY 2022-23			
EarthCapades	\$115,395	\$4,040	
Large Landscape Program	\$165,431	\$1,924	
Lawn Be Gone		\$1220	
Lawn Be Gone Inspections	\$3,422		
Water Wise Ed. Kits	\$79,327	\$1,810	
Watersense Giveaways	\$5,954		
WaterSmart Reports	\$356,505		
Rain Barrel Rebates	\$1,580	\$425	
Water Loss Program	\$167,525		
Customer Meter Testing	\$8,893		
Smart Controller Rebate		\$1,650	

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
DSS Support Services	\$0		
Irrigation Hardware Rebate		\$90	
Total	\$904,032	\$11,159	\$0

Appendix G: Value for the Cost

The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA's members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. Table G-1 below provides the estimate annual cost per person (calculated as Operating Cost divided by total residential population) and per household (assuming three persons per household) for BAWSCA's Operating Budget. Table G-1 also provides the estimate annual cost per customer account (calculated as Operating Cost divided by total number of all customer accounts for all member agencies) for BAWSCA's Operating Budget.

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

Fiscal Year	Est. Annual Cost Per Person	Est. Annual Cost Per Household	Est. Annual Cost Per Customer Account
2014-15	\$1.70	\$5.11	\$6.87
2015-16	\$1.84	\$5.51	\$7.38
2016-17	\$1.96	\$5.88	\$7.85
2017-18	\$2.08	\$6.24	\$8.57
2018-19	\$2.34	\$7.02	\$9.66
2019-20	\$2.50	\$7.51	\$10.44
2020-21	\$2.20	\$6.59	\$9.19
2021-22	\$2.58	\$7.75	\$10.91
2022-23	\$2.56	\$7.68	\$10.75
2023-24	\$2.93	\$8.79	\$12.40
2024-25	\$3.00 (<i>proposed</i>)	\$9.00 (<i>proposed</i>)	\$12.76 (<i>proposed</i>)

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

Pursuant to Section 8.04 of the Water Supply Agreement, the Wholesale Customers delegated authority to BAWSCA to conduct the annual review of SFPUC's calculation of the Wholesale Revenue Requirement (WRR) and the Balancing Account. Table H-1 provides the annual financial impact to the Wholesale Customers resulting from BAWSCA's annual comprehensive review. Over the past 19 years, BAWSCA's reviews have resulted in a total of \$47.2 million savings to the Wholesale Customers. This total includes the savings resulting from resolution

on the issues discovered by BAWSCA prior to the WSA 7.06 process and savings from settlements during the formal 7.06 process.

Note that the savings shown in Table H-1 do not include the ongoing savings resulting from any specific year's settlement. For example, the revised 525 Golden Gate operating and capital cost allocation methodology as a result of the FY 2011-12 and FY 2012-13 settlements generates an ongoing WRR savings to the Wholesale Customers in an approximate amount of \$400,000 each year from FY 2013-14 until various final debt service payment dates, and the approximate annual savings of \$1.4 million plus interest as part of the debt service allocation through FY 2039-40 resulting from the FY 2015-16 settlement.

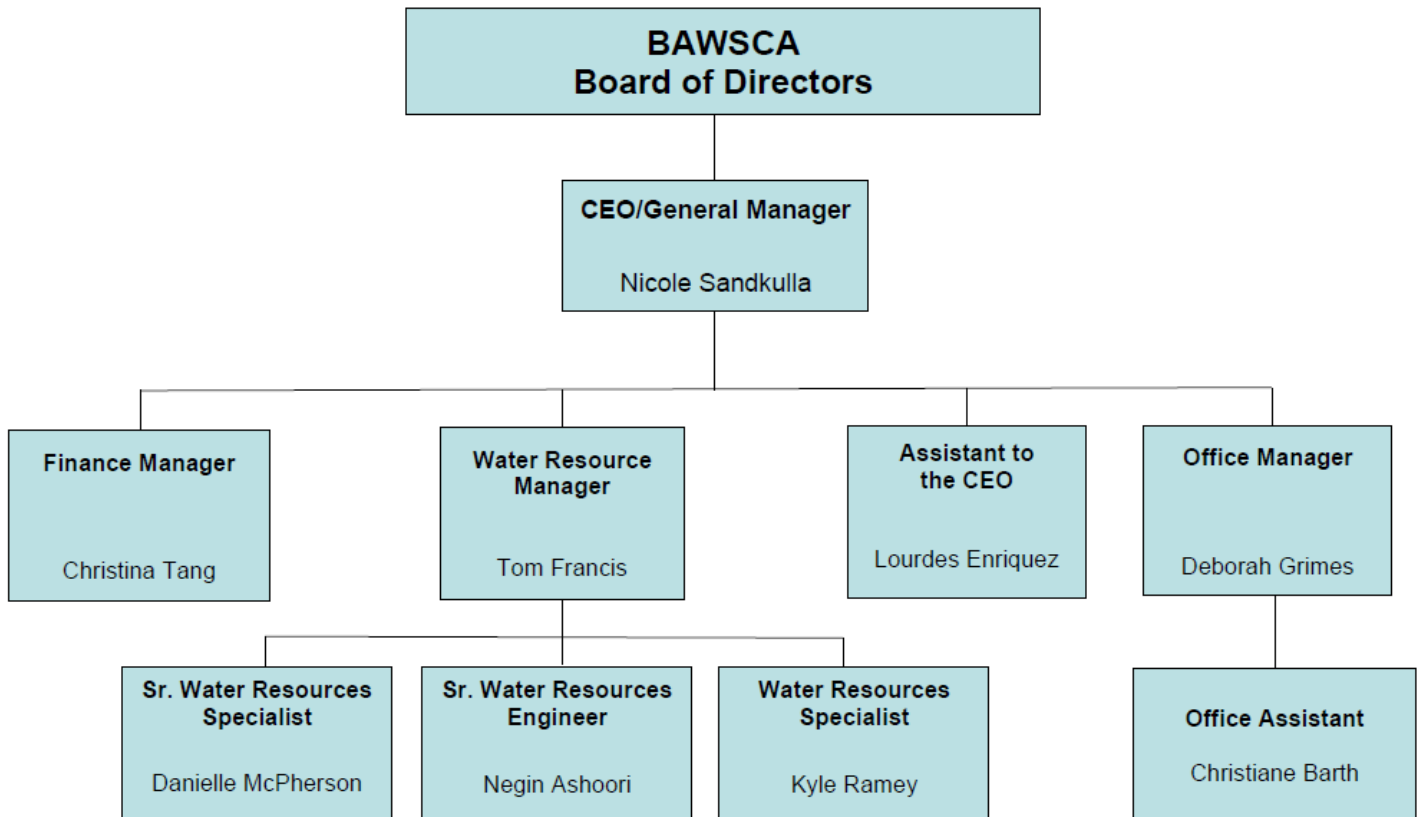
Table H-1. Savings Resulting from BAWSCA's Annual WRR Review

Fiscal Year	Savings to Wholesale Customers
2001-02	\$698,095
2002-03	\$1,568,857
2003-04	\$476,825
2004-05	\$5,726,908
2005-06	\$1,229,604
2006-07	\$718,267
2007-08	\$1,917,328
2008-09	\$461,670
2009-10	\$1,635,005
2010-11	\$893,914
2011-12	\$5,352,720
2012-13	\$739,965
2013-14	\$102,952
2014-15	\$11,903,057
2015-16	\$7,079,780
2016-17	\$3,987,471
2017-18	\$2,323,997
2018-19	\$95,127
2019-20	\$292,902
Total	\$47,204,444

Appendix I: Current Organization and Staffing

The figure below represents the current reporting relationships in the organization

BAWSCA Organization Chart



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

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

Table J-1 lists these activities as they were updated as part of the FY 2024-25 Work Plan development. In each case, the results identified in Table J-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

Table J-1: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2024-25)
(Recommended Changes Identified in Underline, Blue, Italic Font)

BAWSCA Goal and Associated Challenges		FY 2024-25 (Near-Term)	2025-2040 (Mid-Term)	2040-2065 (Long-Term)
Reliable Supply: Ensure Long-Term Water Supply Reliability				
1	Protection of member agencies' interests in long-term water supply reliability from the SF RWS and 184 MGD Supply Assurance in light of potential areas of risk, including climate change <u>and its associated impacts including sea level rise</u> , and regulatory challenges, as presented in the Long Term Vulnerability Analysis <u>and other technical studies</u> .	X	X	X
2	Protection of member agencies' interests in SFPUC development and implementation of its Alternative Water Supply Program including oversight of scope, schedule, and budget.	X	X	X
3	Protection of BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts, <u>including completion of Updated Demand Projections</u> .	X	X	X
4	Reflection of member agencies' long-term water supply needs and investments in regional planning efforts.	X	X	X
5	Support member agencies in their efforts to ensure system reliability during an emergency.	X	X	X
6	Representation of member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability.	X	X	
7	Representation of member agencies in Bay Delta Plan Update to protect RWS water supply reliability.	X	X	
8	Assist member agencies in complying with the State's expanding regulatory requirements related to water use efficiency and reliability.	X	X	X
9	Protection of member agencies' interests in San Francisco's December 2028 decisions including deciding whether to make San Jose and Santa Clara permanent customers.	X	X	
10	Development of a new Tier 2 Drought Allocation Plan.	X		
Reliable Supply: Ensure Regional Water System Facility Reliability				
11	Protection of water supply and financial interests of water customers in SFPUC's development and implementation of its 10-Year CIP.	X	X	X
12	Protection of water supply and financial interests of water customers in SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.	X	X	X
13	Promote emergency resiliency of the SF RWS to protect interests of water customers.	X	X	X
14	Protection of water supply and financial interests of water customers in SFPUC's WSIP implementation, including extension of State oversight (exp. 12/2026) and RFA capability (exp. 1/2030).	X	X	
High Quality Supply & Fair Price: Enforce Water Supply Agreement (WSA)				
15	Enforcement and amendment as necessary, of the WSA to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations.	X	X	X
16	Protection of member agencies' water supply reliability interests against threats by outside forces including efforts by others to drain Hetch Hetchy that disregard their interests in reliability, quality and cost.	X	X	X
17	Protection of water customers interests in ensuring SF maintains its Tuolumne River water rights.	X	X	X
18	Extension or renegotiation of the WSA before it expires in 2034. The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.		X	X
19	Management of BAWSCA's revenue bonds in accordance with Bond Indenture and other applicable laws to ensure accountability and ultimately to reduce overall cost to regional water customers (thru 2034).	X	X	
Management of Agency				
20	BAWSCA CalPERS pension & OPEB liability management			X
21	Ensure Agency's near-term and long-term resiliency	X	X	X

Appendix K: Historical BAWSCA Operating Budgets and Assessments

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

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

- In FY 2008-09, the approved budget was 10% higher than the previous year; issues included: increased conservation efforts, new contract with SF, and WSIP oversight.
- In FY 2013-14, the approved budget was 18% higher than the previous year; issues included: long-term water supply reliability, administration of bonds to accelerate paying off capital debt to save significant money for member agencies; administration of the Water Supply Agreement; an unexpected threat from Mountain Tunnel; and monitoring the SFPUC's Capital Improvement Plan and its Asset Management Program.
- FY 2018-19, the approved budget was 14.14% higher than the previous year; issues included: Restore Hetch Hetchy litigation, Bay Delta Plan, FERC, participation in Los Vaqueros Expansion planning studies, and BAWSCA's Demand Study.

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

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

Fiscal year	Assessments	% Change	Budget	% Change	Audited Expenses	% of Budget Spent	Transfers from WSA Balance Account	Transfers from Reserve	Notes on Transfers from Reserve & WSA Balance Account	Unspent Funds Transfer to Reserve	Year-End Reserve Balance	Reserve as a % of Budget	# of Full Time Authorized Staff	Major New/Increased Work Plan Focus
2014-2015	\$2,642,653	5%	\$2,939,286	-10.39%	\$2,745,822	93.42%		\$296,436	To fund budget	\$198,781	\$225,461	8%	8	Net increase for OPEB, 10yr CIP oversight, increase legal support for Strategy, WSIP legislation
2015-2016	\$3,276,889	24%	\$3,201,679	8.93%	\$2,828,503	88.34%				\$453,246 \$352,378 ⁽¹⁾	\$776,620	24%	8	1st year Strategy implementation thru Operating Budget, 2014 Settlement Agmt.
2016-2017	\$3,440,734	5%	\$3,468,008	8.32%	\$2,934,077	84.60%		\$27,274	To fund budget	\$519,167	\$1,202,592	35%	8	RHH litigation, 2014 Settlement Agmt, 2018 decisions, WaterMAP
2017-2018	\$3,543,957	3%	\$3,704,572	6.82%	\$3,318,544	89.58%		\$160,615	To fund budget	\$253,892	\$1,561,144	42%	8	RHH litigation, Bay-Delta Plan, FERC
2018-2019	\$3,579,397	1%	\$4,278,585	15.49%	\$3,996,082	93.40%		\$321,688	To fund budget	\$0	\$1,115,848	26%	8	RHH litigation, Bay-Delta Plan, FERC to participate in LVE Project and to fund Demand Study
								\$177,500 \$150,000 \$50,000	Los Vaqueros Demand Study To fund budget					HB Amendment - Board approved 3/2019
2019-2020	\$3,686,779	3%	\$4,569,750	6.81%	\$4,116,485	90.08%	\$805,000	\$77,971	To fund budget	\$435,266	\$1,037,877	23%	9	Fund LVE participation, Demand Study, FERC, Bay Delta
2020-2021	\$3,686,779	0%	\$4,163,179	-8.90%	\$3,860,044	92.72%	\$197,000	\$333,900	To fund budget	\$43,727	\$996,743	24%	9	To fund contract increase for legal counsel; increased BAWSCA approved Operating Budget to offset identified approved expenses for BA funds use
								\$142,500	To fund budget					HB Amendment - Board approved 3/2021
2021-2022	\$3,871,118	5%	\$4,783,794	14.91%	\$4,400,215	91.98%	\$275,000	\$281,676	To fund budget	\$124,744	\$758,794	16%	9	To fund Demand Study
							\$71,750		To fund water conservation digital billboards					Board approved 3/17/2022
2022-2023	\$4,838,897	25%	\$4,720,885	-1.32%	\$4,297,922	91.04%	\$75,000	-\$193,012	May 2022 Board approved transfer of \$193,012 GR due to 25% increase in FY 22-23 assessments	\$665,592	\$1,046,550	22%	9	May 2022 Board approved transfer of \$193,012 to GR due to 25% assessment increase.
								\$30,000	Consultant assistance scoping update 2045 strategy					Board approved 1/19/23
								\$56,752	Consultant assistance scoping update 2045 strategy					Board approved 5/18/23
2023-2024	\$4,838,897	0%	\$4,983,419	5.56%				\$112,000	Hanson Bridgett - \$82,000 Tier 2 & \$30,000 Special Projects Member Agency - Board approved 1/18/24					HB 1st Amendment - Board approved 1/18/24

Footnotes

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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Approval of Professional Services Contracts for Fiscal Year 2024-25

Summary:

Outside professional services are used for legal, engineering, financial, and water conservation support of BAWSCA's work plan and results to be achieved annually. In accordance with adopted agency policy, Board authorization is required for negotiation and execution of professional services contracts in the amount of \$25,000 and above. To ensure work begins promptly or continues without interruption, eighteen (18) annual professional services contracts need to be in place by July 1, 2024 and require Board authorization.

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

Following consideration and adoption of the FY 2024-25 budget, the Board will consider each of the eighteen (18) contracts. Other consulting services that may be needed to complete the FY 2024-25 Work Plan will be brought to the Board for authorization during the year as necessary.

Fiscal Impact:

The eleven (11) professional services contracts that need to be in place on July 1, 2024, and which are funded by the Proposed FY 2024-25 Operating Budget, have a combined budget of \$1,472,500. The seven (7) professional services contracts that need to be in place on July 1, 2024 for subscription conservation programs have no operating budget implications.

Recommendation:

That the Board approve the eighteen (18) contracts, subject to legal counsel review, for legal, engineering, financial, and water conservation services needing to be in place by July 1, 2024.

Discussion:

Legal, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and addressing issues related to:

- 1) administration of the 2021 Amended and Restated Water Supply Agreement (WSA) to protect financial and water supply interests of the member agencies;
- 2) ensuring SFPUC takes actions to meet its legal and contractual water supply reliability obligations to the member agencies;
- 3) ensuring water supply reliability and water customers' interests are protected in the Bay Delta Plan update, SWRCB actions, and FERC proceedings;
- 4) monitoring of SFPUC's Water System Improvement Program (WSIP), 10-Year Capital Improvement Program (CIP), and Asset Management Plan;
- 5) engagement in SFPUC's development of its Alternative Water Supply Planning Program;
- 6) supporting member agencies' interests in regional water projects and legislation related to water use efficiency and water rights; and
- 7)) development of a new Tier 2 drought implementation plan.

A general description of the services provided by each of the eighteen (18) professional services contracts proposed for FY 2024-25 is presented in Tables 1 and 2. In addition, a separate memorandum for each professional service contract presents the qualifications of the service providers and the draft scopes of work for FY 2024-25. BAWSCA's standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the eleven (11) professional services contracts funded by the Proposed FY 2024-25 Operating Budget that need to be in place by July 1, 2024 and that require board authorization. The combined budget for these professional services is \$1,472,500. The corresponding approved consultant budgets for FY 2023-24 are also shown in the table.

Table 2 summarizes the seven (7) professional services contracts that require board authorization and are needed to be in place by July 1, 2025 to implement subscription programs that are paid for by participating member agencies. For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

Table 1: Annual Professional Services Funded Through the Operating Budget

11 Consultants (Services Provided)	Approved FY 2023-24*	Proposed FY 2024-25
1. Chavan & Associates (Auditor)	\$21,000	\$21,000
2. E Source (Water Loss Management Program)**	\$35,000	\$35,000
3. Hanson Bridgett (Legal Counsel)	\$891,000	\$880,000
4. Hazen & Sawyer (Engineering/Water Mgmt.)**	\$120,000	\$108,000
5. IG Service (Auditing/Accounting Services)	\$30,000	\$30,000
6. KNN Public Finance (Financial Advisor)	\$63,500	\$63,500
7. Maddaus Water Mgmt. (Water Use Efficiency Legislation)	\$47,654	\$65,000
8. Orrick (Bond Documents, Legal Services)	\$15,000	\$15,000
9. Richard Sykes (WSIP, 10-Year CIP)	\$105,000	\$115,000
10. Stetson Engineering (Water Analyses, WSA)	\$60,000	\$60,000
11. Woodard & Curran (Water Mgmt./Tier 2 Plan)	\$152,000	\$80,000
Total	\$1,540,154	\$1,472,500

**FY 2023-24 contract amounts as amended through 3/21/2024*

***Consultant contract also includes a subscription conservation program component*

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

7 Consultants/Vendors (Conservation Program/Assistance Provided)
12. AM Conservation Group (School Education Program)
13. EarthCapades (School Assembly Program)
14. Global Sun Landscape (Lawn Be Gone Inspection Services)
15. M&M Backflow and Meter Maintenance (Customer Meter Testing Program)
16. Regional Water Authority (Rachio Smart Controller Program)
17. VertexOne (Home Water Use Reports Program)
18. Waterfluence (Large Landscape Program)

Financial Services Funded by the Operating Budget:

Chavan & Associates, IG Service, KNN Public Finance (KNN), and Orrick are auditing, accounting, financial, investment, or bond consultants with different areas of expertise.

Chavan & Associates (C&A) performs the legislatively required annual audit of the agency's accounts. C&A specializes in accounting and auditing, particularly for government entities.

IG Service supports BAWSCA's administration of the WSA. Their expertise in cost allocation analysis and experience with public agencies is vital to the proper conduct and interpretation of the annual contract compliance audit performed by San Francisco's auditors.

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

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco and in the refunding of the 2013A bonds. Orrick has been providing BAWSCA legal support on the bond documents on an as-needed basis since the bonds were issued. Orrick will continue providing the necessary support for cost-effective and correct implementation of the bonds on an as needed basis.

Technical Services Funded by the Operating Budget:

E Source, Hazen & Sawyer, Maddaus Water Management, Richard Sykes, Stetson Engineering, and Woodard & Curran are engineering and water resources management consultants with different areas of expertise.

E Source provides water system auditing and water loss management technical expertise to BAWSCA and the member agencies to support BAWSCA's Water Loss Management Program which includes two components: (1) the Technical Assistance Program (TAP) subscription conservation program which provides technical assistance to individual BAWSCA agencies in completing annual water audits and improving water loss management practices and (2) the Loss Evaluation and Knowledge (LEAK) Work Group, which is a core conservation program that provides peer to peer learning opportunities for all BAWSCA agencies.

Hazen & Sawyer began development of BAWSCA's new regional water supply reliability modeling tool (Model) in FY 2017-18. Since that time, Hazen and Sawyer has assisted BAWSCA in using the Model to support BAWSCA's water resources planning work. Hazen and Sawyer also provides technical support for use of the Model for member agencies who are interested in using the Model for their individual planning needs though a subscription program. Hazen & Sawyer will continue the same services in FY 2024-25.

Maddaus Water Management provides assistance to BAWSCA with the development of compliance strategies related to new State required Water use efficiency standards. This work began in 2020 and is anticipated to be completed in FY 2024-25.

Richard Sykes supports BAWSCA's oversight of SFPUC's management of the Water System Improvement Program (WSIP) and Water Enterprise 10-Year Capital Improvement Program (10-Year CIP). Mr. Sykes brings 30 years of experience working for a large California water utility. He has served in a leadership role on engineering, operations, maintenance, construction, environmental compliance, fisheries and land management matters. Moreover, he has been actively involved in the development of Capital Improvement Programs (CIP) that are large in size and scale (\$1.5B) with a scope appropriate to BAWSCA's focus with the SFPUC.

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

Woodard & Curran was selected through a competitive process in FY 2021-22 to support BAWSCA's efforts to facilitate a comprehensive update to the Tier 2 Drought Response Implementation Plan at the direction of, and in partnership with, its member agencies.

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA's legal counsel. Legal counsel's budget reflects a continued focus on activities associated with water supply reliability, including the SWRCB's Bay Delta Plan Update and Voluntary Settlement Agreement efforts, the FERC relicensing of New Don Pedro, SFPUC's 10-year CIP and asset management program, SFPUC's Alternative Water Supply Plan, addressing new statewide conservation requirements, administration of the Water Supply Agreement (WSA), support for the development of a new Tier 2 Drought Allocation Plan, and overall agency administration.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Approval of a Three-Year Professional Services Contract for Audit Services with Chavan & Associates, LLP (Audit Services)**

Summary:

Water Code Section 81426 requires that BAWSCA's accounts be audited annually by an independent Certified Public Accountant (CPA) "with experience in auditing accounts of local public entities". This item requests authorization for the CEO/General Manager to negotiate and execute a three-year contract with Chavan & Associates, LLP (C&A) to provide auditing services for fiscal years ending 2024, 2025, and 2026 beginning July 1, 2024.

Fiscal Impact:

The proposed FY 2024-25 budget contains \$21,000 for these services. This is a three-year contract with subsequent increases of \$750 per fiscal year for a total 3-year cost of \$65,250.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a three (3) year contract for auditing services with Chavan & Associates, for a total amount of \$65,250, to provide auditing services for fiscal years ending 2024, 2025, and 2026, with \$44,250 subject to future Board approval as part of the Operating Budget adoption processes for FY2025-26 and FY2026-27.

Discussion:

The recommendation is to award a three-year contract to C&A to provide auditing services for fiscal years 2023-24, 2024-25, and 2025-26. The recommendation to continue C&A's services is based on their good record of performance as well as cost-effectiveness. C&A's knowledge in relation to BAWSCA's programs and revenue bonds has been a tremendous resource over the past few years. An informal survey of a few member agencies (smaller water districts) conducted by BAWSCA staff supports the finding that C&A provides a cost-competitive service to BAWSCA at the proposed budget.

Scope of Services, Results to be Achieved, and Billing Rates:

The draft scope of services and billing rates with C&A for this contract are shown in Exhibit A.

Background:

C&A is based in Morgan Hill and specializes in accounting, auditing, and consulting, particularly for government entities. Sheldon Chavan, Managing Partner, has practiced public accounting since 1998. Paul Pham, Associate Partner, has practiced public accounting since 2007. Both Sheldon and Paul are eligible to be the engagement partner for the next three years under current government code. The auditor is charged with auditing the financial statements of BAWSCA, compiling the financial statements of the Bay Area Water Users Association (BAWUA, BAWSCA's predecessor organization), providing a management letter, preparing a report for the State Controller, completing certain federal and state tax filings and other auditing services. Exhibit B provides a listing of C&A's existing clients.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Chavan & Associates**

DRAFT

SCOPE OF SERVICES FOR AUDIT SERVICES

Purpose

The purpose of an independent audit is to provide an opinion as to whether the financial statements of an entity are fairly presented, in all material respects, and in conformity with generally accepted accounting principles. An audit provides reasonable assurance that an agency's financial statements are free from material misstatement, that adequate records are maintained, and procedures are in place to effectively safeguard its assets, and finally, may inform management of any fraudulent reporting or misappropriation of assets and/or violation of laws or governmental regulations that are attributable to acts by management or employees acting on behalf of management.

Scope of Work

The services to be provided consist of preparing a consolidated audit of the financial statements, transactions, contracts, and records of the Bay Area Water Supply and Conservation Agency and the Bay Area Water Users Association and preparing an annual audit report, with a Management letter, in accordance with applicable State laws and regulations. Specifically, the Auditor shall:

1. Express an opinion on the fair presentation of BAWSCA's and BAWUA's financial statements, their conformity with generally accepted accounting principles and generally accepted auditing standards, and for BAWSCA, compliance with standards and requirements set forth by the California State Department of Finance.
2. Prepare the "Annual Report of Financial Transactions of Special Districts" for submission to the State Controller.
3. Prepare Federal 990 and State 199 Tax filings for BAWUA.
4. Prepare a written report (letter to management) with respect to the adequacy and effectiveness of the Agency's current accounting procedures and controls. This report will include comments of significant changes in the funds' balance sheets, operations, inadequacies, internal control, and other matters deemed appropriate. Interviews with appropriate staff may be required.
5. Prepare the note disclosures required by GASB 45/27 and provide consultation to BAWSCA related to the accounting and reporting requirements of GASB 45/27.

6. Meet with management to keep the Agency informed about the progress of the audit if requested to do so.
7. Attend Agency meetings to discuss the audit or management recommendations as requested.

Records to be Audited

BAWSCA's accounting records consist of a General Fund (operating budget) and one LAIF general reserve account. BAWUA's accounting records consist of one checking account and one savings account which will be compiled but not audited.

Both organizations use the accrual basis of accounting, and both have computerized accounting systems (QuickBooks).

The audit examination shall include all existing funds and any funds that may be created from time to time during the 3-year contract period.

Time Consideration and Reporting Requirements

The Auditor shall initiate performance of financial audit services as early as feasible following the closing of the financial records of both BAWSCA and BAWUA on or shortly after July 30. The Auditor is welcome to schedule earlier review of records that are not dependent upon the closing of the fiscal year records.

The State Controller's Report for BAWSCA must be submitted to the State by January 31st each year.

Thirty (30) copies of the Management Letter together with the final Financial Statements and Auditor's opinion thereon will be submitted to the Agency approximately one to two weeks prior to the due date. Prior to the submission of the final report, the Auditor is required to review a draft of the proposed final report and management letter with BAWSCA's general manager. The Management Letter should include a summary statement of audit findings and recommendations affecting the financial statements, internal control, accounting systems, compliance determination, and any other material matter.

Three-Year Not to Exceed Contract Limit: \$65,250 (subject to future budget approval for years 2 and 3)

Rates & Charges:

- FY 2023-24 Audit: \$21,000
- FY 2024-25 Audit: \$21,750
- FY 2025-26 Audit: \$22,500

Exhibit B

Chavan and Associates, LLP Client List

Cities/Towns	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
City of Albany	✓	✓	✓			✓	
City of Capitola	✓	✓	✓			✓	
City of Carmel-by-the-Sea	✓	✓	✓			✓	
City of Del Rey Oaks		✓	✓			✓	
City of El Cerrito	✓	✓	✓	✓		✓	
City of Gridley	✓	✓	✓	✓		✓	
Town of Los Gatos	✓	✓	✓	✓			
City of Marina	✓	✓	✓	✓		✓	
City of Oroville	✓	✓	✓	✓		✓	
City of Pacific Grove	✓	✓	✓	✓		✓	
City of Point Arena		✓	✓				
City of Rocklin	✓	✓	✓	✓		✓	
City of Wheatland		✓	✓	✓			
Town of Yountville	✓	✓	✓			✓	

Local Education Agencies	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Antelope School District		✓	✓		✓		
Burlingame School District		✓	✓	✓	✓		✓
Cabrillo Unified School District		✓	✓	✓	✓		✓
Corning Union High School District		✓	✓	✓			
Cotati-Rohnert Park Unified School District		✓	✓		✓		✓
El Dorado County Office of Education		✓	✓	✓	✓		
Hillsborough City School District		✓	✓	✓	✓		
Jefferson Union High School District		✓	✓	✓	✓		✓
Las Lomas School District		✓	✓		✓		✓
Lassen View Union Elementary School District		✓	✓		✓		
Liberty Union High School District							
Los Altos School District	✓	✓	✓	✓	✓		✓
Los Gatos-Saratoga School District		✓	✓		✓		
Luther Burbank School District		✓	✓	✓	✓		
Menlo Park City School District		✓	✓	✓	✓		
Millbrae School District		✓	✓		✓		✓
Napa Valley Unified School District		✓	✓	✓	✓		✓
Orchard School District		✓	✓		✓		✓
Pacifica School District		✓	✓	✓	✓		
Red Bluff Joint Union High School District		✓	✓	✓	✓		✓
Red Bluff Union Elementary School District		✓	✓		✓		
Roseland Elementary School District		✓	✓	✓	✓		✓
San Carlos School District		✓	✓	✓	✓		✓
San Lorenzo Valley Unified School District		✓	✓	✓	✓		✓
San Mateo County Office of Education		✓	✓	✓	✓		✓
San Mateo Foster City School District		✓	✓	✓	✓		✓
Santa Rosa City Schools		✓	✓	✓	✓		✓
Sequoia Union High School District		✓	✓	✓	✓		✓
Sonoma Valley Unified School District		✓	✓	✓	✓		✓
Soquel Union Elementary School District		✓	✓	✓	✓		✓
Union School District		✓	✓	✓	✓		✓
West County Transportation Agency		✓	✓		✓		
Woodside Elementary School District		✓	✓		✓		✓

Privately Held Corporations	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Dfusion, Inc.		✓	✓	✓			
Diagnostics for the Real World		✓	✓	✓			
Pathway to Choices		✓					
Tri-State Seminar, LLC		✓					

Attachment B

Chavan and Associates, LLP Client List

Charter Schools	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Charter School of Morgan Hill		✓	✓		✓	✓	
Credo High School		✓	✓		✓	✓	
Kid Street Charter School		✓	✓		✓	✓	
The Reach Charter School		✓	✓		✓	✓	
La Vida Charter School							
Mission Preparatory School		✓	✓		✓	✓	
Pathways Charter School		✓	✓		✓	✓	
Roseland Charter School		✓	✓	✓	✓	✓	
RSTEM Academy Charter School		✓	✓		✓	✓	
Stone Bridge Charter School		✓	✓		✓	✓	
University Preparatory Academy		✓	✓		✓	✓	
Woodland Star Charter School		✓	✓		✓	✓	

Special Districts	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Bay Area Water Supply Conservation Agency		✓	✓	✓			
Castro Valley Sanitary District		✓	✓				
Lake Canyon Community Services District		✓	✓				
Marina Coast Water District	✓	✓	✓	✓			
Midpeninsula Regional Open Space District		✓	✓	✓			
North County Library Authority		✓	✓				
Purissima Hills Water District						✓	
Silicon Valley Fire District		✓	✓	✓			
Steger Sanitary District		✓	✓				
South San Francisco Conference Center		✓					
The Cities' Group		✓	✓				
Tres Pinos Water District		✓	✓				
West Bay Sanitary District		✓	✓				
West Valley Sanitation District		✓	✓				
West Valley Clean Water Authority		✓	✓				
Westborough Water District						✓	

NonProfit Organizations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Boys and Girls Clubs of Sonoma Valley		✓				✓	
Boys and Girls Clubs of Sonoma-Marin			✓	✓		✓	
Center for Empowering Refugees & Immigrants		✓				✓	
Children of Grace						✓	
Hidaya Foundation		✓				✓	
Mission Language and Vocational School		✓				✓	
Morgan Hill Charter School Foundation		✓				✓	
Mountain View Educational Foundation						✓	
NASA AMES Exchange		✓				✓	
New Ballet School		✓					
O'Connor Tract Co-Operative Water Co.						✓	
Peninsula College Fund		✓					
Peninsula Conflict Resolution Center		✓				✓	
Redwood City Education Foundation						✓	
River of Life Foundation		✓	✓	✓			
San Francisco Deputy Sheriffs' Association						✓	
San Mateo County Exposition and Fair Association		✓				✓	
San Mateo County Exposition and Fair Association		✓				✓	
Schools, Mentoring and Resource Team, Inc.		✓				✓	
St. Andrew's Residential Programs for Youth		✓	✓				
Starting Arts, Inc.		✓	✓				
STARS Preschool		✓	✓				
Temple Beth Sholam		✓					
The San Jose Library Foundation			✓	✓		✓	
Work2future Foundation		✓				✓	
Young Women's Christian Assoc. of Sonoma		✓	✓	✓			

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with E Source to Implement Water Loss Management Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with E Source Companies LLC (E Source), formerly known as Water Systems Optimization (WSO), to implement the BAWSCA Water Loss Management Program (WLM Program) which provides member agencies with technical support related to water system auditing and water loss management. The program was launched in FY 2018-19 as a recommendation of the BAWSCA “Making Conservation a Way of Life” Strategic Plan to support the BAWSCA agencies in complying with water loss regulatory requirements.

The WLM Program contains two components:

1. The **WLM Technical Assistance Program (TAP)**, which provides technical assistance to individual BAWSCA agencies in completing annual water audits and improving water loss management practices. This program is offered as a Subscription Conservation Program, and therefore, those agencies wishing to participate in the program will fully fund the cost of implementation in their service area.
2. The **Loss Evaluation and Knowledge (LEAK) Work Group** provides water loss control education and peer to peer learning opportunities for all BAWSCA agencies. The LEAK Work Group is part of BAWSCA’s Core Conservation Program, funded by BAWSCA through the Operating Budget to the benefit of all BAWSCA agencies, as a component of the BAWSCA “Making Conservation a Way of Life” workplan item.

Fiscal Impact:

The WLM Technical Assistance Program will be offered to the member agencies on a subscription basis, and only those agencies that elect to participate in the program will pay the cost of the selected outside service provider as well as allocated BAWSCA staff time.

The proposed FY 2024-25 budget includes a \$35,000 budget allocation for the LEAK Work Group for FY 2024-25 as a core conservation program. The proposed budget is the same as the current year’s contract budget and reflects a five percent increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1) **Negotiate and execute a contract between BAWSCA and E Source subject to legal counsel review, for a not-to-exceed amount of \$35,000 for implementation of the Water Loss Management Program in FY 2024-25; and**
- 2) **Offer participation in the Water Loss Management Technical Assistance Program to BAWSCA agencies on a subscription basis.**

Discussion:

In October of 2015, the Governor of California signed Senate Bill (SB) 555 into law to improve water system auditing throughout the state. SB 555 requires all California Urban Retail Water

Suppliers to submit validated water audits to the Department of Water Resources (DWR) annually, beginning in October 2017. SB 555 also requires that, by July 1, 2020, the State Water Resources Control Board (SWRCB) adopt rules requiring urban retail water suppliers to meet performance standards for water loss. Most of BAWSCA's 26 member agencies have completed validated audits and submitted the audits to DWR annually since 2017.

The WLM Program was a key recommendation of BAWSCA's "Making Water Conservation a Way of Life" Strategic Plan Phase 1 Report, completed in 2018. The purpose of the WLM Program is to provide the member agencies with the necessary technical assistance to comply with SB 555 requirements and to benefit from cost-effective water loss interventions.

The TAP portion of the WLM Program is implemented as a Subscription Program, funded by the individual agencies that elect to implement the program for their respective service areas. In FY 2023-24, twenty-one BAWSCA agencies participated in the TAP. These agencies have expressed a strong desire to continue the TAP in FY 2024-25.

The LEAK Work Group portion of the WLM Program is implemented as a Core Program, recommended to be funded by BAWSCA for FY 2024-25 to the benefit of all BAWSCA agencies as part of the BAWSCA "Making Conservation a Way of Life" workplan item. The LEAK Work Group provides water loss control education and peer to peer learning opportunities for the member agencies. Since FY 2019-20, nearly all BAWSCA agencies have participated in the LEAK Work Group.

Scope of Services, Results to Be Achieved, and Billing Rates:

The FY 2024-25 draft scope of services and billing rates with E Source are shown in Exhibit A.

Exhibit A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and E Source to
Implement the Water Loss Management Program**

DRAFT

FY 2024-25 SCOPE OF SERVICES

Work to Be Performed:

Task A and Tasks 1 through 5 are offered to each participating agency to support member agency water loss control work.

Task A: Level 1 Validation

E Source provides Level 1 Validation, a process of reviewing the annual water audit (detailed in the requirements set forth by the California Department of Water Resources, Title 23 CCR § 700.3).

This task involves:

- **Data transfer:** E Source will request the water audit and supporting documentation necessary for level 1 validation from each agency.
- **Validation session:** E Source will schedule and lead an interview with appropriate staff to confirm the inputs and Data Validity Grades provided in the water audit.
- **Documentation:** E Source will furnish all necessary documentation for compliance with the requirements set forth by the California Department of Water Resources, Title 23 CCR § 700.3.

Beyond the required Level 1 Validation as described above, the following tasks accommodate varying needs for water loss management.

Task One: Program Management

For any agency working on tasks beyond Level 1 Validation, E Source will set up systems of data collection and management, track progress, and communicate frequently.

E Source will work to:

- Understand the full context of and incentives for water loss control activity at the Participating Agency
- Acknowledge past challenges and hurdles in managing water loss
- Develop project communication and management approaches
- Provide monthly updates on work complete (via BAWSCA invoicing)

Task Two: Water Audits & Data Sources

2.a: Water Audit Compilation & Reporting

With the support of each Participating Agency's staff, E Source will compile a water audit in the American Water Works Association (AWWA) Free Water Audit Software version 6.

In Task 2.a, E Source will:

- Collect and review water audit data (inclusive of all water audit inputs except for billing data, which is addressed in Task 2.b)
- Complete the water audit compilation in the AWWA Free Water Audit Software version 6
- Produce supporting documentation required for level 1 validation
- Identify strengths and shortcomings of available information and instruments

2.b: Billing Data Analysis

E Source will intake and review the agency's billing data for the audit period.

In Task 2.b, E Source will:

- Review data for integrity and completeness
- Prorate billing data for best alignment with production data
- Identify and visualize anomalous records
- Identify notable findings and potential errors

2.c Source Meter Volumetric Accuracy Testing & Reporting

In this task, E Source will design and conduct a volumetric source meter accuracy test. Source meter accuracy testing establishes a field-verified volume of water supplied, the baseline of the water audit. For each source meter accuracy test, E Source will:

- Conduct a site visit
- Draft a test design
- Conduct a volumetric accuracy test with comparative meter or reservoir reference volume
- Complete a data chain assessment, if relevant
- Analyze test results
- Document test procedure for future meter accuracy investigation

2.d Field Pressure Survey & Reporting

In this task, E Source will identify the best fit goals for pressure data collection for the participating agency. The following table summarizes three potential goals and our approach toward achieving each one.

Goal:	Understand System Average Pressure	Investigate Pressure Transients	Identify Potential District Metered Areas
Approach:	<ul style="list-style-type: none"> ○ Select logging sites ○ Deploy pressure loggers ○ Analyze and visualize pressure data 	<ul style="list-style-type: none"> ○ Select logging sites ○ Deploy high-frequency pressure loggers ○ Analyze and visualize pressure data 	<ul style="list-style-type: none"> ○ Identify pressure zone boundaries and critical infrastructure ○ Study zonal hydraulic isolation

	<ul style="list-style-type: none"> ○ Calculate average system pressure ○ Recommend potential targeted pressure reductions 	<ul style="list-style-type: none"> ○ Analyze and explain transients ○ Recommend transient mitigation 	<ul style="list-style-type: none"> ○ Establish zonal pressure average and pressure range ○ Recommend further study toward DMA installation and management
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2.e Water Audit Miscellaneous Support & Reporting

E Source will provide technical support and guidance to Participating Agency in completing its water audit. Level of support and associated costs will be determined through discussions with the Participating Agency.

Examples of this work may include:

- **Billing Data Chain Assessment:** an especially detailed review of billing data (beyond Task 2.b) that interrogates the processes of billing data collection, transmission, and reporting. This work is well fit for new AMI systems to corroborate successful processing of high-resolution data.
- **Process Map Development:** a process by which E Source visually maps the agency's water audit's data sources and associated data maintenance practices. This can be 1) a useful educational tool to communicate the importance of different departments' contributions to the water audit and 2) a valuable documentation practice to understand current processes and identify improvements.

If there are specific water loss assistance tasks that are not already included in the those offered, E Source can develop a task and scope to suit your needs here.

Task Three: Leakage Analysis & Recovery

3.a Component Analysis of Real Losses and SWRCB Water Loss Standard Assistance

Please note that completing a component analysis of real losses will support the derivation of custom inputs for the California State Water Resources Control Board (SWRCB) real loss performance target model since both approaches use the same fundamental concepts.

For this task, E Source will provide the following:

1. **Real Loss Component Analysis:** A component analysis of real losses to establish the unique leakage profile and inform targeted and cost-effective leak management strategies for the agency.
2. **SWRCB Water Loss Standard Custom Input Assistance:** Custom inputs to the SWRCB's economic model and supporting documentation for a potential adjustment to the agency's leakage performance standard.
3. **SWRCB Water Loss Standard Compliance Planning:** A compliance plan outlining a draft strategy to meet the agency's leakage performance standard.

Real Loss Component Analysis

A real loss component analysis (RLCA) aims to summarize the rate of leakage quantified through an AWWA water audit in meaningful categories (components) that help identify optimum strategies to reduce loss.

E Source's component analysis of real losses uses documentation on infrastructure, pressure, leak detection, and repair data and practices to support the following:

- Modeling background leakage
- Quantifying reported leakage
- Assessing of unreported leakage
- Estimating ongoing hidden leakage
- Identifying and recommending data collection and management improvements that provide more accurate insight into leakage

E Source's real loss component analysis will provide the following, depending on its relevancy to the agency:

- Determination of leakage volumes: background, unreported, reported, and hidden leakage
- Break frequency analysis and comparison to national and international datasets
- Evaluation of documented leak response times
- Review of leak documentation and recommendations for improved data collection
- Analysis of cost-effective intervention against leakage
- Leakage management program design

SWRCB Water Loss Standard Custom Input Assistance

Each BAWSCA agency considered an Urban Water Supplier has received a leakage performance target from the State Water Resources Control Board (SWRCB) in accordance with SB 555. Compliance with the real loss volumetric standard will be required by 2028, using the 2027, or 2025 or 2026 water audit. Requests for adjustments may be submitted to the SWRCB before July 1, 2023. Any adjustment submitted after July 1, 2023 must include an explanation for the inability to submit by the deadline. Possible explanations could include: data was not available or higher-quality data became available after the deadline.

E Source will perform the following to derive custom inputs to the SWRCB economic model:

- Request and compile relevant data (e.g. leakage repair documentation, leak detection results, financial data, infrastructure data, etc.)
- Review data collected to identify what custom inputs may be calculated
- Calculate customized value for inputs where the minimum data threshold is met
- Compile supporting documents for input adjustment application

SWRCB Water Loss Standard Compliance Planning

E Source will work with the agency to outline a draft strategy to meet their leakage performance standard by doing the following:

- Review the agency's water loss standard

- Evaluate data uncertainty and recommendations for data improvement
- Consider results of the real loss component analysis and, if available, a leak simulation model and/or pilot leak detection results

Develop a timeline, cost estimate, and key milestones associated with the water loss compliance plan, based on existing data sources.

3.b Leak Detection Survey - Preparation, Kick Off, & Reporting

E Source offers acoustic leak detection survey services for hidden water loss identification and recovery. In this survey work, an expert leak detection technician listens for leak noise on all available appurtenances on main pipe and service connections. Geophones and correlators will be used to pinpoint and confirm potential leaks as necessary.

This task covers the preparation of the survey, kickoff call hosted by E Source with the agency, and leak detection survey reporting.

3.c Leak Detection Survey

E Source offers acoustic leak detection survey services for hidden water loss identification and recovery. In this survey work, an expert leak detection technician listens for leak noise on all available appurtenances on main pipe and service connections. Geophones and correlators will be used to pinpoint and confirm potential leaks as necessary.

In this task, E Source will:

- Prepare for and lead a leak detection kick off meeting to walk through the methodology and discuss procedures for traffic control, leak identification and leak confirmation.
- Perform a comprehensive acoustic leak detection survey
- Collaborate with the agency to ensure agreement on existence and location of leak findings
- Provide documentation of each suspected leakage event

Task Four: Customer Meter Accuracy & Testing

4.a Apparent Loss Analysis & Reporting

Apparent losses result from customer meter inaccuracy, meter reading errors, data transcription errors, inaccurate consumption estimates, and theft. Apparent losses produce revenue loss, and the accuracy of apparent loss estimations affects insight into system leakage volumes.

To assess apparent losses, E Source will:

- Design a random and representative meter test sample
- Prioritize large customer meters for testing
- Analyze existing (and/or newly completed) test results
- Review and refine estimates for unauthorized consumption and systemic data handling errors
- Calculate and value apparent losses due to customer meter inaccuracy
- Recommend further study and customer meter management

4.b Customer Meter Accuracy Testing via Subcontractor

For participating utilities without customer meter testing programs in place, E Source will facilitate customer meter testing through a subcontracted service provider.

In this work, small and large meters would be tested to better understand typical customer meter accuracy. The service provider will bench test small meters and in-situ test large meters in accordance with AWWA M6 meter testing standards. To participate in this task, agencies would need to:

- Sign up for Task 4.a so that E Source can assist in the preparation of the meter testing program and analysis of test results
- Pull and replace the small meters identified for testing
- Provide access in the field to large meters identified for testing

Task Five: Targeted SWRCB Water Loss Standard Assistance

Each BAWSCA agency considered an Urban Water Supplier has received a leakage performance target from the State Water Resources Control Board (SWRCB) in accordance with SB 555. Compliance with the real loss volumetric standard will be required by 2028, using the 2027, or 2025 or 2026 water audit. Requests for adjustments may be submitted to the SWRCB before July 1, 2023. Any adjustment submitted after July 1, 2023 must include an explanation for the inability to submit by the deadline. Possible explanations could include: data was not available or higher-quality data became available after the deadline.

E Source will do the following to provide targeted assistance with the SWRCB water loss standard:

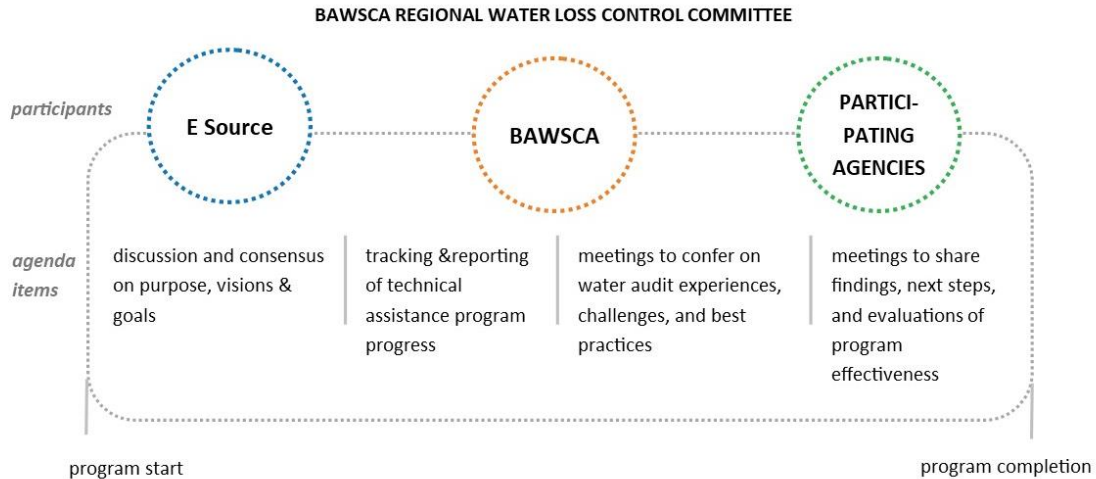
- Review the agency's calculated custom inputs and/or supporting documentation.
- Conduct advisory calls with the agency to provide guidance on custom input derivation and methodology.

Task Six: Regional Water Loss Control Work Group (Leak Work Group)

6.a Leak Work Group

A productive, well-attended Leak Work Group is the cornerstone of the BAWSCA Water Loss Control Program.

E Source together with BAWSCA will lead the LEAK Work Group meetings, provide technical input, schedule the meetings, prepare meeting agendas, steer the RWLC Work Group toward goal outcomes, share background information and additional resources, prepare meeting notes and keep track of action items identified during these meetings. The figure below presents a summary of participants and activity we expect for the RWLC Work Group meetings.



Possible subsequent RWLC Work Group meeting topics include:

- Source meter testing procedures
- Advanced metering infrastructure and the role of technology in water loss management
- The statistics of customer meter testing and customer meter management
- Component analysis of real loss methodology
- The economics of water loss control
- District metered area management
- Water loss in California

6.b Summary Reporting and Regulatory Updates

In addition to leading and coordinating the RWLC Work Group, E Source will provide monthly progress updates, communicating with BAWSCA staff on the status of the Participating Agencies. At the close of each year's work, E Source will provide summary reporting, reflecting on observed trends and the group's achievements.

Rates and Charges:

The following are the FY 2024-25 program rate schedule and billing rates for this contract amendment:

Rate Schedule

Program Item	Subtask Selection	Unit Cost x Quantity	Total Cost
A. Level 1 Validation	<input type="checkbox"/> Level 1 Validation	\$2,700	
1. Program Management	<input type="checkbox"/> 1.a Ongoing Administration	\$430 x _____ # of subtasks selected from 2.a, 2.b, 2.c, 2.d, 2.e, 3.a, 3.b, 4.a, 5	
	<input type="checkbox"/> 1.b Monthly Status & Budget Updates	\$860 <i>required if any subtasks beyond validation are selected</i>	
2. Water Audits & Data Sources	<input type="checkbox"/> 2.a Water Audit Compilation & Reporting	\$7,530	
	<input type="checkbox"/> 2.b Billing Data Analysis	\$4,932	
	<input type="checkbox"/> 2.c Source Meter Volumetric Accuracy Testing & Reporting	<i>Determined upon discussion with E Source</i>	
	<input type="checkbox"/> 2.d Field Pressure Survey & Reporting	\$14,222	
	<input type="checkbox"/> 2.e Water Audit Miscellaneous Support	<i>Determined upon discussion with E Source about audit support needs (rates in Table 1 below)</i>	
3. Leakage Analysis & Recovery	<input type="checkbox"/> 3.a Real Losses Component Analysis	\$24,628	
	<input type="checkbox"/> 3.b Leak Detection – Preparation, Kick Off & Reporting	\$5,218 <i>(required if conducting leak detection)</i>	
	<input type="checkbox"/> 3.c Leak Detection – Survey	<i>Price based on tiered rate (see Table 2)</i>	
4. Customer Meter Accuracy & Testing	<input type="checkbox"/> 4.a Apparent Loss Analysis & Reporting	\$11,274	
	<input type="checkbox"/> 4.b Customer Meter Accuracy Testing	<i>See Separate Agreement with M&M Meter Testing Program</i>	
5. Targeted SWRCB Water Loss Standard Assistance	<input type="checkbox"/> Targeted SWRCB Water Loss Standard Assistance	<i>Determined upon discussion with E Source</i>	
6. BAWSCA Administration Fee			\$150
7. Maximum Program Cost		Total Items 1-6	\$

Billing Rates

Table 1. Hourly Rate Table for additional services (Task 2.e)

Role	Rate (hourly)
Project Advisor	\$ 286
Project Director	\$ 232
Project Manager	\$ 198
Analyst	\$ 154

Table 2. Comprehensive Leak Detection Mileage Rate Table (Task 3.c)

Mileage Surveyed	\$/mile
Mile 1 through Mile 50	\$441
Mile 51 through Mile 100	\$386
Miles 101 +	\$331

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hanson Bridgett for FY 2024-25 (Legal Counsel)**

Summary:

The annual contract for legal services should be executed by July 1, 2024. In addition to providing general legal services for BAWSCA, BAWUA, and the RFA, next year's proposed scope includes work related to protecting member agency water supply and financial interests in implementing the Water Supply Agreement (WSA) amendment, State Water Resources Control Board (SWRCB) Bay Delta Plan activity, Don Pedro FERC activity, bond refunding, Tier 2 Plan negotiations, and implementation of solutions for meeting near-term and long-term water needs.

This item requests authorization for the CEO/General Manager to execute a contract with Hanson Bridgett for FY 2024-25. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$880,000 and is contained in the proposed FY 2024-25 Operating Budget. As of May 1, 2024, the proposed budget of \$880,000 is \$11,000 less than the currently approved budget for FY 2023-24.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Hanson Bridgett for a not-to-exceed amount of \$880,000 to provide as needed legal counsel services.

Discussion:

Hanson Bridgett's scope includes routine general legal services and costs related to contract reviews, personnel, and other administrative functions. The scope also supports work related to achieving specific results such as administration of the WSA, implementing solutions for meeting near-term and long-term water needs, assisting in negotiations for a new Tier 2 Plan for allocating drought supplies, assisting in efforts to get the system rebuilt in a way that satisfies water customer needs, protecting the water supply in which member agencies depend upon, assistance with legislation and defending BAWSCA in anticipated or occurring litigation.

Hanson Bridgett has been providing legal assistance to BAWSCA and its predecessor agency, Bay Area Water Users Association (BAWUA), for more than 35 years. Hanson Bridgett helped negotiate both the prior and the current agreement for water supply between the Wholesale Customers and San Francisco. Hanson Bridgett also drafted the legislation that now pressures San Francisco to fix the Regional Water System, formed the San Francisco Bay Area Regional Financing Authority (RFA), and enabled the formation of BAWSCA.

Hanson Bridgett has successfully arbitrated settlements totaling several millions of dollars on behalf of the wholesale water customers. The firm's familiarity with the business relationship between the wholesale customers and San Francisco, and their knowledge of the Water Supply

Agreement supports continuation of their services through the proposed annual professional services contract.

Scope of Services – Results to be Achieved:

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

Billing Rates:

Exhibit B presents the rates and charges for FY 2024-25. The proposed hourly rates for FY 2023-24 represent an approximate 3% to 5% increase compared to current FY 2023-24 rates.

EXHIBIT A

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

DRAFT

FY 2024-25 SCOPE OF WORK

PURPOSE

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

1. General legal support (e.g., administration, contracting and personnel administration)
2. Assistance for achieving results during FY 2024-25.

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

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

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

General legal services for the RFA are expected to be minimal and administrative. BAWSCA and San Francisco do not foresee the need to use the RFA as a funding mechanism at this time.

Assistance Achieving FY 2024-25 Results. In addition to general legal support, legal counsel will assist in forming and implementing approaches to a number of activities

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

- Legal support in implementing the WSA including negotiations for a new Tier 2 drought allocation plan among the BAWSCA agencies;
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir;
- Represent BAWSCA and its member agencies during the Bay Delta Plan Update litigation and provide legal support for protecting the water supply interests of the agencies in the voluntary settlement agreement negotiations;
- Legal support for monitoring the SFPUC's 10-Year CIP, system maintenance programs, and the WSIP, including the water supply level of service goal and related activities being implemented by SFPUC;
- Implementation of Long-Term Reliable Water Supply Strategy recommended actions and Strategy 2050 development;
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in ensuring that the SFPUC meets its legal and contractual obligations for water supply from the RWS considering ongoing risks and the SFPUC's related 2028 decisions;
- Legal support for BAWSCA's engagement with SFPUC on its Alternative Water Supply Plan and anticipated subsequent actions;
- Implementation of activities under BAWSCA's Water Conservation Implementation Plan and BAWSCA's Making Water Conservation a California Way of Life implementation plan, including both core and subscription water conservation programs; and
- Routine contract reviews for water conservation activities, partnerships with other agencies, and professional services.

The above-mentioned activities may require legal counsel to:

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

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

Budgeted Activities and Not to Exceed Contract Limit: \$880,000

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

Long-Term Water Supply Reliability	\$135,000
Water Conservation	\$15,000
WSA Administration - Fair Pricing	\$127,000
WSA Administration - Supply Reliability	\$461,000
BAWSCA (General legal)	\$140,000
<u>RFA & BAWUA (General legal)</u>	<u>\$2,000</u>
Total	\$880,000

This breakdown of activities is based on estimates at the time of budgeting. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$779,000. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2024-25

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters, including legal services to complete the Water Supply Agreement amendment, the Bay Delta Plan update, and services provided to BAWSCA in connection with the FERC relicensing. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2024-25 represent an approximate 3% to 5% increase compared to FY 2023-24 rates. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$880,000.

FY 2023-24 RATES

Partner	\$485/hour
Senior Counsel	\$435/hour
Associates	\$410/hour

OUT OF POCKET EXPENSES

At Cost

OTHER CHARGES

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

COST SAVING ADJUSTMENTS

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

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hazen and Sawyer
(Engineering/Water Management)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract amendment with Hazen and Sawyer for developing and evaluating water supply scenarios using BAWSCA's Regional Water System & Supply Modeling Tool (Model) for FY 2024-25.

The work under this contract has two distinct components:

1. **BAWSCA Requested Modeling Efforts** - Modeling efforts performed at the request of BAWSCA, as needed to help evaluate potential alternative water supply projects that, if implemented, would provide a regional water supply benefit. In addition, the Model will be kept updated to reflect adjusted water demands by member agencies as well as impacts on supply reliability as a result of rationing requirements, new regulatory requirements such as the Bay-Delta Plan, and impacts of climate change.
2. **BAWSCA Member Agency Modeling Efforts** - Modeling efforts performed at the request and for the benefit of individual member agencies. This service is made available under a Subscription Program that would provide member agencies access and support related to the use of the Model. Those agencies wishing to participate in the program will fully fund the cost of the services provided.

Fiscal Impact:

The contract amendment for a not-to-exceed amount of \$108,000 for water supply scenario evaluation using the Model is included in the proposed FY 2024-25 Operating Budget. That budget applies to work performed as part of BAWSCA Requested Modeling Efforts. The subscription program services provided as part of BAWSCA Member Agency Modeling Efforts are at no cost to BAWSCA. Only those agencies that elect to participate in the subscription program will pay the costs associated with those services.

The proposed budget is less than the approved FY 2023-24 contract budget. Billing rates by category have been held to an increase of 5% or less.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1) **Negotiate and execute a contract between BAWSCA and Hazen and Sawyer, subject to legal counsel review, for a not-to-exceed amount of \$108,000 for BAWSCA Requested Modeling Efforts; and**
- 2) **Offer member agencies access to Hazen and Sawyer to support use of the Model to evaluate their individual water supply options and strategies on a subscription basis.**

Discussion:

BAWSCA's Regional Water System & Supply Modeling Tool (Model) was developed in FY 2017-18 for BAWSCA by Hazen & Sawyer following a competitive proposal process. Since then, Hazen & Sawyer have continued to provide technical support with the Model. Prior to the Model's development, BAWSCA had relied on the SFPUC's modeling resources to inform long-term planning decisions. However, as BAWSCA's and the member agencies' needs grew, it was not effective to rely on the SFPUC for modeling work to meet BAWSCA's analytical and schedule needs.

Since its development, the Model has been used to analyze different water resources scenarios (for example, supporting evaluation of the feasibility and potential benefits of participating in the Los Vaqueros Expansion Project) and provide information to support member agencies' Urban Water Management Plans and other State required plans. The Model also continues to be updated with new data including updated water demand projections and supply reliability.

For FY 2024-25, major tasks include the continued use of the Model to perform water resources evaluations. Particular efforts anticipated include updating the Model to reflect new demand estimates, updates to prepare for future Strategy 2050 efforts, support of annual Water Supply and Demand Assessments, and continued training of BAWSCA staff members on use of the model.

This would be the eighth Amendment to the agreement between BAWSCA and Hazen & Sawyer. BAWSCA expects to continue to seek the annual support of Hazen & Sawyer for BAWSCA's work efforts that involve the use of the Model. Given that likelihood, for FY 2024-25, BAWSCA will be negotiating a new agreement with Hazen & Sawyer to allow for a more streamlined process for annual renewals. BAWSCA will continue to routinely review the consulting rates proposed by Hazen & Sawyer to assure that those rates remain fair and competitive.

Scope of Work and Billing Rates: Services – Results to Be Achieved:

Exhibit A shows the draft scope of work and billing rates for work proposed to support BAWSCA's Requested Modeling Efforts in FY 2024-25.

Exhibit B shows the draft scope of work and billing rates for work proposed under a subscription program with member agencies in FY 2024-25.

Exhibit A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Hazen and Sawyer to Support BAWSCA's Use
of the Regional Water System & Supply Modeling Tool**

DRAFT

FY 2024-2025 SCOPE OF SERVICES

Purpose:

On March 24, 2017, BAWSCA issued a request for proposals (RFP) for a consultant to develop the Regional Water System & Supply Modeling Tool (Model) and for ongoing water resources support services for up to five years. After completing the RFP process, Hazen and Sawyer (Consultant) was awarded a one-year contract to develop the Model and provided follow-on support services through FY 2023-24. BAWSCA wishes to continue modeling and water supply planning support services under a new agreement through FY 2024-25. The scope of work under this agreement is further described below.

Work to Be Performed:

Task 1 – As-Needed Updates to Water Supply Model

The BAWSCA Model requires semi-regular updates in order to (1) continue to support the long-term planning needs of BAWSCA and its member agencies, (2) accurately reflect updates to planned infrastructure and supplies, and (3) maintain consistency with other regional planning/modeling efforts.

Under Task 1, Consultant will modify relevant model inputs, structural elements (i.e., RiverWare objects/links), and operational code (i.e., RiverWare Policy Language [RPL]) to meet the objectives outlined above.

Task 2 – Water Supply Model Alternatives Analysis and Regional Planning Support

Under Task 2, Consultant will use the Model to continue to evaluate the effects of new/alternate water supply sources; droughts; and regulations affecting water supply availability.

Task 3 – As-Needed Planning Support and Training

On an as needed basis, the Consultant will review various materials (e.g., internal/external documents, plans, and/or models) supporting various BAWSCA planning initiatives.

Task 4 – Annual Water Supply and Demand Assessment Update

The Consultant will support BAWSCA staff to initialize and execute the Model, and provide output from the Model, in support of the annual Water Supply and Demand Assessment (WSDA) for interested member agencies. Task activities may include:

Task 5 – Project Management

The Consultant will be responsible for general project management services including:

- Project coordination, monitoring, and administration.
- Monitoring of task budgets and project schedule.

- Performance of quality assurance/quality control (QA/QC) activities.
- Preparation of monthly invoices, progress, and budget reports.

Not-to-Exceed Contract Amendment Limit: \$108,000

Rates and Charges:

Principle-in-Charge (Marc Solomon)	\$310.00/hr.
Technical Advisor (Andrea Zimmer)	\$250.00/hr.
Project Manager (Luke Wang)	\$220.50/hr.
QA/QC Lead (Devon Becker)	\$220.50/hr.
Modeling Lead (Diane Roher)	\$162.50/hr.
Assistant Engineer II (Nadia Maher)	\$159.50/hr.
Assistant Engineer II (Stephanie Lin)	\$159.50/hr.

Exhibit B

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Hazen and Sawyer to Provide Assistance to Member Agencies' Use
of the Regional Water System & Supply Modeling Tool on a Subscription Basis**

DRAFT
FY 2024-2025 SCOPE OF SERVICES

Purpose:

On March 24, 2017, BAWSCA issued a request for proposals (RFP) for a consultant to develop the Regional Water System & Supply Modeling Tool (Model) and for ongoing water resources support services for up to five years. The RFP also gave BAWSCA the option to request that the consultant use the calibrated Model to investigate and evaluate additional regional reliability scenarios. After completing the RFP process, Hazen and Sawyer (Contractor) was awarded a one-year contract to develop the Model and provide support services. In Fiscal Year (FY) 2018-19, FY 2019-20, FY 2020-21, and FY 2021-22, BAWSCA extended the Agreement to exercise its option for the services contemplated in the RFP.

On March 23, 2021, BAWSCA amended the scope of services to include services to be provided to BAWSCA's Member Agencies as further described below. For FY 2024-25, the Subscription Program will continue to be available to each BAWSCA Member Agency, enabling Member Agencies access to Contractor for services associated with Member Agencies' use of the Model. With the execution of this Amendment, BAWSCA Member Agencies will continue to have access through the period July 1, 2024 through June 30, 2025.

BAWSCA Member Agency Subscription Program:

As of March 23, 2021, BAWSCA Member Agencies have had the option to enter into a Participation Agreement with BAWSCA to have access to the Model to meet the Member Agency's individual needs and interests related to water supply planning. BAWSCA will utilize this Agreement to serve as the vehicle to provide as-needed technical and other support to BAWSCA Member Agencies for their use of the Model.

When a Participation Agreement is received by BAWSCA, Contractor will be alerted. It is the responsibility of the BAWSCA Member Agency electing to use this vehicle (Participant Agency) to engage directly with Contractor to develop and agree to a scope, budget and schedule for the work, and to share that information with BAWSCA. The Participant Agency must provide BAWSCA with an approved scope, schedule and budget, and work may proceed after BAWSCA issues a Notice to Proceed.

Interactions with Santa Clara Valley Water District, Alameda County Water District, or San Francisco Public Utilities to obtain additional Model input data beyond what is already present in the Model must be coordinated through BAWSCA.

Services will be performed on an as-requested basis and may include:

- Technical assistance related to the development of water supply planning scenarios to make use of the Model

- Modifications or enhancements to the Model as needed to perform requested analyses
- Model runs and scenario testing
- One-on-one discussions or presentations with Participant Agency staff and their stakeholders to interpret Model results
- Other work efforts associated with Model use and operation

Financial Arrangements for work to be performed for a Participant Agency:

Contractor will perform the requested work and invoice BAWSCA on a monthly basis as a separate line item on the invoices BAWSCA receives from the Contractor. Payment for the work will be provided to the Contractor by BAWSCA concurrent with the terms of this Agreement.

Budgeted Activities for Work to be Performed for a Participant Agency

The budget to perform the work as requested by a Participant Agency will be defined per the details stipulated above.

Not-to-Exceed Contract Limit for Work for a Participant Agency

The Not-to-Exceed Contract Limit for Work to be Performed is set at \$150,000 per Participant Agency.

Rates and Charges for Work to be Performed for BAWSCA Member Agencies

Services will be provided to BAWSCA Member Agencies at the hourly billing rates specified below and in accordance to the proposed reimbursable charges.

Hazen and Sawyer July 2024 – June 2025 Rate Schedule for BAWSCA Member Agency Subscription Program Services

Classification	Applicable Staff	Hourly Rate*
Project Director, QA/QC	Greg Gates, Marc Solomon, Grantley Pyke	\$262-330
Senior Associate / Project Manager	Luke Wang, Sarah Dominicki, Kirsten Plonka, Jack Keifer	\$220-310
Associate / Senior Modeler	Andrea Zimmer, Kinsey Hoffman, Devon Becker, Lisa Krentz	\$185-\$260
Project Engineer, Modeler	Diane Roher, Billy Raseman	\$160-195
Engineer-in-Training	Stephanie Lin, Nadia Maher, Nolan Townsend, Jenny Callan, Claire Waller	\$150-170

Reimbursable Charges	Rates
Mileage	IRS Rate
Prints, Plots, Messenger Services, and other direct expenses markup	Cost + 10%

*Hourly rates stipulated by the actual staff performing the work

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with IGService (Cost Allocation Review Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with IGService for FY 2024-25 to provide cost allocation review services in connection with BAWSCA's annual review of the Wholesale Revenue Requirement (WRR). The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$30,000 is included in the Proposed FY 2024-25 Operating Budget. The proposed budget is the same as the adopted budget for FY 2023-24 with a 5% increase in billing rate.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and IGService, subject to legal counsel review, for a not-to-exceed amount of \$30,000 to provide cost allocation review services.

Discussion:

In January 2023, IGService was selected by BAWSCA through a Request for Proposals process to provide an on-going cost allocation review service in connection with BAWSCA's annual review of the WRR.

Scope of Services, Results to be Achieved, and Billing Rates:

The draft scope of service and billing rates with IGService for FY 2024-25 is shown in Exhibit A.

EXHIBIT A

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

Cost Allocation Review Services

DRAFT

FY 2024-25 SCOPE OF WORK

Purpose:

For FY 2024-25, BAWSCA requires on-going cost allocation review services in connection with BAWSCA's annual review of the WRR.

Work to be Performed:

Anticipated tasks include the following:

Task 1. Attend the compliance audit kick-off meeting with the SFPUC's compliance auditor and staff.

Task 2. Review the independent compliance auditor's report, changes to Balancing Account, and accompanying management letter. Comment on the report and letter for thoroughness.

Task 3. Review the SFPUC's WRR Classification Report and provide guidance and advice to BAWSCA in terms of the most effective way(s) to utilize the WRR Classification Report to ensure that the Wholesale Customers do not pay for San Francisco programs and facilities for which they receive no benefits or receive a benefit that's not commensurate with what's being charged, and the Wholesale Customers' share of operating and capital expenses for the Regional Water System have been allocated in accordance with the WSA. Upon the review, provide BAWSCA a report of findings.

Task 4. Participate in meetings with the SFPUC Finance to work out differences of opinion, if necessary.

Task 5. Other assignments as needed.

Not to Exceed Contract Limit: \$30,000

Rates & Charges:

Partner \$220/hr.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with KNN Public Finance (KNN) for FY 2024-25 to provide on-going financial advisory services. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$63,500 is included in the proposed FY 2024-25 Operating Budget. The proposed budget is the same as the adopted budget for FY 2023-24 with no increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and KNN, subject to legal counsel's final review, for a not-to-exceed amount of \$63,500 to provide BAWSCA with on-going financial advisory services.

Discussion:

KNN has been BAWSCA's financial advisor since FY 2002-03. KNN assists BAWSCA in reviewing the debt service and capital spending calculations and other components of the Wholesale Revenue Requirement (WRR). In addition, KNN provides analyses that assist BAWSCA's review and interpretation of SFPUC reports and other financial information.

For FY 2024-25, KNN will assist in reviewing the WRR calculations for FY 2023-24, verifying the wholesale share of SFPUC's debt service, supporting BAWSCA's on-going bond administration, and providing recommendations that best serve the interests of the water customers.

Scope of Services, Results to be Achieved, and Billing Rates:

The draft scope of services and billing rates with KNN for FY 2024-25 are shown in Exhibit A.

EXHIBIT A

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

DRAFT

FY 2024-25 SCOPE OF SERVICES FOR ON-GOING FINANCIAL ADVISORY SERVICES

Purpose

For FY 2024-25, BAWSCA requires on-going professional financial analysis and advice in conjunction with the Wholesale Revenue Requirement (WRR), rate and financial implications, bond administration and ongoing implementation of the Water Supply Agreement (WSA).

Work to be Performed:

Anticipated tasks include the following:

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

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

Not to Exceed Contract Limit: \$63,500

Rates & Charges:

Managing Director	\$360/hr.
Director	\$345/hr.
Vice President	\$325/hr.
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$285/hr.
Associate	\$240/hr.
Analyst	\$215/hr.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Second Amendment to the Agreement with Maddaus Water Management for Professional Services to Support Member Agencies with Water Use Efficiency Legislation for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract amendment for \$65,000 with Maddaus Water Management (MWM) to assist BAWSCA with the development of compliance strategies related to new State required water use efficiency standards, Making Conservation a California Way of Life. In accordance with an existing cost share agreement for this project, Valley Water will pay 50% of the cost, up to \$75,000.

In August 2022, BAWSCA entered into a contract for \$101,929 with MWM for support services related to upcoming water use efficiency regulations and an agreement with Valley Water to share 50% of this cost. To date, BAWSCA has paid MWM less than \$10,000. This contract amendment will enable BAWSCA to complete the project in FY 2024-25. The total budget for the project has not changed.

BAWSCA has closely followed development of the efficiency standards and CII performance measure requirements and represented member agencies in discussions with DWR and the State Water Resources Control Board (State Board). In keeping with BAWSCA's commitment to support member agencies on this topic, it was determined that BAWSCA should develop materials for member agencies to address upcoming State reporting and compliance requirements. Consultant support was seen as a necessary element in producing those materials.

With this consultant support, guidance documents will be produced that detail how agencies should: (1) address CII Water Use Classification System performance measure; (2) comply with the CII DIM Conversion Threshold performance measure; and (3) approach the development and implementation of a CII Best Management Practices (BMP) program.

Fiscal Impact:

The cost of the contract amendment is included in the FY 2024-25 proposed Operating Budget. Through the cost share agreement between Valley Water and BAWSCA for this project, Valley Water is responsible for 50% of the cost up to \$75,000. Billing rates for FY 2024-25 have been held to a 5% or less rate increase compared to FY 2023-24 rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Maddaus Water Management, subject to legal counsel review, for an amount not to exceed \$65,000 to provide support services to develop compliance strategies for new California water use efficiency standards.

Discussion:

The State Water Resources Control Board (State Board) was expected to begin the official rulemaking process to adopt those regulations into law in January 2023. Due to delays in the rulemaking process, BAWSCA amended its contract (First Amendment) with MWM to extend the project and funding into FY 2023-24. At that time, BAWSCA had paid less than \$7,000 for initial kick-off calls and meetings prior to learning about the State Board's delays. The First Amendment included the remaining project cost of \$95,307.

The Water Board released the first draft of the regulations in August 2023, shedding light on potential final text. In April 2024, a revised version was released, reflecting public comments, including BAWSCA's, made during the first comment period on the draft regulations. Final regulations are anticipated to be adopted in the summer of 2024, establishing January 1, 2025 as the first reporting deadline for urban water suppliers.

BAWSCA, Valley Water, and MWM officially kicked off the project in January 2024 with two meetings to introduce the project to the collective 29 agencies. To date, BAWSCA has paid MWM less than \$10,000 for kick-off materials, agency survey to establish a baseline, project status update and planning calls, and initial drafts of project materials. Unless amended, the current contract expires as of June 30, 2024. This contract amendment will enable BAWSCA to complete the project in FY 2024-25. The total budget for the project has not changed.

All remaining work will be completed within FY 2024-25 such that the guidance documents and other supporting materials will be available for member agencies as they work to address the State's new reporting requirements.

Scope of Work and Billing Rates:

The draft scope of work and hourly billing rates for FY 2024-25 are shown in Exhibit A.

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Maddaus Water Management
for Water Use Efficiency Standard Support Services

DRAFT

FY 2024-25 SCOPE OF SERVICES

Scope of Work

The Project Team envisions the following tasks to meet the Project’s objectives. All parties will have an important role in this study. Our proposed project plan will engage BAWSCA’s/Valley Water’s staff and individual member agencies at all levels of the Project in a streamlined manner. The table below indicates our evaluation of each group’s fundamental and beneficial involvement listed by scope task.

Table 1. Summary of Project Roles and Responsibilities Task

	Timeline	Roles and Responsibilities			
	Proposed Milestones	MWM Project Team	BAWSCA Staff	Valley Water Staff	BAWSCA & Valley Water Member Agencies
Project Management (Task 1)	Jun. 2024- Dec. 2024	Administrative services to oversee the day-to-day implementation of the Project and to keep the work on schedule and budget.	Attend project meetings, review materials, and provide feedback	Attend project meetings, review materials, and provide feedback	N/A
CII Billing Classification (Task 2)	Jun. 2024- Dec. 2024	Develop material for Task 2 preliminary results workshop, TM-1, and TM-1 roadmap results workshop	Review Task 2 preliminary results workshop agenda and TM-1; attend Task 2 preliminary results workshop and TM-1 roadmap results workshop	Review Task 2 preliminary results workshop agenda; attend Task 2 preliminary results workshop and TM-1 roadmap results workshop	Attend virtual Task 2 preliminary results workshop; review TM-1; attend TM-1 roadmap results workshop
Landscape CII Mixed-Use Meters	Jun. 2024- Dec. 2024	Develop material for Task 3 kickoff workshop, TM-2, and TM-2	Review Task 3 kickoff workshop agenda and TM-2; attend Task 3	Review Task 3 kickoff workshop agenda; attend Task 3 kickoff	Attend virtual Task 3 kickoff workshop; review TM-2; attend TM-

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(MUMs) (Task 3)		roadmap results workshop	kickoff and TM-2 roadmap results workshop	and TM-2 roadmap results workshop	2 roadmap results workshop
CII BMPs (Task 4)	Jun. 2024- Dec. 2024	Develop material for Task 4 kickoff workshop, TM-3, and TM-3 roadmap results workshop	Review Task 4 kickoff workshop agenda and TM-3; attend Task 4 kickoff and TM-3 roadmap results workshop	Review Task 4 kickoff agenda; attend Task 4 kickoff and TM-3 roadmap results workshop	Attend virtual Task 4 kickoff workshop; review TM-3; attend TM-3 roadmap results workshop

Task 1 Project Management

MWM will provide administrative services to oversee the day-to-day implementation of the Project. To keep the work on schedule and budget, MWM will provide BAWSCA with monthly status and budget updates by task. These updates will be shared via email and include a cover letter summarizing the work effort in combination with updated Excel spreadsheets detailing budget and schedule status.

Additionally, MWM will meet regularly with the BAWSCA project manager and leadership, either via phone or video conference, to discuss Project goals, progress, and outcomes. We recommend a global project kickoff meeting prior to starting Task 2, as shown in Table 2.

Task 1 Deliverables

- Project timeline
- Monthly status and budget updates including a cover letter summarizing the work effort and updated Excel spreadsheets detailing budget and schedule status

Task 2 CII Classification System Roadmap

Woodard & Curran, with the support of MWM, will conduct a study and develop a roadmap for BAWSCA and Valley Water agencies to comply with the CII Water Use Classification System performance measure as per DWR's current draft recommendations based on SB 606 and AB 1668 requirements.

This task will start with the following two components conducted in parallel:

- Survey member agencies on billing system characteristics and existing procedures for account classification, then vet and categorize existing practices to understand and group BAWSCA and Valley Water agencies based on similar characteristics to develop multiple pathways for compliance.
 - It is assumed the survey will start with baseline questions from the Phase 1 Conservation Strategic Plan 2018 survey then include expanded questions.
 - This work will include an evaluation and grouping of billing software systems across agencies.
- Identify and evaluate a list of resources available to assist with the classification of CII accounts.
 - Woodard & Curran will evaluate the Assessor data for all three counties in BAWSCA's and Valley Water's service areas: Alameda County, San Mateo County, and Santa Clara County. This will include attempting to collect a sample dataset for evaluation from each county's Assessor.
 - Woodard & Curran will request sample data from ParcelQuest for review, as well as references to agencies who have used ParcelQuest data for similar CII classification efforts.
 - Woodard & Curran will research additional resources available to help with the classification of CII accounts. This research will be limited to two (2) hours.

- *Optional component:* As budget allows, and if approved by BAWSCA, Woodard & Curran will interview up to three (3) water suppliers that have recently initiated or completed an update to their account/billing classification system to identify common challenges experienced, lessons learned, and strategies to overcome barriers.
 - Woodard & Curran will identify and invite three (3) suppliers for interviews.
 - Woodard & Curran will develop a list of questions for each supplier to respond to. Questions may be sent to the suppliers in advance of interviews.
 - Interviews will be conducted over the phone or Zoom online platform and will be limited to one (1) hour. Interviews will provide an opportunity for the Woodard & Curran team to dive deeper into supplier responses and elicit anecdotal information that may be useful.
 - Woodard & Curran will provide a clean set of notes detailing supplier responses to the common set of questions.

The information from these two parallel efforts will be presented at the preliminary results workshop with BAWSCA and Valley Water agencies. Woodard & Curran will facilitate a discussion with agencies about perceived challenges with compliance (technical, managerial, and/or financial).

The roadmap will summarize reporting requirements and describe best practices for mapping and maintaining the required classification system. The list of best practices will include, but is not limited to, 1) a process for determining which classification is most appropriate when a CII account fits multiple classification descriptions, 2) formal procedures to collect classification information and update classifications with modified or new service requests, and 3) a process for conducting periodic reviews and updating account mapping. Woodard & Curran and MWM will draw on previous experience with other organizations in this area as well as the input gathered by agencies as part of the survey and the Task 2 preliminary results workshop. The roadmap will also include an Implementation Strategy that focuses on BAWSCA's and Valley Water's next implementation steps for opportunities for regional coordination, such as training on account classifications best practices, bulk data purchase, or technical support.

Woodard & Curran will summarize the work conducted in the study and provide the roadmap in the CII Water Use Classification System Performance Measure Technical Memorandum (TM-1). A draft of TM-1 will be provided for BAWSCA's review. The MWM Project Team will finalize TM-1 by incorporating BAWSCA's feedback which will be provided to MWM in one set of consolidated comments in track changes electronic format. The study findings and final TM-1 will be presented to BAWSCA and Valley Water agencies at an additional meeting.

As an alternative to three separate virtual kickoff workshops across Tasks 2-4, MWM may offer a one-day, in-person kickoff event. This would be divided into three two-hour sessions, each devoted to an aspect of the project. Attendees from BAWSCA, Valley Water, the retail agencies, and the Project Team could choose to attend all or a portion thereof. Creating a one-day event would allow the Project Team and participating agencies to meet face-to-face and consider all integrated aspects of the Project at one time. This would minimize travel costs and allow agencies to better balance their focus between drought conditions and this Project.

Task 2 Deliverables

- One (1) virtual Task 2 preliminary results workshop, approximately two (2) hours, with BAWSCA and Valley Water agencies to summarize the survey responses, review data and resources, and facilitate discussion with the agencies on perceived challenges (technical, managerial, and/or financial)
- CII Water Use Classification System Performance Measure Roadmap TM-1, with brief written content, graphs, and figures
- One (1) virtual workshop, approximately two (2) hours, with BAWSCA and Valley Water agencies to present study findings and TM-1

Optional Task 2 Deliverables

- Informational interview questions – approximately eight (8) to ten (10)
- Up to three (3) one (1) hour informational interviews with water suppliers
- Clean set of notes detailing each supplier's responses to the common set of questions

Task 2 Assumptions

- After the initial outreach email by BAWSCA staff to all agencies requesting a survey response, BAWSCA staff will be responsible for making one follow-up attempt with agencies who do not respond to the survey by a requested deadline.
- If the Task 2 preliminary results workshop is in-person, BAWSCA staff will be responsible for workshop logistics (reserving the workshop room, copies of agenda and other handouts, providing any refreshments, etc.).
- All parties assume TM-1 will be streamlined, approximately 8 to 12 pages in length.

Task 3 CII Dedicated Irrigation Meter Conversion Threshold Roadmap

The MWM Project Team, led by Western Policy Research, will conduct a study to develop a roadmap for BAWSCA and Valley Water agencies to comply with the CII Dedicated Irrigation Meter (DIM) Conversion Threshold performance measure. The study will identify and evaluate a list of resources available to assist with identifying CII landscapes that meet the established threshold and determining whether a Mixed-Use Meter (MUM) serves those landscapes. Draft standards published by DWR for CII landscapes on DIMs and MUMs and associated potential variances (special landscape areas, irrigation with recycled water, etc.)—which hopefully will be finalized soon—will be used to inform the study design. Converting a MUM to a DIM is one among three (3) compliance pathways available for landscapes on MUMs above a size threshold (e.g., by using in lieu technologies instead of a DIM). All of these things will be considered by the Project Team so that data collected from the BAWSCA and Valley Water agencies comply with the regulatory standards the agencies will ultimately need to follow.

In terms of specific study approach, agencies will first be grouped in terms of how far along they already are with respect to identifying their CII landscapes on MUMs. The ranking will be based on responses to the following broad questions:

1. Have you undertaken internal studies to estimate the number of CII landscapes on MUMs exceeding the conversion threshold?
2. What techniques have you used to estimate landscape area of such CII landscapes?
3. Have you undertaken internal studies to evaluate compliance pathways for CII landscapes on MUMs above the conversion threshold?
4. Which consultants/vendors have you worked with to address questions 2 and 3 above?
5. In your service area, how common is it to have CII irrigation occur through MUMs and DIMs on the same site?
6. Have you identified landscapes (CII & residential) on DIMs?
7. Is recycled water used for irrigating CII landscapes on DIMs in your service area?

After developing the agency grouping, Western Policy Research will interview appropriate staff from agencies that are already ahead, and their consultants and vendors, to document various alternative approaches tried and lessons learned that influence feasibility and cost-effectiveness. Western Policy Research will also interview staff from agencies that have yet to begin the task of identifying and measuring CII landscapes on MUMs with an eye to learning about their needs and what forms of future assistance would best suit them.

The roadmap will describe reporting requirements for the CII DIM Conversion Threshold performance measure and provide best practices for 1) identifying CII landscapes that meet this requirement, and 2) determining which compliance pathway is most technically and financially feasible.

The MWM Project Team will summarize the work conducted in the study and provide the roadmap in the CII DIM Conversion Threshold Performance Measure Roadmap TM-2. A draft of TM-2 will be provided for BAWSCA's review. The MWM Project Team will finalize TM-2 by incorporating BAWSCA's feedback, which will be provided to MWM in one set of consolidated comments in track changes electronic format.

Task 3 Deliverables

- One (1) virtual Task 3 kickoff workshop, approximately two (2) hours, with BAWSCA and Valley Water agencies to introduce Task 3 and gather information from the agencies
- Consolidated notes from up to five (5) interviews with agencies
- CII DIM Conversion Threshold Performance Measure Roadmap a brief TM-2
- One (1) virtual workshop, approximately two (2) hours, with BAWSCA and Valley Water agencies to present study findings and TM-2

Task 3 Assumptions

- All parties assume the TM will be streamlined, approximately 8 to 12 pages in length.
- Based on the survey results, up to five (5) agencies will be interviewed to document various alternative approaches tried and lessons learned that influence feasibility and cost-effectiveness.

Task 4 CII Best Management Practices Roadmap

MWM will conduct a study and develop a roadmap for BAWSCA and Valley Water agencies to comply with the CII Best Management Practices performance measure as per DWR's current draft recommendations based on SB 606 and AB 1668 requirements.

This task will start with the following two components conducted in parallel:

- Survey member agencies on CII Best Management Practices, then vet and categorize existing practices to understand and group BAWSCA and Valley Water agencies based on similar characteristics to develop multiple pathways for compliance.
 - DWR hired MWM to develop a TM with a list of 45 individual CII BMPs, case studies, and results from a statewide survey on existing agency level CII programs. MWM will use this TM as the starting point for the survey and for identifying CII BMPs that meet DWR's draft recommendations.
 - This work will include an evaluation and grouping of billing software systems across agencies.
- Identify and evaluate a list of programs to assist with the recommended support from BAWSCA and/or Valley Water.
 - MWM will evaluate the top 200 CII user data for all three counties in BAWSCA's and Valley Water's service areas: Alameda County, San Mateo County, and Santa Clara County. These data were previously collected and analyzed but can be applied to survey results to provide a strategy for compliance.

The information from these two parallel efforts will be presented at the Task 4 agency workshop with BAWSCA and Valley Water agencies. MWM will facilitate a discussion with agencies about perceived challenges with compliance (technical, managerial, and/or financial).

The roadmap will describe reporting requirements and best practices for developing and implementing a CII BMP program. The development of the list of best practices will include, but is not limited to, 1) a process for determining CII customers or classifications where process water comprises 80% or more of total water use, and are therefore categorically exempt from this performance measure; 2) a system for tracking implementation, success, and challenges of a Water Supplier's CII BMP program; and 3) coordinating with the corresponding land use authority(ies) to add a requirement for consulting Water Suppliers, where appropriate, for awareness of changes and potential reclassifications and updates of fixtures, appliances, and infrastructure.

MWM will summarize the work conducted in the study and provide the roadmap in the CII BMP Performance Measure Roadmap TM-3. A draft of TM-3 will be provided for BAWSCA's review. The MWM Project Team will finalize TM-3 by incorporating BAWSCA's feedback which will be provided to MWM in one set of consolidated comments in track changes electronic format.

Task 4 Deliverables

- One (1) virtual Task 4 agency kickoff workshop, approximately two (2) hours, with BAWSCA and Valley Water agencies to introduce Task 4 and gather information from the agencies
- CII BMP Performance Measure Roadmap TM-3
- One (1) virtual workshop, approximately two (2) hours, with BAWSCA and Valley Water agencies to present study findings and TM-3

Task 4 Assumptions

- After the initial outreach email by BAWSCA staff to all agencies requesting a survey response, BAWSCA staff will be responsible for making one (1) follow-up attempt with agencies who do not respond to the survey by a requested deadline.
- If the workshop is in-person, BAWSCA staff will be responsible for workshop logistics (reserving the workshop room, copies of agenda and other handouts, providing any refreshments, etc.).
- All parties assume the TM will be streamlined, approximately 8 to 12 pages in length.

Task 5 Optional Work/Additional Meetings

The MWM Project Team will provide additional meetings with BAWSCA and Valley Water member agencies at an estimated cost of \$1,700 for one (1) MWM Project Team member for a total of six (6) hours. The dollar per meeting basis includes the following assumptions:

1. Two (2) hours of pre-meeting preparation
2. Two (2) hours of meeting attendance
3. Two (2) hours of follow-up to finalize meeting notes, potentially conducted via phone call with BAWSCA staff

Additional work may include a Subscription Program to provide customized support for individual BAWSCA and Valley Water agencies that elect to participate. Potential activities may include, but are not limited to, 1) calculating an agency's Urban Water Use Objective (UWUO), comparing it to actual water use in the previous year, and support with reporting to the SWRCB; 2) agency-specific support for any of the CII performance measures; and 3) as-needed support for agencies to understand, prepare for, comply with, and report on the long-term standards. To facilitate this optional work, MWM has included a single unit hourly billing rate for each key personnel it anticipates will provide technical (or other) support to agencies interested in participating in a Subscription Program.

Billing Rates

Project Team Member	Position	Rate
Michelle Maddaus, P.E.	Project Manager, Principal Engineer	\$310
Lisa Maddaus, P.E.	Principal Engineer	\$316
Sierra Orr, QWEL, D1	Sr. Coordinator Projects & Communications	\$183
Nicki Powell	Water Resources Analyst	\$133
Stephanie Hubli	Engineer 3	\$253
Christopher Hewes	Water Resources Project Planner 2	\$280
Anil Bamezai, Ph.D.	Water Savings Quantification Analyst	\$215
Kara Kelly	Water Resources Analyst	\$139
Cielo Cruz	Water Resources Project Assistant	\$105
Zach Vernon	Senior Data Analyst and AMI Specialist	\$221
Tess Kretschmann	Senior Staff Engineer, DSS Modeler	\$221
Chris Matyas	Principal Software Engineer, DSS Modeling Lead	\$310

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Orrick for FY 2024-25 for on-going as needed legal support associated with the Revenue Bonds issued by the agency. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$15,000 is included in the Proposed FY 2024-25 Operating Budget for these services. The proposed budget is the same as the adopted budget for FY 2023-24 and with an approximately 5% increase in billing rates. The Orrick billing rates have remained unchanged for the previous five years.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Orrick, subject to legal counsel review, for a not-to-exceed amount of \$15,000 to provide as needed legal support on the bond documents.

Discussion:

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco, and also during BAWSCA's bond refunding effort in 2023. Orrick has been providing BAWSCA ongoing legal support on bond documents since 2013.

For FY 2024-25, the consultant will continue providing legal support on the bond documents on an as-needed basis to support cost-effective and correct implementation of the bonds.

Scope of Services, Results to be Achieved, and Billing Rates:

The draft scope of services and billing rates with Orrick's on-going legal support for FY 2024-25 are shown in Exhibit A.

EXHIBIT A

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

DRAFT

FY 2024-25 SCOPE OF SERVICES FOR ON-GOING LEGAL SUPPORT

Purpose:

For FY 2024-25, BAWSCA requires on-going legal support on the bond documents prepared by Orrick associated with the Revenue Bonds issued by the agency.

Work to be Performed:

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

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

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

Not to Exceed Contract Limit: \$15,000

Rates and Charges:

Stephen A. Spitz	\$995/hr.
Devin Brennan	\$950/hr.
Richard J. Moore	\$995/hr.
Other Partners	\$950/hr.
Non-partner Attorneys	\$830/hr.
Non-attorney Timekeepers	\$325/hr.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Richard G. Sykes. (WSIP and 10-Year CIP)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Richard G. Sykes for FY 2024-25. Mr. Sykes brings 30 years of experience working for a large California water utility. He has served in a leadership role on engineering, operations, maintenance, construction, environmental compliance, fisheries and land management matters. Moreover, he has been actively involved in the development of Capital Improvement Programs (CIPs) that are large in size and scale (\$1.5B) with a scope parallel to BAWSCA's focus with the SFPUC (Sierra foothill and Bay Area reservoirs, raw water supply tunnels and aqueducts, water treatment plants, and water distribution facilities and related appurtenances). Mr. Sykes has been providing this service to BAWSCA since FY 2021-22.

Mr. Sykes' experience and insights continue to play an integral part of BAWSCA's review of SFPUC's management of the Water System Improvement Program (WSIP) and its Water Enterprise 10-Year Capital Improvement Program (10-Year CIP). The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The total not-to-exceed amount of \$115,000 is included in the Proposed FY 2024-25 Operating Budget for these services. The proposed budget is \$10,000 greater than what was included in the adopted budget for FY 2023-24 and reflects a 5% rate increase.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Richard G. Sykes, subject to legal counsel review, for a not-to-exceed amount of \$115,000 to provide as needed professional services to monitor the SFPUC's implementation of the WSIP and 10-Year CIP.

Discussion:

In FY 2024-25, the SFPUC's efforts in implementing the WSIP will continue to be focused on two key remaining WSIP projects: the Regional Groundwater Storage and Recovery Project (RGSRP) and the Alameda Creek Recapture Project (ACRP). Mr. Sykes' expertise will be critically important to BAWSCA in its continuing review of the WSIP during this period. While there are only two principal projects that remain in the WSIP, the scheduled completion was extended to June 30, 2032 by the SFPUC's action on April 9, 2024. The time to complete the construction of the RGSRP no longer dictates the WSIP completion date. Instead, significant delays have been encountered with the ACRP's implementation, which in turn will delay the WSIP completion. Retaining Mr. Sykes' services is of great assistance to BAWSCA while WSIP remains unfinished.

Beginning in FY 2013-14, BAWSCA began reviewing the SFPUC's 10-Year CIP in an effort to influence its scope, schedule and budget. In FY 2017-18, BAWSCA expanded its work plan to

officially include tracking of the SFPUC's 10-Year CIP. With the adoption of amendments in 2019 to the 2009 Water Supply Agreement (WSA), SFPUC is contractually required to formally engage BAWSCA in the development of its CIP. BAWSCA will use the services of Mr. Sykes and his team during this CIP review, tracking, and engagement effort. While work on the SFPUC's next full cycle update of its 10-year CIP will not begin until the summer of 2025, the SFPUC will produce an updated State of the Water System Report in Fall 2024. That report will contain details on the SFPUC's ongoing efforts to implement an asset management plan. Mr. Sykes and his team will support BAWSCA staff in the review of that upcoming Report, and assist BAWSCA in further evaluation of SFPUC's asset management efforts.

Qualifications of Mr. Richard G. Sykes

Mr. Sykes is a highly qualified engineer and manager with over 30 years of prior experience including 20 years at the senior leadership level at East Bay Municipal Utility District (EBMUD). He is a proven effective leader with very broad experience in engineering, operations, maintenance, construction, environmental compliance, fisheries and land management. During his 30-year career at the East Bay Municipal Utility District (EBMUD), Mr. Sykes was actively involved in EBMUD's CIP, which covered a 5-year period and had a budget range from approximately \$1B to \$1.5B. For 20 years Mr. Sykes was a member of EBMUD's Capital Steering Committee which was charged with development, management and monitoring of the agency's CIP which included all components of EBMUD's extensive water and wastewater systems including reservoirs in the Sierra foothills and East Bay, tunnels and aqueducts for raw water supply, water treatment plants, and water distribution facilities and related appurtenances. This "on-the-job" experience will prove invaluable in looking at the overall implementation of the WSIP and the CIP from the perspective of the member agencies who will pay 2/3rds of the regional cost, and who are in the communities in which much of the infrastructure is located.

Scope of Services, Results to Be Achieved, and Billing Rates:

The draft scope of services and billing rates for FY 2024-25 are shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Richard G. Sykes**

DRAFT

FY 2024-25 SCOPE OF SERVICES

Purpose:

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

Work to be Performed:

- Meet or teleconference regularly with BAWSCA staff and other technical resources to identify opportunities to improve water system reliability and coordinate activities.
- Assist BAWSCA with 10-Year CIP and WSIP Development and Implementation. For FY 2024-25, work will include assisting BAWSCA staff in the review of any proposed mid-cycle updates of the SFPUC's 10-Year CIP. If updates are proposed, the consultant will identify critical project or program issues that might warrant BAWSCA's attention or formal comment.
- Support BAWSCA's efforts to monitor detailed progress on the overall regional 10-Year CIP and WSIP by project and as a program, and on a quarterly basis following the release of the SFPUC Quarterly Reports. Contractor shall (1) provide a brief written report of such progress and (2) identify any specific project(s) that require more detailed analysis.
- Assist BAWSCA with the review of the SFPUC State of the Regional Water System Report.
- Assist BAWSCA with review of implementation of SFPUC's Asset Management Policy, including reviews of reports/documentation relative to SFPUC's Asset Management Plan(s).
- Assist BAWSCA with the review of the SFPUC's Annual Report on Water Enterprise Managed Capital Improvement Projects
- Participate in discussions with SFPUC and consultants and provide expert advice related to realistic project cost estimates, schedules and construction management.

Work with BAWSCA staff to review and comment on related reports prepared by SFPUC and others including Annual AB1823 Reports to State, AB 1823 Program Change Reports, Reports from the California Seismic Safety Commission and Department of Health.

Not to Exceed Contract Limit: \$115,000

Rates and Charges:

Richard G. Sykes	\$231.50/hr.
Jean Gardner	\$163.25/hr.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Stetson Engineering (Water Analyses, Water Supply Agreement Support)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Stetson Engineering for FY 2024-25 to assist with administration of the Water Supply Agreement (WSA). The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$60,000 is included in the Proposed FY 2024-25 Operating Budget. The proposed budget is the same as the adopted budget for FY 2023-24 with no increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Stetson Engineering, subject to legal counsel review, for a not-to-exceed amount of \$60,000 to assist BAWSCA with administration of the WSA.

Discussion:

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

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

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

Scope of Services, Results to be Achieved, and Billing Rates:

The draft scope of services and billing rates with Stetson Engineers for FY 2024-25 are shown in Exhibit A.

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

DRAFT

FY 2024-25 SCOPE OF SERVICES

Purpose:

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

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

Work to be Performed:

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

Specific tasks will include:

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

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

Budgeted Activities:

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

Administration/General	5,500
Analyze Water Usage	22,500
Max. Day	1,500
J-Tables	8,000
System/County-line Meters	20,000
Unexpected Activities	2,500
Sub-Total	\$60,000

Not-to-Exceed Contract Limit: \$60,000

Rates and Charges:

Principal	\$244/hr.
Associate I	\$126/hr.
Associate II	\$119/hr.
Senior Assistant	\$106/hr.
Assistant I	\$101/hr.
Assistant II	\$96/hr.
Administrative I	\$74/hr.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Amendment to the Agreement with Woodard & Curran for FY 2024-25 to Support Tier 2 Plan Update**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract amendment with Woodard & Curran, Inc. (W&C) to provide technical assistance as BAWSCA facilitates a comprehensive update to the Tier 2 Drought Response Implementation Plan (Tier 2 Plan) at the direction of, and in partnership with, its member agencies.

Fiscal Impact:

The contract not-to-exceed amount of \$80,000 for the Tier 2 Plan Update is included in the proposed FY 2024-25 Operating Budget.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract amendment between BAWSCA and Woodard & Curran, Inc., subject to legal counsel's final review, for an amount not to exceed \$80,000 to complete the Tier 2 Plan Update.

Discussion:

Woodard & Curran (W&C) was selected through a competitive bidding process in 2021 to provide technical assistance to BAWSCA related to Tier 2 Plan negotiations. The Board approved the contract in January 2022. While the Water Management Representatives (WMR) have made significant progress to date, the negotiations for a new Tier 2 Plan are not complete and will extend into at least FY 2024-25. Once negotiations are final, W&C will support BAWSCA with developing final Tier 2 Plan materials to document the update process and final Tier 2 Plan elements. These materials will be utilized in the adoption process for each agency's governing body.

As part of its proposal, Woodard & Curran provided a scope of work for Phase 1 of the Tier 2 Plan Update with tasks anticipated to be complete in FY 2022-23. Phase 1 Tasks were completed in FY 2021-22 and included the following: assisted the WMR with developing policy principles to guide the development of an updated Tier 2 Plan, analysis of existing data sources that can be used in the calculations and developed an Excel-based model structure and initial model concepts.

Phase 2 work by Woodard & Curran has largely been an iterative process of developing and revising model concepts to incorporate WMR feedback. BAWSCA and the WMR initiated this iterative process in July 2022. Completion of Phase 2 is driven by progress made by the WMR in the negotiation process. Seven contract amendments have been required to extend the term of the Phase 2 work and add funding as necessary to complete the negotiations. The initial scope of Phase 2 work was \$72,000. The most recent contract amendment added funding through June 2024 with a total Phase 2 project budget not to exceed \$309,000. Tables 1 and 2 below summarize all W&C contract amendments to date.

Table 1 – Summary of Woodard & Curran Phase 1 Contract

Amendment	Amendment Amount	Total Contract Not to Exceed	Effective Date	Approval	Notes
N/A Initial Contract	\$98,000	\$98,000	Jan 2022	Board	

Table 2 - Summary of Woodard & Curran Phase 2 Contract and Amendments

Amendment	Amendment Amount	Total Contract Not to Exceed	Effective Date	Approval	Notes
1st Amendment	\$72,000	\$72,000	Jul 2022	Board	Extended work into FY 2022-23
2nd Amendment	N/A	\$72,000	Nov 2022	CEO	Added EKI as subcontractor
3rd Amendment	\$15,000	\$87,000	Dec 2022	CEO	
4th Amendment	\$60,000	\$147,000	Feb 2023	Board	
5th Amendment	\$10,000	\$157,000	Jul 2023	CEO	
6th Amendment	\$72,000	\$229,000	Jul 2023	Board	Extended work into FY 2023-24
7th Amendment	\$80,000	\$309,000	Jan 2024	Board	

Background:

The 2018 Amended and Restated Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA) includes a Water Shortage Allocation Plan to allocate water from the Regional Water System (RWS) to SFPUC Retail and Wholesale Customers during system-wide shortages of 20 percent or less (Tier 1 Plan). The WSA also authorizes the Wholesale Customers to adopt a methodology for allocating RWS water which is collectively available to the 26 Wholesale Customers among themselves (Tier 2 Plan). The WSA commits the SFPUC to honor allocations of water unanimously agreed to by the Wholesale Customers or adopted by the Board of Directors. If BAWSCA or all Wholesale Customers do not provide the SFPUC with Tier 2 Allocations, SFPUC may make a final allocation decision.

The Wholesale Customers unanimously adopted a Tier 2 Plan in 2011 with a December 31, 2018 term end date. This was intended to coincide with SFPUC's planned 2018 decision on whether to make interruptible customers permanent customers. However, that decision was

subsequently delayed until 2028. Between 2018-2021, the Board has adopted the 2011 Plan, extending it through the end of the successive calendar year. On November 18, 2021, the Board adopted the 2021 Amended and Restated Tier 2 Plan, extending it to the end of calendar year 2022. On November 16, 2023, the Board readopted the 2021 Amended and Restated Tier 2 Plan, extending it to December 31, 2024.

The Board and WMR have determined that the current Tier 2 Plan is no longer sufficient to meet the Wholesale Customers' water supply planning needs and an update is necessary to account for changes in water use and supplies since it was developed and adopted in 2011.

The Tier 2 Plan is an agreement among the BAWSCA member agencies. BAWSCA's role is to facilitate negotiations of an updated Tier 2 Plan between the member agencies, as represented by the WMR. As such, the Tier 2 Plan Update, including the selection and weighting of components that factor into the calculation of water supply allotments, are the responsibility of each member agency and their assigned representatives.

The Board and BPC will be kept apprised of the work effort at critical junctures, such as when policy objectives are agreed to by the member agencies. Further, the Board and BPC will be given updates as to how the work effort is proceeding, including but not limited to any indication that significant challenges or stumbling blocks are observed by BAWSCA staff. Starting in June 2023, regular briefings on the Tier 2 Plan progress have been provided at Board and BPC meetings. Board Members are encouraged to engage with their appointing agency staff, particularly if a Board Member identifies that guidance is warranted.

Scope of Work and Billing Rates:

The draft scope of work and billing rates for FY 2024-25 are provided in Exhibit A.

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Woodard & Curran

DRAFT

FY 2024-25 SCOPE OF SERVICES

BAWSCA Drought Allocation Plan
Scope of Work – Phase 2 (July 1, 2024 through June 30, 2025)

Task 1: Project Management

Woodard & Curran will provide administrative services to oversee the day-to-day implementation of the Project. To keep the work on schedule and budget, Woodard & Curran will provide BAWSCA with monthly status and budget updates by task. Monthly status and budget updates will be shared via email and include, as an attachment, a cover letter summarizing the work effort in combination with updated Excel spreadsheets detailing budget and schedule status. Woodard & Curran's project manager will regularly meet with the BAWSCA project manager and management via phone or video conference to discuss Project goals, progress, and outcomes. Six (6) monthly Progress Meetings are assumed. These meetings may be combined with meetings described in other tasks in this Scope of Work, where determined to be appropriate by the BAWSCA project manager.

Deliverables:

- Monthly Project Progress Reports and Invoices
- Meeting Notes for Monthly Project Progress Meetings

Task 2: Develop Final Tier 2 Plan

2A: Revise and Finalize the Allocation Methodology

Woodard & Curran will revise and finalize the allocation methodology based on comments received from BAWSCA and the Wholesale Customers. Woodard & Curran will provide the archived results across each of the reliability scenarios. Once the methodology is finalized, Woodard & Curran will provide BAWSCA with the finalized allocation model, along with allocation model user instructions. Woodard & Curran will host a training session on the final model and provide a recording of the session.

Deliverables:

- Draft Summary Results
- MS Excel Allocation Model
- Allocation Model User Instructions
- Allocation Model Training Session and Recording

2B: Prepare Technical Report

To support adoption of the updated Tier 2 Plan by the Wholesale Customers, Woodard & Curran will prepare a technical report that will include at a minimum the following: 1) introduction (background and purpose); 2) process for preparation of Tier 2 Plan; 3) description of policy objectives; 4) discussion of the model and detailed user instructions; and 5) conclusions. The report will include charts and sample calculations. Woodard & Curran will assist BAWSCA with the preparation of a presentation to the BAWSCA Board and the Wholesale Customers' governing boards/councils as needed.

Deliverables:

- Draft Technical Report
- Final Technical Report
- MS PowerPoint Presentation to Support Board/Council Adoption

Task 3: Wholesale Customer Meetings

Woodard & Curran will attend up to four (4) meetings with the Wholesale Customers to support revising and finalizing the Tier 2 Plan methodology (Task 2A). Those meetings are being counted separately under this task. It is assumed that all four meeting will be held in person between July and September 2024. BAWSCA's project manager and management will lead the meetings and facilitate discussions. Woodard & Curran will assist in preparing meeting presentation and will be prepared to answer questions as may be raised at the meetings regarding the calculations performed. Woodard & Curran will take notes and prepare a summary for the meetings they attend.

Additionally, Woodard & Curran will attend up to four (4), one-hour pre-workshop virtual model walkthroughs with wholesale customers (one each month).

Deliverables:

- Meeting Notes for the four (4) Wholesale Customer meetings

Assumptions:

- Four (4) Wholesale Customer meetings will be held in person
- Four (4) pre-workshop model walkthroughs will be held virtually

Optional Task 4: Additional Meetings

Woodard & Curran will attend additional meetings with the Wholesale Customers if needed to develop the new Tier 2 Plan, and as described in Task 3. Additional meeting attendance includes: 1) two (2) hours pre-meeting preparation; 2) two (2) hours of meeting attendance; and 3) two (2) hours follow up to finalize meeting notes and potential phone call with BAWSCA staff.

These additional meetings will be held on an as-needed basis and are not included in the budget for FY 2023-24. If the Wholesale Customers require additional meetings with Woodard & Curran in attendance, money will need to be moved from another task in this scope of work or additional funding will need to be moved to the total budget.

Deliverables:

- Meeting Notes

Billing Rates

Name	Title	Rate
Max Storms	Planner 1	\$206
Jennifer Sindermann	Project Assistant	\$134
Persephene St. Charles	National Practice Leader	\$350

Sub Consultants

Name	Title	Rate
Andree Lee, EKI	Project Manager	\$334
Jean Hirayama	Engineer-Scientist, Grade 4	\$164

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with AM Conservation Group to Implement the School Education Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with AM Conservation Group to implement the Water Wise School Education Program for FY 2024-25. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2024-25, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and AM Conservation Group, subject to legal counsel review, for implementation of the Water Wise School Education Program in FY 2024-25; and,**
- 2. Offer participation in the program to BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2024-25 will be the eighteenth year that the Water Wise School Education Program is offered to BAWSCA member agencies. Nine agencies are currently participating in the program. A majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support agencies in meeting the conservation targets identified in the Regional Demand and Conservation Projections Report.

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

Since its inception, the Water Wise School Education Program has been a cost-effective program that generates real water savings while providing an excellent customer education opportunity. Through FY 2022-23, 43,224 students have participated in the program, and the estimated lifetime water savings from kits installed has reached 6,450 acre-feet.

Because of its connection with school children, this program would be initiated in September 2024 and run through June 2025. Additional augmentations to the AM Conservation Group in-home water audit kit will be provided to the teachers that complete the entire curriculum and get the most students to complete the in-home water audit. These incentives will be provided by BAWSCA, on behalf of, and paid for by, the participating agencies.

The scope of work for FY 2024-25 is expected to be largely consistent with the scope of work for prior years' programs. A draft scope of work for each of the three kit types (Indoor Water Audit, Outdoor Water Audit, and LivingWise Water and Energy Audit) is included as Exhibits A, B, and C.

Scope of Work and Billing Rates:

The draft scope of work for FY 2024-25 Indoor Water Wise program, Outdoor Water Wise program, and LivingWise program are shown in Exhibits A, B, and C.

EXHIBIT A
AM Conservation Group, Inc.®

Draft FY 2024-25
BAWSCA Indoor WaterWise™ Program Description and Scope of Services

PROGRAM DESCRIPTION

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

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

BAWSCA Indoor WaterWise at a glance:

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

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

TEACHER ACCEPTANCE

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

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the AMCG Kits and the hands-on projects. Happy students mean happy teachers!

The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

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

PROGRAM OBJECTIVES

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

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

ESTIMATED PROGRAM RESULTS

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

Projected 10 Year Savings:

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

(Actual results will vary)

PROGRAM MATERIALS

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

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

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

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

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

PROGRAM IMPLEMENTATION

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

Responsibilities of Contractor:

AM Conservation Group, Inc. (Contractor) is responsible for each and every task required to implement the **BAWSCA Indoor WaterWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a **WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2024, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

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

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

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

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

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

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2025, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2025, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2025. In addition, based on the results of the surveys returned to Contractor by March 10, 2025, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

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

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

PROGRAM TIMETABLE

June 2024 – July 2025	Receive sponsor funding commitment
September 2024 – May 2025	Teacher Outreach / Enrollment Process
September 2024 – May 2025	Program and Kit Delivery
September 2024 – June 2025	Program Implementation
March 15, 2025	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2025	Program Summary Report delivered to sponsors for initial program

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

BAWSCA INDOOR WATERWISE PROGRAM COST

The per participant cost for the Indoor WaterWise program is \$37.45, broken down as follows: \$17.95 Materials, \$9.75 Service Fee, \$7.25 Reporting Service Fee, and \$2.50 for Shipping.

This does not include applicable sales tax.

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

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

EXHIBIT B
AM Conservation Group, Inc.

Draft FY 2024-25
BAWSCA Outdoor WaterWise™ Program Description and Scope of Services

PROGRAM DESCRIPTION

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

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

BAWSCA Outdoor WaterWise at a glance:

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

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

TEACHER ACCEPTANCE

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

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the AMCG Kits and the hands-on projects. Happy students mean happy teachers!

The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

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

PROGRAM OBJECTIVES

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

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

ESTIMATED PROGRAM RESULTS

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

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

PROGRAM MATERIALS

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

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

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

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

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

PROGRAM IMPLEMENTATION

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

Responsibilities of Contractor:

AM Conservation Group, Inc. (Contractor) is responsible for each and every task required to implement the **BAWSCA Outdoor WaterWise** Program described in this attachment including but not limited to the following:

I. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax an **Outdoor WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2025, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

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

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

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

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

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

M. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2025, CONTRACTOR will alert BAWSCA.

N. Providing a Preliminary Program Summary Report. No later than March 15, 2025, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2025. In addition, based on the results of the surveys returned to Contractor by March 10, 2025 Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

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

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

PROGRAM TIMETABLE

June 2024 – July 2025	Receive sponsor funding commitment
September 2024 – May 2025	Teacher Outreach / Enrollment Process
September 2024 – May 2025	Program and Kit Delivery
September 2024 – June 2025	Program Implementation
March 15, 2025	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2025	Program Summary Report delivered to sponsors for initial program

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

BAWSCA OUTDOOR WATERWISE PROGRAM COST

The per participant cost for the Outdoor WaterWise program is \$35.00, broken down as follows: \$15.50 Materials, \$9.75 Service Fee, \$7.25 Reporting Service Fee, and \$2.50 for Shipping.

This price does not include applicable sales tax.

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

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

EXHIBIT C
AM Conservation Group, Inc.

Draft FY 2024-25
BAWSCA LivingWise® Program Description and Scope of Services

PROGRAM DESCRIPTION

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

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

BAWSCA LivingWise at a glance:

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

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

TEACHER ACCEPTANCE

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

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

PROGRAM GOALS

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

PROGRAM OBJECTIVES

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

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Install 9-Watt LED, LED night light and Filter Tone Alarm
- Use 1 Shower Timer
- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

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

Projected 10 Year Savings:

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

(Actual results will vary)

PROGRAM MATERIALS

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

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

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

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

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

PROGRAM IMPLEMENTATION

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

Responsibilities of Contractor:

AM Conservation Group, Inc. (Contractor) is responsible for each and every task required to implement the **BAWSCA LivingWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a LivingWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2025, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

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

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

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

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

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

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2025, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2025, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2025. In addition, based on the results of the surveys returned to Contractor by March 10, 2025, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

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

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

PROGRAM TIMETABLE

June 2024 – July 2024	Receive sponsor funding commitment
September 2024 – May 2025	Teacher Outreach / Enrollment Process
September 2024 – May 2025	Program and Kit Delivery

September 2024 – June 2025	Program Implementation
March 15, 2025	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2025	Program Summary Report delivered to sponsors for initial program

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

BAWSCA LivingWise PROGRAM COST

The per participant cost for the **LivingWise** Program is \$50.20, broken down as follows: \$30.70 Materials, \$9.75 Service Fee, \$ 7.25 Reporting Service Fee, and \$2.50 for Shipping. **This price does not include applicable sales tax.**

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

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with EarthCapades to Conduct a School Assembly Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with EarthCapades to implement a School Assembly Program for FY 2024-25. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2024-25, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel review, for implementation of the School Assembly Program in FY 2024-25; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2024-25 will be the thirteenth year that the School Assembly Program is offered to BAWSCA member agencies. Fourteen agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Water Demand and Conservation Projections Project.

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

Because of its connection with school children, this program would be initiated in August 2024 and run through June 2025. The scope of work for FY 2024-25 is expected to be largely

consistent with the scope of work for the prior year's program, which is included as Exhibit A. The EarthCapades Program will continue to be offered in-person for the 2024-25 school year.

The agencies have expressed a strong desire to continue to support a School Assembly Program that focuses on water conservation. EarthCapades was selected to provide the School Assembly Program through a competitive process in 2009. The agencies also continue to be pleased with this program, including the reformatted virtual assemblies, and have expressed a desire to continue the School Assembly Program with EarthCapades in FY 2024-25. Given EarthCapades' qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

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

Scope of Work and Billing Rates:

The scope of work for FY 2024-25 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and EarthCapades School Assembly Program - FY 2024-25**

SCOPE OF WORK

EarthCapades will schedule and perform assembly programs at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2024-25 school year, August 2024 through June 2025.

BAWSCA and/or Local Water Agency Roles and Responsibilities:

- BAWSCA will provide EarthCapades with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 7, 2024, or sooner. If, during the course of FY 2024-25, the Local Water Agency wishes to increase or decrease the number of shows and/or budget, the Local Water Agency will coordinate those changes with EarthCapades, who will in turn notify BAWSCA of any changes. A decrease in the total number of shows or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide EarthCapades with show content requirements by August 1, 2024.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with EarthCapades if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that EarthCapades may not be able to distribute items that are too large or that conflict with the message that EarthCapades is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed EarthCapades' capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Email Request Form (Template Letter with Agency-specific information, in a Word Document) to EarthCapades for review by July 21, 2024. EarthCapades will provide comments on drafts to Local Water Agencies by July 28, 2024.
- Local Water Agencies will mail a Letter of Invitation with a Email Request Form to all eligible schools by August 4, 2024. Eligible schools interested in participating will respond directly to EarthCapades, which shall be responsible for all scheduling.

EarthCapades Roles and Responsibilities:

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

- that is manufactured uses water to be created;
- Approximately 70% of our bodies and 90% of our brains are water; and
- Approximately 70% of the Earth's surface is water, 97% of that is salt water and only 1% is fresh liquid water.
- How water gets from the source to City/Agency homes and schools.
 - PowerPoint and/or visual description of the path the water takes from the Sierra Nevada Mountains to the Hetch Hetchy Reservoir, through the pipeline to local reservoirs to the treatment plant, and then through underground pipes to our homes and schools. This will change according to the local specific information for each agency.
- How to conserve, protect, and respect water. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.
- How to prevent water pollution:
 - Don't litter;
 - Use organic fertilizers, not pesticides on lawns and gardens;
 - Prevent storm water pollution through not pouring anything down the storm drains,
 - Recycle motor oil;
 - Create awareness that everything that goes into the storm drains ends up in nature; and
 - Inspire students to pick up litter ("safe" litter ~ wear gloves and don't pick up anything sharp or containing bodily fluids).
- EarthCapades will schedule performances directly with schools based upon a first come, first served basis.
- EarthCapades will submit a progress report to BAWSCA on October 13, 2024 regarding how many and which of the eligible schools EarthCapades has been able to successfully enroll. EarthCapades will provide additional school scheduling updates upon request.
- If EarthCapades is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2024, EarthCapades will alert BAWSCA and the Local Water Agency.
- EarthCapades will fax or email each scheduled school a Performance Agreement stating the date and time of performance and EarthCapades' technical needs. The Performance Agreement will be signed and returned by the school's administrator.

- One week prior to performances EarthCapades will send a Performance Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, EarthCapades will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with EarthCapades as to how to orchestrate the materials delivery and distribution.
- On the day of the program, EarthCapades will e-mail an online evaluation link for
- teachers and administrators to complete. BAWSCA and the Local Water Agency staff will be provided a link to review survey results at any time. The link will remain open and available to BAWSCA and the Local Water Agency staff until August 1, 2024.
- EarthCapades performer(s) will present a preapproved 35-to-45-minute assembly with different age-appropriate versions for grades K-2, 3-5 and 6-8 that teach water conservation and appreciation.
- Agencies have the option to use program funds for performances at alternate locations and/or events as long as it coordinates with EarthCapades availability.
- EarthCapades will invoice BAWSCA monthly for shows performed in the previous month.
- If a scheduled school cancels before confirmation fax is sent, EarthCapades will reschedule the performance. If the school cancels after the Performance Reminder has been sent, the Local Water Agency will be charged for full amount.
- EarthCapades will manage scheduling and performances to stay within the specified Local Water Agency maximum not to exceed budgets.
- EarthCapades rates for this contract are listed below.

School Shows (*45 minutes, maximum of 350 students and staff per show*)

Program Costs

Duo Performer Programs

\$770 / 1 show

\$1155 / 2 shows (back-to-back)

\$1440 / 3 shows (same school same day)

Reporting

EarthCapades will provide BAWSCA with a Final Report by June 30, 2025 that includes the following:

- Brief Introduction
- Brief Summary of Show content
- Documentation, by Agency, of the schools/locations/events where EarthCapades performed
- Documentation, by Agency, of the number of people/kids that attended each EarthCapades performance
- Select quotes from survey results
- A few photos to give a feel of a performance
- Link to the survey results

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Global Sun Landscape to Implement the Lawn Be Gone! Site Inspection Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Global Sun Landscape to implement the Lawn Be Gone! Site Inspection Program (Program) for FY 2024-25. As with all BAWSCA subscription programs, (1) the opportunity to participate is extended to all BAWSCA agencies, (2) participation is voluntary, and (3) the participating agencies will pay the entire cost for the Program.

Fiscal Impact:

This Program is being offered on a subscription basis. For FY 2024-25, only those agencies that elect to participate in the Program will pay the cost of the outside service provider, as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Global Sun Landscape, subject to legal counsel review, for implementation of the Lawn Be Gone! Site Inspection Program in FY 2024-25; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

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

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

Currently, six agencies are participating in the Program, and these agencies have expressed a strong desire to continue participating in the program next year. The Lawn Be Gone! Site Inspection Program provides a valuable enhancement to the Lawn Be Gone! Program for the agencies that opt to participate. The Program can be provided by

a qualified vendor at a reasonable cost. For these reasons, implementation of the Program is recommended.

Scope of Work and Billing Rates:

The draft scope of work for FY 2024-25 is shown in Exhibit A.

EXHIBIT A

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

DRAFT

FY 2024-25 SCOPE OF SERVICES

Purpose:

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

Work to be Performed:

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

Rates and Charges:

The unit costs are shown below.

<u>Item</u>	<u>Unit Cost (per site)</u>
Pre-Inspection Services - Residential sites and Commercial up to 1,000 sq. ft.	\$105
Post-Inspection Services – Residential sites and Commercial up to 1,000 sq. ft.	\$105
Pre-Inspection Services - Commercial sites over 1,000 sq. ft.	\$135
Post-Inspection Services –Commercial sites over 1,000 sq. ft.	\$135
Lawn Be Gone! Customer Hotline	\$67
Bridge Toll (if applicable)	\$7

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with M&M Backflow and Meter Maintenance to Implement the Customer Water Meter Accuracy Testing Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with M&M Backflow and Meter Maintenance to implement the Customer Water Meter Accuracy Testing Program (Program) for FY 2024-25. The Program, which would be implemented as a Subscription Program as part of BAWSCA's Water Loss Management Program, will provide volumetric customer water meter accuracy testing services. This program supports efforts by BAWSCA agencies to reduce water losses to an economically optimized level and to comply with water loss requirements implemented by California as part of SB 555.

Fiscal Impact:

This program will be offered on a subscription basis. For FY 2024-25, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1) Negotiate and execute a contract between BAWSCA and M&M Backflow and Meter Maintenance, subject to legal counsel review, for implementation of the Customer Water Meter Accuracy Testing Program in FY 2024-25; and**
- 2) Offer participation in the Program to BAWSCA agencies on a subscription basis.**

Discussion:

During the fall of 2018, participating BAWSCA member agencies completed validated AWWA-methodology water audits to assess distribution system losses and fulfill auditing requirements stipulated by Senate Bill 555. The water auditing process revealed that many BAWSCA member agencies are not equipped to estimate their volumes of apparent losses resulting from customer metering inaccuracies. An understanding of the accuracy of the customer meter stock is required for accurate water auditing and effective water loss control program design.

The Customer Water Meter Accuracy Testing Program has been offered to BAWSCA member agencies since November 2019 as part of BAWSCA's Regional Water Loss Control Program (Program). The Program includes two components: (a) bench testing of small meters and (b) field testing of large meters (greater than 2-inch diameter). The goal of the Program is to reduce water losses to an economically optimized level and to comply with water loss requirements implemented by the State of California. Currently, five agencies are participating in the Program and have expressed a strong interest to continue participating in the program next year.

Scope of Work and Billing Rates:

The draft scope of work and rates for FY 2024-25 is shown in Exhibit A.

Exhibit A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And M&M Backflow and Meter Maintenance
for Customer Water Meter Accuracy Testing Services**

DRAFT

FY 2024-25 SCOPE OF SERVICES

Purpose:

The Bay Area Water Supply and Conservation Agency (BAWSCA) administers a Customer Meter Accuracy Testing Program (Program), under which M&M Backflow & Meter Maintenance (Contractor) supports participating BAWSCA agencies in reducing water losses to an economically optimized level and in complying with water loss requirements implemented by the State of California. The Program includes two key components: (a) bench testing of small meters (up to 2-inch diameter) and (b) field testing of large meters (greater than 2-inch diameter).

Work to be Performed:

Task 1 - Project Management

- Provide administrative services to oversee the day-to-day implementation of the Project.
- Periodically meet with BAWSCA project manager and E Source, either via phone or in person, to discuss Project goals, progress, and outcomes.

Task 2 – Meetings

- Meet with BAWSCA, Participating Agencies, and E Source staff to confirm the alignment of meter test protocols with desired best-practice methodology.

Task 3 – Coordinate meter testing schedule and logistics

- Connect with relevant staff at each Participating Agency to establish a working relationship and schedule meter tests. Each Participating Agency will furnish a list of meters to be tested that includes meter sizes, types, and locations.
- Coordinate the meter test effort with each agency to comply with safety and notification standards, permit the Participating Agency to maintain standard operations, and meet testing program deadlines agreed upon in Task 1.

Task 4 – Test small meters and large meters

- Participating Agencies that contract for meter testing services have the option of random and representative small meter testing, targeted large meter testing, or both small and large

meter testing. Based on the schedule and meter selection agreed upon in Task 2, conduct meter testing and adhere to the testing schedule.

- Participating Agencies will pull the meters to be tested from the field and deliver them to the meter testing firm with the agreed upon identification labeling. However, a few Participating Agencies may prefer that the meter testing firm pull the meters from the field for testing.
- Test results must be documented using the template supplied by E Source and capture all requested information. Test results should be delivered at least once per week to the participating agency and, if authorized by the participating agency, to BAWSCA, via email.
- Meter testing services will need to encompass small meters (3" and smaller) and large meters (4" and larger). Small meters will be removed and placed on a mobile test bench or transported to a testing facility. Large meters will be tested in-situ.
- Both small meters and large meters will be tested at a minimum of three flow rates that represent a low flow rate, an intermediate flow rate, and a high flow rate. Small meter flow rates will be drawn from AWWA Manual M6: Water Meters – Selection, Installation, Testing, and Maintenance. Small meter tests must be conducted for a duration sufficient to ensure a quantity of throughput that minimizes test uncertainty. Large meter test flow rates will be selected based on each meter's consumption history and flow distribution profile. In the absence of this information, large meter test flow rates will be drawn from Manual M6. Large meter tests must also be conducted for a duration sufficient to ensure a quantity of throughput that minimizes test uncertainty.
- Test results must be reported to each Participating Agency in the standardized format prescribed by E Source. Test results will be documented in Excel spreadsheets and capture the following information at a minimum for each meter tested, though additional reporting requirements may be established:
 - Date of test
 - Staff conducting test
 - Meter serial number
 - Meter location (e.g. address)
 - Meter size
 - Meter manufacturer
 - Meter model or type
 - For each flow rate test (low flow rate, intermediate flow rate, and high flow rate):
 - Flow rate
 - Tested meter register/totalizer start value
 - Tested meter register/totalizer stop value
 - Reference meter register/totalizer start value (if reference meter used)
 - Reference meter register/totalizer stop value (if reference meter used)
 - Volume of throughput (if no reference meter used)
 - Reference meter accuracy or throughput adjustment (if applicable)
 - Test duration
 - Miscellaneous notes
- Test results must be recorded to as many significant figures as are available given test instrumentation.

Task 5 – Meet with BAWSCA and E Source to evaluate the meter testing program

- E Source, BAWSCA, and the Contractor will meet in-person to evaluate the meter testing program and produce a report that documents the regional Water Loss Control Program

meter testing effort. E Source will author the report and will require both verbal and written input from the Contractor.

Rates and Charges:

Program Item	Unit Cost x Quantity
A. Bench Testing – 5/8" x 3/4" Meters	\$15.00/meter for less than 10 meters \$12.50/meter for 10 or more meters
B. Bench Testing – 3/4" Meter Short Length Meter Tests	\$15.00/meter for less than 10 meters \$12.50/meter for 10 or more meters
C. Bench Testing – 3/4" Long Meter Tests	\$17.50/meter for less than 10 meters \$15.00/meter for 10 or more meters
D. Bench Testing – 1" Meter Tests	\$25.00/meter for less than 10 meters \$20.00/meter for 10 or more meters
E. Bench Testing – 1 1/2" and 2" Meters	\$35.00/meter for less than 5 meters \$30.00/meter for 5 or more meters
F. Large Meter Field Testing	\$300.00/meter for less than 5 meters \$250.00/meter for 5 or more meters
G. BAWSCA Administration Fee	\$128

- (a) Minimum of 5 meters must be tested in same day to receive \$250/meter price. Meters must have Test Port and Isolation Valves in order to be tested. Water utility to provide employee with knowledge of meter and valve locations.
- (b) If small meters are requested by the agencies to be sent back from the Contractor, there will be an additional cost of no more than \$95 per hour for travel time and \$0.55 a mile.
- (c) Agency must have a minimum of 50 meters for pickup

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute an amendment to the Memorandum of Understanding (MOU) with the Regional Water Authority (RWA) to implement the Regional Smart Controller Program for FY 2024-25. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

This program will be offered on a subscription basis. For FY 2024-25, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and enter into a Memorandum of Understanding with the Regional Water Authority, subject to legal counsel review, to implement a Regional Smart Controller Program; and,**
- 2. Offer participation in the program to BAWSCA agencies on a subscription basis.**

Discussion:

In 2019, BAWSCA entered into a partnership with RWA to implement a Regional Smart Controller Program (Program). The Program, implemented as a Subscription Program as part of the BAWSCA Regional Water Conservation Program, offers the residential water customer an instant rebate and discounted price on the purchase of a smart controller. Through a competitive procurement process, Rachio, was selected to implement the Program.

The Program was initially implemented in FY 2019-20, with an opportunity to extend further into future years as desired by RWA and BAWSCA. BAWSCA and RWA desire to extend the program through at least June 2025, pending RWA approval and available funding, with no other changes to the current terms.

Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Smart controllers are weather-based irrigation controllers that use current weather data to properly adapt irrigation schedules. The goal of the Program is to improve water use efficiency in single-family households through the management of outdoor water use. The Program will

support BAWSCA agencies in complying with the new urban water use objective mandated by the State under AB 1668 and SB 606.

Scope of Work and Billing Rates:

The Scope of Work for FY 2024-25 is included in Exhibit A.

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Regional Water Authority
for a Regional Smart Controller Rebate Program

DRAFT

FY 2024-25 SCOPE OF SERVICES

A. Project Scope and Description

1. Project Scope. This Project is the Program.
2. Scope of Work. RWA's contract with Rachio, which includes the Scope of Work, is provided in Exhibit A, attached and incorporated by this reference. BAWSCA and BAWSCA's Member Agencies are intended beneficiaries of the RWA-Rachio contract, are entitled to all of the benefits of the contract, including the intellectual property rights set forth in section 14 of the contract, and may enforce the terms of the contract.
3. Limited to Scope of Work. This MOU is intended to cover only the Scope of Work. Further roles and responsibilities for subsequent phases of work on, or other tasks related to, the Project will be determined by negotiations between the Parties.

B. Funding and Payment

1. Funding Commitment.
 - a. For the first year of the MOU, BAWSCA will pay up RWA an administration fee of \$3,000 to reimburse RWA's program administration and contracting costs associated with BAWSCA's participation in the Program.
 - b. For all subsequent years of the MOU, if any, BAWSCA will pay RWA an administration fee of \$1,000 to reimburse RWA's program administration and contracting costs associated with BAWSCA's participation in the Program.
 - c. RWA will pay for all startup costs, estimated to be ten thousand dollars \$10,000, for the Project.

C. Term

1. Term of Agreement. This MOU is effective upon the Effective Date, and will terminate upon the earliest of: (a) June 30, 2025, unless the parties agree to extend the MOU, or (b) termination by RWA or BAWSCA pursuant to section C-2. The MOU will automatically renew for a one-year term annually unless a Party provides thirty (30) days' written notice to the other Party of its intent not to renew the MOU.
2. Termination. Each party may at any time terminate the MOU by giving thirty (30) days' written notice to the other party. Upon termination, neither Party may seek nor be entitled to receive reimbursement for any costs or expenses incurred in connection with

termination of this MOU from the other Party. In the event that RWA terminates the MOU and discontinues the Program, it will provide BAWSCA will the opportunity to assume RWA's contract with Rachio so BAWSCA may manage the contract.

D. Responsibilities

1. Rachio Management.

- a. RWA will hold the contract with Rachio and will be responsible for administration of the contract for the Program. RWA will be responsible for all contract costs and administration costs except as noted in this MOU.
- b. Notwithstanding the foregoing, BAWSCA will be responsible for administration of the Program for the BAWSCA Member Agencies, including development of the BAWSCA agency participation agreement, timely submittal of participation agreements for participating BAWSCA Member Agencies to Rachio, and communication and coordination of BAWSCA-specific program items with Rachio. Rachio will bill BAWSCA directly for services rendered for BAWSCA Member Agencies (e.g., costs of controller rebates and installation rebates), and BAWSCA will pay Rachio or any installation contractor directly.

2. For purposes of delivering the Scope of Work, RWA agrees to:

- a. Manage the Scope of Work, including developing and carrying out the Scope of Work on schedule and within budget;
- b. Provide technical oversight for performance of the Scope of Work;
- c. Procure and administer the consultant/contractor services to complete the Scope of Work;
- d. Keep BAWSCA apprised of developments, such as award of contracts or potential changes that may affect the scope, schedule, or budget of the Project or Scope of Work; and
- e. Consult with BAWSCA where necessary/appropriate; and
- f. Prepare and provide to BAWSCA status reports including anticipated and expended costs and Scope of Work delivery milestones and schedule forecasts.

3. BAWSCA agrees to:

- a. Provide input on Project deliverables in a timely manner in accordance with the Scope of Work;
- b. Facilitate participation in the Project by its member agencies, as needed;
- c. Provide input and oversight based on local policies and desires regarding the outcome of and deliverables of the Project;
- d. At its discretion, review any professional services agreements, change orders and any other agreements that RWA has entered into for the performance of

Scope of Work; however RWA retains ultimate authority over contracting and related decisions with Rachio;

- e. At its discretion, review the work products and deliverables produced by RWA and/or its contractors/consultants for the Scope of Work, including reports, designs, drawings, plans, specifications, schedules and other materials; however, RWA retains authority to accept or reject contractor/consultant work;
- f. Approve or endorse, in writing, the final deliverables or work products produced by RWA and/or its contractors/consultants for the Scope of Work;
- g. Review progress reports prepared and provided by RWA; and
- h. At its discretion, review and audit invoices and other documentation of the expenditure of funds allocated for the Scope of Work, however RWA retains ultimate authority for expenditure of funds on the Project.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with VertexOne (formally WaterSmart) to Implement a Home Water Use Report Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a 1-year contract with VertexOne Software, LLC (VertexOne) to implement the Home Water Use Reports Program for FY 2024-25. As with all BAWSCA subscription programs, participation in this water conservation program is voluntary and participating agencies will pay the entire cost for the program. The opportunity to participate will be extended to all BAWSCA agencies.

Fiscal Impact:

This program is being offered on a subscription basis. For FY 2024-25, only those agencies that elect to participate in this program will pay the cost of the outside service provider.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and VertexOne, subject to legal counsel's final review, for implementation of the Home Water Use Reports Program in FY 2024-25; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Home Water Use Reports program has been offered to BAWSCA member agencies since September 2014. Currently six agencies are participating in the program; each of these agencies has expressed a strong desire to continue to participate in the program next year.

The contractor, VertexOne, develops and delivers water use reports to individual households. These reports use data analytics and behavioral science techniques to provide customized water consumption information, messaging, and water saving recommendations. The objective is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to peers.

The agencies have expressed a desire to participate in the Home Water Use Reports program in FY 2024-25. The Home Water Use Reports Program provides a cost-effective means of achieving water conservation savings and customer engagement. This program provides a valuable water conservation and outreach tool for participating agencies.

Scope of Work and Billing Rates:

The draft scope of work for FY 2024-25 is shown in Exhibit A.

EXHIBIT A

VertexOne Home Water Use Reports - FY 2024-25

DRAFT SCOPE OF WORK

SECTION 1: INTRODUCTION AND PROGRAM ELEMENTS

Introduction

Consultant is a provider of a customer engagement and analytics platform. Agency has contracted with Consultant to provide a customer engagement program for the Participating Agencies that submit a qualifying Participation Agreement with respect to the Customer Engagement and Conservation Program administered by the Agency.

The program is comprised of the following required elements, which are explained in more detail below and in Exhibit D:

- Program Initialization: Program setup and initialization, including data collection. This is required for new Participating Agencies only and is described in detail in Section 2 Program Initialization and Milestones
- Annual Software Subscription: Includes the products described in detail in this section below Utility Analytics Dashboard, Customer Portal, Alerts and Notifications, Group Messenger & List Builder, and Electronic Bill Presentment. Also includes Customer Service and Support described in detail in Section 5 Customer Service and Support

Most Participating Agencies also employ these optional elements:

- Standard Support
- Welcome Letter or Customer Letter
- Water Report Program summarized below and described in detail in Section 3 Water Report Program Design
- Single Sign-On or Click Through Registration with Participating Agency's online payments provider, or Electronic Bill Payment
- Paperless Billing
- Print Leak Alerts

Utility is responsible for providing VertexOne key program inputs including account information, regular feeds of meter data, and logos and contact information. Utility is also responsible for timely

feedback and input on key program elements during initialization. Utility maintains responsibility as the primary contact for customer inquiries and technical assistance.

VertexOne will designate a customer success manager, and the Utility shall designate a single person as Program Manager for the program. All Utility decisions shall be channeled through the Utility Program Manager. In addition, Utility shall designate a Data contact who is responsible for providing the data indicated below.

Content and design of all materials are subject to change over time, as VertexOne incorporates new features.

This scope of work and agreement cover services rendered over term of the Agreement. The exact timing of program launch and duration of services may vary depending on Utility resource levels, data availability, and other unforeseeable events. VertexOne endeavors to adhere to the proposed schedule. Utility's responsiveness and prompt provisioning of necessary program inputs is also critical to schedule adherence.

A proposed schedule is provided in Exhibit B, Schedule of Performance.

Annual Software Subscription

Annual software subscription is a core component of the VertexOne program and includes the following features:

Utility Analytics Dashboard

The Utility Analytics Dashboard provides analytical insights regarding customer consumption (use by account type, high users, etc.), outbound and inbound communications (outgoing leak or other alerts, incoming emails, etc.), and use of the Customer Portal (visit frequency, device access, most visited pages, etc.) The Dashboard also identifies and notifies Utility staff about suspected leaks in both AMI and non-AMI environments, and allows Utility staff to monitor compliance requirements. The Dashboard delivers information on all customer classes whose data are provided to VertexOne and

integrates external data sources like property records and maps. The Utility Analytics Dashboard is available to all Utility staff, each with their own unique login.

Customer Portal

The VertexOne Customer Self-Service Portal, available to customers through a mobile and web application interface, provides a single place for customers to see consumption, check and resolve leaks, view bills, sign up for paperless billing, and receive targeted messages about Utility promoted events and programs.

Alerts and Notifications

VertexOne provides alerts to customers to notify of potential high volume or continuous use, to notify a customer that they have reached a self-selected consumption threshold, or to inform customers before the end of the billing cycle that they are likely to have high water use on their upcoming bill. Threshold notifications and leak alerts are further enabled by AMI, though they are also available for non-AMI customers. Alerts can be sent through multiple channels -- email, SMS text message, or automated voice call. Leak alerts are currently targeted at single-family residential accounts and irrigation-only accounts. The leak resolution workflow helps customers identify the source of their leak, and resolve the leak on their own.

Group Messenger & List Builder

Group Messenger is a module within the Utility Analytics Dashboard that allows rapid delivery of targeted, timely, and topical messages to groups of customers. The integrated 'Lists' tool allows the Utility to create a custom list of accounts to analyze or communicate with. Group Messenger supports multiple communication channels, including email, SMS text, and automated voice.

Electronic Bill Presentment

VertexOne's Electronic Bill Presentment allows Utility customers to view their billing amount online. Utilities have the option to present the billing amount and, or display a PDF of the bill.

Standard Support

Standard support is an optional feature of the VertexOne Program for agencies choosing a higher level of support and is described in Section 5 below.

Welcome Letter or Customer Letter

Customer Welcome Letters are an optional feature of the VertexOne Program. If selected, utilities can send a Customer Letter to explain the program and its benefits to end-use customers. The Customer Letter is branded for the Utility including Utility logo, contact information and a signature line from an appropriate representative, and informs recipients about the program and what they can expect to receive. Customer Letters can be sent in the beginning of a program to introduce customers to the service or throughout the life of the program to remind customers of the service.

Water Reports

Water Reports are an optional feature of the VertexOne Program. Water Reports are personalized, informative, carefully designed reports that help Utility customers better understand their water use and the cost and effort it takes the Utility to deliver high quality and reliable water services. Water Reports can be sent via mail or email to any account type, and may be targeted to certain accounts, sent to randomly selected accounts as part of a randomized control trial, or sent to all of a Utility's customers. Every Water Report is customized by our proprietary content personalization to tailor messages and recommendations specifically to each end-user. Water Reports programs are set up, administered, and measured according to Section 3 Water Report Program Design.

Electronic Bill Payment

Electronic Bill Payment is an optional feature of the VertexOne Program. If selected, an Electronic Bill Payment option is offered by one of VertexOne's selected independent payment partners, which

agrees to comply with all PCI-DSS requirements, in collaboration with VertexOne. This allows a customer to pay a bill on the partner's payment platform from within the VertexOne Customer Portal using payment partner's credit, debit, and e-check services. Customers can make a one-time payment, and set up recurring payments. Participating Agency is required to sign a separate agreement with payment partner to access this feature and acknowledges that payment partner provides all services, support, documentation and compliance related to these features, and is separately compensated per the terms of its separate agreement.

Single Sign-On or Click Through Registration with Participating Agency's online payments provider :

Instead of selecting VertexOne's Electronic Bill Payment product, the Participating Agency can optionally select to deploy Single Sign On or Click Through Registration. VertexOne can provide log-in to our customer Portal using third party credentials (i.e. billing provider or other government website registration information) through SSO (Single Sign-On) using the SAML 2.0 or OAuth2 protocol. This provides for bi-directional, seamless registration to multiple portals using a single set of credentials. Alternatively, if selected VertexOne supports Click-Through Registration for uni-directional sign-on from a third party site to VertexOne using a URL redirect with key-based encrypted data. Single Sign-On and Click Through Registration require that the Participating Agency's online payment provider is able to meet VertexOne's specification for these services.

Paperless Billing

Paperless Billing is an optional feature of the VertexOne Program. It is only available to utilities that opt to use the Electronic Bill Presentment feature (included in the Annual Software Subscription).

Paperless Billing Services provide a method for the Participating Agency's account holders to enroll for electronic bill delivery from within the Customer Portal.

Print Leak Alerts

Print Leak Alerts are an optional feature of the VertexOne Program. Print Leak Alerts are generated and mailed for leak events if: the utility is configured to enable print leak alerts for the account's meter class, the account has an ongoing AMI leak, the account cannot be alerted by email, text, or phone, the account has not opted out of the VertexOne program, the account has not already received a Print Leak Alert for the same leak event, or the leak event has not been alerted or cancelled by staff. The alerts are sent to the printer on either a daily or weekly basis, depending on the utility's configuration. Customers who receive Print Leak Alerts will not receive another in the 30 days following a prior Print Leak Alert. Water utilities have the option of setting leak detection thresholds for generating alerts. The default leak rate and time threshold values are the same as the utility's standard leak alerting thresholds. Print Leak Alerts are currently only available to AMI Single Family Residential and Irrigation-Only customers.

SECTION 2: PROGRAM INITIALIZATION AND MILESTONES

The initialization phase of the program begins with Contract Signing (or Purchase Order Issue if a Purchase Order is necessary for invoicing) and will last for three months. VertexOne begins the (first) 12-month implementation term at the start of the fourth month after Contract Signing/PO Issue. If a utility has provided the data and input necessary to launch the program early, VertexOne accommodates the Utility by making the Customer Portal and Utility Analytics Dashboard available and (if selected) sending the first Customer Letters prior to the end of the 3-month initialization phase, though the invoicing schedule will not change.

Significant delay on the part of the Utility during launch may result in less than 12 months of access to the Customer Portal and Utility Analytics Dashboard and/or fewer than the planned number of communications to be sent during the 12 month period. If the Utility delays approval of a renewal or extension agreement, VertexOne may, at its discretion (assuming the renewal agreement will be retroactive to begin at the previous contracts' end), maintain Customer Portal and Utility Analytics

Dashboard access and functionality, in the interim, for up to 90 days at which time all access will be revoked until the renewal/extension has been signed.

To initialize the program, VertexOne works with Utility to set up the transfer of key data elements, discuss customized elements of the Customer Portal and Water Reports, finalize a Customer Letter, and train Utility employees on the VertexOne platform. Below are the key steps for the Program Initialization Phase.

Kickoff

VertexOne conducts a 60- to 90-minute introductory online meeting to orient Utility staff involved in the Program with the Customer Portal and Utility Analytics Dashboard Applications, Alerts, and Reports (if selected). VertexOne suggests Utility include a representative from each functional group that will be involved with the setup and use of the program, including: Conservation. Customer Service, Field Service, Finance, Marketing/Public Information Office, and Information Technology (IT) representatives.

Data Transfer and Utility Obligations

While VertexOne has developed processes to minimize the burden on Utility staff to launch the program, initiative and technical know-how on the part of Utility IT staff is necessary. All approvals and scheduling of Utility IT time for the project should be confirmed in advance to ensure a timely, high-quality, and well-supported launch. Delays on the part of the Utility may reduce the number of months the Utility and its customers are able to make use of the software platform.

VertexOne works with Utility to securely transfer a dataset on accounts, including but not limited to the following data:

Account Information:

- Account Number
- Account Type
- Account Sequence Number
- Property APN, where available
- Meter Size
- Customer Mobile Number, where available

- Service Address
- Billing Address
- Customer Name
- Customer Email, where available

Consumption History:

VertexOne requests, for at least the last two years but ideally for five to ten years in the past, such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Meter I.D. (serial number)
- Current Meter Read Date
- Previous Meter Read Date
- Days in Billing Cycle
- Consumption
- Bill and water allocation details as mutually agreed

* Note this consumption history is for billed consumption, with up to twelve data points per account per year. VertexOne does not load historic interval data.

Current Consumption:

VertexOne also works with Utility to set up a regular transfer of meter reads from the Utility to VertexOne through a secure channel. This will be the same file format as the Consumption History file above. The frequency of meter data transfer determines how frequently Water Reports are shipped (see Table 1).

VertexOne requests, for accounts with interval data:

- Account Number
- Timestamp
- Timezone
- Consumption
- Additional details as mutually agreed

Rebate Program Participation File

Optionally, Utility may provide data on rebate program participants, and those receiving citations or notifications. This file must meet VertexOne specifications and should include:

- Account Number
- Program Name
- Participation Date
- Additional details as mutually agreed

Should Utility implement new data management systems after the first initialization process, which require VertexOne to re-onboard new file structures or map historical identifiers (e.g. customers, accounts, premises, service points), VertexOne assesses an additional one-time fee not to exceed \$10,000 upon receipt of first test files from the new system.

Configuration of Customer Portal and Water Reports

VertexOne's Customer Portal and Water Reports (if selected) contain several configurable fields. VertexOne works with the Utility to configure the Water Report and Customer Portal with Utility logo and contact information. VertexOne provides messages and recommendations for Utility to review and approve for display on a targeted basis. Utility has the opportunity to approve or exclude any recommendations shown in the Water Report and Customer Portal and messages shown in the Water Report. The Utility also has the opportunity at the start of the program to provide VertexOne with information on available rebates and incentives that should be flagged within relevant water saving recommendations.

Utility and VertexOne agree to complete this process in a timely manner. Utility should provide final approvals to VertexOne no more than ten (10) business days from when initial materials are provided to Utility.

For both Messaging and Recommendations, the review process is as follows:

- VertexOne sends default content to Utility.
- Utility Project manager sends back a single, consolidated list of approved messages.
- VertexOne's customer success manager can offer the Utility the opportunity to proof finalized content of Water Reports and the Customer Portal once they are configured.

In addition, Utility has the opportunity to provide one custom text Water Report message per Report cycle.

Content is to be provided at least ten (10) business days prior to report generation.

Appendix A, Figure 1 shows the configurable content to be reviewed during initialization.

Finalization of Customer Letter

VertexOne sends a Customer Letter (if selected), on behalf of the Utility, to accounts that will receive access to the Customer Portal or Water Reports. Utility has the ability to personalize the signature and the introductory paragraph of content, within space constraints. The review process is similar to the process for Messaging and Recommendations described above. The format, design and content of the Customer Letter will be based on existing VertexOne documents. Content and design of all materials are subject to change

over time, as VertexOne incorporates new features. VertexOne will send Customer Letters by email where a valid email address is available and by print otherwise.

Training

After all initial customer data has been received and program content is finalized, VertexOne will provide Utility staff with training and resources to understand the features and functionality of the Customer Portal and Utility Analytics Dashboard. On-site training may be conducted as multiple sessions on a single day.

A proposed schedule for the Program Initialization Phase is provided in Exhibit B: Schedule of Performance.

SECTION 3: WATER REPORT PROGRAM DESIGN

Experimental and Control Group

If selected, VertexOne uses a randomized control group design to ensure the water saved in single-family residential accounts as a result of the VertexOne program can be accurately measured and verified. While the Residential Recipients, as specified in the Participation Agreement, will receive Water Reports the Control Group will not. This program design allows VertexOne to compare the changes in water consumption and customer satisfaction of the Recipients versus the Control Group and provide the Utility with formal statistical results. While the group of Residential Recipients may expand after the first term of the project, only the first group of recipients will be used to measure results.

Water Reports

Recipients

The number of recipients (specified in the Participation Agreement) may vary slightly in any cycle of Water Reports based on the availability of valid meter data available for each account and the number of new or closed accounts in a given period. Water Reports will be sent digitally where valid email addresses are available, and by print otherwise.

Number and Scheduling of Cycles and Shipments per Report

Each recipient account is eligible to receive a Water Report (if selected) in each of the 4, 6 or 12 cycles of reports per term, as specified in the Program at a Glance. Some accounts may receive fewer Water Reports due to a missed or incorrect reads, or a closing or opening of a new account with the Utility.

Each cycle of reports can be sent in one or more shipments, with each shipment going to a subset of households. VertexOne will ship Water Reports based on the schedule that the Utility transfers meter read data to VertexOne. For utilities that provide account billed consumption data to VertexOne on a rolling basis (with data for a subset of accounts transferred each day or each week), VertexOne will send out shipments for each cycle on a weekly basis. For utilities that provide billed consumption data to VertexOne once per billing period, VertexOne will send each cycle of Water Reports in a single shipment.

The schedule of these shipments is given below:

Table 1: Schedule of Water Reports Shipments

Utility Transfers Billing Data to VertexOne:	VertexOne Sends Shipments of each Report Cycle:
Daily	Weekly
Weekly	Weekly
Monthly	Monthly
Bi-Monthly	Bi-Monthly

The report delivery schedule is designed so that every customer account will be eligible to receive a report in each cycle. If the Utility wishes to stagger the initial set of reports over more than one cycle or in such a way that it does not correspond to the utility billed consumption data transfer schedule, these are special circumstances that must be identified in advance in the Participation Agreement and are subject to approval by VertexOne.

The delivery of the Customer Letter and the initial cycle of Water Reports will be scheduled in conjunction with the Utility. Email deliveries may be scheduled to arrive on, or avoid, a specific day of the week. Print deliveries are subject to postal schedules and cannot be guaranteed for specific dates. Utility-requested

delays in sending materials may result in fewer reports per recipient than the maximum number specified in the contract.

Cohort Group

VertexOne creates cohort groups of similar residences in order to maximize the relevance of water use comparisons and potential water savings. Cohort groups may include the following variables:

- Number of occupants per home (based on user-generated information and real-estate based estimates)
- Irrigable area (e.g. small, medium, large, etc.) to be determined based on home size and lot size information contained in real estate data obtained by VertexOne, or optionally, provided by Utility if it already possesses such information
- Residence location (e.g. city, zip code, etc.) for utilities which span large areas

Post-Launch Survey

A post-launch Satisfaction Survey is available to those Utilities that have selected Water Reports. VertexOne sends a link to a post-launch survey to accounts with email addresses. The post-launch survey typically is conducted after at least eight months of engagement. VertexOne will provide a sample of the post-launch survey invitation, including one block of content, which the utility may personalize. Utility should provide consolidated comments and final approvals to VertexOne no more than ten (10) business days from when initial materials are provided to Utility. The results of the post-launch survey are used to gauge customer satisfaction and Water Report perceptions. VertexOne shares all results of the post-launch survey with Utility.

Measurement and Verification

VertexOne reports changes in consumption for the Recipient Group versus a randomized control group selected from Utility's entire population of residential households. After three Water Reports have been sent, VertexOne will prepare an efficiency study that details the change in water usage for the Recipient Group versus control group, and load those results into the Utility Analytics Dashboard. This evaluation is

performed with a Fixed-Effects regression model using the consumption data for each household in the Recipient and control groups. The efficiency study report includes percentage savings, GPD (Gallons per Day) savings and Acre Foot savings at the program level for all months after the first Water Reports were sent. While VertexOne can continue to measure results after the first term (as long as a control group is maintained), Water Report recipients added to the program after the first term will not be included in the experimental group.

SECTION 5: CUSTOMER SERVICE AND SUPPORT

Customer Service

VertexOne does not communicate directly with the Utility's customers; end-user support is the responsibility of the Utility. VertexOne provides a number of tools to facilitate both end-user support as well as assist Utility staff looking to understand and maximize their VertexOne experience:

- 1) The **VertexOne Support Site**, which is accessible by all Utility staff, includes responses to Frequently Asked Questions as well as common troubleshooting topics and other customer support oriented content.
- 2) The **Customer Detail Page** helps customer service representatives respond to Customer inquiries by providing all relevant customer property and water use information, a complete history of notes and email interactions including water reports, a quick link to their portal and step-by-step process support for common questions around high bills.
- 3) A **Live Chat** feature that allows Utility staff to ask questions about data, get help with challenging customer questions, provide product feedback and more. Users can generally expect to receive a response within the hour. Chat is available between the hours of 7 a.m. and 6 p.m. PST Monday thru Friday, excluding federal holidays.
- 4) **Monthly Product Webinars** provide the latest VertexOne news including product releases, practical implementation case studies, a forum to interact with other VertexOne customers and sneak previews of products on the horizon.

Standard Support Option – Standard Support is an optional service of the VertexOne Program. For an additional annual fee, Standard Support provides all of the above Customer Service benefits and features, as well as:

- Dedicated Customer Success Manager (CS Manager): will support the Utility program, answer questions, provide updates, support complex tasks, provide new feature updates and additional training as needed.
- Phone/email support – The CS Manager is available by telephone and email to answer specific programmatic and technical questions for up to one additional hour per week.
- Bi-monthly check-in meetings – Meetings will track performance relative to Utility objectives and adjust as necessary, provide implementation suggestions, support outreach efforts, gather feedback and answer any questions.
- Portal and Water Report content customization- The CS Manager can help the Utility create personalized messaging for the Customer Portal and outbound Engagement vehicles, including Group Messenger and Water Reports, if requested.

Maintenance of Web Applications

VertexOne maintains commercially reasonable systems and controls designed to maximize monthly uptime and minimize unscheduled outages of the Customer Portal and Utility Analytics Dashboard. Excluding any down time for maintenance and/or upgrades, VertexOne makes strong efforts to provide Customers and Utility with access to their respective Web applications on a continuous basis and guarantees 99.95% uptime for all Web applications. VertexOne provides advance notification of any planned outages and notifies Utility without unreasonable delay if it detects or receives notice of any material problems relating to the Customer Portal and/or the Utility Analytics Dashboard. VertexOne's Service Level Agreement (Exhibit G) is also available at www.watersmart.com/service-level-agreement.

VertexOne's Web Applications include dynamic and interactive charts and tables that may not be compatible with older Internet browsers.

The Internet browser and operating system requirements are:

- Windows XP: Chrome 38+, Firefox 32+
- Windows 7, 8, 8.1, 10: IE 11+, Chrome 38+, Firefox 32+
- Mac: Chrome 38+, Firefox 32+, Safari

Data Security and Privacy

VertexOne does not share personally identifiable customer information or customer-specific water use information with any third party without prior consent from Utility. Data transferred to VertexOne from Utility is stored in a database dedicated to Utility and its VertexOne project. The data is not comingled with the data provided by any other entity; provided, however, that certain anonymous data may be copied and consolidated with data provided by one or more other entities for the research and product development purposes subject to the terms of the Agreement.

VertexOne enacts standard controls, policies, and procedures to ensure the security of Utility's data and customer provided information, including but not limited to choosing a reputable cloud-server vendor with appropriate physical security of server infrastructure, secure public-private key-based login to all VertexOne server infrastructure, password authentication on all Web site interaction, and audit logging.

VertexOne provides Utility with private key access to a secure FTP destination for regular delivery of the data. Utility agrees to send data only through this secure channel, or by having VertexOne pull data from a secure server maintained by the Utility or Utility partner.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Waterfluence, LLC to Implement the Large Landscape Program for FY 2024-25**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Waterfluence to implement the Large Landscape Program (LLP) for FY 2024-25. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2024-25, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

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

Discussion:

Fiscal Year 2024-25 will be the twenty-third year that the Large Landscape Program (LLP) is offered to BAWSCA member agencies. Twelve agencies are currently participating in the program through BAWSCA. These agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that the BAWSCA agencies have asked BAWSCA to offer next fiscal year to support agencies in meeting the conservation targets identified in the Regional Demand and Conservation Projections Report.

Since its inception, the LLP has been a very cost-effective program that generates real and significant water savings. In calendar year 2023, BAWSCA had 1,786 large landscape sites enrolled in the program. Commercial sites enrolled in the program that accessed the Waterfluence website and engaged their landscape contractor, were, on average, 26% more efficient in their watering. The LLP enables participating agencies to implement large landscape water budgets and water use surveys more cost effectively than if they were to hire consultants individually.

The scope of work for FY 2024-25 is expected to be consistent with the scope of work for prior year's program with an additional soil test option. All other program items have no increase costs for FY 2024-25. The LLP has enhanced member agencies' water conservation efforts at reasonable cost. For this reason, renewal of this water conservation assistance program is recommended.

Scope of Work and Billing Rates:

The draft scope of work for FY 2024-25 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Waterfluence - FY 2024-25**

DRAFT SCOPE OF WORK

a. Setup

1. Data Collection and Site Selection. For dedicated irrigation accounts, Agency provides Waterfluence with account information including at least one year of historical water use. Waterfluence organizes information and recommends sites to include in the program given account-to-site associations, program objectives and budget. Waterfluence collects water prices and local daily weather data. Agency finalizes site selection.
2. Landscape Maps. For selected sites, Waterfluence creates digital landscape maps based on recent aerial imagery. Maps include polygons measuring the square footage of irrigated turf, irrigated shrubs/trees, and water features.
3. Agency Website Access. Agency staff get online access to www.waterfluence.com with a dashboard comparing actual water use to a budget benchmark for each of their sites. Budgets are based on real-time weather matched with the billing cycle and site-specific characteristics.
4. Account Holder Access. Waterfluence uses multiple tactics to onboard account holders to its website by leveraging: 1) agency billing phone and email addresses, 2) account holders already in Waterfluence, 3) the landscape contractor community, and 4) interactions with account holders with other agency programs. For sites without a known account holder, Waterfluence prints and mails a packet with an introduction letter and an initial Water Use Report to encourage online participation.

b. Base or Premium Subscription

1. Monthly Data Collection and Notifications. At the beginning of each month, Agency forwards Waterfluence a digital file with the previous month's water use for accounts in the program. Waterfluence processes new water use and notifies online contacts that updated information is ready to view. Sites without online contacts are mailed a water use report in March (once a year) to help prepare for the irrigation season and encourage online access.
2. Contact Management. Waterfluence continually updates account holder information. This includes monitoring changes in agency account number/billing address and investigating email bounce backs or returned mail envelopes. Agency staff can assist process to maximize program engagement. Account holders can authorize additional stakeholders such as HOA board members and landscape contractors to access their sites' information online.

3. Customer Service. Waterfluence provides customer service to all users via website messages, email, and toll-free telephone number. Agency staff can add messages regarding landscape events, useful hyperlinks, or irrigation policies to the website.
4. Map Updates. Waterfluence maintains and adjusts landscape maps over time as new aerial imagery becomes available. Users are encouraged to modify their site maps online to keep them accurate; Waterfluence staff vet map changes made by users for conformance with mapping guidelines.
5. Hourly Water Data. Agencies with advanced metering infrastructure (AMI) systems can forward hourly data to Waterfluence to process and display on its website. Waterfluence AMI features include hourly and daily charts, leak notification, and irrigation-centric insights related to day spikes, days-per-week of irrigation, and daytime irrigation.
6. Website Maintenance. Waterfluence continuously maintains all features and security of its website.
7. Annual Report. Each March, Waterfluence creates an annual report summarizing water data from the previous calendar year for agencies with over one hundred sites in program. Topics address site characteristics, user engagement, trends in overwatering, and potential ways to improve the program.
8. California SB 606 / AB 1668 Reporting Requirements. For program sites, Waterfluence tabulates all water use and landscape area measurements required by the State of California for the component addressing CII water use with dedicated irrigation meters.

Premium subscription includes all items above plus:

9. Additional Contact Management. Waterfluence staff will average one extra hour per site per year to onboard water customers and their stakeholders to www.waterfluence.com.

c. Field Surveys

- c.1 Targeting and Marketing. Agency staff can preapprove sites eligible to receive a landscape field survey. Waterfluence markets the field survey opportunity to customers at preapproved sites via the website. Customers are required to accept the field survey via a click-through agreement on the website. Sites accepting a field survey will be added to the Waterfluence field survey queue. Survey includes a full MWELO soil laboratory test and reporting for an additional \$250.
- c.2 Performing Field Surveys. For sites accepting the field survey, Waterfluence will schedule a survey with stakeholders. The survey includes Waterfluence sending an irrigation expert to: (1) refine the site map and water budget assumptions, (2) operate portions of the irrigation system to evaluate performance, and (3) document findings and recommendations in a Landscape Field Survey Report.
- c.3 Field Survey Report. Completed field survey reports will be posted online. Waterfluence will notify all site stakeholders and address any follow up questions by telephone or webinar.

Deliverables

Waterfluence provides BAWSCA with the following project deliverables:

1. BAWSCA Annual Report. Each March, Waterfluence provides BAWSCA with an annual report summarizing program activity and water use for the participating agencies for the previous calendar year. Summary statistics include:
 - Number of sites
 - Total landscape acres
 - Total water use
 - Total over budget water use
 - Number of Landscape Field Surveys
2. Waterfluence Report and Website Content Changes. Waterfluence is continually expanding and evolving the content shown on the Water Use Report and its website. All participating water agencies and BAWSCA will be notified of significant changes in content.

EXHIBIT B
FY 2024-25 DRAFT RATE SHEET

Program Item	Unit Cost
a. Site Setup	\$105 per new site
b. Base Subscription OR Premium Subscription	\$84 \$100 per site
c. Landscape Field Survey	\$1,750 per survey \$2,000 per survey w/ soil test
d. BAWSCA Administration Fee	\$148 per agency

Notes:

- a. Site Setup. One-time fee per number of sites added to Program. Covers site selection, compiling water and weather data, creating site maps, distributing introductory packets, and startup site contact management.
- b. Base or Premium Subscription. The annual base subscription covers all ongoing costs associated with updating and distributing Program information. The Premium subscription includes additional Contractor staff time to actively monitor and improve customer engagement (recommended for agencies needing to maximize Program results and/or preferring not to assist in this effort).
- c. Landscape Field Survey. An optional, on-site evaluation that consists of an irrigation expert re-measuring irrigated areas, evaluating the irrigation system, and creating a customized report with findings and recommendations to improve irrigation efficiency. Survey includes a full MWELO soil laboratory test and reporting for an additional \$250.
- d. BAWSCA Administration Fee used to recover costs or administer program.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Update on Negotiations of a New Tier 2 Drought Allocation Plan

Summary:

The Tier 2 Plan (Plan) lead negotiators continue to make progress negotiating an updated Plan with the goal of finalizing a Plan by the end of June to allow for a six-month adoption process that will conclude before the existing Tier 2 Plan expires on December 31, 2024. BAWSCA is confident that the lead negotiators can achieve these milestones.

However, BAWSCA is also preparing a contingency plan for the possibility that this completion schedule is delayed. If it appears that progress in the negotiations stall, BAWSCA will begin providing more detailed updates to the BPC and Board beginning with the June BPC such that the Board can make a decision by November 2024 on whether to extend the existing Tier 2 Plan or adopt a new one so that a Plan is in place in the event that the SFPUC declares a water shortage emergency.

The lead negotiators will meet on Monday, May 13th, before the BAWSCA Board meeting on Thursday, May 16th. Reportable updates from that meeting will be conveyed verbally to the Board at its May 16th meeting.

BAWSCA encourages Board members to engage with their appointing agency's lead negotiator for updates on the negotiations. Table 1 presents a list of each agency's lead negotiator and attendance at meetings to date.

Fiscal Impact:

None

Recommendation:

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

Discussion:

Throughout this fiscal year and the fiscal year that preceded it, BAWSCA, the lead negotiators, legal counsel, and the technical consultants have met in person for half-day meetings and at least once virtually on a monthly basis to support the ongoing negotiations. Additionally, BAWSCA regularly meets one-on-one with agencies. Legal counsel and the technical consultants attend these meetings on an as needed basis as well. This level of engagement is expected to continue through the end of the FY 2023-24.

Table 1: Tier 2 Plan Update Lead Negotiators and Meeting Attendance*

Agency	Lead Negotiator	Sep-22	Sep-22	Oct-22	Nov-22	Dec-22	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
ACWD	Leonard Ash	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brisbane/GVMID	Randy Breault	✓			✓	✓			✓			✓		✓		✓	✓	✓	✓		✓
Burlingame	Kevin Okada	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Coastside	Mary Rogren	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CWS	Scott Wagner	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Daly City	Thomas Piccolotti	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
East Palo Alto	Humza Javed	✓	✓	✓	✓	✓			✓		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Estero	Louis Sun	✓	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Hayward	Cheryl Muñoz	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Hillsborough	Paul Willis		✓	✓		✓	✓	✓		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓
Menlo Park	Pam Lowe	✓	✓		✓	✓	✓	✓		✓			✓	✓	✓		✓	✓	✓	✓	✓
Mid-Peninsula	Rene Ramirez	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Millbrae	Bill Giang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Milpitas	Elaine Marshall	✓	✓	✓					✓		✓	✓		✓		✓	✓	✓	✓		✓
Mountain View	Elizabeth Flegel	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
North Coast	Adrianne Carr	✓	✓			✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Palo Alto	Lisa Bilir	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Purissima Hills	Phil Witt	✓		✓					✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Redwood City	Justin Chapel	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓		✓	✓	✓	
San Bruno	Steven Salazar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
San Jose	Jeff Provenzano				✓	✓		✓		✓	✓	✓		✓	✓	✓	✓	✓	✓		✓
Santa Clara	Shilpa Mehta	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stanford	Julia Nussbaum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sunnyvale	Mansour Nasser	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Westborough	Patricia Mairena			✓	✓										✓				✓		

* Meeting attendance includes in-person meetings only starting September 2022. Additional meetings were held via Zoom and at Water Management Representative meetings in the first half of 2022.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **BAWSCA’s Long-Term Reliable Water Supply Strategy 2050**

Summary:

This memorandum is for informational purposes to provide the Board with an update on the current work related to finalizing the Scope of Work (SOW) for the Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050).

The SOW for Strategy 2050 is currently being finalized. The SOW is comprised of a number of key tasks and associated subtasks, all of which will be integrated into the workplan for the strategy development. Feedback from both the Board and Water Management Representatives (WMR) has helped guide task and subtask selection for the SOW development.

The draft SOW for Strategy 2050 is provided as Attachment A. BAWSCA will finalize the SOW this fiscal year. The current schedule anticipates Board consideration of the recommended action for consultant selection and funding for the development of Strategy 2050 at its July 18, 2024 meeting.

Board Policy Committee Action:

The Committee was presented with the draft SOW for Strategy 2050 at the April 10th Board Policy Committee meeting as an informational item. The Committee responded favorably to the SOW. No Committee action was requested, however, further suggestions provided by the Committee were integrated into the updated SOW as provided in Attachment A.

Recommendation:

This item is for information and discussion purposes only. No Board action is requested at this time. Feedback from the Board regarding the finalization of the SOW and funding for Strategy 2050 is welcome.

Discussion:

Beginning in December of 2023, BAWSCA staff began the development of the SOW for Strategy 2050. That SOW includes defined primary tasks and subtasks which were shared with the Board and WMR in January 2024. The draft SOW was shared with the BAWSCA WMR on March 1, 2024, with edits received by March 15, 2024. All of the tasks and subtasks within the SOW tie directly back to the proposed purpose and objectives of Strategy 2050.

Input received at the WMR workshops and Board meetings has been helpful in the development of the Strategy 2050 purpose, objectives, and SOW.

In consideration of the inputs received, the **purpose of Strategy 2050** is:

To identify the water supply and demand management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience.

Six Strategy 2050 objectives for the BAWSCA region were identified to achieve the Strategy 2050 purpose. These six **Strategy 2050 Objectives** are in addition to BAWSCA's work to oversee the WSA and align with BAWSCA's goal of a reliable supply of high-quality water at a fair price:

- *Provide a comprehensive picture of the region's supply and demand management needs and options.*
- *Establish a framework for collectively maintaining and improving regional water supply reliability and resilience.*
- *Elevate awareness of and support the region's interest in new and emerging regulations that impact water supply and demand management.*
- *Expand regional dialogue and collaboration to collectively address common needs.*
- *Close the gap on funding needed for water supply resilience and reliability.*
- *Support availability of affordable water supplies and demand management strategies to all customers.*

The purpose and objectives of Strategy 2050 support the identification of 7 key tasks for the SOW:

- *Evaluate water supply and demand management reliability.*
- *Assess regulatory setting and collaboration opportunities.*
- *Evaluate existing project concepts and identify new regional project opportunities.*
- *Provide support to member agencies in their efforts to obtain external funding.*
- *Document water affordability challenges and opportunities.*
- *Develop a method to track and report on the status of Strategy 2050 implementation.*
- *Report preparation – including findings, near and long-term recommendations.*

Additional details related to the Strategy 2050 SOW finalization are shown in Attachment A and B and will be presented to the Board at its upcoming meeting. Suggestions and comments as to how to adjust or expand the SOW are welcome.

As the SOW is finalized over the next month, a detailed schedule will be prepared identifying key points of engagement with the Board and WMR to ensure continued engagement throughout the Strategy 2050 development. This schedule will be shared with the Board and WMR when completed for their input and comment.

Previous Approved Use of the Water Management Charge for 2015 Strategy:

On July 15, 2010, the Board authorized enactment of the Water Management Charge to fund development of the 2015 Long-Term Reliable Water Supply Strategy (2015 Strategy). This authorization was explicitly provided for in 2009 when each agency's governing body approved the WSA:

"In order to support the continuation and expansion of water conservation, water recycling, and development of alternative supplies within the wholesale Customers' service areas, the SFPUC will, if requested by BAWSCA, include the Water Management Charge in water bills sent to Wholesale Customers." [WSA Section 3.06A]

The approved funding for the development of the 2015 Strategy for a not-to-exceed amount of \$2,322,000 allocated charges to all agencies in proportion to their FY 2000-01 water purchases from the San Francisco Public Utilities Commission (SFPUC). This allocation basis is consistent with the allocation of annual BAWSCA assessments on member agencies provided for in BAWSCA's enabling legislation (AB 2058, Papan). The SFPUC successfully collected the

full amount of the Water Management Charge in monthly increments from August 2010 through December 2011 to fund the completion of the 2015 Strategy.

The subsequent implementation of BAWSCA's 2015 Strategy has occurred as part of BAWSCA's annual Work Plan and Operating Budget process and has been funded through member agency assessments.

This funding approach for the 2015 Strategy development and implementation has enabled BAWSCA to better control its annual agency assessments to a level that better reflects ongoing stable agency activity while providing a separate source of funding with the Water Management Charge to fund a non-routine, larger expenditure.

Recommended Use of Water Management Charge for Strategy 2050:

It is anticipated that the Board will be provided with the following recommendation related to Strategy 2050 at its July 18, 2024 meeting:

- Approve contract with selected consultant for development of Strategy 2050; and
- Approve funding Strategy 2050 development through a Water Management Charge as authorized in Section 3.06A of the WSA.

Consistent with BAWSCA's enabling legislation and the provisions for assessing member agencies, the recommendation will be allocation of the Water Management Charge to fund Strategy 2050 in proportion to member agency purchases from SFPUC during FY 2000-01.

If approved by the Board in July, San Francisco would subsequently add a line item "Water Management Charge" to its wholesale water bills beginning in September 2024 and remit the money to BAWSCA for its use on behalf of its member agencies. As required by the WSA, BAWSCA would provide an annual fiscal year report to San Francisco stating how much money was received and how the funds were expended.

Table 1 shows a preliminary estimate of the Water Management Charge to be included in each Wholesale Customer's monthly water bill as its proportional share of Strategy 2050 costs based on a total cost of \$2.267M and an 18 month collection period starting September 2024.

BAWSCA is continuing to coordinate with SFPUC on the administrative matters involved in billing, collecting, and remitting Water Management Charge revenue. Further information about Strategy 2050 and the Water Management Charge will be provided at the upcoming May BAWSCA Board Meeting.

Attachment A

Draft Scope of Work: BAWSCA Long-Term Reliable Water Supply Strategy 2050

**Changes made since the April 10th, 2024 Board Policy Committee Meeting
can be seen in CAPITALIZED BOLD UNDERLINE**

Task 1: Evaluate Water Supply and Demand Management Reliability

Subtask 1A: Conduct a Risk Assessment of Water Reliability

The Consultant will review the potential risks impacting water supply reliability to the BAWSCA region, including the impacts of climate change, evolving regulations, and other uncertainties on water supplies at both the local agency and regional level. Using the existing RiverWare model, the Consultant will quantify the effects of these stressors on water supply for 4 potential future scenarios.

Subtask 1B: Develop Preliminary Water Demand, Supply, and Reliability Assessment for 2025 Urban Water Management Plans (UWMPs)

The Consultant will prepare a Demand, Supply, and Reliability Assessment Technical Memorandum (TM) using data from BAWSCA's 2025 water demand projection results. The TM will summarize initial Strategy 2050 findings related to water demand, supply, and reliability to inform preparation of individual BAWSCA Agency UWMPs.

Subtask 1C: Assess Existing Risks and Emergency Framework

The Consultant will assess the existing emergency planning and response frameworks across BAWSCA Agencies, including **America's Water Infrastructure Act of 2018 (AWIA) requirements**. Review will focus on comprehensive identification of vulnerabilities, such as wildfires, earthquakes, sea level rise, and adequate and continued implementation of emergency response plan frameworks.

Subtask 1D: Assess Regional Emergency Resilience Programs

The Consultant will explore emergency frameworks employed by BAWSCA Agencies and other regional entities outside of the BAWSCA region. The Consultant will assess opportunities to incorporate best practices from other regions into the emergency response within the BAWSCA region to jointly improve resources and coordination across BAWSCA Agencies.

Task 2: Assess Regulatory Setting and Collaboration Opportunities

Subtask 2A: Identify Regulatory Setting

The Consultant will summarize current and anticipated near-term and mid-term regulations impacting water management and project implementation. These may include water use efficiency requirements, water quality and environmental flow requirements, potable reuse regulations, reporting requirements, water rights requirements, or other similar regulations.

Subtask 2B: Assess Framework for Future Regulatory Collaboration

The Consultant will assess frameworks for regulatory collaboration and advocacy that have been employed by other regional entities and summarize frameworks for regional regulatory collaboration and advocacy, potential applicability of each framework to the BAWSCA region, and associated considerations (e.g., resource and staffing needs).

Task 3: Evaluate Existing Project Concepts and Identify New Regional Project Opportunities

Subtask 3A: Establish Project Database Architecture

The Consultant will develop a structure for the Project Database, a project inventory and database for BAWSCA Agencies' and other regional entities' planning projects.

Subtask 3B: Refine Existing Project Concepts

The Consultant will compile projects identified by BAWSCA Agencies through the One Water Reliability Roundtable Series and other local and regional planning efforts into the Project Database. The Consultant will refine and update details of projects in the Project Database.

Subtask 3C: Develop Additional Water Supply and Demand Management Project Concepts

The Consultant will develop **up to 12** new water supply and demand management project concepts and details to supplement the existing project concepts. Details will include supply volume, capital costs, O&M costs, steps to project implementation, permitting process, proponents and partners, secondary benefits, and anticipated challenges and complexities.

Subtask 3D: Develop Comparative Metrics

The Consultant will develop metrics for comparing water supply projects and portfolios. The metrics will be developed to reflect considerations for BAWSCA and the BAWSCA Agencies in evaluating project opportunities and may include cost, dry-year reliability benefit, water quality impacts, regulatory complexity, speed of implementation, certainty of supply volume, community and environmental benefits, and other factors.

Subtask 3E: Develop Project Portfolios

Working with BAWSCA and the BAWSCA Agencies, the Consultant will develop **up to 5** multi-project portfolios and assess reliability benefits under scenarios established in Subtask 1A.

Subtask 3F: Provide Individual Reliability Planning Services (Subscription Program)

If requested by individual BAWSCA Agencies, the Consultant will support the BAWSCA Agencies in individual planning tasks where individual needs go beyond what is scoped at a regional level.

Subtask 3G: Post-Audit Regional Groundwater Model

The Consultant will complete a post-audit of the existing Regional Groundwater Model to evaluate Regional Groundwater Model performance relative to observed conditions and identify whether refinements and recalibration are needed.

Subtask C-3H: Additional Regional Reliability Model Project Analysis

If determined to be necessary to inform Strategy 2050 decisions, the consultant will conduct additional project analysis in the Regional Reliability Model. Additional Regional Reliability Model updates may include more detailed representation of project entry points within the system or more detailed analysis of reliability benefits to a subset of potential project partners beyond overall regional benefits.

Subtask C-3I: Evaluate Additional Project Portfolios

If additional project portfolios beyond the five (5) identified in **Subtask 3E** are deemed necessary, the Consultant will evaluate additional project portfolios.

Subtask 3K: Prepare Constituent Concentration Trend Analysis and Modeling Approach
The Consultant will identify and evaluate BAWSCA Agency water quality concerns (i.e., PFAS, Cr6, and NH3) and request relevant water quality data as part of data acquisition efforts within the Regional Groundwater Model study area. Using these data, the Consultant will characterize spatial and temporal trends in constituent concentrations within the study area. The Consultant will then develop preliminary recommendations to support water quality management efforts.

Subtask C-3J: Additional Updates to the Regional Groundwater Model

If determined to be necessary based upon the results of Subtask 3G, the Consultant will (1) modify and refine the Regional Groundwater Model and/or (2) construct and implement model scenarios that support the evaluation of specific projects identified in Subtask 3B and 3C.

Task 4: Provide Funding Support

Subtask 4A: Expand Grants Tracking Tool

The Consultant will expand the BAWSCA Grants Tracking Tool to incorporate additional grant tracking and funding support components.

Subtask 4B: Establish Regional Funding Strategy and Advocacy Approach

The Consultant will assess regional funding needs, considering Project Inventory developed in Subtask 3A. The Consultant will identify options for a comprehensive regional funding strategy and advocacy approach to maximize funding in the BAWSCA region.

Subtask 4C: Provide Funding Application and Administrative Support (Subscription Program)

The Consultant will support the BAWSCA Agencies in pursuing and administering funding for individual and regional projects.

Subtask 4D: Pursue Funding for Strategy 2050

If a relevant funding opportunity becomes available, the Consultant will prepare a funding application to offset or augment the Strategy 2050 funding provided through the Water Management Surcharge.

Task 5: Document Drinking Water Affordability Challenges and Opportunities

The Consultant will review other State and regional findings and efforts related to drinking water affordability. The Consultant will conduct a workshop with BAWSCA Agencies to review the findings and seek input on the broader concept of regional affordability for Strategy 2050. The Consultant will additionally research and evaluate rate assistance programs that other agencies have implemented to help ensure drinking water affordability for customers in compliance with Proposition 218. The Consultant will develop recommendations on potential programs and/or models that could be considered either on a local or regional scale to address affordability challenges.

Task 6: Develop Method to Track and Report on Status of Strategy 2050 Implementation

Subtask 6A: Develop Strategy 2050 Dashboard

The Consultant will develop a Strategy 2050 Dashboard, including components within BAWSCA's existing WCDB, to foster collaboration, share building blocks for planning, and track progress on Strategy 2050 development and implementation.

Subtask 6B: Develop Strategy 2050 Decision Support Tool

The Consultant will develop a custom interactive Decision Support Tool (DST) to support BAWSCA and BAWSCA Agencies' planning and decision making. The DST will provide further capability to adjust assumptions, prioritize alternatives, and incorporate the water reliability analysis and scenarios established in Subtask 1A, the Project Inventory developed in Subtask 3B and Subtask 3C, and portfolio building capabilities using the comparative metrics developed in Subtask 3D.

Subtask 6C: Develop Metrics for Progress Tracking

The Consultant will develop metrics for tracking progress toward the Strategy 2050 objectives. The metrics will be developed to evaluate the status of external drivers and risks and approaches to "course correct" as needed. Metrics may include: (1) level of service goals; (2) metrics for regulatory compliance; (3) metrics for funding or affordability; or (4) other metrics, informed by Strategy 2050 development.

Subtask 6D: Develop Initial Strategy 2050 Progress Report and Action Plan

The Consultant will develop the initial Strategy 2050 Annual Progress Report template summarizing Strategy 2050 activities completed in the initial year of development and progress towards meeting the Strategy 2050 objectives.

Task 7: Report Preparation – Including Findings, Near and Long-Term Recommendations

The Consultant will develop the Strategy 2050 Report to summarize findings from Task 1 to Task 6 and document the path to achieving the Strategy 2050 goal and objectives. The Consultant will develop communication materials to accompany the Strategy 2050 Report, including tools, **such as a PowerPoint presentation**, to facilitate effective communication with decision-makers and advocate for the needs of the BAWSCA region.

Attachment B: Summary of Long-Term Reliable Water Supply Strategy 2050 Tasks and Details

Tasks		Details
1	Evaluate water supply and demand management reliability	<ul style="list-style-type: none">• Conduct a Risk Assessment of Water Reliability• Provide Support for the Development of 2025 UWMPs• Assess Existing Risks and Emergency Framework• Assess Regional Emergency Resilience Programs
2	Assess regulatory setting and collaboration opportunities	<ul style="list-style-type: none">• Identify Regulatory Setting• Assess Framework for Future Regulatory Collaboration
3	Evaluate existing project concepts and identify new regional project opportunities	<ul style="list-style-type: none">• Establish and Refine Project Inventory• Develop Additional Water Supply and Demand Management Project Concepts• Develop Comparative Metrics• Develop Project Portfolios• Update Regional Groundwater Model• Provide Individual Reliability Planning Services (Subscription Program)
4	Provide support to member agencies in their efforts to obtain external funding.	<ul style="list-style-type: none">• Develop Grant Tracking Tool• Establish Regional Funding Strategy and Advocacy Approach• Provide Funding Application and Administrative Support (Subscription Program)
5	Document drinking water affordability challenges and opportunities	<ul style="list-style-type: none">• Evaluate Affordability and Identify Affordability Challenges• Assess Affordability Programs
6	Develop method to track and report on status of Strategy 2050 implementation	<ul style="list-style-type: none">• Develop Strategy 2050 Dashboard• Develop Strategy 2050 Decision Support Tool• Develop Metrics for Progress Tracking• Develop Initial Strategy 2050 Progress Report and Action Plan
7	Report preparation – including findings, near and long-term recommendations	<ul style="list-style-type: none">• Develop Strategy 2050 Report• Develop Strategy 2050 Communication Materials

Table 1: Example Application and Allocation of Water Management Charge for Development of Strategy 2050

Numbers are PRELIMINARY and May Change Before Being Recommended for Board Action

Project: Long Term Reliable Water Supply Strategy 2050

Total Cost (\$M): \$2.267

Collection Time Period: Sep. 2024 – Feb. 2026 (18 months)

Derivation of the Range of Monthly Charges for Each Agency

Agency	Actual FY 2000-01 SFPUC Purchases		Water Management Charge Proportionate to Usage	
	Ccf/yr	Percentage	Total Agency Share	Dollars/Month
	A	B	C	E
Alameda CWD	5,733,920	6.7%	\$152,345	\$8,464
Brisbane	178,451	0.2%	\$4,741	\$263
Guadalupe Valley ID	222,972	0.3%	\$5,924	\$329
Burlingame	2,373,507	2.8%	\$63,062	\$3,503
Cal Water-Bear Gulch	5,833,013	6.8%	\$154,978	\$8,610
Cal Water-Mid Peninsula	8,499,018	10.0%	\$225,811	\$12,545
Cal Water-SSF	3,775,630	4.4%	\$100,315	\$5,573
Coastside	755,636	0.9%	\$20,077	\$1,115
Daly City	2,215,685	2.6%	\$58,869	\$3,270
East Palo Alto	1,045,526	1.2%	\$27,779	\$1,543
Estero	2,873,777	3.4%	\$76,354	\$4,242
Hayward	8,959,450	10.5%	\$238,045	\$13,225
Hillsborough	1,861,166	2.2%	\$49,450	\$2,747
Menlo Park	1,684,982	2.0%	\$44,768	\$2,487
Mid-Peninsula	1,747,989	2.0%	\$46,442	\$2,580
Millbrae	1,339,215	1.6%	\$35,582	\$1,977
Milpitas	3,444,476	4.0%	\$91,517	\$5,084
Mountain View	5,423,871	6.4%	\$144,107	\$8,006
North Coast	1,676,847	2.0%	\$44,552	\$2,475
Palo Alto	6,730,016	7.9%	\$178,810	\$9,934
Purissima Hills	1,066,141	1.2%	\$28,326	\$1,574
Redwood City	5,749,916	6.7%	\$152,770	\$8,487
San Bruno	1,192,026	1.4%	\$31,671	\$1,760
San Jose	2,349,220	2.8%	\$62,417	\$3,468
Santa Clara	1,997,584	2.3%	\$53,074	\$2,949
Stanford	1,315,366	1.5%	\$34,948	\$1,942
Sunnyvale	4,785,841	5.6%	\$127,155	\$7,064
Westborough	493,441	0.6%	\$13,110	\$728
Total	85,324,682	100%	\$2,267,000	\$125,944

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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: May 10, 2024
SUBJECT: Chief Executive Officer/General Manager's Letter

Bay Delta Plan:

The State Water Resources Control Board hosted all-day Workshops on the proposed Voluntary Agreement for Phase 2 of the Bay-Delta Plan on April 24, 25 and 26. BAWSCA monitored the discussions that took place. The Workshops were recorded and are available for viewing at the following link: <https://www.youtube.com/user/BoardWebSupport>. BAWSCA will share further details regarding the discussions as appropriate at the May Board meeting.

SFPUC Wholesale Water Fixed Charge Study:

The SFPUC establishes wholesale water rates and rate structures in accordance with the terms of the Water Supply Agreement (WSA) between the City and County of San Francisco (CCSF) and the Wholesale Customers. On February 2, 2024, the SFPUC provided a Wholesale Water Fixed Charge Study (Study) to the Wholesale Customers and BAWSCA, which detailed a proposed change to the fixed rate component of its overall wholesale water rate structure for FY 2024-25.

On March 21, 2024, BAWSCA provided a formal comment letter to the SFPUC detailing its specific concerns about the SFPUC's proposal. In that letter, BAWSCA requested that the SFPUC delay implementation of changes to the wholesale water fixed charge, and suggested possible alternative approaches the SFPUC should consider. In addition, BAWSCA's letter asked that the SFPUC move forward on this topic more collaboratively with BAWSCA and the Wholesale Customers. Nine BAWSCA member agencies submitted comment letters, each raising similar concerns to BAWSCA's. Copies of BAWSCA's comment letter and that of the member agencies' were included in the [Correspondence Packet](#) of the BPC meeting in April 2024.

On April 12, 2024, the SFPUC distributed the FY 2024-25 Wholesale Water Rate Notice. It includes a revised Wholesale Water Fixed Charge Study in response to comments received from BAWSCA and the agencies. Based on BAWSCA's review, it is confirmed that the final proposed Monthly Service Charges included in the FY 2024-25 Wholesale Water Rate Notice follow the American Water Works Association (AWWA) standardized meter capacity and are more in line with the existing rate structure compared to the SFPUC's February proposal. The SFPUC will present the proposed wholesale water rates to its Commission for consideration of adoption on May 14, 2024 as planned. A copy of the SFPUC's FY 2024-25 Wholesale Water Rate Notice is included as Attachment 1.

SFPUC Revenue Bond Oversight Committee Annual Report

In 2002, the San Francisco voters adopted a Charter amendment that established the seven-member Public Utilities Revenue Bond Oversight Committee (RBOC). One member of the RBOC is required to be appointed by the governing body of the Bay Area Water Users Association (BAWUA), BAWSCA's predecessor organization. Ms. Abby Vesser, Deputy Director of Finance with City of San Mateo, is currently serving as BAWUA's RBOC appointee.

The RBOC provides independent oversight to ensure transparency and accountability by monitoring the expenditure of revenue bonds issued by the SFPUC. The goal of the RBOC is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

During FY 2022-23, RBOC provided valuable oversight of the WSIP and helped to protect the financial interests of all water users in the Bay Area, including the Wholesale Customers that BAWSCA represents. A copy of the RBOC's Annual Report that summarizes the initiatives taken in FY 2022-23 is in the SFPUC website and can be accessed by [clicking here](#).

FY 2022-23 Annual Survey:

Each year, BAWSCA conducts an annual survey of its members in order to update key BAWSCA service area information including population, current and projected water use, and climatology. The document is heavily referenced by BAWSCA, BAWSCA member agencies, SFPUC, and the public at large. Information compiled in the document includes population and water demand, water use by source, water use by customer class, past and current San Francisco Regional Water System purchases, per capita water use, and climatology.

In FY 2022-23, total water demand in the BAWSCA service area from all sources was 176.64 million gallons per day (mgd) and average residential water use was 55.1 gallons per capita per day. The FY 2022-23 Annual Survey was finalized in April 2024. The document is posted on the BAWSCA website at this link: <https://bawasca.org/water/supply/survey>.

Drought Report:

In April of 2024, BAWSCA started the development of a Drought Report, documenting the 2021-23 drought. Efforts for the remainder of FY 2023-24 includes the collection of relevant information on drought response actions taken by the member agencies as well as by BAWSCA, the SFPUC, and the State as the drought proceeded. Response actions include water shortage declarations, new or expanded conservation measures employed, drought messaging, etc. A Technical Memo will be produced at the completion of this portion of the work effort. In FY 2024-25, efforts will focus on analyzing the effectiveness of various drought actions including but not limited to water use restrictions that an agency may have placed on their customers. The BAWSCA Board will be kept apprised of the work on the Drought Report as it proceeds. The Report is anticipated to be completed by the close of calendar year 2024.

Denmark Educational Tour:

From April 20th through the 27th, Tom Francis, BAWSCA Water Resources Manager, was invited to attend an educational water system tour hosted by the Ministry of Foreign Affairs of Denmark. Representatives from California as well as Texas water agencies also participated in the tour.

Denmark has hosted these tours for the past several years. The mission of the tours is to build bridges between the North American and Danish water sectors to exchange valuable knowledge and technology on both sides of the Atlantic. Airfare, hotel and meal costs were covered by the Ministry. The group stayed in Copenhagen for the first two days, then traveled via tour bus to smaller Danish cities such as Aarhus.

Attendees were introduced to representatives from the Danish water sector. Multiple water agencies were visited, as well as key manufacturers that serve the water sector. Specifically, stops on the tour included visits to the Danish Environmental Protection Agency, to four water agencies (Novafos, Hofo, Aarhus Vand's Beder Water Works, and Visit Frederiksberg Utility), and to four manufacturers (Danfoss (variable frequency drives for pumps), AVK (valves), Grundfos (pumps) and Kamstrup (electronic water meters)).

Information shared on electronic water meters, valves and pumps were of the greatest relevance to BAWSCA's efforts to engage with the SFPUC on their various CIP projects, as well as in BAWSCA's efforts to assist member agencies on their AMI efforts. Mr. Francis plans on utilizing the resource network he made during the tour when and if there is benefit to BAWSCA's work.

Attachment:

1. SFPUC's FY 2024-25 Wholesale Water Rate

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April 12, 2024

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

Re: Fiscal Year 2024-25 Wholesale Water Rates Notice

Dear Ms. Sandkulla,

The San Francisco Public Utilities Commission (SFPUC) has determined that the **Fiscal Year 2024-25 Wholesale Water Rates will be \$5.67 per CCF**, representing a \$0.46 per CCF or 8.8% increase from the current rate for treated wholesale water, effective July 1, 2024. As required by WSA Section 6.03.A, the SFPUC has scheduled a public hearing to consider the adoption of the wholesale water rate, as follows:

May 14, 2024, 1:30 PM
San Francisco City Hall
1 Dr. Carlton B. Goodlett Place, Room 400
San Francisco, CA 94102

The main driver of the rate increase is a partial repayment of the balancing account to SFPUC, which is projected to grow to \$28.9 million by the end of FY 2023-24 due to higher-than-projected proportional annual use and cost increases. For FY 2024-25, SFPUC has set rates to recover \$25.8 million of the overall balancing account.

The balancing account costs are partially buffered by lower Wholesale Revenue Requirements projected for FY 2024-25 as well as projected increased water sales. The Fiscal Year 2024-25 Wholesale Revenue Requirement, including below-the-line adjustments, is projected to be approximately \$4.8 million lower than the prior year. Higher water usage as the region returns to new normal after the impact of the recent drought and COVID-219 pandemic softens the volumetric rates. Volumes for FY 2024-25 are projected to be 129.3 MGD, based on the latest current-year forecasts and an expected slow recovery from drought conditions over the next three years.

The SFPUC's proposed volumetric rate is right in the middle of the anticipated range of rates that were presented to BAWSCA in January.

London N. Breed
Mayor

Newsha K. Ajami
President

Sophie Maxwell
Vice President

Tim Paulson
Commissioner

Anthony Rivera
Commissioner

Kate H. Stacy
Commissioner

Dennis J. Herrera
General Manager



Monthly Meter Charges

As part of the ongoing wholesale meter calibration and replacement project, new meter technologies and sizes are planned to replace certain wholesale meters. To ensure there are monthly service charges for all current meters and planned meters, the SFPUC is updating the W-25 schedule with new FY 2024-25 monthly meter charges, in accordance with Section 6.04B of the WSA. The attached “FY 2024-25 Wholesale Water Service Charges Final Report” provides details regarding the development and calculation of the proposed charges.

Based on feedback received from BAWSCA and the Wholesale Customers, the updated meter charges have been structured to result in the least structural change to the rates and to minimize the shift between different meter sizes. The updated charges are set to collect 1.5% of the total Wholesale Revenue Requirement (WRR). The specific charges have been set by proportionately allocating this revenue target using an equivalent meter schedule based on the American Water Works Association standardized meter capacities.

Untreated Wholesale Water Rate Discount Factor

The Fiscal Year 2023-24 Untreated Wholesale Water Rate Discount will be \$0.39 per CCF, an increase of \$0.01 from the current rate, effective July 1, 2024. The discount factor is equal to the Harry Tracy Water Treatment Plant total projected cost. The discount is calculated by dividing the relevant cost by total wholesale water deliveries.

The San Francisco Public Utilities Commission will hold a public hearing on this rate at its May 14, 2024 meeting.

Fiscal Year 2024-25 Billing

As in prior years, the following charges, unrelated to the Wholesale Revenue Requirement, will be effective July 1, 2024:

- **BAWSCA Bond Surcharge:** The monthly bills include the February 2013 prepayment of the Pre-2009 Assets surcharge for the repayment of BAWSCA issued bonds. The amounts of the surcharge are proportionate to water consumption and have been adjusted accordingly. The SFPUC bills and collects the surcharge on behalf of BAWSCA and remits these amounts to the trustee.
- **Late Fees:** Late payment penalties as specified in Schedule W-44 will be in effect. The SFPUC encourages Wholesale customers to sign up for electronic billing and payment services to make timely payments and to avoid late fees. Please sign up with our SFPUC BillPay service at myaccount-water.sfpuc.org to receive and pay your bills online. If you have any questions, please contact customer assistance at (415) 551-3000.

In addition to the above, we understand that beginning at some time during Fiscal Year 2024-25, BAWSCA will also be assessing a **Water Management Charge**, which will be added to SFPUC bills. This new charge is anticipated to

begin in late summer or early fall, but the specific date and amounts are not known at this time.

Enclosures

Per WSA Section 6.03.A, supporting documents are required if there is a rate increase. This year, we are also providing various materials associated with the changes to the monthly service charges following WSA Section 6.04.B. We are attaching the following:

- Attachment N-1: Balancing Account/Rate Setting Calculation: A table showing the change in the Wholesale Revenue Requirement and how the wholesale rate was calculated
- Attachment N-3: Schedule of Projected Water Sales, Wholesale Revenue Requirements and Wholesale Rates: A schedule showing projected Wholesale Customer water sales and rates for the proposed rate year and the following four fiscal years
- FY 2024-25 Calculation of Untreated Water Discount Factor
- Schedule W-25: Wholesale Use with Long-Term Contract - Proposed Fiscal Year 2024-25 Wholesale Customer water rates
- Fiscal Year 2024-25 BAWSCA Bond Surcharge letter and schedule showing the bond surcharge for each member agency
- FY 2024-25 Wholesale Water Service Charges Final Report: A report recommending changes to the rate structure
- Response to Comments Received on Draft Proposed Changes to Monthly Service Charges

If you have any questions, please contact me at 415-487-5227 or ecorvinova@sflower.org.

Sincerely,



Erin Corvinova
Financial Planning Director

Enclosures

cc: Dennis Herrera, SFPUC, General Manager
Ronald Flynn, SFPUC, Chief of Staff
Steve Ritchie, SFPUC, Water Enterprise Assistant General Manager
Nancy Hom, SFPUC, CFO & Business Services AGM
Laura Busch, SFPUC, Deputy CFO
Matthew Freiberg, SFPUC, Rates Manager

Alison Kastama, SFPUC, BAWSCA & Wholesale Customer Liaison
Sheryl Bregman, SF City Attorney
Catherine Malina, SF City Attorney
Christina Tang, BAWSCA, Finance Manager
Wholesale Customer Representatives

Balancing Account / Rate-Setting Calculation
Reference Section 6.03.A.3
Fiscal Year 2024-25

Schedule N-1

1. Actual Changes to Balancing Account for FY 2022-23

A. Balancing Account as of June 30, 2022 (unaudited)	\$ (30,641,319)
B. Interest on Balancing Account and Coverage Reserve	\$ (882,377)
C. Wholesale Revenues for Fiscal Year	\$ (273,153,247)
D. Wholesale Revenue Requirement for Fiscal Year	\$ 300,159,320
E. Net Change in Wholesale Revenue Coverage	\$ 14,151,740
F. Settlement Credits or Other Adjustments	\$ 75,000
G Balancing Account as of June 30, 2023 (unaudited)	\$ 9,709,117

2. Projected Changes to Balancing Account for FY 2023-24

A. Balancing Account as of June 30, 2023	\$ 9,709,117
B. Interest on Balancing Account and Coverage Reserve	\$ (194,787)
C. Wholesale Revenues for Fiscal Year	\$ (322,342,500)
D. Wholesale Revenue Requirement for Fiscal Year	\$ 340,360,191
E. Settlement Credits or Other Adjustments	\$ -
F. Balancing Account as of June 30, 2024	\$ 27,532,021
G. Net Change in Wholesale Revenue Coverage	\$ 1,385,905
H. Total Revenue Deficiency or (Surplus)	\$ 28,917,926

3. Projected Changes to Balancing Account for FY 2024-25

A. Balancing Account as of June 30, 2024	\$ 28,917,926
B. Interest on Balancing Account and Coverage Reserve	\$ (896,835)
C. Wholesale Revenues for Fiscal Year	\$ (362,855,817)
D. Wholesale Revenue Requirement for Fiscal Year	\$ 333,848,194
E. Settlement Credits or Other Adjustments	\$ -
F. Balancing Account as of June 30, 2025	\$ (986,532)
G. Net Change in Wholesale Revenue Coverage	\$ 1,396,465
H. Total Revenue Deficiency or (Surplus)	\$ 409,933
I. Projected Water Sales in CCF	63,111,217
J. Deficiency or (Surplus) \$/CCF	\$ 0.01
K. Deficiency or (Surplus) CCF as a Percentage of Revenues	0%

Schedule of Projected Water Sales, Wholesale Revenue Requirements, and Wholesale Rates

Schedule N-3

Reference Section 6.03.A.3

Fiscal Year 2024-25

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Water Enterprise					
Operations & Maintenance Expenses					
Source of Supply	\$ 25,540,735	\$ 26,578,281	\$ 27,692,095	\$ 28,617,165	\$ 29,557,569
Pumping	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ 42,303,984	\$ 44,022,507	\$ 45,867,354	\$ 47,399,579	\$ 48,957,201
Transmission & Distribution	\$ 22,058,451	\$ 22,954,536	\$ 23,916,490	\$ 24,715,433	\$ 25,527,620
Customer Services	\$ 255,461	\$ 265,838	\$ 276,979	\$ 286,231	\$ 295,637
Total Operations & Maintenance Expenses	\$ 90,158,630	\$ 93,821,162	\$ 97,752,918	\$ 101,018,409	\$ 104,338,027
Administrative & General Expenses					
Countywide Cost Allocation Plan (COWCAP)	\$ 1,394,916	\$ 1,451,582	\$ 1,512,413	\$ 1,562,936	\$ 1,614,297
SFPUC Bureaus	\$ 19,858,275	\$ 20,664,982	\$ 21,530,988	\$ 22,250,243	\$ 22,981,419
Compliance Audit	\$ 29,102	\$ 29,102	\$ 29,102	\$ 29,102	\$ 29,102
Other Administrative & General	\$ 10,356,854	\$ 10,773,896	\$ 11,224,965	\$ 11,598,244	\$ 11,978,045
Total Administrative & General Expenses	\$ 31,639,147	\$ 32,919,562	\$ 34,297,468	\$ 35,440,525	\$ 36,602,863
Property Taxes	\$ 1,322,290	\$ 1,348,736	\$ 1,375,710	\$ 1,403,225	\$ 1,431,289
Capital Cost Recovery					
Debt Service on New Assets	\$ 170,952,985	\$ 181,751,502	\$ 188,392,213	\$ 201,929,443	\$ 205,568,697
Revenue Credit for BABs Subsidy	\$ (13,436,359)	\$ (13,190,346)	\$ (12,987,437)	\$ (12,627,579)	\$ (12,242,987)
Revenue Funded Capital	\$ 13,626,735	\$ 26,672,093	\$ 45,396,424	\$ 43,320,479	\$ 54,676,423
Total Capital Cost Recovery	\$ 171,143,360	\$ 195,233,248	\$ 220,801,200	\$ 232,622,343	\$ 248,002,134

Schedule of Projected Water Sales, Wholesale Revenue Requirements, and Wholesale Rates

Schedule N-3

Reference Section 6.03.A.3

Fiscal Year 2024-25

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Hetch Hetchy Water & Power					
Operations & Maintenance Expenses	\$ 23,083,793	\$ 24,021,531	\$ 25,028,199	\$ 25,864,280	\$ 26,714,220
Administrative & General Expenses					
Countywide Cost Allocation Plan (COWCAP)	\$ 573,820	\$ 597,130	\$ 622,154	\$ 642,938	\$ 664,065
SFPUC Bureaus	\$ 4,173,960	\$ 4,343,520	\$ 4,525,544	\$ 4,676,722	\$ 4,830,406
Other Administrative & General	\$ 4,525,163	\$ 4,708,990	\$ 4,906,329	\$ 5,070,228	\$ 5,236,843
Total Administrative & General Expenses	\$ 9,272,943	\$ 9,649,640	\$ 10,054,027	\$ 10,389,887	\$ 10,731,314
Property Taxes	\$ 184,367	\$ 188,055	\$ 191,816	\$ 195,652	\$ 199,565
Capital Cost Recovery					
Debt Service on New Assets	\$ 4,698,081	\$ 4,994,842	\$ 5,275,935	\$ 12,626,420	\$ 21,182,017
Revenue Funded Capital	\$ 2,345,582	\$ 5,076,628	\$ 2,430,817	\$ 3,661,133	\$ 2,172,624
Total Capital Cost Recovery	\$ 7,043,663	\$ 10,071,470	\$ 7,706,752	\$ 16,287,553	\$ 23,354,641
Wholesale Revenue Requirement	\$ 333,848,194	\$ 367,253,404	\$ 397,208,091	\$ 423,221,875	\$ 451,374,054
Balancing Account as of June 30 (Beginning of Year)	\$ 28,917,926	\$ 3,063,745	\$ 101,943	\$ 101,957	\$ (249,870)
Balancing Account Deferral	\$ (3,063,745)	\$ (101,943)	\$ (101,957)	\$ 249,870	\$ (69,713)
Interest on Balancing Account and Coverage Reserve	\$ (896,835)	\$ (1,323,192)	\$ (1,133,464)	\$ (1,213,159)	\$ (1,079,298)
Revenue Loss to Contract and Untreated Water Rates	\$ 2,653,812	\$ 2,673,928	\$ 2,774,729	\$ 2,970,175	\$ 3,124,228
Wholesale Debt Service Coverage Reserve	\$ 1,396,465	\$ 3,969,452	\$ 2,493,650	\$ 7,436,651	\$ 4,402,805
Wholesale Revenues Before Rate Change					
Volumetric Charges	\$ (328,809,440)	\$ (369,986,898)	\$ (382,545,483)	\$ (396,550,561)	\$ (427,604,665)
Excess Use Charges / Minimum Purchase	\$ -	\$ -	\$ -	\$ -	\$ -
Service Charges	\$ (5,015,217)	\$ (5,548,495)	\$ (5,978,524)	\$ (6,441,680)	\$ (6,820,463)
Total Wholesale Deficiency or (Credit)	\$ 29,031,160	\$ (0)	\$ 12,818,984	\$ 29,775,127	\$ 23,077,077
<i>Wholesale Deficiency or (Credit) as a Percent of Volumetric Charges</i>	8.8%	0.0%	3.4%	7.5%	5.4%
Projected Water Sales (MGD)	129.3 MGD	133.7 MGD	138.3 MGD	138.3 MGD	139.1 MGD
Projected Water Sales (CCF)	63,111,217	65,253,421	67,468,339	67,670,744	67,873,756
Wholesale Deficiency or Credit (\$/CCF)	\$0.46	\$0.00	\$0.19	\$0.44	\$0.34
Wholesale Rate (\$/CCF)	\$5.67	\$5.67	\$5.86	\$6.30	\$6.64
Projected Service Charge Revenues	\$ 5,015,217	\$ 5,548,495	\$ 5,978,524	\$ 6,441,680	\$ 6,820,463
Projected Volume Charge Revenues	\$ 357,840,600	\$ 369,986,898	\$ 395,364,467	\$ 426,325,688	\$ 450,681,742
Total Wholesale Revenues After Rate Change	\$ 362,855,817	\$ 375,535,393	\$ 401,342,992	\$ 432,767,369	\$ 457,502,206

**Calculation of Untreated Water Discount Rate for Coastside County Water District
Rate-Setting for Fiscal Year 2024-25**

Wholesale Share of HTWTP Expenses to be Removed

Operations & Maintenance	\$	11,828,403
Cash Funded Capital	\$	-
Debt Service	\$	12,793,857
Total HTWTP Expense to be Removed	\$	24,622,260

Total Wholesale Water Consumption (CCF) 63,111,217

Untreated Water Rate Discount (\$/CCF)	\$	0.39
Untreated Water Rate Discount (\$/acre foot)	\$	169.88

Impact on Wholesale and Retail Customers

Untreated Water Rate Discount (\$/CCF)	\$	(0.39)
Projected Coastside County Water District Annual Consumption (CCF)		791,146
Net Impact of Untreated Water Rate Discount	\$	(308,547)

	Wholesale	Retail
Proportional Annual Use	68.09%	31.91%
Allocation of Untreated Water Rate Discount	\$ (210,089)	\$ (98,458)
Projected Annual Treated Water Usage (CCF)	62,320,071	26,441,601
Average Wholesale Rate Impact (\$/CCF)	\$ (0.0034)	\$ (0.0037)

SCHEDULE W-25: Wholesale Use with Long-Term Contract

For service to municipalities, water districts and others who, under long-term contracts, purchase water for resale:

First: A Monthly Service Charge base on the type and size of the meter:

Meter Size	Turbine Meters (C-701, Class II)	Electronic Meters (C-715, Class II)	Displacement Meters (C-700, Class II)
2"	-	-	\$143
3"	\$391	\$314	-
4"	\$674	\$539	-
6"	\$1,438	\$719	-
8"	\$2,517	\$1,798	-
10"	\$3,775	\$2,697	-
12"	-	\$3,596	-
16"	\$7,012	-	-

The service charge for a battery of meters installed on one service in lieu of one meter or for a special type of meter, shall be based on the size of single or multiple standard type meters of equivalent capacity.

Second: A charge for water delivered based on one-month's meter readings:

\$2,469.47 per acre-foot or \$5.67 per 100 cu. ft.

Third: An Untreated Wholesale Water Rate Discount Factor for Wholesale Customers receiving untreated water, based on one-month's meter readings:

(\$169.88) per acre-foot or (\$0.39) per 100 cu. ft.

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January 19, 2024

Mrs. Erin Corvinova, Financial Planning Director
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 4th Floor
San Francisco, CA 94102

Subject: BAWSCA FY 2024-25 Bond Surcharge Schedule

Dear Erin:

Pursuant to Section 3.01 (a) of the Prepayment and Collection Agreement between the Bay Area Water Supply and Conservation Agency (BAWSCA) and the City and County of San Francisco (San Francisco), dated January 1, 2013 (Agreement), BAWSCA shall deliver a written schedule to San Francisco at least 45 days prior to the beginning of each fiscal year showing the amount of the surcharge that BAWSCA seeks to impose for such fiscal year.

Attached is BAWSCA's FY 2024-25 annual and monthly bond surcharge for each member agency that was adopted by the BAWSCA Board on January 18, 2024. Pursuant to Section 3.02 (a) of the Agreement, San Francisco shall include the identified monthly surcharge in the first wholesale water bill for the largest amount delivered to BAWSCA's member agencies each month, effective July 1, 2024.

If you have any questions about the billing of BAWSCA's surcharges, please contact me at (650) 349-3000.

Sincerely,

A handwritten signature in black ink that reads "Christina Tang".

Christina Tang
Finance Manager

Attachment: BAWSCA FY 2024-25 Bond Surcharges

cc: Nancy Hom, SFPUC
Laura Busch, SFPUC
Alison Kastama, SFPUC
Nicole Sandkulla, BAWSCA
Allison Schutte, BAWSCA Legal Counsel

Attachment

BAWSCA FY 2024-25 Bond Surcharges

Agency	Annual Bond Surcharge	Monthly Bond Surcharge	Agency	Annual Bond Surcharge	Monthly Bond Surcharge
Alameda County WD	\$2,298,768	\$191,564	Mid Pen WD	\$427,236	\$35,603
Brisbane Water	\$73,536	\$6,128	Millbrae	\$221,388	\$18,449
Burlingame	\$667,968	\$55,664	Milpitas	\$791,844	\$65,987
Coastside County WD	\$38,772	\$3,231	Mountain View	\$1,209,876	\$100,823
CWS - Bear Gulch	\$1,586,292	\$132,191	North Coast WD	\$327,396	\$27,283
CWS - Mid Peninsula	\$2,045,292	\$170,441	Palo Alto	\$1,601,148	\$133,429
CWS - South SF	\$1,320,708	\$110,059	Purissima Hills WD	\$178,668	\$14,889
Daly City	\$590,628	\$49,219	Redwood City	\$1,279,584	\$106,632
East Palo Alto WD	\$263,640	\$21,970	San Bruno	\$231,384	\$19,282
Estero Municipal ID	\$601,416	\$50,118	San Jose (North)	\$721,008	\$60,084
Guadalupe Valley	\$23,916	\$1,993	Santa Clara	\$531,588	\$44,299
Hayward	\$2,297,412	\$191,451	Stanford University	\$293,916	\$24,493
Hillsborough	\$322,728	\$26,894	Sunnyvale	\$1,415,052	\$117,921
Menlo Park	\$439,428	\$36,619	Westborough WD	\$130,632	\$10,886
Total				\$21,931,224	\$1,827,602



San Francisco
Water Power Sewer

FY 2024-25 Wholesale Water Service Charges Final Report

FY 2024-2025

San Francisco Public Utilities Commission

April 12, 2024

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Executive Summary

SFPUC Background

The San Francisco Public Utilities Commission owns and operates the Hetch Hetchy Regional Water System, serving 2.7 million residents and thousands of businesses in the City and County of San Francisco, Alameda County, San Mateo County, and Santa Clara County. Services are provided via retail operations in the City of San Francisco and through 27 Wholesale Customers¹ outside of the City. When setting wholesale water rates, adjusting rate structures, and developing regional water supply reliability plans, the SFPUC coordinates with the Bay Area Water Supply and Conservation Agency (BAWSCA) – a regional agency representing 26 of the SFPUC’s Wholesale Customers, all listed below:

Alameda County Water District	City of San Bruno
California Water Service Company	City of San José
City of Brisbane	City of Santa Clara
City of Burlingame	City of Sunnyvale
City of Daly City	Coastside County Water District
City of East Palo Alto	Estero Municipal Improvement District
City of Hayward	Guadalupe Valley Municipal Improvement District
City of Menlo Park	Mid-Peninsula Water District
City of Millbrae	North Coast County Water District
City of Milpitas	Purissima Hills Water District
City of Mountain View	Stanford University
City of Palo Alto	Town of Hillsborough
City of Redwood City	Westborough Water District

The SFPUC establishes wholesale water rates and rate structures in accordance with the terms of the Water Supply Agreement (WSA) between the City and County of San Francisco (CCSF) and the Wholesale Customers, which was approved on April 28, 2009 by Commission Resolution No. 09-0069, and amended and restated on January 26, 2021 by Commission Resolution No. 21-0009, with subsequent approval by the Wholesale Customers.

Section 6.04.B of the WSA sets forth the requirements for any changes to the structure of wholesale rates:

“If the SFPUC intends to recommend that the Commission adopt one or more changes to the structure of wholesale rates (currently set forth in SFPUC Rate Schedule W-25), it shall prepare and distribute to the Wholesale Customers and BAWSCA a report describing the proposed change(s), the purpose(s) for which it/they are being considered, and the estimated financial effect on individual Wholesale Customers or classes of customers. Wholesale Customers may

¹ Cordilleras Mutual Water Company receives wholesale water and pays the same rates as the other 26 Wholesale Customers, but is not a member of BAWSCA or a signatory to the Water Supply Agreement.

submit comments on the report to the SFPUC for sixty (60) days after receiving the report. The SFPUC will consider these comments and, if it determines to recommend that the Commission adopt the change(s), as described in the report or as modified in response to comments, the SFPUC General Manager shall submit a report to the Commission recommending specific change(s) in the rate structure. Copies of the General Manager's report shall be sent to all Wholesale Customers and BAWSCA at least thirty (30) days prior to the Commission meeting at which the changes will be considered."

Section 6.04.A of the WSA further provides:

"The Agreement is not intended and shall not be construed to limit the Commission's right (a) to adjust the structure of the rate schedule applicable to the Wholesale Customers (i.e., the relationship amount the several charges set out therein) or (b) to add, delete, or change the various charges which make up the rate schedule, provided that neither such charges nor the structure of the rate schedule(s) applicable to the Wholesale Customers shall be arbitrary, unreasonable, or unjustly discriminatory as among said customers. The SFPUC will give careful consideration to proposals for changes in the rate schedule made jointly by the Wholesale Customers but, subject to the limitations set out above, shall retain the sole and exclusive right to determine the structure of the rate schedule."

In accordance with Section 6.04B, the SFPUC prepared an initial draft report (Initial Report) with a proposal to change the monthly service charge component of the wholesale water rate and distributed it to all the Wholesale Customers and BAWSCA on February 2, 2024, enabling a 60-day comment period.

This revised Final Report presents the SFPUC's recommended changes to the monthly service charge component of the wholesale water rate for FY 2024-25, after considering the comments received from the Wholesale Customers and BAWSCA by the April 2, 2024 deadline. This report was distributed to the Wholesale Customers and BAWSCA, alongside the FY 2024-25 Annual Rate Notice, 30-days prior to the Commission's wholesale water rate action scheduled to take place on May 14, 2024.

Process & Timeline

In late summer of 2023, the SFPUC Water Supply and Treatment Division initiated plans to update the Wholesale Customers' meters and equipment in FY 2023-24 and subsequent fiscal years. This update would include the replacement of existing meters, in some cases, with new meter types and sizes that were not accounted for in the existing wholesale monthly service charges (SFPUC Rate Schedule W-25). To address this update, SFPUC staff needed to develop new charges and began a review of the existing wholesale fixed charges. Staff discovered that the monthly service charge had not changed since at least Fiscal Year (FY) 2009-10. Since they had never changed, the percentage of the Wholesale Revenue Requirement (WRR)² collected by the monthly service charges had steadily declined from 3.5% in FY

² Wholesale Revenue Requirement, as defined in the Water Supply Agreement, represents the Wholesale Customers' collective share of expenses incurred by the SFPUC in delivering water to them.

2009-10 to 1.5% in FY 2021-22.³ Furthermore, the current monthly meter charges did not follow a clear methodology, and there was no readily available documentation on how they had been developed.

With a pressing deadline to adopt rates by May 2023, the SFPUC did not have adequate time to conduct and complete a formal study to re-evaluate the wholesale monthly service charge schedule. Instead, SFPUC staff developed a place-holder rate for the one-meter size and technology that was expected to be installed in FY 2023-24 and which did not have an applicable monthly service charge. The FY 2023-24 charge for the 10" Electronic Meter⁴ was based on the proportional scale of the existing monthly meter charges for the 8" and 12" meters in the same category. The SFPUC notified the Wholesale Customers and BAWSCA of these changes in the April 6, 2023 FY 2023-24 Annual Rate Notice and noted that the SFPUC planned to revisit the issue in the future following the process in WSA Section 6.04.

In September 2023, SFPUC staff began developing the Initial Report. SFPUC staff reviewed industry manuals on service charges and conducted a preliminary survey of alternative fixed charge structures to inform the agency of the most used and industry-accepted methods. This survey found that many California wholesale water suppliers utilized fixed charges to collect a diverse range of costs and distributed those costs through various mediums, both including meter charges as well as other allocation determinants. However, the SFPUC acknowledged that large structural changes to the rate design must be conducted through a comprehensive rate study, with the engagement and coordination of the Wholesale Customers and BAWSCA representatives. These insights ultimately led the SFPUC to forego any structural changes to the fixed charge's rate design and to propose updated fee amounts which maintained the current structure – based on meter size and type – following methodologies recommended by the American Water Works Association's (AWWA) *M-1 Manual: Principles of Water Rates, Fees, and Charges*.

The Initial Report presented the monthly service charge proposal, defined the purposes for these proposed changes, calculated wholesale customer impact estimates, and included the preliminary research conducted by SFPUC staff as background. The report was distributed to BAWSCA and the Wholesale Customers on February 2, 2024.

During the 60-day comment period, the SFPUC received a total of 14 submitted letters and materials commenting on the initial proposal and Initial Report. BAWSCA and Wholesale Customers' representatives also shared their feedback with SFPUC staff through various meetings and email correspondence. The SFPUC greatly appreciates the comments, edits, and suggestions provided by BAWSCA and the Wholesale Customers, which informed the SFPUC's alternative monthly service charges proposal, and this revised Final Report. On April 12, 2024, the SFPUC issued a response letter to BAWSCA and the Wholesale Customers addressing their submitted comments, alongside the annual rate notice and this revised Final Report. The following sections summarize the SFPUC's revised methodology and proposals.

³ At the time the Study began, FY 2021-22 was the most recent year of the WRR calculation.

⁴ In the AWWA M6 Manual, these meters are labeled as "Electromagnetic/Ultrasonic Meters." The SFPUC will refer to these types of meters as "Electronic" Meters to capture both categories.

SFPUC Proposed Wholesale Fixed Charges

The SFPUC is not proposing structural rate design changes to the Wholesale Customers' monthly service charges, as further consideration and research are needed to alter the existing fixed charge structure. However, the SFPUC is proposing to update the existing monthly service charges to an equitable distribution of the costs collected via the monthly service charges across the different meter sizes and technologies.

To limit rate impacts and minimize shifts in cost between Wholesale Customer, the SFPUC is proposing to (1) maintain collecting 1.5% of the FY 2024-25 WRR from the fixed charges and (2) allocate those costs across meter sizes based on American Water Works Association's standardized meter capacities. This proposal does not alter the total WRR collected or deviate from the cost allocation methodology set by Article V of the WSA.

Table 1 summarizes the proposed FY 2024-25 monthly service charges and includes rates for current meters, planned meters, and all potential future meters that the SFPUC has contracts in place to purchase. The Crest Meter category that is currently present in Schedule W-25 has been removed because there are no crest meters in service today or planned to be installed, as have all meter sizes within the remaining technology types which are no longer in use. The SFPUC has also altered the meter type names to clearly label the meter types referenced for their meter capacities.

Table 1: Proposed FY 2024-25 Monthly Service Charges

Meter Size	Turbine Meters (C-701, Class II)	Electronic Meters (C-715, Class II)	Displacement Meters (C-700, Class II)
2"	-	-	\$143
3"	\$391	\$314	-
4"	\$674	\$539	-
6"	\$1,438	\$719	-
8"	\$2,517	\$1,798	-
10"	\$3,775	\$2,697	-
12"	-	\$3,596	-
16"	\$7,012	-	-

Generally, these changes cause the monthly service charges to increase for Wholesale Customers with smaller meters and decrease for Wholesale Customers with larger meters (Table 2). The primary reason for this outcome is the SFPUC's use of the latest meter capacity ratios to proportionally allocate costs across each meters type. Figure 1 and Figure 2 below demonstrate how the proposed charges follow a much more predictable and linear escalation across each meter type. The shifts in costs between Wholesale Customers with small versus large meters is, however, less substantial than the shift in costs in the SFPUC's initial proposal due to a simplification of the cost allocation methodology used to solely the AWWA capacities for each meter. For a detailed impact analysis, please refer to the "Wholesale Customer Impacts" Section and the attached Appendix A.

FY 2024-25 Wholesale Water Service Charges Final Report

Table 2: Proposed FY 2024-25 Wholesale Monthly Service, Change from Current Charges

Type	Size	Current FYE 2024 Charges	Proposed FYE 2025 Charges	\$ Change (Proposed FYE 2025 vs FYE 2024)
Displacement	2"	\$79	\$143	\$64
Electronic	3"	-	\$314	New Rate
Turbine	3"	-	\$391	New Rate
Electronic	4"	-	\$539	New Rate
Turbine	4"	\$577	\$674	\$97
Electronic	6"	-	\$719	New Rate
Turbine	6"	\$1,256	\$1,438	\$182
Electronic	8"	\$2,265	\$1,798	(\$467)
Turbine	8"	\$1,875	\$2,517	\$642
Electronic	10"	\$3,769	\$2,697	(\$1,072)
Electronic	12"	\$5,159	\$3,596	(\$1,563)
Turbine	10"	\$3,391	\$3,775	\$384
Turbine	16"	\$7,215	\$7,012	(\$203)

Figure 1: Current FY 2023-24 Monthly Meter Charge by Meter Capacity

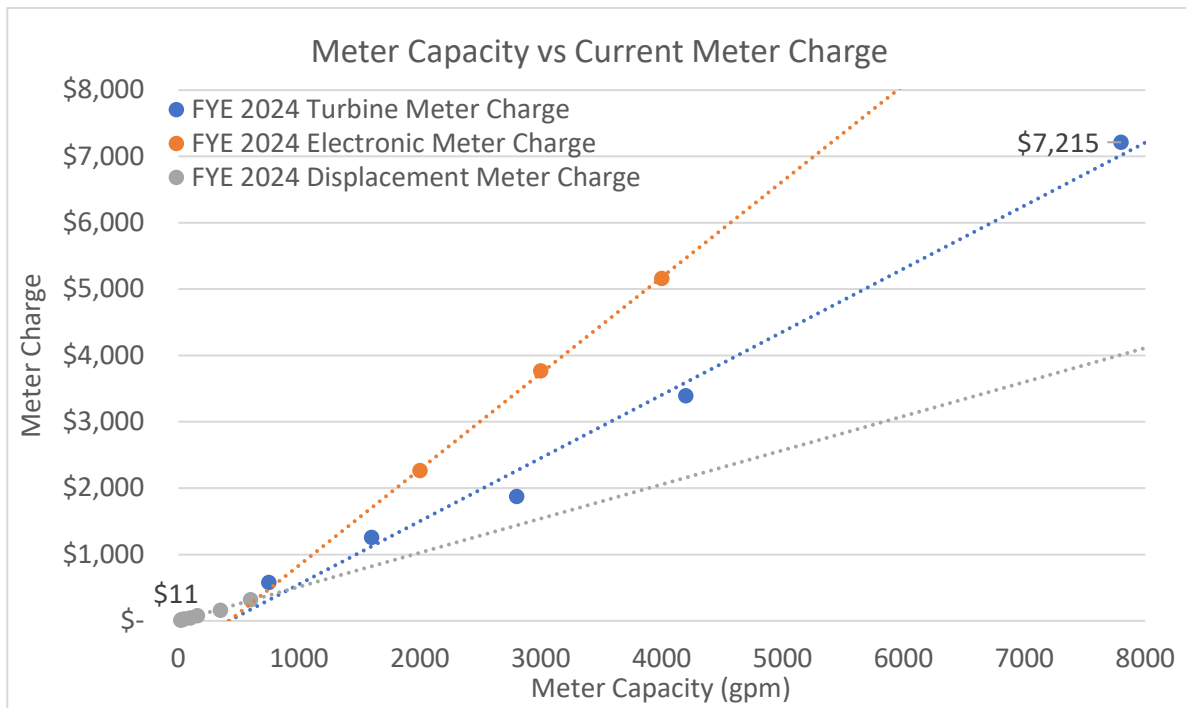
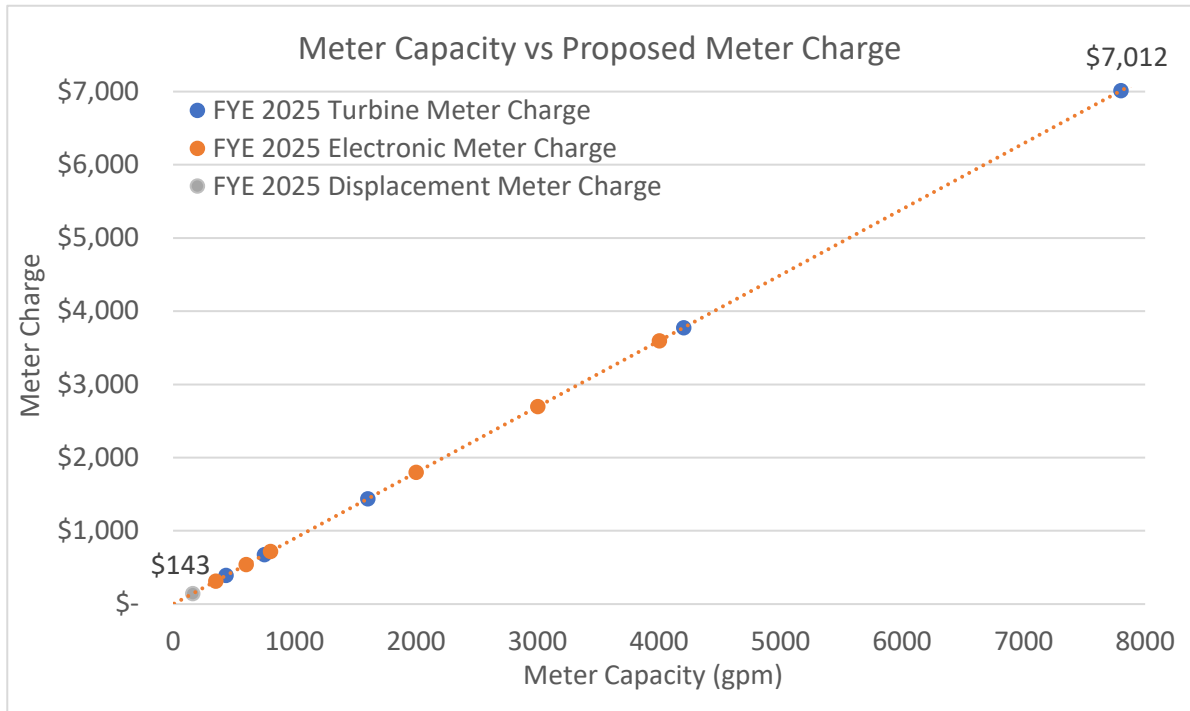


Figure 2: Proposed FY 2024-25 Monthly Meter Charge by Meter Capacity



Methodology

To develop the proposed rates, staff first determined the total fixed charge revenue collected by distributing 1.5% of the WRR to the monthly service charge and then allocated those costs proportional to each meter's maximum capacity.

Recover 1.5% of the Wholesale Revenue Requirement

In accordance with the WSA, the SFPUC estimates the annual WRR to update wholesale water rates for the following fiscal year. The WRR is the Wholesale Customers' collective share of expenses incurred by the SFPUC in delivering water to them and is determined each year under the terms of the WSA. In general, the WSA requires the Wholesale Customers to pay operating expenses and capital costs associated with regional assets, which serve both the Wholesale Customers and the Retail Customers of the SFPUC, based on proportional annual water use. The WSA allows the SFPUC to recover a portion of net annual debt service for new regional assets and to recover the wholesale share of revenue-funded regional capital costs. The WSA also authorizes the SFPUC to collect the Wholesale Customers' contribution to meet debt service coverage reserve requirements. Finally, the WSA allows for the wholesale rate to include an appropriate adjustment for the Balancing Account, which is used to adjust the WRR based on revenues recovered and actual operating costs in the previous fiscal year.

The calculated FY 2024-25 WRR, which includes the Wholesale Customers' proportionate share of operating expenses, debt service on bonds sold to construct or acquire new regional assets, and revenue funding for new cash-funded regional assets, totals to \$334.3 million (Table 3). To minimize impacts on the Wholesale Customers, staff decided to maintain the collection of 1.5% of the WRR through the monthly service charges. To calculate the total revenue collected by the monthly service charges, staff multiplied the calculated FY 2024-25 WRR by 1.5%, amounting to a total of \$5.0 million.

Table 3: Share of WRR Collected via Monthly Service Charges

	<i>Actual</i> FY 2021-22	<i>Proposed</i> FY 2024-25
Wholesale Revenue Requirement	\$289,356,105	\$334,347,824
Fixed Service Charges	\$4,313,683	\$5,015,217
% of WRR	1.5%	1.5%

Meter Equivalent Units of Service

Staff used meter capacity ratios to apportion the combined \$5,015,217 monthly service charge allocation by meter size. The equivalent meters in this study are based on the AWWA-rated safe operating capacities listed in the AWWA's "M1 Principles of Rates, Fees and Charges", 7th Edition and AWWA's 2018 Addendum to "M6 Water Meters – Selection, Installation, Testing, and Maintenance, Fifth Edition." Table 4 shows the meter types and sizes, the total number of meters, and the calculated equivalent meter units of service for existing meters.

Table 4: Wholesale Customer Meter Equivalent Ratios⁵

Wholesale Customer's Meter Equivalent Ratios					
Reference capacity: 1600 gallons per minute (gpm)					
Type (A)	Size (B)	Total Meters (C)	Meter Capacity (D)	Meter Equivalent (E) = D ÷ 1,600 gpm	Total Meter Equivalents (F) = C x E
Displacement	2"	8	160	0.10	0.80
Electronic*	3"	0	350	0.22	0.00
Turbine*	3"	0	435	0.27	0.00
Electronic*	4"	0	600	0.38	0.00
Turbine	4"	40	750	0.47	18.75
Electronic*	6"	0	800	0.50	0.00
Turbine	6"	75	1600	1.00	75.00
Electronic*	8"	0	2000	1.25	0.00
Turbine	8"	37	2800	1.75	64.75
Electronic	10"	1	3000	1.88	1.88
Electronic*	12"	0	4000	2.50	0.00
Turbine	10"	40	4200	2.63	105.00
Turbine	16"	5	7800	4.88	24.38
Total		206			290.55

Staff standardized meter capacity ratios by dividing meter capacity by 1,600 gallons per minute (gpm), which is the safe maximum flow through a Turbine 6-inch meter, the most common meter type and size used for the Wholesale Customers. The meter capacity ratios are then multiplied by the number of water meters at each meter size (Column C x Column E) to determine the total meter equivalent units (Column F).⁶

Using the total meter equivalents unit of service calculated in Table 4, staff allocated the total monthly service charge revenue to each meter type and size (Table 5). To calculate this, the total fixed charge revenue is first divided by the total meter equivalents amongst all the Wholesale Customers to develop a base allocation.

$$\text{Base Allocation} = \frac{\text{Total Monthly Service Charge Revenue}}{\text{Total Meter Equivalents}} = \frac{\$5,015,217}{290.55} = \$17,261$$

⁵ For meters marked with *, while no meters of this size and type are currently installed, they are expected in the next few years as part of the SFPUC's ongoing meter replacement work or are possible meters the SFPUC can purchase. Staff developed proposed fixed charges for these meters to ensure charges will be available if they are installed.

⁶ The total meters reported represent the latest information on the Wholesale Customers' active meters. This table is subject to change and reliant on ongoing work in the Meter Recalibration and Replacement Project

Staff multiplied this base allocation by each individual meter and size combination's meter equivalent ratio. To illustrate, the equation below shows the calculation for a 2" Displacement Meter as an example:

$$\text{Total Annual Charge} = \text{Base Allocation} \times \text{Meter Equivalents} = \$17,261 \times 0.1 = \$1,726$$

This meter charge is then annualized into a monthly charge:

$$2'' \text{ Displacement Meter's Monthly Service Charge} = \frac{\$1,726}{12 \text{ months}} = \$143$$

Table 5: Proposed Monthly Service Charge Calculation for FY 2024-25

FY 2025 Wholesale Fixed Charge Calculation				
Total Fixed Charge Revenue: \$5,015,217				
\$ Meter Equivalent: \$17,261				
Type	Size	Meter Equivalent	Total Annual Charge	Proposed Monthly Charge
(A)	(B)	(C)	(D) = C x \$17,261	(E) = D ÷ 12
Displacement	2"	0.10	\$1,726.11	\$143
Electronic*	3"	0.22	\$3,775.87	\$314
Turbine*	3"	0.27	\$4,692.87	\$391
Electronic*	4"	0.38	\$6,472.92	\$539
Turbine	4"	0.47	\$8,091.15	\$674
Electronic	6"	0.50	\$8,630.56	\$719
Turbine	6"	1.00	\$17,261.12	\$1,438
Electronic*	8"	1.25	\$21,576.40	\$1,798
Turbine	8"	1.75	\$30,206.95	\$2,517
Electronic	10"	1.88	\$32,364.59	\$2,697
Electronic*	12"	2.50	\$43,152.79	\$3,596
Turbine	10"	2.63	\$45,310.43	\$3,775
Turbine	16"	4.88	\$84,147.94	\$7,012

Wholesale Customer Impacts

As discussed above, the current monthly service charges have not been updated since at least the effective date of the WSA, at the start of FY 2009-10, and staff does not have sufficient documentation on the source of the existing ratios. Staff recommends aligning the ratios to the industry standard capacity values shown above, which are scaled appropriately for the meters currently installed for the Wholesale Customers. Appendix A of this report specifies the estimated annual financial effect of the proposed monthly service charge update on each Wholesale Customer.

Overall, the estimated proposed monthly service charges result in increased costs for Wholesale Customers with small-capacity meters and decreased costs for Wholesale Customers with large-capacity meters. While some of the percentage increases and decreases shown in Appendix A are large, it is important to note that the monthly service charges continue to represent only a small percentage of the total costs for each Wholesale Customer. In the impact analysis, we have included a column in the table below that roughly estimates the percentage of the impacts of the proposed fixed charges on each customer's total monthly bill, assuming FY 2022-23 total volumetric usage for each customer and the proposed FY 2024-25 wholesale rate of \$5.67/CCF.⁷ To review the proposed rate update's impact on each individual Wholesale Customer, refer to the attached Appendix A.

Conclusion

The proposal presented in this Final Report updates the methodology for calculating the monthly service charge component of the SFPUC's wholesale water rates (W-25) to better reflect current industry cost allocation principles. This proposal is based on more accurate relative meter capacities and continues to keep the total percentage of the WRR collected from the monthly service charge at 1.5%. Staff will continue to review this area of rate design in future fiscal years to determine if additional changes should be made.

In accordance with Section 6.04.B of the WSA, the SFPUC provided this revised Final Report to the Wholesale Customers and BAWSCA on April 12, 2024, alongside the FY 2024-25 Annual Rate Notice. SFPUC staff will submit this report to the Commission and presents its recommendations for consideration and adoption at the May 14, 2024 Commission meeting.

⁷ Because the total Wholesale Revenue Requirement is a set value, which this proposal does not increase, the increased dollars collected via the service charges (to maintain the fixed 1.5% of the WRR) are offset via a reduction in the volumetric rate. The new service charges collect \$687,674 in additional revenue compared to the current charges. This results in a \$0.011/ccf reduction in the wholesale volumetric rate vs. what otherwise would have been effective.

Appendix A: Proposed FYE 2025 Wholesale Customers' Monthly Bill Impact Estimates

This table calculates each Wholesale Customers' monthly bill impact using the proposed FYE 2025 Monthly Service Charges and Volumetric Charges

The bill calculations assume projected FYE 2025 wholesale water volumes and uses the \$5.21 FYE 2024 volumetric rate and the Proposed FYE 2025 volumetric rate of \$5.67.

Wholesale Customer	Meter Type	Meter Size	Total Meters	FY 2024 Current Fixed Charge	FY 2025 Proposed Fixed Charges	FYE 2024 Current Volumetric Charge	FYE 2025 Proposed Volumetric Charges	Fixed Charge Impact (\$)	Fixed Charge Impact (%)	Total Bill Impact (\$)	Total Bill Impact (%)
Alameda County Water District				\$ 30,605	\$ 34,156	\$ 2,001,182	\$ 2,177,870	\$ 3,551	11.6%	\$ 180,239	8.9%
	Turbine	4"	4	\$ 2,308	\$ 2,696						
	Turbine	6"	3	\$ 3,768	\$ 4,314						
	Turbine	8"	2	\$ 3,750	\$ 5,034						
	Turbine	10"	4	\$ 13,564	\$ 15,100						
	Turbine	16"	1	\$ 7,215	\$ 7,012						
Brisbane				\$ 9,411	\$ 11,145	\$ 93,288	\$ 101,525	\$ 1,734	18.4%	\$ 9,971	9.7%
	Turbine	6"	6	\$ 7,536	\$ 8,628						
	Turbine	8"	1	\$ 1,875	\$ 2,517						
Burlingame				\$ 15,556	\$ 17,078	\$ 697,685	\$ 759,284	\$ 1,522	9.8%	\$ 63,122	8.8%
	Turbine	6"	4	\$ 5,024	\$ 5,752						
	Turbine	8"	3	\$ 3,750	\$ 7,551						
	Turbine	10"	1	\$ 6,782	\$ 3,775						
California Water - Bear Gulch				\$ 17,520	\$ 20,958	\$ 2,279,813	\$ 2,481,102	\$ 3,438	19.6%	\$ 204,727	8.9%
	Disc	2"	2	\$ 158	\$ 286						
	Turbine	4"	4	\$ 2,308	\$ 2,696						
	Turbine	6"	9	\$ 11,304	\$ 12,942						
	Turbine	8"	2	\$ 3,750	\$ 5,034						
California Water - Peninsula				\$ 30,781	\$ 32,449	\$ 2,656,904	\$ 2,891,486	\$ 1,668	5.4%	\$ 236,251	8.8%
	Turbine	4"	2	\$ 1,154	\$ 1,348						
	Turbine	6"	4	\$ 5,024	\$ 5,752						
	Turbine	10"	3	\$ 10,173	\$ 11,325						
	Turbine	16"	2	\$ 14,430	\$ 14,024						
California Water - South San Francisco				\$ 19,652	\$ 23,324	\$ 1,257,626	\$ 1,368,664	\$ 3,672	18.7%	\$ 114,710	9.0%
	Turbine	4"	9	\$ 4,616	\$ 6,066						
	Turbine	6"	5	\$ 7,536	\$ 7,190						
	Turbine	8"	4	\$ 7,500	\$ 10,068						
Coastside County Water District				\$ 7,160	\$ 6,472	\$ 214,874	\$ 233,845	\$ (688)	-9.6%	\$ 18,284	8.2%
	Turbine	10"	1	\$ 3,391	\$ 3,775						
	Mag Meter	10"	1	\$ 3,769	\$ 2,697						
Cordilleras Mutual Water Company				\$ 158	\$ 286	\$ 1,247	\$ 1,357	\$ 128	81.0%	\$ 238	16.9%
	Disc	2"	2	\$ 158	\$ 286						
Daly City				\$ 16,664	\$ 18,503	\$ 789,916	\$ 859,659	\$ 1,839	11.0%	\$ 71,582	8.9%
	Disc	2"	4	\$ 316	\$ 572						
	Turbine	4"	5	\$ 2,308	\$ 3,370						
	Turbine	6"	4	\$ 5,024	\$ 5,752						
	Turbine	8"	2	\$ 5,625	\$ 5,034						
	Turbine	10"	1	\$ 3,391	\$ 3,775						
East Palo Alto				\$ 7,518	\$ 9,348	\$ 305,831	\$ 332,833	\$ 1,830	24.3%	\$ 28,832	9.2%
	Turbine	6"	3	\$ 3,768	\$ 4,314						
	Turbine	8"	2	\$ 3,750	\$ 5,034						
Estero Municipal Improvement District				\$ 6,782	\$ 7,550	\$ 825,475	\$ 898,357	\$ 768	11.3%	\$ 73,651	8.8%
	Turbine	10"	2	\$ 6,782	\$ 7,550						
Hayward				\$ 21,212	\$ 21,574	\$ 2,997,885	\$ 3,262,573	\$ 362	1.7%	\$ 265,051	8.8%
	Turbine	10"	2	\$ 6,782	\$ 7,550						
	Turbine	16"	2	\$ 14,430	\$ 14,024						
Menlo Park				\$ 7,518	\$ 9,348	\$ 550,519	\$ 599,125	\$ 1,830	24.3%	\$ 50,436	9.0%
	Turbine	6"	3	\$ 3,768	\$ 4,314						
	Turbine	8"	2	\$ 3,750	\$ 5,034						
Mid Peninsula Water District				\$ 6,522	\$ 7,730	\$ 516,738	\$ 562,361	\$ 1,208	18.5%	\$ 46,832	8.9%
	Turbine	6"	1	\$ 1,256	\$ 1,438						
	Turbine	8"	1	\$ 1,875	\$ 2,517						
	Turbine	10"	1	\$ 3,391	\$ 3,775						
Millbrae				\$ 10,146	\$ 11,549	\$ 361,199	\$ 393,090	\$ 1,403	13.8%	\$ 33,294	9.0%
	Turbine	4"	3	\$ 1,731	\$ 2,022						
	Turbine	6"	4	\$ 5,024	\$ 5,752						
	Turbine	10"	1	\$ 3,391	\$ 3,775						
Milpitas				\$ 14,022	\$ 17,798	\$ 1,020,099	\$ 1,110,165	\$ 3,776	26.9%	\$ 93,842	9.1%
	Turbine	6"	1	\$ 1,256	\$ 1,438						
	Turbine	8"	5	\$ 9,375	\$ 12,585						
	Turbine	10"	1	\$ 3,391	\$ 3,775						
Mountain View				\$ 16,695	\$ 19,055	\$ 1,574,721	\$ 1,713,756	\$ 2,360	14.1%	\$ 141,395	8.9%
	Turbine	6"	1	\$ 1,256	\$ 1,438						
	Turbine	8"	1	\$ 1,875	\$ 2,517						
	Turbine	10"	4	\$ 13,564	\$ 15,100						
North Coast County Water District				\$ 3,391	\$ 3,775	\$ 476,999	\$ 519,114	\$ 384	11.3%	\$ 42,499	8.8%
	Turbine	10"	1	\$ 3,391	\$ 3,775						
Palo Alto				\$ 23,217	\$ 26,785	\$ 2,059,602	\$ 2,241,448	\$ 3,568	15.4%	\$ 185,414	8.9%
	Turbine	6"	2	\$ 2,512	\$ 2,876						
	Turbine	8"	2	\$ 3,750	\$ 5,034						
	Turbine	10"	5	\$ 16,955	\$ 18,875						

Wholesale Customer	Meter Type	Meter Size	Total Meters	FY 2024 Current Fixed Charge	FY 2025 Proposed Fixed Charges	FYE 2024 Current Volumetric Charge	FYE 2025 Proposed Volumetric Charges	Fixed Charge Impact (\$)	Fixed Charge Impact (%)	Total Bill Impact (\$)	Total Bill Impact (%)
Purissima Hills Water District				\$ 3,029	\$ 3,865	\$ 354,750	\$ 386,071	\$ 836	27.6%	\$ 32,157	9.0%
	Turbine	4"	2	\$ 1,154	\$ 1,348						
	Turbine	8"	1	\$ 1,875	\$ 2,517						
Redwood City				\$ 26,856	\$ 25,795	\$ 1,689,374	\$ 1,838,532	\$ (1,061)	-4.0%	\$ 148,097	8.6%
	Turbine	4"	6	\$ 2,885	\$ 4,044						
	Turbine	6"	9	\$ 10,048	\$ 12,942						
	Turbine	8"	2	\$ 3,750	\$ 5,034						
	Turbine	10"	1	\$ 10,173	\$ 3,775						
San Bruno				\$ 12,760	\$ 14,515	\$ 249,411	\$ 271,431	\$ 1,755	13.8%	\$ 23,776	9.1%
	Turbine	4"	1	\$ 577	\$ 674						
	Turbine	6"	7	\$ 8,792	\$ 10,066						
	Turbine	10"	1	\$ 3,391	\$ 3,775						
San Jose				\$ 10,173	\$ 11,325	\$ 863,800	\$ 940,067	\$ 1,152	11.3%	\$ 77,418	8.9%
	Turbine	10"	3	\$ 10,173	\$ 11,325						
Santa Clara				\$ 6,782	\$ 7,550	\$ 675,549	\$ 735,195	\$ 768	11.3%	\$ 60,413	8.9%
	Turbine	10"	2	\$ 6,782	\$ 7,550						
Stanford University				\$ 9,913	\$ 11,505	\$ 312,372	\$ 339,952	\$ 1,592	16.1%	\$ 29,172	9.1%
	Turbine	6"	1	\$ 1,256	\$ 1,438						
	Turbine	8"	1	\$ 1,875	\$ 2,517						
	Turbine	10"	2	\$ 6,782	\$ 7,550						
Sunnyvale				\$ 22,939	\$ 27,685	\$ 1,896,456	\$ 2,063,897	\$ 4,746	20.7%	\$ 172,187	9.0%
	Turbine	8"	5	\$ 9,375	\$ 12,585						
	Turbine	10"	4	\$ 13,564	\$ 15,100						
Town of Hillsborough				\$ 12,975	\$ 15,279	\$ 506,748	\$ 551,490	\$ 2,304	17.8%	\$ 47,046	9.1%
	Turbine	4"	4	\$ 2,308	\$ 2,696						
	Turbine	6"	7	\$ 8,792	\$ 10,066						
	Turbine	8"	1	\$ 1,875	\$ 2,517						
Westborough Water District				\$ 1,256	\$ 1,438	\$ 133,900	\$ 145,722	\$ 182	14.5%	\$ 12,004	8.9%
	Turbine	6"	1	\$ 1,256	\$ 1,438						
Monthly Total				\$ 371,213	\$ 417,840	\$ 27,363,962	\$ 29,779,974	\$ 46,627	12.6%	\$ 2,462,639	8.9%
Annual Total				\$ 4,454,556	\$ 5,014,080	\$ 328,367,543	\$ 357,359,687	\$ 559,524	12.6%	\$ 29,551,668	8.9%



April 12, 2024

Nicole Sandkulla, CEO/General Manager
Bay Area Water Supply and Conservation
155 Bovet Road, Suite 650
San Mateo, CA 94402

Dear BAWSCA and Wholesale Customers,

On February 2nd, 2024, the San Francisco Public Utilities Commission (SFPUC) distributed the "Wholesale Water Fixed Charge Study" (Initial Report) to the Wholesale Customers and the Bay Area Water Supply and Conservation Agency (BAWSCA), detailing the SFPUC's proposed adjustments to the monthly service charge component of the wholesale water rates in the SFPUC Rate Schedule W-25. In accordance with Section 6.04.B of the Water Supply Agreement (WSA), the Wholesale Customers and BAWSCA had 60 days to submit comments on the SFPUC's proposals.

The SFPUC has prepared this letter and its attachments in response to the 14 submitted letters and materials it received by the April 2, 2024, review period deadline. Most concerns raised by BAWSCA and the Wholesale Customers pertain to (1) the process and timeline of the study, (2) the purpose of a fixed charge, and (3) the proposed monthly service charge's cost allocation methodology. We deeply appreciate the insights shared by the Wholesale Customers and BAWSCA. Your feedback has played a crucial role in developing our revised monthly service charge proposals and associated report, which is distributed alongside this response letter and the FY 2024-25 Annual Wholesale Rate Notice.

Based on your feedback, the SFPUC's revised proposal retains 1.5% of the total Wholesale Revenue Requirement through the monthly service charges, but eliminates the customer service charge component of the cost allocation that was included in the original proposal. If adopted by the Commission, these recommended charges will proportionally distribute costs associated with meters among the Wholesale Customers based solely on meter capacity. This change 1) ensures the proposed monthly service charges for all meter sizes and technologies are based on quantifiable, industry-standard metrics to ensure fair allocations among the Wholesale Customers, while 2) minimizing as much as possible the changes from the current rate structure (Table 2).

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Services of the San Francisco Public Utilities Commission

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

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Table 1: Proposed FYE 2025 Wholesale Monthly Service Charge¹

Meter Size	Turbine Meters (C-701, Class II)	Electronic Meters (C-715, Class II)	Displacement Meters (C-700, Class II)
2"	-	-	\$143
3"	\$391	\$314	-
4"	\$674	\$539	-
6"	\$1,438	\$719	-
8"	\$2,517	\$1,798	-
10"	\$3,775	\$2,697	-
12"	-	\$3,596	-
16"	\$7,012	-	-

Table 2: Revised Proposed FY 2024-25 Monthly Service Charges²

Type	Size	CURRENT FYE 2024 Charges	ORIGINAL Proposed FYE 2025 Charges	REVISED Proposed FYE 2025 Charges	\$ Change (Original FYE 2025 vs Current FYE 2024)	\$ Change (Revised FYE 2025 vs Current FYE 2024)
Displacement	2"	\$79	\$480	\$143	\$401	\$64
Electronic	3"	-	Not Included*	\$314	New Rate	New Rate
Turbine	3"	-	Not Included*	\$391	New Rate	New Rate
Electronic	4"	-	\$789	\$539	New Rate	New Rate
Turbine	4"	\$577	\$894	\$674	\$317	\$97
Electronic	6"	-	\$703	\$719	New Rate	New Rate
Turbine	6"	\$1,256	\$1,490	\$1,438	\$234	\$182
Electronic	8"	\$2,265	\$1,771	\$1,798	(\$494)	(\$467)
Turbine	8"	\$1,875	\$2,333	\$2,517	\$458	\$642
Electronic	10"	\$3,769	\$2,473	\$2,697	(\$1,296)	(\$1,072)
Electronic	12"	\$5,159	Not Included*	\$3,596	N/A	(\$1,563)
Turbine	10"	\$3,391	\$3,317	\$3,775	(\$74)	\$384
Turbine	16"	\$7,215	\$5,843	\$7,012	(\$1,372)	(\$203)

¹ As recommended by the SFPUC Water Supply and Treatment Division, the "Disc/Compound Meters" category will be renamed to "Displacement Meters," as there are no compound meters currently installed, and it is more common to refer to a disc meter as a displacement meter.

The SFPUC has also updated the meter type labels to clearly distinguish the specific AWWA standardized meter and class referenced. Electronic Meters are labeled as "Electromagnetic/Ultrasonic Meters" in the AWWA M6 Manual, but will be referred to as Electronic Meters to capture either category.

² *Additional meter sizes and types added to schedule to account for any future potential meters that are not currently or planned to be installed, but which the SFPUC has contracts to purchase and install if needed.

Furthermore, the SFPUC has simplified the Wholesale Water Fixed Charge Study by removing the survey of other wholesale water suppliers' fixed charge structures and all discussion regarding cost allocation methodologies. To ensure that there is sufficient time for the SFPUC to complete additional research on rate structure design, evaluate policy and equity considerations of further changes to the wholesale rates structure, and for collaborative discussion with the Wholesale Customers, the SFPUC will not initiate any proposals to further alter the rate structure until FY 2025-26 at the earliest. If the SFPUC decides to revisit this topic – especially if we expect more substantive changes to the rate structure – we will both follow the terms of the WSA and seek additional collaboration and engagement from the Wholesale Customers and BAWSCA to ensure sufficient time for input on any proposals.

The following summarizes the SFPUC's response to the main comments it received on the initial proposal and Initial Report. In addition, Appendix A includes an index of all comment letters and materials received, which cross-references to the Main Comment Responses below or contains a direct response to the comments received from individual customers.

Main Comment Response 1. The SFPUC's Process and Timeline

Many comments focused on the process and timeframe of the Initial Report and asked for more time or a delay into the process. BAWSCA and the Wholesale Customers noted that *"the complex methodology used by the SFPUC requires more than 60 days to review"* and have requested that *"the result is collaborative, appropriate and satisfactory to Wholesale Customers, and fully consistent with the intent of the WSA."*

The SFPUC followed the procedural requirements set forth in the WSA for any proposed changes to the rate structure and its various charges. Section 6.04.B of the WSA, specifically, provides that the Wholesale Customers shall have 60 days to submit comments after receiving a report that the SFPUC prepares describing proposed changes to the rate structure or its various charges. Section 6.04.A of the WSA provides that "[t]he SFPUC will give careful consideration to proposals for changes made jointly by the Wholesale Customers but, subject to the limitations set out above, shall retain the sole and exclusive right to determine the structure of the rate schedule."

The SFPUC acknowledges that active engagement and collaboration with BAWSCA and the Wholesale Customers is an essential aspect of setting fair and equitable Wholesale water rates. We want to assure the Wholesale Customers that the SFPUC has actively communicated and collaborated with BAWSCA through various communications and verbal discussions in advance of and following the distribution of the report, as detailed below. The SFPUC has also modified its proposal in response to the helpful feedback it received from BAWSCA and the Wholesale Customers, and it will continue to actively communicate and collaborate with BAWSCA and the Wholesale Customers on its revised proposal and on any future adjustments to the structure of the rate schedule or addition, deletion, or change to the various charges that make up the rate schedule.

- On April 6, 2023, the SFPUC sent its annual written notice of the proposed FYE 2023-24 Wholesale Water Rates to BAWSCA and the Wholesale Customers, in accordance with WSA Section 6.03A. Within this notice, the SFPUC proposed limited updates to the

monthly service charges within Schedule W-25 and notified the Wholesale Customers and BAWSCA that the SFPUC was planning to consider further changes to the structure and amount of the monthly meter charges:

“Monthly Meter Charges

As part of the ongoing wholesale meter calibration and replacement project, new meter technologies and sizes are planned to replace certain wholesale meters. To ensure there are valid monthly service charges for all meters planned to be installed during FY 2023-24, Schedule W-25 has renamed the column “Magnetic Meters” to “Electronic Meters” to capture the broader technology, and added a proportional charge for the 10” electronic meter size based on the relative pricing of the new meters and the existing monthly meter charges for the 8” and 12” meters in the same category.

At this time, the SFPUC is not updating the rate structure or changing any of the existing monthly meter charges. However, with changes to meters upcoming, we expect to revisit this issue in the coming years following the process outlined in WSA Section 6.04.B to consider changes to the structure and amounts of the monthly meter charges.”

FY 2023-24 Wholesale Rate Notice Letter

- In accordance with Section 6.04B, the SFPUC prepared the “Wholesale Water Fixed Charge Study Report” to describe the SFPUC’s proposed changes to the monthly service charges, the purpose of its proposed changes, and the impact on individual Wholesale Customers. In September 2023, the SFPUC verbally communicated to BAWSCA representatives that the SFPUC was preparing a “Wholesale Water Fixed Charge Study Report” for FY 2024-25 and offered to meet with BAWSCA to address any preliminary concerns.
- On February 2, 2024, the SFPUC distributed the “Wholesale Water Fixed Charge Study” to the Wholesale Customers and BAWSCA, effectively opening the 60-day review period under WSA Section 6.04B.
- Following issuance, the SFPUC and BAWSCA met to discuss initial concerns and questions about the Initial Report and proposals prior to the SFPUC Annual Wholesale Customer Meeting on February 15, 2024. SFPUC staff explained that the fee proposals did not in any way change or deviate from the Wholesale Revenue Requirement’s (WRR) cost allocation methodology, as set forth in the WSA. SFPUC and BAWSCA staff and counsel met several more times during the month of February to discuss various questions and aspects of the Study.
- On February 15, 2024, the SFPUC gave a presentation to BAWSCA and the Wholesale Customers about the initial proposal and answered Wholesale Customers’ questions at the SFPUC Annual Wholesale Customer Meeting.
- In addition to meetings with BAWSCA, SFPUC staff presented the Initial Report at the March 7, 2024 BAWSCA Water Managers Meeting and addressed Wholesale Customers’ questions. SFPUC staff encouraged submission of edits, comments, and suggestions to the Study for consideration, as well as offered to meet with individual

Wholesale Customers. The SFPUC also provided BAWSCA with copies of the study's calculation models and further details on the methodology on March 8, 2024.

- During the month of March, SFPUC staff met with Purissima Hills Water District, Cordilleras Mutual Company, and BAWSCA to discuss questions and concerns. During meetings with BAWSCA, SFPUC staff reviewed and discussed BAWSCA's alternative charges for 4" electronic meter, 6" electronic meter, and 16" electronic meter, relative to 8" and 10" electronic and turbine meters (The SFPUC's response to this proposal can be found in Appendix A); shared with BAWSCA representatives a revised proposal based on comments and concerns received; and met a second time to further collaborate on the proposed adjusted charges and revised report.
- On April 2, 2024, the 60-day comment period ended; a summary of the letters and materials received during the 60-day review period is contained in Appendix A.
- In advance of the April 4, 2024 BAWSCA Water Managers' Meeting, the SFPUC shared with the Wholesale Customers their draft revised monthly service charge proposals and each wholesale customer's monthly bill estimates using the DRAFT revised fixed charges and a FYE 2024 volumetric rate of \$5.54. SFPUC staff then attended and presented at the April Water Managers' Meeting.

While the majority of the above collaboration exceeds the minimum requirements of the WSA, the SFPUC always endeavors to answer questions and solicit feedback from its customers. We appreciate the willingness of the Wholesale Customers' and BAWSCA's time to assist our agency in meeting our shared obligations in a timely fashion.

Main Comment Response 2. The Purpose of a Fixed Charge

BAWSCA and the Wholesale Customers had two general comments questioning the purpose of a fixed charge in the context of the wholesale water rates. First, they suggested that the SFPUC's proposed monthly service charges deviate from the WSA principle of Proportional Annual Use. Second, they suggested that there should not be a monthly service charge component in the wholesale water rates given the existence of the Balancing Account. The SFPUC's responses to both comments are provided in the sections below.

It's important to note that completely eliminating the fixed charges, as some commenters proposed, would represent an even greater shift from current cost allocations among the Wholesale Customers than the SFPUC's proposal. However, the SFPUC also acknowledges that questions about cost allocation among the wholesale customers are important and complex, and should be addressed during a comprehensive rate study analysis that allows sufficient time for customer input and discussion of impacts and policy priorities. As the scope of this specific project is to update the existing monthly service charges, and feedback received has been clear in the goal of making as little change as possible at this time, the SFPUC will revisit these broader concerns with the Wholesale Customers and BAWSCA if a future rate study is planned.

2.1 Comment: The Proposed Monthly Service Charges Deviate from Proportional Annual Use

Multiple commenters expressed concern that the proposed Monthly Service Charges *"deviate from the key Water Supply Agreement (WSA) principle of allocating costs based on proportional annual use."* While commenters also recognized that *"the Monthly Service Charges were carried*

into the existing WSA from previous agreements,” they nonetheless viewed the SFPUC’s proposal as a deviation from WSA principles requiring greater discussion.

Neither the existing monthly service charges, nor the SFPUC’s initially proposed monthly service charges, deviate from the WSA principle of Proportional Annual Use, as BAWSCA and the Wholesale Customers assert. Proportional Annual Use refers to the shares of deliveries from the Regional Water System used by Retail Customers on the one hand, and the Wholesale Customers collectively on the other hand. It is, accordingly, a principle used to determine how costs incurred by the SFPUC are allocated between Retail Customers on the one hand, and the Wholesale Customers collectively on the other hand. It is not a principle that prescribes how the Wholesale Customers’ collective share of costs is allocated among the individual Wholesale Customers, and the SFPUC’s proposal does not in any way impact the calculation of the WRR under the WSA.

The SFPUC acknowledges the importance of the principle of Proportional Annual Use to the cost allocations of Article 5 of the WSA. However, the principle of Proportional Annual Use does not preclude the use of the existing or initially proposed monthly service charges, or the use of any other fixed charge. First, the existing fixed monthly service charges were in place at the adoption of the WSA, alongside the Article 5.02 principle of Proportional Annual Use. In fact, in FY 2009-10, the first year of the WSA, the SFPUC recovered 3.5% of the WRR through the monthly service charges, more than twice the percentage of the WRR recovered through the monthly service charges today. Fixed charges included in Schedule W-25 for at least the entire life of the WSA do not violate its core principles.

Second, WSA Section 6.04.A states that the SFPUC retains “the sole and exclusive right to determine the structure of the rate schedule,” and that the WSA “is not intended and shall not be construed to limit the Commission’s right (a) to adjust the structure of the rate schedule applicable to the Wholesale Customers (i.e., the relationship among the several charges set out therein) or (b) to add, delete, or change the various charges which make up the rate schedule, provided that neither such charges nor the structure of the rate schedule(s) applicable to the Wholesale Customers shall be arbitrary, unreasonable, or unjustly discriminatory as among said customers.” If the only allowable cost allocation methodology for the wholesale rate structure was a proportional allocation for each customer based on annual CCF water purchases, this section would have no purpose, and there would be a fundamental limitation on the Commission’s rate-setting purview in direct violation of Section 6.04.

The SFPUC assures BAWSCA and the Wholesale Customers that it will not propose for the Commission’s consideration and adoption any charges or adjustments to the rate structure that are “arbitrary, unreasonable or unjustly discriminatory” (WSA Section 6.04.A). The SFPUC has both a contractual and professional interest in ensuring that the rate structure is equitable *amongst* the wholesale customers and reflects industry best practices. As discussed above, the SFPUC is committed to working closely and collaboratively with BAWSCA and the Wholesale Customers, seeking their input on the rate structures and charges that make sense for the Regional Water System to achieve our mutual policy goals. This discussion should take place within the context of a larger review of rate structures.

2.2 Comment: The Existence of a Balancing Account Replaces the Need for Fixed Charges

Commenters pointed out that because of the Balancing Account implemented in the WSA, *“the SFPUC always collects 100% of the calculated Wholesale Revenue Requirement from BAWSCA member agencies. Even if the fixed cost portion were zero, the SFPUC would still be assured a full cost recovery through annually adjusted volumetric rates.”*

While we agree that the Balancing Account and fixed charges have some similar features, they do serve different purposes and can work together to achieve policy goals. The Balancing Account only achieves long-run cost recovery. It does not provide the within-year revenue stability that fixed charges do, and it does not provide the certainty in costs and revenues for both the SFPUC and the Wholesale Customers that fixed charges do.

As detailed in WSA Section 6.05, at the close of each fiscal year, a true-up calculation between the WRR and the amount collected from the Wholesale Customers is posted to a Balancing Account. That amount is integrated into the next fiscal year’s wholesale rate setting process as either a positive or negative dollar adjustment to the WRR. This Balancing Account mutually benefits BAWSCA and the SFPUC, as it ensures that the Wholesale Customers are not overcharged the determined Wholesale Revenue Requirement and that the SFPUC does not under-collect it.

The Balancing Account ensures the SFPUC full revenue recovery in the long term; however, it does not protect the SFPUC from revenue volatility caused by fluctuations in volumetric usage in a particular year. This is important because many financial metrics the SFPUC must meet, including Current Debt Service Coverage targets required under its bond indentures and loan requirements, consider only current-year revenues. Fixed charges, like the SFPUC’s monthly service charges that are a component of the wholesale water rate, are a common design in all utility rate structures and serve to provide year by year stability *in addition to* long-term revenue recovery. Furthermore, in recent years, under- and over-collection of revenue has built up large balances in the Balancing Account. Paying these back can lead to large swings in rates or require the SFPUC to under-collect for several years, which puts additional pressure on its overall financial metrics.

The Balancing Account ultimately serves as an adjustment to the following year’s WRR. It is not a part of the rate structure; it is a part of the rate calculation. In other words, the Balancing Account helps answers the question of “what” amount to bill the Wholesale Customers; it does not pertain to questions of “how” to bill Wholesale Customers. There are advantages to all parties from retaining some type of fixed charges, and the SFPUC looks forward to a more substantive discussion on this topic in the future.

Main Comment Response 3. The Monthly Service Charges’ Cost Allocation Methodology

The SFPUC received multiple comments regarding the methodology that staff used to allocate costs for the proposed monthly service charges, particularly its impacts on Wholesale Customers with smaller meters. BAWSCA and Wholesale Customers were especially concerned about the 1.5% recovery rate and the customer service charge component, stating that *“setting the fixed price revenue requirement at 1.5% of the projected FY 2024/25 Wholesale Revenue Requirement is arbitrary”* and that *“the new recommended rate schedule shifts costs*

from larger to smaller meters because of a newly introduced flat rate called Customer Charge.” Some customers questioned whether allocating costs equally across each meter made sense, and instead suggested an allocation of costs per customer.

We acknowledge that the shifts in costs between larger- and smaller-capacity meters are a change from the current rates and that especially Wholesale Customers facing large percentage increases have reasons for concern. Both the original and revised proposals were structured to reduce this impact, while still ensuring the proposed charges follow a consistent and justifiable methodology. First, the SFPUC set the total annual fixed monthly service charges to recover 1.5% of the total WRR, in alignment with the FY 2021-22 recovery rate. Given the strong interest expressed by the Wholesale Customers in reducing changes from the status quo, selecting the same percentage as the most recent completed fiscal is not arbitrary.

Second, the SFPUC’s final proposal revised the proposed monthly service charges by eliminating the customer service charge component and allocating all fixed charge costs to the meter component. With this change, the only factor driving cost distributions is the capacity threshold of the meter. This achieves two goals: 1) it acknowledges the concern that costs which are equal per customer may not be best allocated in an equivalent per-meter charge, and 2) while the monthly service charges for Wholesale Customers with smaller meters will still increase from their current levels, the shifts in costs across smaller and larger meters are less than in the original proposal. Please refer to the “Wholesale Customer Impact” section of the “Final Wholesale Water Fixed Charge Study” and its attached Appendix A to see the updated impact analysis.

Finally, we agree that which specific costs ought to be allocated to the monthly service charges warrants further investigation, and that any changes from the current levels would be best served by a more comprehensive rate study with robust engagement with BAWSCA and the Wholesale Customers. In the meantime, the SFPUC proposes maintaining the current monthly service charges recover at 1.5% of the WRR. To make it clear that consistency with current practices was the driving factor in this decision, rather than identification of specific costs, the final report will omit all discussion pertaining to allocation methodologies.

Sincerely,



Erin Corvinova,
Financial Planning Director, SFPUC

Appendix A

Comments submitted regarding the FYE 2024 Proposed Wholesale Fixed Charge Study			
Comment ID	Commenter	Item Submitted	Date Received
1	Mid-Peninsula Water District	Letter	3/18/2024
2	City of Millbrae	Letter	3/21/2024
3	BAWSCA	Letter	3/21/2024
4	BAWSCA	Edits on Report	3/21/2024
5	BAWSCA	Alternative Charges	3/21/2024
6	Westborough Water District	Letter	3/26/2024
7	City of Menlo Park	Letter	3/27/2024
8	Stanford	Letter	3/28/2024
9	Coastside County Water District	Letter	3/29/2024
10	Purissima Hills Water District	Letter	4/1/2034
11	Cordilleras Mutual Water Company	Letter	4/2/2024
12	Cordilleras Mutual Water Company Residents	12 Letters	4/2/2024
13	California Water Service	Letter	4/2/2024
14	City of Palo Alto	Letter	4/4/2024

Comment ID	Commenter	Comment	SFPUC Response
1.1	Mid-Peninsula Water District	The new recommended rate schedule shifts costs from larger to smaller meters because of a newly introduced flat rate called Customer Charge.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
1.2	Mid-Peninsula Water District	The complex methodology used by the SFPUC requires more than 60 days to review. The SFPUC did not meet with the Wholesale Customers to discuss the Study until well into the review period. The Study does not share the SFPUC's complete rate model.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
1.3	Mid-Peninsula Water District	The other agencies surveyed in the Study do not have a balancing account mechanism.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
1.4	Mid-Peninsula Water District	The existing fixed monthly charges are already a variation from the principle of Proportional Annual Use. This proposal further changes the basis on which SFPUC allocates costs to individual wholesale customers.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
1.5	Mid-Peninsula Water District	The Study signals future structural rate changes and will potentially establish a precedent for future rate structure changes.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
1.6	Mid-Peninsula Water District	Request the SFPUC to slow down the process and ensure that the result is collaborative, appropriate and satisfactory to Wholesale Customers, and fully consistent with the intent of the WSA.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline

1.7	Mid-Peninsula Water District	Supports any forthcoming recommendations from BAWSCA on how to identify charges for these limited new meter types/sizes, as a stopgap.	The SFPUC developed revised rates based on incorporated feedback from Wholesale Customers, which can be found summarized in the response letter and in the updated report. Prior to these final proposals, BAWSCA had provided the SFPUC with their initial alternative suggestion. Their proposal does not alter any of the existing fees and adds three "stopgap" rates for the three unaccounted meters. See SFPUC's response to BAWSCA's initial "stopgap" suggestion (Comment ID: 5.1)
2.1	City of Millbrae	The new recommended rate schedule shifts costs from larger to smaller meters because of a newly introduced flat rate called Customer Charge.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
2.2	City of Millbrae	The other agencies surveyed in the Study do not have a balancing account mechanism.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
2.3	City of Millbrae	The existing fixed monthly charges are already a variation from the principle of Proportional Annual Use.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
2.4	City of Millbrae	The Study signals future structural rate changes.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
2.5	City of Millbrae	The complex methodology used by the SFPUC requires more than 60 days to review. The City of Millbrae requests the SFPUC to slow down the process and suspend implementation of the Study to allow for further review and for collaborative engagement between Wholesale Customers, BAWSCA, and the SFPUC	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline

3.1	BAWSCA	Requests the SFPUC Suspend Implementation of Study to allow for further review.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
3.2	BAWSCA	BAWSCA states that they are concerned that the proposed monthly service charges are an explicit deviation from the key Water Supply Agreement principle of allocating costs based on proportional annual use.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
3.3	BAWSCA	Setting the fixed price revenue requirement at 1.5% of the projected FY 2024/25 Wholesale Revenue Requirement is arbitrary.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
3.4	BAWSCA	The proposed changes have caused BAWSCA to question the appropriateness of the existing fixed rate component of the water rates. The SFPUC is assured full revenue requirement recovery through the embedded balancing account treatment within the WSA. The result is that the magnitude and differences between the monthly service charge are much more an issue among the wholesale customers than it is between the SFPUC and Retail Customers.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
3.5	BAWSCA	The new Customer Charge introduced within the rate design is applied to each meter rather than to each Wholesale Customer	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
3.6	BAWSCA	The impact analysis should include an impact analysis of the volumetric charge	Noted. Incorporated into the Wholesale Customer's impact analysis is an estimate of each Wholesale Customer's volumetric portion of the bill using our proposed FYE 2025 Volumetric rate and projected FYE 2025 volumes.

3.7	BAWSCA	Final version of a mutually agreed Fixed Charge Study should include additional explanations.	Noted and incorporated into the Final Wholesale Water Fixed Charge Study (Final Report).
3.8	BAWSCA	BAWSCA supports the SFPUC using extrapolated rates to fill fixed rate gaps for new meters until new comprehensive rates can be mutually agreed upon.	See responses to BAWSCA's alternative rate structure below (Comment ID 5.1) and to the Final Report for the revised monthly service charges based on BAWSCA's feedback
4.1	BAWSCA	Though fixed charges are commonly used for revenue stability with retail rate setting in particular, fixed charges at just 1.5% of revenue do not provide revenue stability. Even so, revenue stability is not needed due to the Balancing Account treatment contained in the WSA. Even if the fixed charges were zero, the SFPUC would still be assured a full cost recovery through annually adjusted volumetric rates. The WSA (Section 6.05.B.) provides the SFPUC flexibility in collecting a balance owed to SF, which could be applied in the immediately ensuring year or prorated over multiple years.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
4.2	BAWSCA	BAWSCA views the SFPUC's proposal as a "structural rate change" because fixed costs are being shifted from larger to smaller meters	"Structural change" is not a WSA-defined term. Structural change, as typically used in describing rate structures, suggests addition or subtraction of line items in the tariff schedule, or basing charges on something other than the size and type of meter or CCF volumes, as are currently used. But this is a semantic difference with no impact.

4.3	BAWSCA	The note below the rate table in Schedule W-25 implies that Customer Service Charge rates can be added based on the rates in the table, if a needed rate is not already included.	This comment pertains to the language in W-25 surrounding a "battery of meters," which is outdated and will be removed from the W-25. Prior to the metering technology that exists today, large diameter services (3",4", 6", 8") were metered using a battery of 2" meters. For example, a 3" service would have 2-2" meters or a 4" service would have 4-2" meters, and would be billed accordingly. These types of installations are no longer used.
4.4	BAWSCA	However, the comparison wholesalers do not have a Balancing Account treatment, a key difference from the WSA.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
4.5	BAWSCA	BAWSCA agrees with the opportunity to explore for alternative rate structures in the context of the WSA, and would like to enter collaborative discussions with the SFPUC	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
4.6	BAWSCA	BAWSCA would like to explore further the costs that are customer specific vs. costs that are meter specific	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology

4.7	BAWSCA	BAWSCA would like to explore further the appropriate part of the WRR to be assigned to the Total Fixed Charge. This is important because the Total Fixed Charge is the amount that deviates from proportional annual use applied evenly to all customers. It is critically important to BAWSCA that the methodology in this Study is not precedential for other rate structure changes within the WSA, and further for the Total Fixed Cost allocation to be clearly based on customer services and metering costs of service that vary among customers.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
4.8	BAWSCA	Should the distribution of fixed costs across meters be scaled on meter capacity (a demand charge factor), or simply based on the cost of the meter?	It is the SFPUC's recommendation that the fixed costs be distributed based on meter capacity per the AWWA guidelines. The cost of a meter represents the one-time purchase of the meter; it does not comprehensively capture the maintenance costs incurred after purchasing and installing the meter.
4.9	BAWSCA	In Table 6 of the report, the 16" turbine meter equivalent value should be $5,300/1,600 = 3.31$, instead of 4.88. This will change Total Meter Equivalents marginally.	The maximum water capacity (gpm) for a 16" turbine meter is incorrect in Table 6 of the report. Rather than citing 5,300 gpm, it should reference 7,800 gpm. The meter equivalent ratio is correct. $7,800/1,600 = 4.88$. The SFPUC addressed this comment with BAWSCA staff at the March 27th meeting and corrected the error in the Final Report.

4.10	BAWSCA	The Total values in Table 7 are not relevant. Suggest a more expanded table similar to the one added at the end of the Study, which shows integration of rates with revenues. BAWSCA provided a revised version of Table 7 to show a full integration of the customer and meter revenue totals, the proposed rates, and the resulting revenue generated by the proposed rates	Agreed. The SFPUC has updated the "Methodology" section and its associated tables in the report to showcase each meter calculation more clearly, as suggested by BAWSCA in their edits on the report.
4.11	BAWSCA	Even though we do not know the basis for the existing rates, it is still evident from the existing cost scaling that the rates follow meter capacity with rates increasing faster as the meter size increases	While meters with larger capacity have larger charges in the current rate schedule, the existing rates do not follow a proportional scale based on meter capacity. Please refer to Figure 1 in the revised report's "SFPUC Proposed Wholesale Fixed Charges" section. Meter capacity may have been one factor in the existing rates, but we do not have an explanation for the remaining differences.
4.12	BAWSCA	To be more complete, Table 8 should also show the benefit of the volumetric rate component being reduced because of the increase of \$456,189 to the fixed rate component.	Noted. Addressed in the revised report.

5.1	BAWSCA	BAWSCA proposed that the SFPUC keep the existing W-25 Monthly Fixed Charges and to add three proportional charges for a 4" electronic meter, a 6" electronic meter, and a 16" electronic meter relative to the 8" and 10" electronic and turbine meter charges. These rates were developed by applying the average difference between 8" electronic and 8" turbine meters and 10" electronic meters and 10" turbine meters to the 4", 6" and 16" charges.	In FYE 2023-24, the SFPUC developed a rate for a 10" Electronic meter based on a similar methodology but acknowledged that this was not an ideal approach and planned to revisit these rates. As such, one of the main drivers for conducting the Wholesale Water Fixed Charge Study is to ensure we have equitable and defensible rates that are based on industry standards. This methodology calculates rates in relation to other meter charges and does not consider the differing meter capacities between meter types and sizes. We do not support this proposal as it retains the same issues the SFPUC identified in FYE 2024 and does not address the equity concerns identified between the charges for the existing meter sizes and types.
6.1	Westborough Water District	The new recommended rate schedule shifts costs.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
6.2	Westborough Water District	The complex methodology used by the SFPUC requires more time to review.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
6.3	Westborough Water District	The other agencies surveyed in the Study do not have a balancing account mechanism.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
6.4	Westborough Water District	The existing fixed monthly charges are already a variation from the principle of Proportional Annual Use.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
6.5	Westborough Water District	The Study signals future structural rate changes. The WWD has major concerns to any changes that are not negotiated via BAWSCA and the WSA.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
6.6	Westborough Water District	Requests to slow down the process and for collaborative engagement between Wholesale Customers, BAWSCA, and the SFPUC	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline

7.1	City of Menlo Park	The new recommended rate schedule shifts costs.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
7.2	City of Menlo Park	The complex methodology used by the SFPUC requires more time to review.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
7.3	City of Menlo Park	The other agencies surveyed in the Study do not have a balancing account mechanism.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
7.4	City of Menlo Park	The existing fixed monthly charges are already a variation from the principle of Proportional Annual Use.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
7.5	City of Menlo Park	The Study signals future structural rate changes.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
7.6	City of Menlo Park	Requests that the SFPUC hires a third part financial firm to analyze rates for Wholesale Customers.	The WSA does not require a third-party consultant to set wholesale rates, but the SFPUC appreciates the importance of having experienced analysts perform this work. The SFPUC's current rate-setting team includes multiple staff with over 5-10 years of experience setting water, power, and sewer rates for utilities throughout California and the US. For the current proposed changes, which have as their explicit goal to remain as consistent as possible with the current rate structure and minimize changes, SFPCU staff are more than qualified to perform the work. For any future rate studies, we will consider whether staff augmentation is appropriate.
7.7	City of Menlo Park	Requests to slow down the process and for collaborative engagement between Wholesale Customers, BAWSCA, and the SFPUC	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline

8.1	Stanford University	In this single update, Stanford believes using 1.5% of the Wholesale Revenue Requirement as the fixed revenue portion, based on recent proportion of fixed revenue under the existing fixed charges may be reasonable for consistency with recent fixed revenue recovery.	Agreed.
8.2	Stanford University	Requests that any further deviation from that method and percentage (utilizing 1.5%) of fixed revenue proportion must undergo a more detailed rate structure study. Requests that this and any future rate design or rate structure study include BAWSCA and the BAWSCA WMR in developing scope reviewing progress, and developing and approving recommended changes	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
9.1	Coastside County Water District	Supports BAWSCA's request to suspend implementation of the study until the BAWSCA team can conduct further analysis on the implications to the existing WSA.	The SFPUC developed revised rates based on incorporated feedback from Wholesale Customers, which can be found summarized in the response letter and in the updated report. Prior to these final proposals, BAWSCA had provided the SFPUC with their initial alternative suggestion. Their proposal does not alter any of the existing fees and adds three "stopgap" rates for the three unaccounted meters. See SFPUC's response to BAWSCA's initial "stopgap" suggestion (Comment ID: 5.1)
9.2	Coastside County Water District	Requests that there be collaborative engagement between SFPUC and BAWSCA and the Wholesale Customers in the development of changes to the rate structure.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline

10.1	Purissima Hills Water District	Request to apply the customer charge component per 26 agency rather than on each meter.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
10.2	Purissima Hills Water District	The optics of a 36% increase for Purissima versus larger agencies with larger meters experiencing decreases in the fixed rate raises concerning optics. These equity issues warrant careful consideration and further analysis	The SFPUC developed revised rates based on incorporated feedback from Wholesale Customers, which can be found summarized in the response letter and in the updated report. With the new proposed revisions, the impact on Purissima's monthly fixed charges decreases from the original proposal's impact of 36% to 27.6%. Notably, while this percentage appears high, it represents only a \$836 increase in Purissima's monthly bill, and because fixed charges remain such a low percentage of total costs, only a 8.9% increase in Purissima's estimated annual charges. See also Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology.
10.3	Purissima Hills Water District	Request to delay the implementation of the study to allow BAWSCA and wholesale agencies more time to conduct a thorough analysis and collaborate with SFPUC	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
11.1	Cordilleras Mutual Water Company	The fundamental issue underlying the SFPUC's proposal is whether the fixed charge is allocated fairly among its customers commensurate with costs such customers impose on the system. The customer service cost component is the most important cause responsible for the increase of the fixed charge.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology

11.2	Cordilleras Mutual Water Company	Given the vast difference in size between its (the SFPUC's) Wholesale Customers, an equitable distribution of costs does not mean that each Wholesale Customer pay the same portion of the total costs of the Water System, but that each Wholesale Customer pays a portion of such costs equivalent to the relative burden it imposes on the Water System.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
11.3	Cordilleras Mutual Water Company	The result of SFPUC's rate change are far from fair. While nearly every Wholesale Customer except for CMWC will experience marginal change in its total monthly bill, ranging from 1.7% increase to a 0.6% price decrease, the total monthly bill of CMWC will climb 54.3% as its Fixed Charge skyrockets five-fold by a whopping 507.6%.	The SFPUC spoke with CMWC and have incorporated concerns into the revised proposal. The new impact on CMWC can be found in more detail in the Final Report's "Wholesale Customer Impact" section, but, generally, CMWC's monthly service charge will now increase from \$79 to \$143 (roughly 81%, translating into a \$64 monthly increase).
11.4	Cordilleras Mutual Water Company	While the Meter Charge is not completely disconnected from allocating based on usage, the Meter Charge ratios should also be revised/determine to more closely reflect usage, rather than utilizing meter capacity ratio that allocate costs driven by large WCs with large meters to small WCs with small meters.	Allocating costs by usage suggests eliminating the fixed charges entirely and using only a \$/ccf monthly charge. This would be an even greater change from the current rates schedule than the SFPUC's revised proposal. Based on feedback received, we have set limiting changes to the rate structure as one of the top priorities for this year, and will revisit alternative proposals at a later time when there is more opportunity for discussion.
11.5	Cordilleras Mutual Water Company	The proposed rate structure also undercuts the stability and fiscal planning of Wholesale Customers within the Water System.	We realize that the large increase in CMWC's bill for next Fiscal Year may be challenging. For any future changes to rate structures, we will endeavor to communicate the potential impact in advance.

11.6	Cordilleras Mutual Water Company	The SFPUC Report incorrectly identifies the size of the CMWC meters. The CMWC system has two 5/8" meters supplying water to its system, rather than the two 2" meters reported. Additionally the meter box itself is just an excavated hole in the ground with the two boards and a sheet of plywood laid on top to act as a cover. It's not complex, nor should this point of connection be considered a cost driver for a fixed charge.	The SFPUC has confirmed that CMWC has two 2" displacement meters. The two 5/8" meters found in this meter box does not service CMWC, but two separate suburban retail houses nearby. The SFPUC has communicated with CMWC to correct this misunderstanding.
11.7	Cordilleras Mutual Water Company	The fixed charge increase proposed for CMWC is in excess of the benefits received and not proportional to the annual use.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
11.8	Cordilleras Mutual Water Company	There is a reason that the increase shown in the Report's table is so dramatic for CMWC. There are no comparable wholesale water companies. Although CMWC has a wholesale water agreement, it's not even a small water company for the purpose of this report. CMWC is a micro water company the scale of a single resident customer with two 5/8" residential water meters.	CMWC's individual water sales contract with SFPUC incorporates by reference the terms of the Water Supply Agreement and does not allow for exclusions from or adjustments to the rates schedules defined under the WSA. The SFPUC will continue to collaborate with CMWC to address unique issues related to their small customer base.

11.9	Cordilleras Mutual Water Company	CMWC requests SFPUC update its rate structure in accordance with the arguments and principles set forth by its public comments and in furtherance of the ostensible goals of fairness and stability as expressed by SFPUC in its Reports. More specifically, the Commission should allocate the Customer Service Charges consistent with the allocation of Meter Charges on a basis closer in proportion to water usage. Moreover, the Meter Capacity Ratios should be revised to more equitably distribute the Fixed Charge so that costs are not inherently redistributed from large to smaller meters.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge and Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
11.10	Cordilleras Mutual Water Company	CMWC would entertain a limited exclusion from the rate structure for its two 5/8" meters to mitigate disproportionate price increase relative to the other meters.	CMWC's individual water sales contract with SFPUC incorporates by reference the terms of the Water Supply Agreement and does not allow for exclusions from or adjustments to the rates schedules defined under the WSA. The SFPUC will continue to collaborate with CMWC to address unique issues related to their small customer base.
12.1	Cordilleras Mutual Water Company Residents	Multiple residents cited that due to their unique position as a very small water district, covering only 18 homes, the proposed rates' impacts are disproportionately unfair to their small neighborhood.	CMWC's individual water sales contract with SFPUC incorporates by reference the terms of the Water Supply Agreement and does not allow for exclusions from or adjustments to the rates schedules defined under the WSA. The SFPUC will continue to collaborate with CMWC to address unique issues related to their small customer base.

12.2	Cordilleras Mutual Water Company Residents	Residents provided personal testimonies on how the original proposed rates create financial hardships for their households.	The SFPUC spoke with CMWC and has incorporated changes to its proposal based on these concerns. The new impact on CMWC can be found in more detail in the revised Final Report's Wholesale Customer Impact section, but generally, CMWC's monthly service charge will now increase from \$79 to \$143 - roughly 81%, translating into a \$64 monthly increase. The percentage change may seem significant, but this update would approximately cost each home (out of 18 homes) an additional \$3.55 monthly or \$43 annually. Furthermore, with these revised monthly service charges and the proposed FYE 2025 volumetric rate, the average CMWC resident's FYE 2025 monthly bill is estimated to be \$91, which is below the amount paid by nearby SFPUC suburban retail customers, which is approximately \$164 per month assuming 13 ccf usage per household.
12.3	Cordilleras Mutual Water Company Residents	Residents requested that the SFPUC delay the implementation of these changes until the SFPUC can evaluate whether these propose rate increases are equitable for a very small, water company.	CMWC's individual water sales contract with SFPUC incorporates by reference the terms of the Water Supply Agreement and does not allow for exclusions from or adjustments to the rates schedules defined under the WSA. The SFPUC will continue to collaborate with CMWC to address unique issues related to their small customer base.

13.1	California Water Service	The new water fixed charge puts undue charges on specific Retailers compared to all Retailers in disagreement with the principle of proportional annual use as described in the WSA.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
13.2	California Water Service	Meters costs are shifting from larger to smaller meters.	Refer to: Main Comment Response 3. The Fixed Charge's Cost Allocation Methodology
13.3	California Water Service	There is not enough time to properly analyze the direct customer impact of these changes nor is there any real ability to change the existing meter size, as the meters are based on existing infrastructure and current system customer needs.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
13.4	California Water Service	Though the other agencies reference in the Wholesale Water Fixed Charge Study provide valid comparisons for rate structures, none of the Agencies included have a Balancing Account structure similar to what is included in the WSA with the Retailers.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
13.5	California Water Service	The intent of the Balancing Account in the current WSA is to capture unforeseen costs and to provide that 100% of the revenue requirement is collected from the Wholesale Customers in a way that makes the SFPUC whole.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge

13.6	California Water Service	There is also a concern that this change may introduce additional fee structure changes in years to come that will not come with a full rate impact study.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
13.7	California Water Service	Increasing the current fee component with the likelihood of continuous yearly changes to that component does not allow for stable rate forecasting and will likely result in more customer rate fluctuation.	At this time, the SFPUC is not committing to any rate changes for FYE 2026 and onwards. Tentatively, we plan to retain the fixed charges at 1.5% of the forecasted wholesale revenue requirement. This means that they would rise by the same percentage increase as the volumetric charges each year, which should actually allow for more stable expense forecasting than the current methodology where only the volumetric charges rise. That said, we are open to additional comments on this concept during future rate-setting processes.
13.8	California Water Service	Regardless of past knowledge, or methodologies, if a new structure is required, a full rate structure study should be conducted with time to review by the Wholesale Customers to set a new direction going forward.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
13.9	California Water Service	Cal Water proposes that the existing rate structure be maintained consistent with WSA principle of proportional annual use, and that only the costs of the missing meters be added to the meter charge table.	The SFPUC developed revised rates based on incorporated feedback from Wholesale Customers, which can be found summarized in the response letter and in the updated report. Prior to these final proposals, BAWSCA had provided the SFPUC with their initial alternative suggestion. Their proposal did not alter any of the existing fees and adds three "stopgap" rates for three meters. See SFPUC's response to BAWSCA's initial "stopgap" suggestion (Comment ID: 5.1)

13.10	California Water Service	Cal Water also proposed that if the SFPUC feels that the existing rate structure needs to be adjusted, then it is recommended that a full rate impact study be performed that works collaboratively with the Wholesale Customers, and that provides adequate time for review.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
14.1	City of Palo Alto	Palo Alto requests that the SFPUC pause implementation of these fixed charges to allow a transparent and thorough process.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline
14.2	City of Palo Alto	The fixed charges, if they are continued at all, should adhere to the principle of the 2009 WSA; most importantly, the concept of allocating costs based on the wholesale customer's proportional annual use.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
14.3	City of Palo Alto	SFPUC's proposed fixed charges may not be necessary, since the 2009 WSA guarantees that SFPUC will receive its Wholesale Revenue Requirement, regardless of the amount of the fixed charges.	Refer to: Main Comment Response 2. The Purpose of a Fixed Charge
14.4	City of Palo Alto	Palo Alto welcomes the opportunity to collaborate with SFPUC on how best to identify and allocate fixed costs, in a manner that allows sufficient time to engage with all Wholesale Customers and respects the objectives of the parties' 2009 WSA.	Refer to: Main Comment Response 1. The SFPUC's Process and Timeline

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Board of Directors

Policy Calendar Through March 2025

Meeting Date	Purpose	Issue or Topic
July 2024	D&A R&D R&D R&D	Strategy 2050 CEO/General Manager Performance Evaluation Tier 2 Drought Allocation Plan SFPUC Alternative Water Supply Program Update
September 2024	D&A R&D R&D	CEO/General Manager Performance Evaluation Tier 2 Drought Allocation Plan Strategy 2050
November 2024	D&A D&A R&D	Annual Review & Consideration of BAWSCA's Statement of Investment Policy Tier 2 Drought Allocation Plan Strategy 2050
January 2025	D&A D&A R&D R&D R&D	Mid Year FY 2024-25 Work Plan, Budget and General Reserve Review Proposed FY 2025-26 Bond Surcharges Strategy 2050 FY 2025-26 Work Plan and Budget Study Session Review Water Supply Forecast
March 2025	R&D R&D R&D	Preliminary FY 2025-26 Work Plan Review of Regular Consultant Rates Review of Water Supply Forecast

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Agreement with Executive Recruitment Firm**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a Professional Services Agreement (Agreement) with an Executive Recruitment Firm.

Fiscal Impact:

The not-to-exceed Agreement amount is \$57,000. Funds are available in the contingency budget. The account balance of the contingency budget is \$57,500. There would be no fiscal impact on the total adopted budget for FY2024-25.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute an Agreement with an Executive Recruitment Firm in accordance with the agency's procurement policy and in a form approved by legal counsel.

Discussion:

In order to fill the pending vacancy of the CEO/General Manager position, staff and legal counsel have drafted a Request for Proposals (RFP), which will be provided to a number of select executive recruitment firms that specialize in assisting public agencies with filling positions similar in scope to the CEO/General Manager position. The RFP, which will be published on May 20, 2024, will set forth the scope of services, evaluation criteria, and the evaluation, selection and contract award process. It will also include a proposed timeline in which the recruitment of the CEO/General Manager position shall be completed.

Staff anticipates that proposals in response to the RFP will be submitted in early June and, following the selection and negotiation process, that the Professional Services Agreement between BAWSCA and the selected firm will be executed shortly thereafter.

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

Meeting Schedule through June 2025

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – May 16, 2024	Burlingame Community Center – Sequoia Room
Thursday – July 18, 2024	<i>Foster City Community Building – Wind Room</i>
Thursday – September 19, 2024	Burlingame Community Center – Sequoia Room
Thursday – November 21, 2024	Burlingame Community Center – Sequoia Room
Thursday – January 16, 2025	Burlingame Community Center – Sequoia Room
Thursday – March 20, 2025	Burlingame Community Center – Sequoia Room
Thursday – May 15, 2025	Burlingame Community Center – Sequoia Room

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – January 16, 2025	Burlingame Community Center – Sequoia Room

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
<u>Date</u>	<u>Location</u>
Wednesday, June 12, 2024	<i>San Mateo Library – Oak Room</i>
Wednesday, August 14, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, October 9, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, December 11, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, February 12, 2025	Burlingame Community Center – Sequoia Room B
Wednesday, April 9, 2025	Burlingame Community Center – Sequoia Room B
Wednesday, June 11, 2025	Burlingame Community Center – Sequoia Room B