

# Bay Area Regional Water Market (Exchange/Transfer) Program

April 19, 2017



**Funding Opportunity Announcement No. BOR-DO-17-F014**  
WaterSMART Grants:  
Water Marketing Strategy Grants for Fiscal Year 2017  
Department of the Interior  
Bureau of Reclamation

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# Executive Summary

Over the past five years, California has experienced an extreme and unprecedented drought, including the driest period since record-keeping began in 1895. While supply conditions for water agencies in the San Francisco Bay Area have improved significantly in the current water year (fall 2016 through early 2017), the recent drought has inspired more integrated regional water management and drought mitigation, resulting in the Bay Area Regional Reliability (BARR) partnership among eight of the largest Bay Area water agencies. After establishing guiding principles in 2014, the BARR agencies executed a Memorandum of Agreement in 2015 and are just now completing a regional Drought Contingency Plan (DCP)—a project supported by U.S. Bureau of Reclamation funding. The BARR agencies are eager to exercise their partnership with early actionable efforts, and one of the foundational drought mitigation measures identified in the DCP was the establishment of a Bay Area Regional Water Market (Exchange/Transfer) Program. The proposed grant funded project will develop an implementation plan for establishing a water market in the Bay Area, identifying the various pathways under which the agencies could secure and exchange/transfer existing and supplemental supplies. The project will define the various processes for moving water and then identify and attempt to resolve associated barriers, maximizing the efficient use of existing assets. This program will increase flexibility to deliver water from different sources to facilitate voluntary exchanges and transfers, thereby helping to promote long-term drought resilience. This project will not only help to secure a more stable water supply to support the Bay Area's strong economy, but it will also provide a model for other water suppliers in California. Use of several Reclamation-owned facilities (Contra Costa Canal, Folsom South Canal, Delta-Mendota Canal, San Luis Reservoir, and San Felipe Division) may be analyzed as part of the Bay Area Regional Water Market Program. If funded by Reclamation, the BARR agencies would begin program development at the time the grant is awarded (estimated timing of September 2017) and complete the Water Marketing Strategy Report within three years (estimated timing of August 2020).

## Proposed Project and Applicant Information

Project Name      Bay Area Regional Water Market (Exchange/Transfer) Program  
Applicant

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Date                  April 19, 2017

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## Section 1

# Background Data

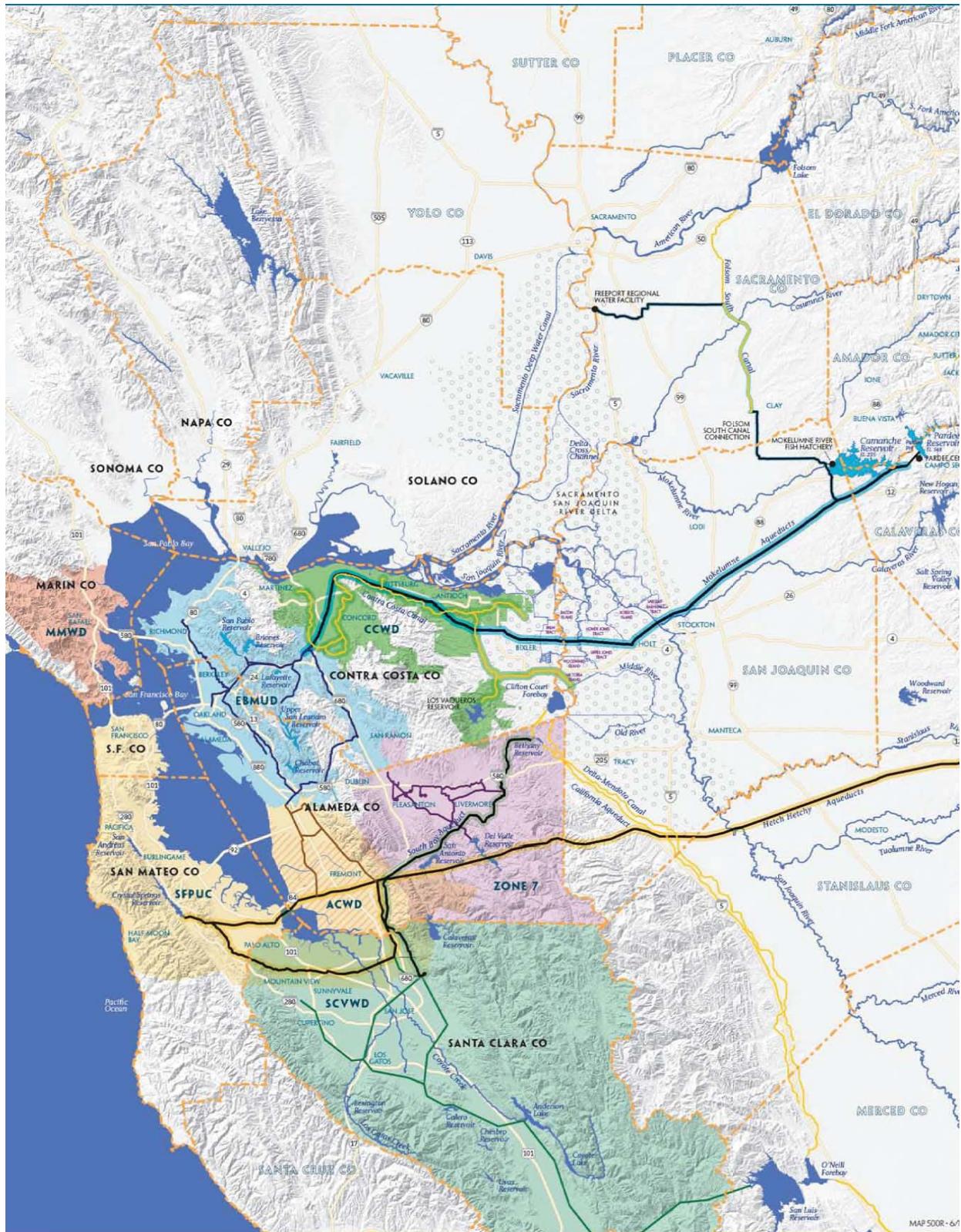
While drought is a recurring feature for California, the extreme and unprecedented drought over the past five years has redefined the driest period on record as punctuated by the two hottest years (2014 and 2015) and the lowest snowpack (2015) since record keeping began in 1895. Northern California's precipitation was average in the 2016 water year, and water supply conditions for the current/ongoing water year of 2017 have improved significantly for water agencies in the San Francisco Bay Area. However, it remains to be seen whether this signals the end of the recent (and potentially ongoing) drought or whether dry conditions will persist into the next year and beyond.

The drought has inspired more integrated regional water management and drought mitigation, resulting in the Bay Area Regional Reliability (BARR) partnership among eight of the largest Bay Area water agencies as identified in Figure 1—Alameda County Water District (ACWD), Bay Area Water Supply and Conservation Agency (BAWSCA), Contra Costa Water District (CCWD), East Bay Municipal Utility District (EBMUD), Marin Municipal Water District (MMWD), San Francisco Public Utilities Commission (SFPUC), Santa Clara Valley Water District (SCVWD), and Zone 7 Water Agency (Zone 7). Collectively, the BARR agencies serve more than 6 million people in 6 counties.

The BARR partnership was established to cooperatively address water supply reliability concerns and drought preparedness on a mutually beneficial and regionally focused basis. Reliability can be enhanced by ongoing demand management; a diverse portfolio of water supplies; and regionally connected and resilient conveyance, storage, and treatment facilities adaptable to future uncertainties, while also providing for aging infrastructure replacement. After each of the BARR agencies adopted principles in 2014 to guide the collaboration, the agencies executed a Memorandum of Agreement (MOA) in 2015.

The agencies are currently developing a regional Drought Contingency Plan (DCP)—a project funded in part by the U.S. Bureau of Reclamation (Reclamation or USBR) in 2015—which will be finalized in August 2017. The BARR DCP differs from planning efforts in the past, because it focuses on the Bay Area as a region, as opposed to individual agencies and integrates all of the required elements into one document. In developing the DCP, the BARR agencies have produced two interim work products—Technical Memorandum (TM) 1, which provides a comprehensive view of Bay Area water supplies, demands, and potential vulnerabilities to drought conditions and TM2, which outlines and assesses potential regional drought mitigation measures and response actions. The BARR Drought Task Force, an advisory group of stakeholders, has reviewed and provided input on TM1 and TM2. Drafts of both TM1 and TM2 are included in Appendix F.

By taking a regional approach, the agencies can enhance water supply reliability, leverage existing infrastructure investments, facilitate water transfers during critical shortages, and improve climate change resiliency. BARR agencies currently rely on several Reclamation-owned facilities (Contra Costa Canal, Folsom South Canal, Delta-Mendota Canal, San Luis Reservoir, and San Felipe Division), and those facilities are also being considered as part of the BARR DCP.



**Figure 1.** Water delivered by the BARR agencies is a lifeline supporting the Bay Area's population and \$720 billion annual economy.

## 1.1 Water Uses and Comparison of Demands and Supplies

Combined, the Bay Area water agency participants serve more than 6 million customers. They provide water for municipal, industrial, landscape, and some agricultural uses in the region. In 2015, the BARR agencies' collective potable water demand was approximately 805,000 acre-feet per year (AFY) and reflected a significant reduction due to the drought and associated policy changes and actions taken at both the local and statewide levels, including mandated water use reductions and prohibitions. The projected 2020 and 2035 normal year total demands (potable, non-potable and recycled water) in the region as a whole are on the order of 1,200 and 1,300 thousand acre-feet (TAF)/year, respectively. Table 1 summarizes the individual BARR agencies' normal year water total demands. SFPUC provides a portion of supplies for the ACWD, SCVWD, and BAWSCA service areas. The values in Table 1 do not distinguish supply by source; so, there is overlap between population and water demand values given for SFPUC and its wholesale customers.

**Table 1. Current water uses, number of customers served, and projected water demand for individual BARR agencies**

Agency Name	Current Water Uses	Number of Customers Served (million)	2020 Total Water Demand (TAF/year) <sup>1</sup>	2035 Total Water Demand (TAF/year)
ACWD <sup>2</sup>	Municipal, industrial, institutional, landscape and other use	0.35 <sup>a</sup>	63 <sup>a</sup>	70 <sup>a</sup>
BAWSCA <sup>3</sup>	Municipal	1.80 <sup>a</sup>	273 <sup>a</sup>	309 <sup>a</sup>
CCWD <sup>2</sup>	Municipal, industrial, agricultural, landscape and wholesale provider	0.52	164	185
EBMUD <sup>2</sup>	Municipal industrial, institutional, irrigation	1.39	256	277
MMWD <sup>2</sup>	Municipal, landscaping	0.19	26	26
SCVWD <sup>2</sup>	Municipal, industrial, landscape irrigation, and agriculture	1.88 <sup>a</sup>	371 <sup>a</sup>	426 <sup>a</sup>
SFPUC <sup>2</sup>	Municipal, industrial, institutional, irrigation, wholesale provider	0.86 <sup>b</sup>	87 <sup>b</sup>	96 <sup>b</sup>
Zone 7 <sup>2</sup>	Municipal, industrial, agricultural water uses	0.24	72	93
Total		6.3 <sup>c</sup>	1,200 <sup>c</sup>	1,300 <sup>c</sup>

<sup>a</sup> Overlap in values with SFPUC and its wholesale customers

<sup>b</sup> SFPUC in-city retail only (not wholesale)

<sup>c</sup> Rough approximation, not a sum of the individual agencies' values (due to overlap between SFPUC and its wholesale customers.)

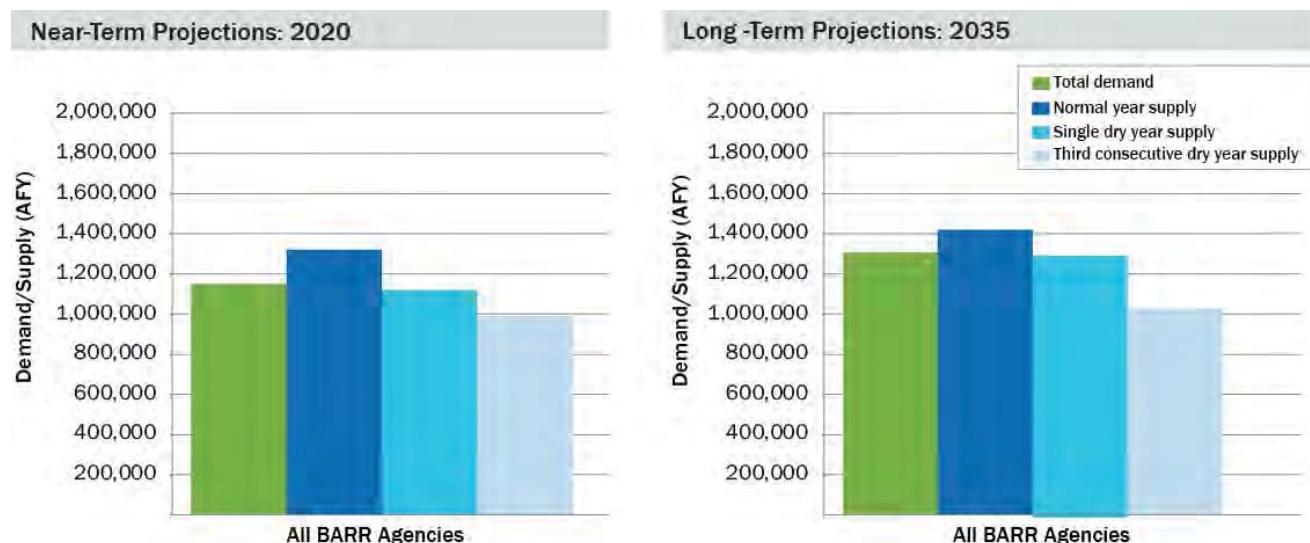
<sup>1</sup> Includes potable, non-potable (raw), and recycled water demands for individual agencies. Also includes demands for storage for Zone 7.

<sup>2</sup> Source: The respective water agency's 2015 Urban Water Management Plan (UWMP)

<sup>3</sup> BAWSCA Long-term Reliable Water Supply Strategy 2015

Future direct demands for the collective BARR agencies in 2020 and 2035 have been summarized and compared to projected total supplies under normal and dry year conditions, based on their 2015 Urban Water Management Plans (UWMPs)<sup>4</sup>. For 2020 projections, the collective BARR agencies' available annual supply in a normal year is expected to reduce from about 1,300 TAF/year to about 1,100 TAF/year in a single dry year and less than 1,000 TAF/year in the third consecutive dry year. For 2035 projections, the collective BARR agencies' available annual supply in a normal year is expected to reduce from about 1,400 TAF/year to about 1,300 TAF/year in a single dry year and less than 1,000 TAF/year in the third consecutive dry year.

Figure 2 provides a general sense of potential future surpluses and/or gaps for the BARR agencies, collectively. The comparison of the individual BARR agencies' supplies and demands varies. That is, some agencies project shortages for timeframes and hydrologic conditions when others anticipate having surplus supplies. However, the comparison indicates a greater resilience to smooth out gaps in supply when approached on a collective regional scale. As shown in Figure 2, the BARR agencies anticipate meeting normal-year demands for wet/normal water supply years in the near-term (2020) and long-term (2035). However, the region faces increased vulnerabilities and challenges for meeting demands in the same time range during multiple dry years. Addressing these vulnerabilities is the objective of drought mitigation measures assessed in the DCP.



**Figure 2.** Based on collective projections for 2020 and 2035, BARR agencies anticipate meeting demands in normal supply years but facing increased vulnerabilities in multiple dry years.

## 1.2 Water Supply Sources and Systems

The BARR agencies rely upon a network of infrastructure and a diverse portfolio of supplies to deliver high-quality, reliable water within their respective service areas. Each BARR agency has its own unique water supply portfolio including local supplies (as summarized in

<sup>4</sup> BAWSCA is not required to develop a UWMP. However, SFPUC's UWMP includes information on the wholesale water provided to BAWSCA's service area, as well as projected wholesale demands. In addition, SCVWD's UWMP reflects the supplies and demands for Santa Clara County, which includes eight BAWSCA member agencies.

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Table 2), and several call upon imported sources. Those imported sources, which serve a substantial portion of the Bay Area's water demands, and a local off-stream storage facility directly relevant to the project proposed in this application include the following:

- **Central Valley Project (CVP):** The CVP is a federal water management project owned and operated by Reclamation. The CVP is an extensive system that collects water from Northern California through the Sacramento-San Joaquin Delta (Delta) for delivery for agricultural and municipal uses. The CVP includes 20 dams/reservoirs and approximately 500 miles of major canals. BARR agencies that are CVP contractors include CCWD, EBMUD, and SCVWD.
- **State Water Project (SWP):** The SWP is a state water management project owned and operated by the California Department of Water Resources (DWR). Similar to the CVP, the SWP collects water from Northern California, which flows through the Feather and Sacramento Rivers to the Delta. The system conveys water from the Delta to the Bay Area and Southern California, primarily for municipal and industrial purposes, and to the Central Valley for agricultural and municipal uses. As one of the world's largest state-owned utilities, the SWP includes 21 dams and more than 700 miles of canals, pipelines, and tunnels. The CVP and SWP share some facilities and can interchange water between canals as needed to meet peak requirements. BARR agencies that are SWP contractors include ACWD, SCVWD, and Zone 7.
- **Mokelumne:** The Mokelumne River watershed is EBMUD's primary source of water supply. Rainfall and snowmelt from the watershed is captured in the Pardee and Camanche Reservoirs, located northeast of the Delta on the western slope of the Sierra Nevada. EBMUD's raw water aqueducts (Mokelumne Aqueducts) are used to convey that supply over approximately 91 miles to EBMUD's service area.
- **Freeport Regional Water Project (FRWP):** FRWP is a cooperative effort involving EBMUD and Sacramento County Water Agency (SCWA) to supply surface water from the Sacramento River to customers in central Sacramento County and EBMUD's service area. EBMUD can use up to 100 mgd of CVP supply during dry years only, estimated to be 3 out of every 10 years, as supplemental supply to complement existing conservation programs. EBMUD's Freeport Principles provide the foundation for BARR agencies to use FRWP to wheel non-CVP water. The Folsom South Canal Connection (FSCC) project is a portion of the overall FRWP. The FRWP diverts water from the Sacramento River at Freeport and pumps it to the Folsom South Canal (FSC), which is owned by Reclamation, for water deliveries to EBMUD and the Vineyard Surface Water Treatment Plant for water deliveries to SCWA. SCWA treats and distributes the water within its service area. EBMUD deliveries flow south in the FSC to the canal terminus and are subsequently conveyed by the FSCC project facilities to the Mokelumne Aqueducts for transmission to EBMUD's service area.
- **SFPUC Regional Water System (RWS):** The RWS is a municipally owned utility that is operated by SFPUC and serves both retail and wholesale customers (including BAWSCA member agencies). The RWS supplies water from the Tuolumne River watershed and from local reservoirs in the Alameda and Peninsula watersheds (Hetch Hetchy, Alameda, and Peninsula systems). The RWS consists of more than 280 miles of pipeline and 60 miles of tunnels, 11 reservoirs, 5 pump stations, and 2 water treatment plants (WTPs).
- **Los Vaqueros (LV) Reservoir:** CCWD's LV Reservoir is an off-stream storage facility located in the foothills west of the Delta in Contra Costa County at the eastern edge of

the Bay Area. LV was originally constructed in the 1990s with a capacity of 100,000 acre-feet and was expanded in 2012 to a capacity of 160,000 acre-feet. CCWD's current LV operations are guided by water quality, fisheries protection, customer demands, emergency supply, drought supply, and coordination with the Delta operations of the CVP and SWP. CCWD's Board of Directors has determined that up to 30,000 acre-feet in LV could be made available to other BARR agencies for their near-term use.

In addition to the key facilities described above, the BARR agencies rely on a number of other existing supply sources, as summarized by agency in Table 2.

**Table 2. All existing sources of supply within BARR agencies' service areas**

Supply	ACWD	BAWSCA	CCWD	EBMUD	MMWD	SCVWD	SFPUC	Zone 7
CVP/SWP/transfers	✓	✓	✓	✓		✓		✓
SFPUC Regional Water System	✓	✓				✓	✓	
Mokelumne				✓				
Local/other surface water	✓	✓	✓	✓	✓	✓	✓	✓
Groundwater	✓	✓	✓	✓		✓	✓	✓
Recycled water		✓	✓	✓	✓	✓	✓	✓
Desalination	✓	✓						
Supply from storage/carryover				✓		✓		✓

### 1.3 Water Rights and Nexus with Reclamation

As summarized in Table 3, each BARR agency has its own water rights, and several have a direct nexus with Reclamation facilities.

**Table 3. BARR agencies' water rights and nexus with Reclamation facilities**

Water Agency	Water Rights	Nexus with Reclamation
ACWD	SWP contractor Appropriative Permit No. 011320, 008428	None
BAWSCA	None	None
CCWD	CVP contractor Appropriative Permit No. 20749, 20750,19856 Appropriative License No. 10514	Reclamation owns Contra Costa Canal and Rock Slough Intake. CVP contract is for 195,000 AFY and accounts for the majority of CCWD water supply.
EBMUD	Appropriative Permit No. 10478, 017378, 010479 Appropriative License No. 010797, 001750, 006062, 001388, 011109,000358, 001749 CVP contractor	CVP contract for 165,000 AFY of dry year supply over 3 years at FRWP Intake. Distribution from FRWP Intake to EBMUD's system relies on FSC, which is owned by Reclamation.

**Table 3. BARR agencies' water rights and nexus with Reclamation facilities**

Water Agency	Water Rights	Nexus with Reclamation
MMWD	Pre-1914 rights Appropriative Permits No. 05633, 09390, 18546, 12800, 12807, 16892	None
SCVWD	Appropriative License No. 010607, 009829, 006422, 006404, 007212, 005729, 006944, 002210, 002209, 002208, 002207, 007211, 002205, 002206, 011791, 006943 Appropriative Permit No. 006565 CVP & SWP contractors	SCVWD's CVP water is pumped at the Tracy pumping plant located in the Southern Delta to the Delta-Mendota Canal, where it is stored in San Luis Reservoir and distributed to Santa Clara County via San Felipe Division facilities.  CVP contract for 152,000 AFY and accounts for approximately a third of SCVWD total water supply during normal years.
SFPUC	All Pre-1914 rights except for San Antonio Reservoir, Appropriative License No. 010923	None
Zone 7	SWP contractor Appropriative Permit No. 011319	None

## Section 2

# Technical Project Description

Through the development of the Reclamation-funded DCP, the BARR agencies have identified a number of mitigation measures that can help alleviate drought and improve water supply reliability in the Bay Area. Of these measures, the Bay Area Regional Water Market (Exchange/Transfer) Program has emerged as an important foundational first step, as it will help to identify and resolve barriers to moving different types of water through the region. The recent drought highlighted the need for agencies to have a framework in place that will allow them to move water efficiently during droughts or other emergencies. In addition, many of the other measures identified in the DCP rely on or involve the ability to move water from one agency to another, but there remain a number of questions and uncertainties regarding water rights, institutional barriers, water quality issues, environmental impacts, and operational issues. A Water Marketing Strategy is needed to define the process for how Bay Area water agencies will address these questions and uncertainties to secure and exchange/transfer existing and supplemental water supplies. The BARR agencies are seeking funding under Funding Group II to support this effort.

## 2.1 Overview

The objective of this project is to support development of a Bay Area Regional Water Market Program by defining the process for how Bay Area water agencies could secure and

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exchange/transfer existing and supplemental water supplies. The project will identify and attempt to resolve barriers to moving different types of water through the region, resulting in the development of a Bay Area Water Market Strategy Report (Strategy Report) that outlines a plan and process to facilitate future transfers and exchanges.

If successful in obtaining grant funding, the project team will first prepare a project work plan and communications plan for Reclamation review, as per the grant requirements. The following are more details on how the project scope will meet the required funding elements.

### **2.1.1 Element 1. Outreach and Partnership Building**

This effort will build on the successful efforts already in place as part of the BARR partnership. Development of the DCP has been aided by the formation of a Drought Task Force (Task Force) composed of representatives from 25 stakeholders groups including public policy, environmental, wastewater, and regional planning interests. This group has been involved since the beginning of the DCP process in reviewing and commenting on draft documents, and its input has helped to shape the scope of mitigation measures like the Bay Area Regional Water Market Program.

The BARR partners would continue to engage this group in the development of a water market strategy for the Bay Area, and other stakeholders from the source watershed may also be invited to participate. The Communications Plan will include an initial kickoff meeting with the Task Force to discuss the project scope and then a process for the Task Force members to provide input on the draft Strategy Report, including at least one meeting for comments and discussion.

### **2.1.2 Element 2. Scoping and Planning Activities**

The BARR agencies will perform an analysis of the legal, environmental, and engineering requirements to perform water transfers and exchanges within the Bay Area. This analysis will lead to the development of the Strategy Report described in Element 3. The analysis will include the following components:

- **Survey of Previous Bay Area Exchanges and Transfers.** The BARR partners will conduct a survey of previous Bay Area transfers and exchanges. This survey will note existing infrastructure and agreements, including costs and terms. It will identify best practices and lessons learned to help develop the Bay Area water market strategy.
- **Develop a Portfolio of Opportunities for Bay Area Transfers and Exchanges.** Section 2.2 discusses the five main categories for moving water between agencies. Additional analysis will further define each category, identifying opportunities, data gaps, and requirements, and establishing a process for implementation. The value of each pathway for helping to reduce the supply/demand gap in dry years will be evaluated. This analysis may also include a survey of potential sellers and the infrastructure needed to convey water to the Bay Area. Use of several Reclamation owned facilities (Contra Costa Canal, Folsom South Canal, Delta-Mendota Canal, San Luis Reservoir, and San Felipe Division) may be included in this analysis.
- **Perform Legal, Institutional, Environmental, and Water Rights Review.** An important component of this analysis will be to explore the legal requirements and legal mechanisms involved in transferring water, including water rights and environmental issues, for each of the exchange/transfer pathways identified. It will be necessary to

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- explore potential constraints on where and when particular water sources may be used. The permitting requirements for purchasing and moving water will also be delineated.
- **Conduct Engineering Studies, Including Pilot(s).** Although there are many existing interties, pipelines, and other infrastructure for conveying water between Bay Area agencies, uncertainties remain regarding the actual outcome of using some of that infrastructure to affect transfers/exchanges. An important part of the analysis will be to pilot test one or more interagency exchange/transfers to gain operational information. These pilot exchange(s)/transfer(s) will be one-time, short duration activities meant to test existing systems and gather necessary information and data to aid in the development of the Strategy Report. The pilot(s) will provide crucial data on real costs, water quality issues, and operational impacts (e.g., hydraulic constraints, need for additional pumping). The BARR agencies understand that this will require environmental compliance and have allowed sufficient time and budget to address this requirement.

### **2.1.3 Element 3. Development of a Water Marketing Strategy**

The BARR agencies are seeking funding under Funding Group II. The culmination of this grant effort will be the development of a Strategy Report, formulated with input from the Drought Task Force, which will serve as a roadmap to help enable future water exchanges and transfers.

The Strategy Report will outline an implementation plan for developing a Bay Area Regional Water Market Program, building on existing infrastructure and institutional agreements. It will identify the different pathways for transfers/exchanges, describe the process for their implementation, and prioritize them based on their ability to reduce dry year water deficits. For each pathway, it will identify barriers and recommend next steps to overcome those barriers. It may address infrastructure considerations (i.e., maximizing efficient use of existing infrastructure and identifying the need for infrastructure upgrades/expansions), legal/water rights issues, costs of water exchanges/transfers, water quality compatibility of specific blended sources, and regulatory/institutional considerations. It will identify the rules, best practices, and contracts or agreements that are needed to enable the Bay Area Regional Water Market Program to function, and it may recommend next steps such as development of modeling tools, databases, or other instruments that would help improve the Program's function.

The Strategy Report will aim to benefit as many BARR agencies as possible. The resulting findings and framework could also be expanded in the future to foster the development and interagency use of new regional supply investments (e.g., potable reuse).

A Bay Area Regional Water Market Program will not only help secure a stable water supply to support the Bay Area's strong economy, but will also serve as a model for other water suppliers in California. The BARR agencies intend the Strategy Report to be a "living document" that may be revised and updated over time to incorporate new information and findings.

If funded by Reclamation, the BARR agencies would begin program development at the time the grant is awarded (estimated timing of September 2017) and complete water exchanges and transfers and the roadmap tool within three years of the grant award (estimated timing August 2020).

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## 2.2 Water Market Five Main Exchange/Transfer Categories

While there are many pathways for short-term and long-term exchanges/transfers that depend on hydrologic conditions and timing, five main categories are outlined as follows. Specific examples of previous or potential exchange/transfers are cited only for the purpose of clarifying these concepts and are shown in Figure 3 to further illustrate the key agencies and facilities involved in each example.

1. **Voluntary Reallocations:** As noted by the Association of California Water Agencies (ACWA), “water supplies are routinely moved among water users within water agency service areas and project service areas in transactions that do not require changes to the place of use, purpose of use or point of diversion or re-diversion of the underlying water right. These voluntary reallocations are not considered water transfers under California law and policy” (ACWA, 2016)<sup>5</sup>. An example could involve reallocating water supplies between BARR agencies that are SWP contractors (i.e., ACWD, SCVWD, and Zone 7).
2. **Exchanges:** Water exchanges based on hydrologic conditions are fairly common in California and typically involve conjunctive use agreements between agencies. For example, ACWD, SCVWD, and Zone 7 participate in a groundwater banking program with the Semitropic Water Storage District (Semitropic) in Kern County. When surplus water is available—typically during normal or wet years—and when other supply sources are sufficient to meet needs, participating agencies (including ACWD, SCVWD, and Zone 7) deliver surplus SWP supply to Semitropic for storage. When necessary, Semitropic returns the stored water for use by its partners either by exchanging its SWP allocation or by pumping groundwater into the California Aqueduct for delivery to the partners via exchange.
3. **In-Lieu Transfers:** Local agencies sometimes arrange for exchanging supply without physically transferring water. For example, in the dry year of 2014, ACWD (SWP contractor) purchased extra water from CCWD (CVP contractor) that was held in storage in CCWD’s LV Reservoir. Currently, the CCWD system does not connect physically to ACWD to allow for direct delivery. As such, the CCWD CVP contract water point of diversion was changed to the SWP Banks Pumping Plant. This change required a petition to the State Water Resources Control Board (State Board) under California Water Code Section 1725. The State Board approved this petition and allowed the CCWD CVP water to be pumped at the SWP Banks Pumping Plant for delivery to ACWD. At the same time, the ACWD water held in LV was released to meet CCWD demand that would have been met if it had pumped the CVP water at its own facilities. Essentially, ACWD was able to access storage of another BARR agency. CCWD, ACWD, and BAWSCA could arrange for a similar in-lieu exchange. CCWD would rely on their supply stored in LV and forego their Delta diversion. ACWD would divert water from Delta (using CCWD’s water rights). ACWD would forego their SFPUC supply to provide supply for other BAWSCA members. This would support BAWSCA’s need for supply in 2018 when SFPUC expects to close Mountain Tunnel for repairs, preventing access to Hetch Hetchy supply for SFPUC and the BAWSCA member agencies.

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<sup>5</sup> ACWA, Recommendations for Improving Water Transfers and Access to Water Markets in California. April 2016. [http://www.acwa.com/sites/default/files/post/regulatory-affairs/2016/04/acwa-water-transfers-and-markets-recommendations\\_april-2016.pdf](http://www.acwa.com/sites/default/files/post/regulatory-affairs/2016/04/acwa-water-transfers-and-markets-recommendations_april-2016.pdf)

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- 4. **Direct transfers:** The physical movement of water from one agency to another is considered a direct transfer. A possible direct transfer could involve Bay Area agencies purchasing supplies from Sacramento Valley agencies, wheeling the supplies through EBMUD's Freeport facility, and distributing directly to Bay Area agencies using existing conveyance systems. Some possible transfer options include: EBMUD (via FRWP) to BAWSCA through the Hayward Intertie and/or EBMUD (via FRWP) to ACWD, SCVWD, and/or Zone 7 (with a potential exchange) via the South Bay Aqueduct.
  - 5. **Storage:** Supplies from outside the region could be transferred to the Bay Area and stored in a local reservoir or groundwater basin. For example, Bay Area agencies could purchase supplies from Sacramento Valley agencies, wheel the supplies through EBMUD's Freeport facility, and store in LV. CCWD has its own water rights in LV, and would be interested in storing supply from others in LV for their own use or for exchanges to others. This option draws on CCWD's past experience with EBMUD, involving purchases from Woodbridge Irrigation District.

Alternatively, water stored locally by a Bay Area supplier could be transferred to another agency in the region. For example, CCWD could transfer some of its supply stored in LV to another agency (or other agencies). Note that this transfer scenario has not been tested previously.

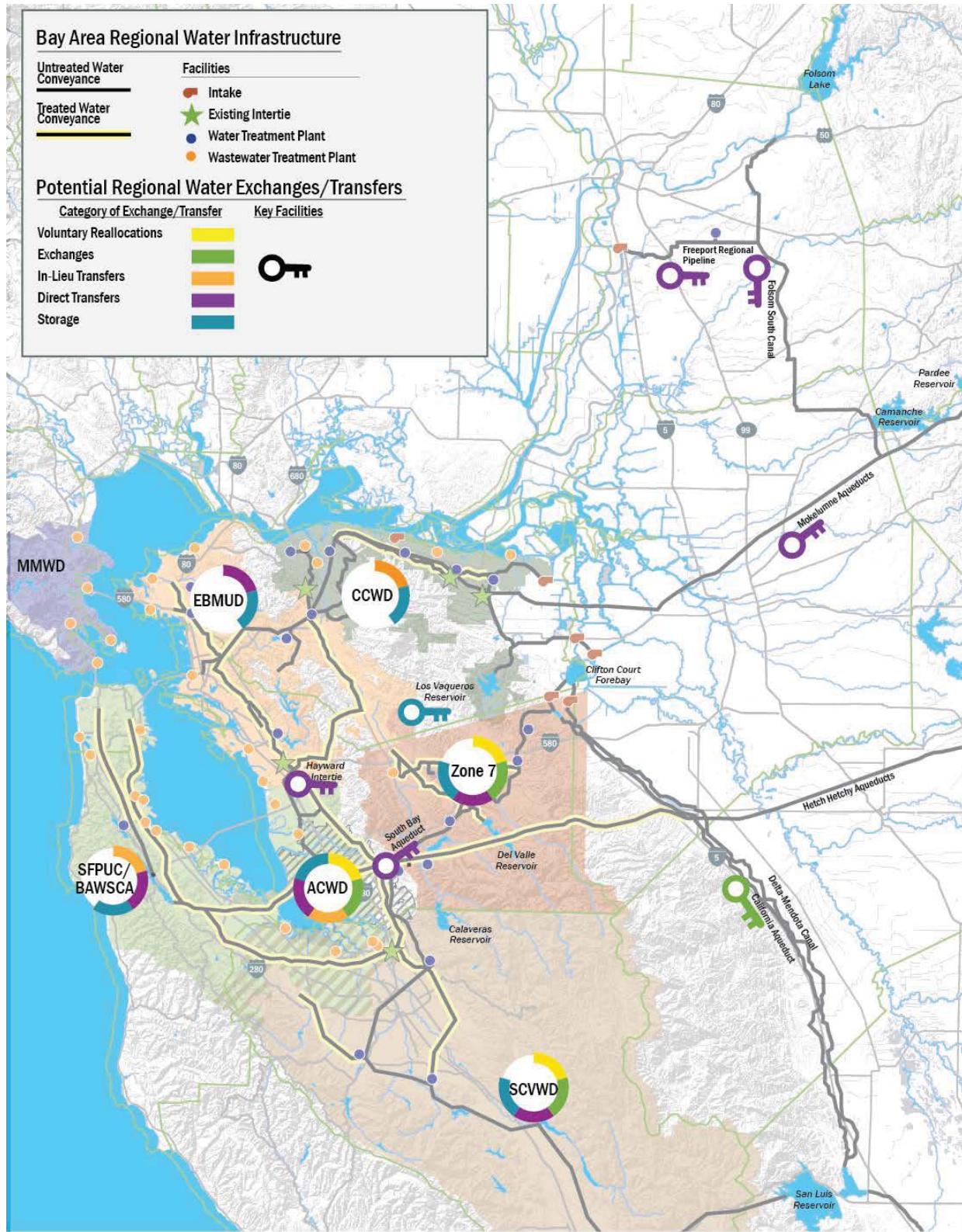


Figure 3. Potential exchanges/transfers enabled by a BARR Water Market Program

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## Section 3

# Evaluation Criteria

An assessment of the Bay Area Regional Water Market (Exchange/Transfer) Program compared to the specific evaluation criteria referenced in Reclamation's Funding Opportunity Announcement follows.

### 3.1 Evaluation Criterion A – Project Benefits

Water delivered by the BARR agencies is a lifeline supporting the Bay Area's population and \$720 billion annual economy. As described in the guiding principles of their partnership, the BARR agencies are committed to exploring and implementing improved water management approaches, including integrated utilization of capacity in existing infrastructure to provide water supply reliability benefits to the public and thousands of businesses in the Bay Area.

As shown in Table 4, the comparison of the individual BARR agencies' supply and demand varies. That is, some agencies project shortages for timeframes and hydrologic conditions when others anticipate having surplus supplies. However, when approached on a collective regional scale, exchanges and transfers could improve the Bay Area's water supply resiliency by smoothing out gaps in supply. The Bay Area Regional Water Market Program aims to facilitate such exchanges and transfers to increase the flexibility of water deliveries from different sources and facilitate more integrated and shared use of available supplies.

Table 4. BARR agencies' individual projected 2020 and 2035 demand and supply

Water Agency	2020 Demand (TAF/ year)	2020 Supply (TAF/year)			2035 Demand (TAF/ year)	2035 Supply (TAF/year)		
		Normal Year	Dry Year	Third Dry Year		Normal Year	Dry Year	Third Dry Year
ACWD	63*	77*	55*	79*	70*	76*	57*	78*
BAWSCA	273*	326*	272*	289*	309*	344*	301*	304*
CCWD	164	229	180	146	185	249	196	159
EBMUD	256	255	241	205	277	277	260	199
MMWD	26	29	26	26	26	31	26	26
SCVWD	371*	390*	371*	258*	426*	440*	425*	276*
SFPUC	87**	87**	87**	87**	96**	96**	96**	96**
Zone 7	72	79	58	65	93	100	78	74

\*Overlap in values with SFPUC and its wholesale customers

\*\*SFPUC in-city retail only (not wholesale)

The primary benefit of the Bay Area Regional Water Market Program is to increase resiliency to drought by making more efficient use of existing resources, including water supplies and assets. Completion of the Strategy Report will provide a framework to help the BARR agencies to more quickly and efficiently enact transfers or exchanges during critical situations like droughts or emergencies. One goal of this project is to identify and resolve

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institutional barriers to moving water, helping to reduce future conflicts over water and support increased regional cooperation. The Bay Area Regional Water Market Program can serve as a model for other areas that are interested in developing water markets and improving regional collaboration.

Upon completion of the Strategy Report, the BARR agencies will have a framework for implementing transfers and exchanges to improve water supply reliability. The Strategy Report will also identify next steps such as infrastructure investments, development of additional contracts or agreements, and/or development of additional tools to support the water market. These next steps will be helpful in guiding the BARR partnership as it continues to work to improve water supply reliability, building on its previous work to date.

This important first step of developing the program will provide a foundation that could be expanded in the future to foster development and interagency use of new regional supply investments (e.g., potable reuse). Some of these new regional supply options have been identified as drought mitigation measures in the DCP.

The Strategy Report will be a living document that the BARR agencies can continue to use and refine in perpetuity, so long as it continues to support willing water buyers/sellers, comply with legal and environmental requirements, and address cultural resource needs (e.g., water affordability).

### **3.2 Evaluation Criterion B – Level of Stakeholder Support**

As described previously, the Bay Area Regional Water Market Program was identified as a drought mitigation measure through the development of the DCP, a process that was guided by a Drought Task Force. The Task Force is a diverse stakeholder group representing environmental, planning, business, wastewater, and other interests that has helped to review documents, provide comments, and influence the DCP development. Table 5 provides a list of the Task Force members.

Table 5. Drought Task Force Participants

Organization Type	Organization Name	Organization Type	Organization Name
Business	Bay Area Council	Environmental	Wholly H2O
Business	Bay Planning Coalition	Environmental Justice	Environmental Water Caucus
Business	East Bay Leadership Council Water Task Force	Environmental Justice	Environmental Justice Coalition for Water
Business	Joint Venture Silicon Valley	Public Policy	Climate Readiness Institute
Environmental	Alameda Creek Alliance	Public Policy	Pacific Institute
Environmental	California Sportfishing Protection Alliance	Public Policy	PPIC
Environmental	Contra Costa County Climate Leaders	Public Policy	SPUR

**Table 5. Drought Task Force Participants**

Organization Type	Organization Name	Organization Type	Organization Name
Environmental	Foothill Conservancy	Public Policy	Stanford University, Water in the West
Environmental	National Resources Defense Council	Regional Planning	ABAG
Environmental	Restore Hetch Hetchy	Wastewater/Recycled Water Agencies	Bay Area Clean Water Agencies (BACWA)
Environmental	Sierra Club	Wastewater/Recycled Water Agencies	Western Recycled Water Coalition
Environmental	Sierra Club, Loma Prieta Chapter	Water/Wastewater Agencies	North Bay Watershed Association
Environmental	Tuolumne River trust		

Many of the Task Force members have expressed interest in having an ongoing role as mitigation measures from the DCP move forward. Several have submitted letters of support for this proposal, including the Association of Bay Area Governments, Bay Area Council, Bay Planning Coalition, Central Contra Costa Sanitary District (a BACWA member), the East Bay Leadership Council, Environmental Justice Coalition for Water, and Restore Hetch Hetchy (see Appendix A).

As discussed in Section 2.1, the BARR agencies would continue to engage with the Task Force in project development. Similar to the DCP, the team would organize a kick-off meeting to discuss the project scope and goals. The Task Force would then have an opportunity to review and comment on the draft Strategy Report, with at least one meeting for input and discussion.

The proposed project will not duplicate any other known efforts, but it will support other projects identified by the BARR DCP. Several of the other mitigation measures identified in the DCP development process rely on or involve the ability to move water through the Bay Area, and the establishment of the Bay Area Regional Water Market Program will help to facilitate these future projects.

### **3.3 Evaluation Criterion C – Ability to Meet Program Requirements**

The BARR agencies are prepared to proceed in developing and implementing the Bay Area Regional Water Market Program immediately upon executing a financial assistance agreement and final work plan with Reclamation, estimated to occur in September 2017 and December 2017, respectively. The proposed work plan and schedule is provided, along with information on available data and key staff.

#### **3.3.1 Work Plan and Schedule**

The project work plan consists of five major tasks: 1) Project Administration; 2) Communications and Outreach; 3) Research and Portfolio Development; 4) Execution of Pilot Exchange(s)/Transfer(s); and 5) Water Marketing Strategy Report Development. Table 6 identifies the major subtasks and deliverables associated with each task and outlines the approximate schedule. Note that the tasks and schedule will be further elaborated in the

Project Work Plan to be completed under Task 1 and submitted to Reclamation for review as required by the grant. The following is additional information on each task.

**Table 6. Key Tasks, Deliverables, and Milestones**

Task	Subtask	Deliverable	Start Date	End Date
<b>1. Project Administration</b>				
	Execute Agreement with Reclamation	Funding Agreement	Jul. 2017	Sept. 2017
	Execute Final Project Work Plan with Reclamation	Project Work Plan	Sept. 2017	Dec. 2017
	Confirm Consultant Team	Consultant Contract(s)	Oct. 2017	Jan. 2018
	Submit Grant Reports	Required Reports	Sept. 2017	Sept. 2020
<b>2. Communications and Outreach</b>				
	Develop Communications and Outreach Plan	Communications Plan	Sept. 2017	Dec. 2017
	Plan and Host Kick-off Meeting with Task Force		Jan. 2018	Mar. 2018
	Plan and Host Meeting with Task Force to Review Draft Strategy Report		Feb. 2020	May 2020
<b>3. Research and Portfolio Development</b>				
	Survey of Previous Bay Area Exchanges and Transfers	Tech Memo	Feb. 2018	May 2018
	Develop Portfolio of Opportunities for Bay Area Transfers and Exchanges	Tech Memo	Feb. 2018	Jun. 2018
	Perform Legal, Institutional, Environmental, and Water Rights Review	Tech Memo	Jul. 2018	Jun. 2019
<b>4. Pilot Testing</b>				
	Select Specific Near-term Exchange(s)/Transfer(s) for Pilot Testing under the Grant Timeline		Jan. 2018	Apr. 2018
	Assess Environmental and Cultural Resources Impacts (in coordination with Reclamation)		Apr. 2018	Dec. 2018
	Coordinate with relevant Federate/State Agencies and Local Agencies		Apr. 2018	Dec. 2019
	Execute Interagency Agreements		Sept. 2018	Jan. 2019
	Secure Permits and/or Water Rights Approvals, if needed		Sept. 2018	Jan. 2019
	Implement Pilot Exchange(s)/Transfer(s)		Jan. 2019	Dec. 2019
	Document the Process and Outcomes at Key Milestones	Tech Memo	Dec. 2019	Feb. 2020
<b>5. Water Marketing Strategy Report Development</b>				
	Develop Draft Strategy Report	Draft Report	Feb. 2018	Apr. 2020

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**Table 6. Key Tasks, Deliverables, and Milestones**

Incorporate Task Force Feedback		May 2020	Jun. 2020
Reclamation Review of Draft Report		Jun. 2020	Jul. 2020
Finalize Strategy Report	Final Report	Jul. 2020	Aug. 2020

\*The timeline for pilot exchanges/transfers is estimated, based on the assumed schedule for earlier tasks. However, BARR agencies may complete pilot exchanges/transfers earlier or later than shown in the timeline, as needed based on hydrologic conditions (e.g., droughts), operational factors (e.g., planned facility shutdowns), and/or emergencies (e.g., earthquakes).

**Task 1 – Project Administration.** This includes executing the Financial Assistance Agreement with Reclamation, development of a Project Work Plan, contracting a consultant team to support the program development, and grant reporting. EBMUD will be responsible for all project administration tasks. The deliverables include an executed Financial Assistance Agreement, a Project Work Plan, a Consultant Contract, and required Grant Reports. All required reports will be provided to Reclamation consistent with the terms of the financial assistance agreement.

**Task 2 – Communications and Outreach.** The BARR agencies will continue to engage with the diverse Drought Task Force formed as part of the DCP development process. It is envisioned that the Task Force will participate in one kick-off meeting to discuss the project scope, and that the Task Force will provide comments on the draft Strategy Report including one additional meeting. The details will be further elaborated as part of the Communications and Outreach Plan to be developed per grant requirements.

**Task 3 – Research and Portfolio Development.** The Project Team will complete the planning and research activities described in more detail in Section 2.1, beginning with a survey of previous Bay Area water transfers and exchanges. The Team will develop a portfolio of potential Bay Area transfers/exchanges and perform a legal, institutional, environmental, and water rights review.

**Task 4 – Pilot Testing.** As discussion in Section 2.1, an important part of the analysis will be the completion of one or more pilot transfers/exchanges to gain operational information. Data on operational costs, water quality issues, and operational impacts will be gathered to help develop the Strategy Report. Subtasks under this task include completion of any necessary environmental and cultural reviews, execution of interagency agreements, and securing required permits.

**Task 5 – Water Marketing Strategy Report Development.** The outcome of this effort will be the development of the Water Marketing Strategy Report. The Project Team will develop a draft report and provide opportunities for the Task Force and the public to review and comment on the Strategy Report.

### **3.3.2 Existing Data and Models**

The Bay Area Regional Water Market Program will benefit from the data collection and collation completed as part of the Reclamation-funded DCP. Through this effort, extensive data from the 2015 Urban Water Management Plans for the eight BARR agencies was compiled including demand projections, supply and demand data, hydrologic information, and population data. This data was summarized in TM2 (see Appendix F).

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In addition, several of the BARR agencies have existing hydrologic and hydraulic models of their water supply systems that could be utilized for the purposes of this project.

### **3.3.3 Staff Resources**

Staff from each BARR agency have been identified to contribute to this effort, as shown in Table 9. Alice Towey, Senior Civil Engineer at EBMUD, will serve as overall Project Manager. Towey is a licensed California Civil Engineer with over fifteen years of experience in water, wastewater, and recycled water, including prior experience in grant administration.

The project budget and schedule anticipate hiring one or more consultants to provide support on aspects of the project such as researching potential transfer/exchange pathways, conducting legal/water rights reviews, and completing necessary environmental and cultural resources reviews for pilot transfer(s).

## **3.4 Evaluation Criterion D – Nexus to Reclamation**

This program could benefit the CVP both directly and indirectly by diversifying the water supply portfolios of the BARR agencies, increasing regional self-reliance while decreasing reliance on water supplies conveyed through the Delta. Of the water agencies participating in the development of the Bay Area Regional Water Market Program, EBMUD, CCWD, and SCVWD are CVP contractors for the following amounts of supply:

- **CCWD:** 195,000 AFY, which accounts for the majority of their water supply
- **EBMUD:** 165,000 AFY of dry year supply over 3 years at FRWP Intake
- **SCVWD:** 152,000 AFY, which accounts for approximately one-third of their total water supply during normal years

In addition, a number of Reclamation facilities and projects are within the planning area and could play a role in exchanges/transfers completed under the Bay Area Regional Water Market Program, including several parts of the CVP: the Delta Division, San Luis Unit/San Luis Reservoir, and San Felipe Division.

Water conveyed and stored in CCWD's system could be exchanged to other Bay Area agencies through the Jones Pumping Plant (CVP facility) in the south Delta to agencies through the South Bay Aqueduct (SWP facility) or through the San Felipe Division (CVP facility). Reclamation also owns Contra Costa Canal and Rock Slough Intake.

SCVWD's CVP water is pumped at the Jones Pumping Plant to the Delta-Mendota Canal (CVP facility), where it is stored in San Luis Reservoir (CVP and SWP facility) and distributed to the San Felipe Project (CVP facility). Using EBMUD's Freeport facility to transfer supply from the Sacramento Valley is another option, which would require the use of the Folsom South Canal (CVP facility).

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## Section 4

# Environmental and Cultural Resources

The proposed project would not result in the construction of new facilities. As such, many of the directly posed in Reclamation's FOA are not applicable to the project. Depending on the specific source and conveyance of the water exchange/transfer, the participating agencies would ensure compliance with the requirements of the National Environmental Policy Act (NEPA), the California Environmental Quality Act (CEQA), the Endangered Species Act (ESA), and Section 106 of the National Historic Preservation Act. The following are answers to Reclamation's specific questions related to environmental and cultural resources.

The Bay Area Regional Water Market (Exchange/Transfer) Program would not involve construction of new facilities or earth-disturbing work. Thus, the effect on the environment would be minimal. Depending on the specific pilot exchange/transfer implemented, there could be changes to the quantity and timing of releases from reservoirs; in some cases, these changes may actually be beneficial to fish and wildlife, by increasing in-stream flows and decreasing river temperatures. Pilot exchanges/transfers would be operated to avoid impacts to threatened or endangered species or designated critical habitat. No wetlands or surface waters designated as "Waters of the United States" will be affected by this project.

The proposed project will involve making more efficient use of existing water systems to move and store water in the Bay Area. Two key facilities described in the technical proposal are CCWD's LV Reservoir and EBMUD's Freeport facility. LV Reservoir was originally constructed in the 1990s with a capacity of 100,000 acre-feet and was expanded in 2012 to a capacity of 160,000 acre-feet. CCWD also has an intertie with EBMUD's Mokelumne Aqueduct. EBMUD brought the Freeport facility online in 2011.

In addition, some features of the CVP and SWP will likely play a role in the program. Construction of each of these large water systems was phased over many years. Construction of the CVP started in the late 1930s and continued over decades. The SWP portions primarily related to this program were mostly constructed through the 1960s.

The proposed program does not involve any irrigation district or modifications or effects to any irrigation system. Also, the program will not: result in impacts to any archaeological sites; limit access to Native American sacred sites or result in any impacts on tribal lands; contribute to the introduction, continued existence, or spread of noxious weeds or invasive species.

The BARR agencies selling, wheeling, and/or storing water to complete water exchanges/transfers under this program intend to charge the other BARR agencies only what it costs to convey, treat, and/or store the transferred supply. That is, water transfers conducted under this program are expected to be less than the cost for an equivalent volume on the open market. For agencies seeking to purchase water on the open market, higher costs are often a motivation to negotiate long-term transfer agreements to stabilize the costs.

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The BARR agencies are committed to providing clean and safe drinking water for their customers at all levels of income. Extraordinary water use cutbacks due to water shortages (i.e., droughts or other emergencies) can result in potential unintended consequences, including water affordability issues. Because the proposed Bay Area Regional Water Market Program is currently focused on short-term, low-volume exchanges/transfers that may help address future supply shortages, the program is anticipated to potentially mitigate affordability issues. Thus, this will not have a disproportionately high or adverse effect on low-income or minority populations. If the Bay Area Regional Water Market Program evolves in the future to consider long-term transfers, the BARR agencies will assess potential benefits or concerns to water affordability, as well as potential impacts to other water users' drinking water supplies.

## **Section 5**

# **Existing Work**

As described in Section 1, the BARR agencies are currently developing a regional Drought Contingency Plan (DCP)—a project funded in part by the U.S. Bureau of Reclamation (Reclamation or USBR) in 2015—which will be finalized by August 2017. The DCP is different from planning efforts in the past because it focuses on the Bay Area as a region, as opposed to individual agencies, and integrates all of Reclamation's required DCP elements into one document.

Two draft, interim work products - Tech Memos (TMs) 1 and 2 – have been produced to date and submitted to the Drought Task Force for review and comment. TM1 provides a comprehensive overview of Bay Area water supply and demand along with potential vulnerabilities to drought conditions. TM 2 identifies potential regional drought response actions and mitigation measures, including the Bay Area Regional Water Market (Exchange/Transfer) Program. TM1 and TM2 are included in Appendix F.

## **Section 6**

# **Required Permits or Approvals**

As described in Section 2.1, one or more pilot transfer(s)/exchange(s) will be included in this project to help establish criteria for the Bay Area Regional Water Market Program. The specific permits and approvals needed will vary depending on the source of the water, the conveyance system, and the nature of the exchange. In all cases, the BARR agencies will ensure that all regulatory approvals and permits are obtained and will coordinate with state and federal resource agencies, including Reclamation.

Any of the pilot exchanges would likely require an interagency agreement to move the water through one agency's distribution system or reservoir to the recipient. In some cases, BARR member agencies already have such agreements or basic principles in place, such as the following past and/or current agreements:

- 
- **Intertie agreements**, including the Hayward Operating Agreement between SFPUC, Hayward, and EBMUD (2007)
  - **Water transfer agreements**, including the EBMUD-BAWSCA Pilot Water Transfer Agreement (2013) and the CCWD and ACWA Water Transfer Agreement (2014)
  - **Shared use of a BARR agency's existing assets**, including EBMUD's Revised Principles for Use of Unassigned EBMUD Capacity in the Freeport Regional Water Project (2017) and CCWD's agreements with individual agencies to partner to study the benefits of the next Los Vaqueros expansion (including most BARR agencies: ACWD, BAWSCA, EBMUD, SCVWD, SFPUC, and Zone 7)

Depending on the source of the water and means of conveyance, other approvals may be needed. For example, if one of the agencies were to execute a water transfer involving non-CVP water on the Lower American River, conveying that water to the Bay Area through the Folsom South Canal, a federal facility, would require obtaining a Warren Act revision from Reclamation.

The BARR agencies will also comply with all environmental review requirements (i.e., CEQA, NEPA, and ESA) when executing these pilot transfers/exchanges.

Depending on which agencies' water rights are used to pump water for an exchange or transfer and where the water will be used, a water rights modification to change a point of diversion or place of use may be needed. If using water supplied by CVP or SWP contracts, some transactions may need to be an exchange of water (not a sale), necessitating Reclamation or DWR to file a petition with the State Board.

## Section 7

# Letters of Project Support

Letters of support from EBMUD's project partners (ACWD, BAWSCA, CCWD, SFPUC, SCVWD, and Zone 7) as well as some BARR Drought Task Force members (Association of Bay Area Governments, Bay Area Council, Bay Planning Coalition, Central Contra Costa Sanitary District, the East Bay Leadership Council, Environmental Justice Coalition for Water, and Restore Hetch Hetchy) are included in Appendix A.

## Section 8

# Official Resolution

EBMUD will be the agency responsible for administering the grant, if awarded. On April 11, 2017, the Board of Directors for EBMUD passed a resolution authorizing submittal of the grant application and committing to the financial and legal obligations associated with receiving Federal financial assistance through the WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017. The resolution is provided in Appendix B.

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## Section 9

# Project Budget

The BARR agencies are pursuing development of the Bay Area Regional Water Market (Exchange/Transfer) Program and, as a proof-of-concept, set an objective to pilot test at least one exchange/transfer that has a nexus with Reclamation. The BARR agencies will select the specific exchange/transfer to be completed through an informed screening process, as described in the summary of key tasks. Thus, the total project cost described in this proposal is based on conservative assumptions, including use of partner agencies' facilities to convey and store 1,000 AF of transferred supply. Water conveyed and stored could be exchanged to other Bay Area agencies through the Jones Pumping Plant (CVP facility) in the south Delta to agencies through the South Bay Aqueduct or through the San Felipe Division (CVP facility). Using EBMUD's Freeport facility to transfer supply from the Sacramento Valley is another option, which would require the use of the Folsom South Canal (CVP facility).

### 9.1 Funding Plan and Letters of Commitment

The total project budget for developing Bay Area Regional Water Market Program is \$1,062,127. Of that total budget, federal funding obtained through this grant process would contribute \$400,000 or 38% of the total, and no other federal funds will be used. The budget does not include the purchase of water.

The cost share among the BARR agencies and in-kind support may be refined depending on what pilot transfer/exchange moves forward. The BARR agencies have executed a cost sharing Memorandum of Agreement (MOA) that defines the local match required to implement regional water supply reliability projects, based on a beneficiary pays principle. In-kind contributions from the Bay Area water agency staff are estimated assuming that staff from each of the participating agencies would equally contribute to the work, with the exception of EBMUD as the lead agency. In-kind support is estimated to account for \$456,487 or 43% of the funding; and the water agencies would contribute an additional \$205,640 or 19% of the funding as local-match. The total recipient contribution would account for \$662,127 or 62% of the funding.

Table 7 summarizes the project funding by source, in terms of total amount and percent of total. In lieu of letters of commitment, the MOA is attached in Appendix C.

Table 7. Summary of funding sources

Funding Sources	Total Amount	% of Total Amount
<b>Federal and Non-Federal Breakdown</b>		
Requested Reclamation Funding	\$400,000	38%
Other Federal Funding	\$0	0%
Recipient Funding (EBMUD and sub-applicants)	\$662,127	62%
<b>Total:</b>	<b>\$1,062,127</b>	<b>100%</b>

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**Table 7. Summary of funding sources**

<b>Federal and Local Breakdown</b>		
Requested Reclamation Funding	\$400,000	38%
In-Kind Local Contribution	\$456,487	43%
Local Match	\$205,640	19%
<b>Total:</b>	<b>\$1,062,127</b>	<b>100%</b>

## **9.2 Budget Proposal**

The Bay Area Regional Water Market Program will cost approximately \$1,062,127 to complete. Approximately \$456,487 or 43% of the budget will go towards BARR agencies' staff costs (including overhead), and the remaining \$605,640 or 57% will be spent on third party costs, including costs for conveyance (i.e., power) to transfer 1,000 AF of water, storage for 1 year, consultant support, environmental compliance (by Reclamation staff and/or a consultant), and overhead.

Table 8 contains a summary of the cost breakdown for the development of the Bay Area Water Market Program.

**Table 8. Summary of project cost breakdown**

<b>Cost Component</b>	<b>Cost</b>	<b>% of Total Project Cost</b>
Bay Area Agency Staff Costs (including overhead)	\$456,487	43%
Third-Party Costs (including overhead)	\$605,640	57%
<b>Total:</b>	<b>\$1,062,127</b>	<b>100%</b>

### **9.2.1 Direct Costs**

The direct staff time will cost \$206,566. Fringe benefits for staff will cost \$181,603. There are no anticipated costs associated with travel and equipment. The cost of \$190,000 for supplies and materials assumes use of existing partner agency's facilities to convey (i.e., power) and store 1,000 AF of transferred supply in Los Vaqueros Reservoir. A third party contract for the consultant will cost \$275,000, and the environmental compliance cost is estimated at \$50,000. The total direct cost is approximately \$903,169. Table 10 provides a breakdown of the total direct costs.

### **9.2.2 Indirect Costs**

The indirect costs associated with overhead are 17.60% of the direct costs or \$158,958. This rate was negotiated between the Interior Business Center and EBMUD. The letter from the Interior Business Center dated May 18, 2016 is provided in Appendix D.

### **9.2.3 Total Costs**

The total cost of the Bay Area Regional Water Market Program is expected to be approximately \$1,062,127, as summarized in Table 9.

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## **Section 11**

# **Unique Entity Identifier and System for Award Management**

EBMUD is registered in the System for Award Management. Its Unique Entity Identifier is 051904423.

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## **Appendix A: Letters of Support**

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### **BARR Partners**

Alameda County Water District  
Bay Area Water Supply and Conservation Agency  
Contra Costa Water District  
San Francisco Public Utilities Commission  
Santa Clara Valley Water District  
Zone 7 Water Agency

### **BARR Drought Task Force Members**

Association of Bay Area Governments  
Bay Area Council  
Bay Planning Coalition  
Central Contra Costa Sanitary District  
East Bay Leadership Council  
Environmental Justice Coalition for Water  
Restore Hetch Hetchy



43885 SOUTH GRIMMER BOULEVARD • P.O. BOX 5110, FREMONT, CALIFORNIA 94537-5110  
(510) 668-4200 • FAX (510) 770-1793 • [www.acwd.org](http://www.acwd.org)

April 17, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

Alameda County Water District (ACWD) is providing this letter in support of the application that the East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

Together with seven other Bay Area water agencies, ACWD adopted Bay Area Regional Reliability (BARR) Principles and a Memorandum of Agreement (MOA). The BARR Principles and MOA memorialize an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

ACWD participated in the development of the BARR Drought Contingency Plan that was funded by a WaterSMART grant awarded to the East Bay Municipal Utility District in 2015. Although the Drought Contingency Plan will not be finalized until August 2017, one of the promising drought mitigation measures evaluated in the plan is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed.

ACWD is in full support of the development of the Bay Area Regional Water Market Program and agrees with our BARR partners that regional solutions are needed to build drought resiliency.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Shaver".

Robert Shaver  
General Manager

# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

April 5, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Services  
Mail Code: 84-274852  
P.O. Box 25007  
Denver, Colorado, 80225

**RE: BAWSCA Support of EBMUD's Application for Grant Funds for the Bay Area Regional Water Marketing Program**

Dear Ms. Hoiby and Application Review Committee members:

The Bay Area Water Supply and Conservation Agency (BAWSCA) is providing this letter in support of East Bay Municipal Utility District's (EBMUD) application for grant funds for the Bay Area Regional Water Marketing Program. Financial assistance being sought is provided through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

Together with seven other Bay Area water agencies, BAWSCA adopted Bay Area Regional Reliability (BARR) Principles and a Memorandum of Agreement (MOA). The BARR Principles and MOA memorialize an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for more than 6 million residents and thousands of businesses and industries in the Bay Area.

BAWSCA participated in the development of the BARR Drought Contingency Plan that was funded by a WaterSMART grant awarded to East Bay Municipal Utility District in 2015. Although the Drought Contingency Plan will not be finalized until August 2017, one of the promising drought mitigation measures evaluated in the plan is a Bay Area Regional Water Marketing Program. The Regional Water Marketing Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Marketing Program is needed.

BAWSCA is in full support of the development of the Bay Area Regional Water Marketing Program and agrees with our BARR partners that regional solutions are needed to build drought resiliency.

Sincerely,



Nicole Sandkulla  
CEO/General Manager

NS/TF/le



**Board of Directors**  
Lisa M. Borba, AICP  
*President*  
Connstance Holdaway  
*Vice President*  
Ernesto A. Avila, P.E.  
Bette Boatman  
John A. Burgh  
**General Manager**  
Jerry Brown

April 14, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee members:

Contra Costa Water District is providing this letter in support of the application that the East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

Together with seven other Bay Area water agencies, Contra Costa Water District adopted Bay Area Regional Reliability (BARR) Principles and a Memorandum of Agreement (MOA). The BARR Principles and MOA memorialize an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

Contra Costa Water District participated in the development of the BARR Drought Contingency Plan that was funded by a WaterSMART grant awarded to the East Bay Municipal Utility District in 2015. Although the Drought Contingency Plan will not be finalized until August 2017, one of the promising drought mitigation measures evaluated in the plan is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed.

Contra Costa Water District is in full support of the development of the Bay Area Regional Water Market Program and agrees with our BARR partners that regional solutions are needed to build drought resiliency.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry B".  
Jerry Brown  
General Manager  
JB/MM:wec



April 14, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Services  
Mail Code: 84-274852  
P.O. Box 25007  
Denver, Colorado, 80225

Subject: Letter of Support for East Bay Municipal Utility District's WaterSMART Water Marketing Strategy Grant Application

Dear Ms. Hoiby and Application Review Committee Members:

The Santa Clara Valley Water District (SCVWD) is providing this letter of support for the application that the East Bay Municipal Utility District (EBMUD) is submitting on behalf of SCVWD and other San Francisco Bay Area water agencies for financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy grant program for Fiscal Year 2017. SCVWD is one of eight Bay Area water agencies partnering on the Bay Area Regional Reliability (BARR) Program. If awarded, the grant funding would support development of a Bay Area Regional Water Marketing Program that would support BARR's goals to develop regional solutions to improve water supply reliability for more than 6 million residents and thousands of businesses and industries in the Bay Area.

The Bay Area Regional Water Marketing Program is one of the promising drought mitigation measures that the BARR partners have identified through development of the BARR Drought Contingency Plan. The Bay Area Regional Water Marketing Program consists of planning and implementing short-term interagency water exchanges and transfers to help identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency.

SCVWD supports EBMUD's grant application given that the Regional Water Marketing Program will help build drought resiliency for the San Francisco Bay Area.

Sincerely,

  
Norma J. Camacho  
Interim Chief Executive Officer



# San Francisco Water Power Sewer

Operator of the Hetch Hetchy Regional Water System

525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102  
T 415.554.3155  
F 415.554.3161  
TTY 415.554.3488

April 13, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

The San Francisco Public Utilities Commission (SFPUC) is providing this letter in support of the application that the East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

Together with seven other Bay Area water agencies, the SFPUC adopted Bay Area Regional Reliability (BARR) Principles and a Memorandum of Agreement (MOA). The BARR Principles and MOA memorialize an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

The SFPUC participated in the development of the BARR Drought Contingency Plan that was funded by a WaterSMART grant awarded to the East Bay Municipal Utility District in 2015. Although the Drought Contingency Plan will not be finalized until August 2017, one of the promising drought mitigation measures evaluated in the plan is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed.

The SFPUC is in full support of the development of the Bay Area Regional Water Market Program and agrees with our BARR partners that regional solutions are needed to build drought resiliency.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven R. Ritchie".

Steven R. Ritchie  
Assistant General Manager, Water

Edwin M. Lee  
Mayor

Anson Moran  
President

Ike Kwon  
Vice President

Ann Moller Caen  
Commissioner

Francesca Vietor  
Commissioner

Vince Courtney  
Commissioner

Harlan L. Kelly, Jr.  
General Manager





ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7  
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

April 11, 2017

Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado 80225

Subject: ***LETTER OF SUPPORT—WaterSMART Water Marketing Strategy Grants:  
Application for Bay Area Regional Water Market Program***

Dear Ms. Hoiby and Application Review Committee members:

Zone 7 Water Agency (Zone 7) is providing this letter in support of the application that the East Bay Municipal Utility District (EBMUD) is submitting on behalf of a consortium of San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

Zone 7 is the wholesale urban water supplier to businesses and approximately 240,000 residents in Livermore, Pleasanton, Dublin, and parts of San Ramon. Zone 7 also provides flood protection to the people of Eastern Alameda County and distributes untreated water directly to agricultural customers. Approximately 80% of Zone 7's supply in any given year is imported from the State Water Project, conveyed through the Delta. Other regional demands for water are met by a combination of local runoff captured in Lake Del Valle, conjunctive use of the local groundwater basin (natural recharge enhanced by artificial recharge using imported water, thus making the latter available for use during drought periods), desalination of highly-mineralized groundwater, conservation and regional use of recycled water. This diversified water portfolio is critical to the sustainable management of water resources in the Livermore-Amador Valley. Zone 7 continues to proactively seek ways to enhance long-term water supply reliability for the Livermore-Amador Valley.

Together with seven other Bay Area water agencies, Zone 7 adopted Bay Area Regional Reliability (BARR) Principles and a Memorandum of Agreement (MOA). The BARR Principles and MOA memorialize an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

Zone 7 participated in the development of the BARR Drought Contingency Plan that was funded by a WaterSMART grant awarded to EBMUD in 2015. Although the Drought Contingency Plan will not be finalized until August 2017, one of the promising drought mitigation measures evaluated in the plan is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or

other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed.

Zone 7 is in full support of the development of the Bay Area Regional Water Market Program and agrees with our BARR partners that regional solutions are needed to build drought resiliency.

Sincerely,

A handwritten signature in black ink, appearing to read "G.F. Duerig".

G.F. Duerig  
General Manager

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



April 10, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Services  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

I am writing this letter in support of the application that East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

The Bay Area's eight largest water agencies formed the Bay Area Regional Reliability (BARR) partnership in 2014 with the adoption of a set of Principles expressing their interest in working together to improve regional water supply reliability. They further formalized their relationship in 2015 with the execution of a Memorandum of Agreement (MOA). The BARR Principles and MOA represent an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

The Association of Bay Area Governments, the council of governments for the nine county, 101 city region, has been participating in the BARR Drought Task Force and engaging with the BARR agencies as they develop of the BARR Drought Contingency Plan that was funded in part by a WaterSMART grant awarded to East Bay Municipal Utility District in 2015. The Drought Task Force is an advisory group that provides feedback to the BARR agencies on strategies and work products developed for the Drought Contingency Plan.

Although the Drought Contingency Plan will not be finalized until August 2017, one of the promising drought mitigation measures evaluated in the plan is a Bay Area Regional Water Marketing Program. The Regional Water Marketing Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed to improve the readiness of the region.

The Association of Bay Area Governments is in full support of the development of the Bay Area Regional Water Marketing Program and agrees with our BARR partners that regional solutions are needed to build drought resiliency.

Sincerely,

A handwritten signature in black ink, appearing to read "Miriam Chion".

Miriam Chion  
Planning & Research Director  
Association of Bay Area Governments





April 11, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

I am writing this letter in support of the application that East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

The Bay Area's eight largest water agencies formed the Bay Area Regional Reliability (BARR) partnership in 2014 with the adoption of a set of Principles expressing their interest in working together to improve regional water supply reliability. They further formalized their relationship in 2015 with the execution of a Memorandum of Agreement (MOA). The BARR Principles and MOA represent an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

As a first step, the agencies embarked on development of a Drought Contingency Plan (Plan) funded in part by a WaterSMART grant. The Bay Area Council has been participating in the development of this Plan as a member of the BARR Drought Task Force, an advisory stakeholder group that provides feedback to the BARR agencies on strategies and work products developed for the Plan. The Drought Task Force process provides stakeholders and interested parties an opportunity for substantive engagement on the Plan development at key milestones.

Although the Plan will not be finalized until August 2017, one of the promising drought mitigation measures it evaluated is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed to improve the readiness of the region.

The Bay Area Council supports the application for funding and is interested in continuing to work with the BARR partners as they seek to improve regional water supply reliability and drought resiliency.

Sincerely,

A handwritten signature in black ink that reads "Jim Wunderman".

Jim Wunderman  
President & CEO  
Bay Area Council

 Bay Planning Coalition

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**John A. Coleman**  
*Chief Executive Officer*

April 10, 2017

**Ms. Irene M. Hoiby**  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

Bay Planning Coalition (BPC) writes to express its support of the application that East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

BPC is a nonprofit, member organization that advocates for sustainable commerce, industry, infrastructure, recreation and the natural environment connected to the San Francisco Bay and its watershed. Together with our nearly 150 member organizations, we work diligently to ensure, among other things, the reliability and resiliency of the Bay Area's water supply.

The Bay Area's eight largest water agencies formed the Bay Area Regional Reliability (BARR) partnership in 2014 with the adoption of a set of Principles expressing their interest in working together to improve regional water supply reliability. They further formalized their relationship in 2015 with the execution of a Memorandum of Agreement (MOA). The BARR Principles and MOA represent an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

As a first step, the agencies embarked on development of a Drought Contingency Plan (Plan) funded in part by a WaterSMART grant. BPC has been participating in the development of this Plan as a member of the BARR Drought Task Force, an advisory stakeholder group that provides feedback to the BARR agencies on strategies and work products developed for the Plan. The Drought Task Force process provides stakeholders and interested parties an opportunity for substantive engagement on the Plan development at key milestones.

Although the Plan will not be finalized until August 2017, one of the promising drought mitigation measures it evaluated is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed to improve the readiness of the region.

Ms. Irene M. Hoiby  
April 10, 2017  
Page 2

BPC supports the application for funding and is interested in continuing to work with the BARR partners as they seek to improve regional water supply reliability and drought resiliency.

Sincerely,

A handwritten signature in blue ink, appearing to read "JAC".

John A. Coleman  
Chief Executive Officer  
Bay Planning Coalition



# Central Contra Costa Sanitary District

Protecting public health and the environment

5019 Imhoff Place, Martinez, CA 94553-4392

PHONE: (925) 228-9500

FAX: (925) 676-7211

[www.centralsan.org](http://www.centralsan.org)

April 11, 2017

ROGER S. BAILEY

General Manager

KENTON L. AIM

Counsel for the District

(510) 808-2000

ELAINE R. BOEHME

Secretary of the District

Ms. Irene M. Hoiby  
United States Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

## **Support for Bay Area Regional Reliability Partners' Financial Assistance Application for a 2017 WaterSMART Water Marketing Strategy Grant**

On behalf of Central Contra Costa Sanitary District (Central San), a Special District providing wastewater collection and treatment, recycled water, and household hazardous waste collection and disposal services to 481,600 residents and more than 3,000 businesses in central Contra Costa County, I am writing in support of the grant application being submitted by East Bay Municipal Utility District on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the United States Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

The Bay Area's eight largest water agencies formed the Bay Area Regional Reliability (BARR) partnership in 2014 with the adoption of a set of Principles expressing their interest in working together to improve regional water supply reliability. They further formalized their relationship in 2015 with the execution of a Memorandum of Agreement (MOA). The BARR Principles and MOA represent an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

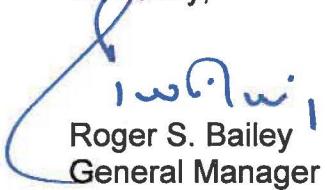
As a first step, the agencies embarked on development of a Drought Contingency Plan (Plan) funded in part by a WaterSMART grant. To ensure an opportunity for stakeholder input, a BARR Drought Task Force (Task Force) was developed to provide feedback to the BARR agencies on strategies and work products developed for the Plan. I had the opportunity to participate on the Task Force on behalf of the Bay Area Clean Water Agencies (BACWA) – a consortium of 54 northern California publicly-owned treatment works (POTWs), whose wastewater represents a reliable, new water supply that, in conjunction with storage, can aid the Bay Area in securing an adequate water supply.

Although the Plan will not be finalized until August 2017, one of the most promising water supply measures it evaluated is a Bay Area Regional Water Market Program. Such a program would improve the readiness of the region by:

- Helping identify and resolve barriers to moving different types of water throughout the region
- Making it easier to implement water transfers or exchanges
- Optimizing the use of existing infrastructure
- Maximizing the value of public investments in intertie and storage projects

Financial support is needed to develop a Bay Area Regional Water Market Program. Central San supports the BARR partners' application for funding and is interested in being part of the solution sought by the BARR partners to improve regional water supply reliability and drought resiliency.

Sincerely,



Roger S. Bailey

General Manager



April 12, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

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*Cox, Castle & Nicholson, LLP*

**President & CEO**

Kristin B. Connelly

Dear Ms. Hoiby and Application Review Committee Members:

I write on behalf of the East Bay Leadership Council (EBLC) in support of the application that East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017. The EBLC is a public policy advocacy organization representing approximately 300 employers in the East Bay, whose mission is to promote both economic vitality and quality of life throughout the region.

The Bay Area's eight largest water agencies formed the Bay Area Regional Reliability (BARR) partnership in 2014 with the adoption of a set of Principles expressing their interest in working together to improve regional water supply reliability. They further formalized their relationship in 2015 with the execution of a Memorandum of Agreement (MOA). The BARR Principles and MOA represent an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

As a first step, the agencies embarked on development of a Drought Contingency Plan (Plan) funded in part by a WaterSMART grant. The EBLC has been participating in the development of this Plan as a member of the BARR Drought Task Force, an advisory stakeholder group that provides feedback to the BARR agencies on strategies and work products developed for the Plan. The Drought Task Force process provides stakeholders and interested parties an opportunity for substantive engagement on the Plan development at key milestones.

Although the Plan will not be finalized until August 2017, one of the promising drought mitigation measures it evaluated is a Bay Area Regional Water Market Program. The Regional Water Market Program would help to identify and resolve barriers to moving different types of water throughout the region, making it easier to implement transfers or exchanges during a drought or other emergency. Financial support for the development of the Bay Area Regional Water Market Program is needed to improve the readiness of the region.

The EBLC supports the application for funding and is interested in continuing to work with the BARR partners as they seek to improve regional water supply reliability and drought resiliency.

Sincerely,

A handwritten signature in blue ink that reads "Kristin Connelly".

President & CEO



April 12<sup>th</sup>, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

Dear Ms. Hoiby and Application Review Committee Members:

I am writing this letter in support of the application that East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

The Bay Area's eight largest water agencies formed the Bay Area Regional Reliability (BARR) partnership in 2014 with the adoption of a set of Principles expressing their interest in working together to improve regional water supply reliability. The BARR Principles and MOA represent an unprecedented collaboration and mutual willingness to develop regional solutions to improve water supply reliability for the more than 6 million residents and thousands of businesses and industries in the Bay Area.

The Environmental Justice Coalition for Water (EJCW), has provided the community based perspective through our participation in the development of this Plan as a member of the BARR Drought Task Force, an advisory stakeholder group that provides feedback to the BARR agencies on strategies and work products developed for the Plan.

EJCW is aware that this Program differs from a traditional market-based credit scheme, and that its' intent is to help identify and resolve barriers and problems impacting our organization's constituents in lower-income and minority communities. Financial support for the development of the Bay Area Regional Water Market Program is needed to improve the readiness of the region.

The Environmental Justice Coalition for Water supports the application for funding and is interested in continuing to work with the BARR partners as they seek to improve regional water supply reliability and drought resiliency.

Sincerely,

A handwritten signature in blue ink that reads "Colin Bailey". The signature is fluid and cursive, with a large, stylized "C" at the beginning.

Colin Bailey,  
Executive Director of The Environmental Justice Coalition for Water

The Environmental Justice Coalition for Water  
1611 Telegraph Ave. #1200, Oakland, CA 94612  
Phone: (510) 761-7455





# RESTORE HETCH HETCHY

YOSEMITE NATIONAL PARK

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Ron Sundergill  
Melanie Webber

April 5, 2017

Ms. Irene M. Hoiby  
Bureau of Reclamation  
Financial Assistance Operations  
Mail Code: 84-27852  
P.O. Box 25007  
Denver, Colorado, 80225

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Marsh Pitman  
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Dear Ms. Hoiby and Application Review Committee Members:

I am writing this letter in support of the application that East Bay Municipal Utility District is submitting on behalf of it and other San Francisco Bay Area water supply agencies seeking financial assistance through the Bureau of Reclamation's WaterSMART Water Marketing Strategy Grants for Fiscal Year 2017.

Simply put, Bay Area water agencies can and should be better integrated. An additional financial incentive provided by the Bureau will help immensely to ensure that the agencies are fully motivated and maximally cooperative.

Restore Hetch Hetchy supports the application for funding and is interested in continuing to work with the BARR partners as they seek to improve regional water supply reliability and drought resiliency.

Sincerely,

Spreck Rosekrans  
Executive Director

## STAFF

Spreck Rosekrans, Executive Director  
Julene Freitas, Office Manager

---

## **Appendix B: Official Resolution**

---

CERTIFIED A TRUE COPY

*Ronile S. Cole*

Secretary

East Bay Municipal Utility District

RESOLUTION NO. 35031-17

**AUTHORIZING APPLICATION TO THE UNITED STATES DEPARTMENT OF THE  
INTERIOR, BUREAU OF RECLAMATION FOR A WATERSMART WATER MARKETING  
STRATEGY GRANT TO FUND THE BAY AREA REGIONAL RELIABILITY  
REGIONAL WATER MARKET PROJECT**

Introduced by Director Mellon

; Seconded by Director Patterson

WHEREAS, the United States Department of the Interior, Bureau of Reclamation (Reclamation), as part of the WaterSMART Program, is offering cost-shared funding to support the development of Water Marketing Strategies and has issued Funding Opportunity Announcement Number BOR-DO-17-F014 (the FOA) stating the requirements and terms for receiving a WaterSMART Water Marketing Strategy Grant; and

WHEREAS, on May 27, 2014, the Board of Directors of the East Bay Municipal Utility District (EBMUD) adopted the Bay Area Regional Reliability Principles (BARR Principles) which expressed EBMUD's commitment to work cooperatively with seven other Bay Area water agencies (BARR Partner Agencies or Parties) to develop regional solutions to improve the water supply reliability for the over 6 million area residents and the thousands of businesses and industries located in the area; and

WHEREAS, the BARR Principles encourage BARR Partner Agencies to work cooperatively in the pursuit of short and long-term water supply projects and to maximize the use of existing infrastructure to help achieve region-wide water supply reliability; and

WHEREAS, in 2015 the BARR Partner Agencies executed a Memorandum of Agreement to develop a Drought Contingency Plan (DC Plan) to describe how certain water supply, water exchange, water treatment, intertie projects, and desalination concepts can be integrated to improve drought resiliency in the Bay Area; and

WHEREAS, one of the projects identified in the draft DC Plan is a Regional Water Market (Exchange/Transfer) Project to demonstrate and test the capability of existing Bay Area infrastructure to divert water from the Sacramento River, using the Freeport Facilities, to potential exchange partners; and

WHEREAS, EBMUD's Board of Directors acknowledges and supports EBMUD's proposal to serve as the grant applicant and contracting entity on behalf of the BARR Partner Agencies in their combined efforts to complete the Regional Water Market (Exchange/Transfer) Project in response to the FOA; and

WHEREAS, the proposed Regional Water Market (Exchange/Transfer) Project is currently in the planning phase and has not yet been sufficiently defined to allow for analysis under the California Environmental Quality Act (CEQA) and, further, the application for Reclamation grant funding is

a type of government fiscal activity that does not constitute a project under CEQA as per CEQA Guideline section 15378(b)(4), and further, the application for Reclamation grant funding does not commit EBMUD to a definite course of action regarding the Regional Water Market (Exchange/Transfer) Project; and

WHEREAS, the FOA specifies that grant awards will not exceed 50% of the total project costs, with a requirement for local cost share of 50% or more. Reclamation is offering up to \$400,000 per project under this FOA;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the East Bay Municipal Utility District does hereby authorize the General Manager to take all actions necessary to submit a grant application to Reclamation to request a \$400,000 WaterSMART Water Marketing Strategy Grant, in a form approved by the Office of General Counsel, to help fund the Regional Water Market (Exchange/Transfer) Project and to submit as part of the application, as required, a certified copy of this Resolution as evidence of such authorization.

BE IT FURTHER RESOLVED that if East Bay Municipal Utility District is offered such grant funding from Reclamation, the General Manager shall review the terms and conditions of the funding agreement and, subject to the approval of the agreement as to form by the Office of General Counsel, the General Manager is hereby authorized to execute said funding agreement and accept the funds.

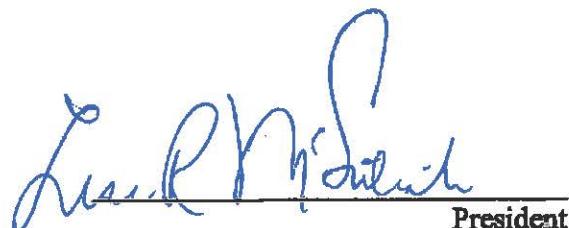
ADOPTED this 11<sup>th</sup> day of April, 2017 by the following vote:

AYES: Directors Coleman, Katz, Linney, Mellon, Patterson,  
Young and President McIntosh.

NOES: None.

ABSENT: None.

ABSTAIN: None.



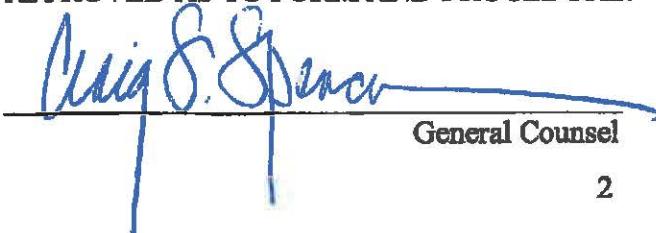
Lee R. McIntosh  
President

ATTEST:



Rosina S. Cole  
Secretary

APPROVED AS TO FORM AND PROCEDURE:



Luis S. Spencer  
General Counsel

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## **Appendix C: Memorandum of Agreement**

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**MEMORANDUM OF AGREEMENT  
BETWEEN**

**THE ALAMEDA COUNTY WATER DISTRICT  
THE ALAMEDA COUNTY FLOOD CONTROL AND WATER  
CONSERVATION DISTRICT - ZONE 7**

**CITY & COUNTY OF SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
(With the BAY AREA WATER SUPPLY AND CONSERVATION AGENCY)**

**CONTRA COSTA WATER DISTRICT  
EAST BAY MUNICIPAL UTILITY DISTRICT  
MARIN MUNICIPAL WATER DISTRICT  
AND  
SANTA CLARA VALLEY WATER DISTRICT**

**TO**

**PARTICIPATE IN THE BAY AREA REGIONAL RELIABILITY PLAN**

THIS MEMORANDUM OF AGREEMENT (“Agreement”), made in the State of California on this 18 day of September, 2015, is by and between the Alameda County Water District (“ACWD”), the Alameda County Flood Control and Water Conservation District - Zone 7 (“Zone 7 Water Agency” or “Zone 7”), City & County of San Francisco acting by and through the Public Utilities Commission (“SFPUC”), the Bay Area Water Supply and Conservation Agency (“BAWSKA”), Contra Costa Water District (“CCWD”), East Bay Municipal Utility District (“EBMUD”), Marin Municipal Water District (“MMWD”), and Santa Clara Valley Water District (“SCVWD”) referred collectively herein as the “Parties” and singularly as a “Party”.

This AGREEMENT sets forth the respective roles and responsibilities of ACWD, Zone 7, SFPUC, BAWSKA, CCWD, EBMUD, MMWD, and SCVWD in regard to the Bay Area Regional Reliability Plan (hereinafter referred to as “BARR Plan”).

**RECITALS**

1. WHEREAS, the Parties own and operate independent water systems that collectively serve the needs of over 6 million residents and businesses in the San Francisco Bay Region; and
2. WHEREAS, the Parties recognize that integrated utilization of capacity in existing infrastructure and new interconnections or facilities may provide water supply reliability and/or water quality benefits to multiple agencies or other regional partners and the public and businesses we all serve; and

3. WHEREAS, the Parties have approved a set of foundational principles related to Regional Reliability as provided in Attachment 1; and

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

## 1. PREAMBLE

The Parties have agreed to work cooperatively to address water supply reliability concerns and drought preparedness on a mutually beneficial and regionally focused basis. Near- and long-term joint water supply reliability projects may be evaluated, including but not limited to, use of capacity of existing facilities, changes to infrastructure including new interconnections, recycled water, water conservation, expanded treatment, regional desalination, water transfers and exchanges, and other projects or institutional arrangements that encourage a regional approach to achieving water supply reliability in the Bay Area. The Parties have agreed to conduct Regional Partnership activities, including the preparation of a BARR Plan, in an inclusive manner that encourages voluntary participation by the Parties as well as other interested persons or organizations to improve water supply reliability in the Bay Area. The Parties also understand that some of the projects and concepts that could be evaluated as part of the BARR Plan may move forward in parallel with or completely outside of this effort, and that it is not the intention of this agreement to prohibit such projects from moving forward.

## 2. DEFINITIONS

- a) "BARR" - Bay Area Regional Reliability.
- b) "BARR Plan" – the Bay Area Regional Reliability Plan.
- c) "CEQA" - the California Environmental Quality Act
- d) "Consensus Agreement" - Agreements that require the approval of all Parties.
- e) "Consultant" - A consulting firm, engineering firm, construction contractor, public outreach firm or mediation firm retained to provide services for the BARR Plan.
- f) "Contract" - Contract between the Contracting Entity, as designated by the Parties, and a Consultant that will be utilized for preparing the BARR Plan.
- g) "Contracting Entity" - the specific Party who will serve as the entity that enters into a contract with a Consultant hired to prepare the BARR Plan.
- h) "ESA" - Endangered Species Act

- i) “NEPA” - National Environmental Policy Act
- j) “Project Implementation” – Future work, possibly including the implementation of possible project elements of BARR, that may require environmental analysis, permitting, pre-design, design, and construction.
- k) “Project Staff Time” - Staff and management time from one or more Party that is necessary for conducting the general project management and other duties as assigned under this Agreement.
- l) “Regional Facility or System Interties” - One or more facilities or interties between two neighboring agencies used to meet the needs of one or more of the Parties for supplemental water during extended droughts, emergencies and/or periods when major facilities are taken out of service for maintenance or repairs, and contract delivery reductions.

### **3. TERM**

- a) This Agreement shall become effective upon its execution by the Parties.
- b) This Agreement will terminate on December 31, 2018 or when all obligations under this Agreement have been performed, whichever occurs first, unless this Agreement is cancelled pursuant to Article 11, Cancellation.
  - i. Payment obligations under Article 8, Cost Sharing and Payment, and Article 11, Cancellation, shall survive discharge or termination of this Agreement until obligations are satisfied.

### **4. PURPOSE**

The purpose of this Agreement is to:

- a) Define the roles and responsibilities of each Party for preparing the BARR Plan. All work associated with BARR Plan is to be conducted in accordance with the Agreement.
- b) Establish the guidelines and principles for cost sharing between the partners.
- c) Establish procedures for incurring costs such as contracting and payment of consultants.
- d) Establish procedure for seeking reimbursement from the other Parties of costs incurred by a Party for payment of consultants.

## **5. WORK TO BE PERFORMED**

The BARR Plan will be developed with the cooperative input from the Parties and a hired consultant. The BARR Plan will be consistent with the BARR principles (Attachment 1) and with grant funding requirements as applicable. As provided in Section 7 of this Agreement, the Parties will designate a Party to be the Contracting Entity to enter into an agreement with a consultant for preparation of the BARR Plan. Work to be performed by Party staff is described in Section 7 and Attachment 2 of this Agreement. The Parties acknowledge that work performed on individual projects or concepts that could be evaluated as part of the BARR Plan but yet move forward in parallel with or completely outside of this effort are not subject to the terms of this Agreement,

## **6. REGULATORY APPROVALS, ENVIRONMENTAL APPROVALS, ENVIRONMENTAL COMPLIANCE AND ENVIRONMENTAL REVIEWS**

The Parties agree that the work contemplated in this Agreement, as it involves the preparation of the BARR Plan, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines and is similarly exempt from NEPA and ESA.

## **7. RESPONSIBILITIES OF THE PARTIES**

The Parties shall have unique responsibilities identified in Attachment 2, and will provide a funding commitment that can be used for cost reimbursements in the amounts shown in Attachment 3.

General responsibilities of all Parties are as follows:

- a) Work cooperatively to develop the BARR Plan.
- b) Commit staff time to work with staff from other Parties and the selected consultant in conducting the BARR Plan.
- c) Share relevant engineering, permitting, regulatory and operational information regarding its own facilities and permits with other Parties for the benefit of the BARR Plan preparation.
- d) Provide access to facilities and operational data that may be needed for developing BARR Plan (such as intakes, aqueducts and pumping plants, treatment plants, interties, etc.). If needed, commit staff time to conduct necessary analysis of its own facilities, permits, operational data, procedures or requirements, or any other data needed for BARR Plan consideration and share the information with

other Parties. Access to facilities will be consistent with, and will follow, the facility owner's standard safety and notification requirements.

- e) Provide engineering oversight and review of BARR Plan work products.
- f) Conduct general work that is needed to advance the BARR Plan development. These efforts may include State and Federal grant application and grant administration support, website update, and outreach.
- g) Accept that, if one or more of the Parties choose to move forward individual projects and concepts also being evaluated as part of the BARR Plan, those individual projects and concepts are not subject to the terms of this Agreement.

The Parties hereby designate EBMUD as the Contracting Entity under this Agreement. The Contracting Entity shall be responsible for entering into a contract with a Consultant to prepare the BARR Plan. The Contracting Entity shall conduct a consultant procurement process that satisfies its own internal consultant procurement policies/criteria and includes all Parties in the selection of a Consultant. All Parties will have equal representation in the selection process. Once a Consultant is selected by the Parties, and only after the Parties have funded the BARR Plan preparation effort as provided in Section 8 of this Agreement, shall the Contracting Entity enter into a contract with the Consultant on behalf of the Parties.

The Contracting Entity shall conduct all consultant administrative and management duties including receiving and verifying Consultant invoices. Invoices received from the Consultant will be sent to the other Parties for approval. Consultants will be paid in accordance with the Contracting Entity's internal process after the invoices are approved by other Parties. Approval of the invoice will be assumed if no comments or disputes are received from any individual Party within five (5) working days of when said Party received a copy of the invoice. If there are disputes, the Contracting Entity will take necessary actions that are developed through Consensus Agreement to resolve them with the Consultant. If the disputes cannot be resolved within a reasonable time, and the Contracting Entity is obligated to pay the Consultant charges, the costs will be shared equally by the Parties.

- a) Each Party shall provide one staff member to serve on the Panel assembled to select a BARR Plan preparation Consultant. The Parties agree that the selected consultant will be determined by a vote of the Panel, and further that the selected consultant will be based on the one that receives the most votes.
- b) Each Party shall allow the Party assigned as the Contracting Entity to negotiate the selected Consultant's budget and hold all managerial and administrative responsibilities regarding the management of the selected Consultant.

- c) Consultants hired on behalf of the Parties shall be required to indemnify all Parties and name all Parties as insured in the contract with the Contracting Entity.
- d) The Contracting Entity shall invoice other Parties in a timely manner for their share of the consultant services as billed. Invoices will include details of hours worked and tasks completed. As detailed in Article 8 c), invoices shall be provided as informational documentation, although payment of Contractor invoices shall be made solely by the Contracting Entity.
- e) Parties shall promptly review invoices for approval upon receipt of information from other Parties. Report disputes to the responsible Party within five (5) working days of receipt of the invoices. Cooperate with other Parties in resolving disputes.
- f) All Parties will cooperate to resolve any payment/cost-sharing/accounting issues.

## **8. COST SHARING AND PAYMENT**

The Parties agree that the total member agency financial contribution toward the preparation of the BARR Plan shall not exceed \$400,000. The Parties intend to apply for grant funding to assist with the cost of developing the BARR Plan. The balance of the monies remaining following the completion of the BARR Plan shall be returned to the Parties. Each Party shall pay the Contracting Entity an equal share of the \$400,000 financial commitment, or \$50,000 per Party, as specified in Attachment 3 of this Agreement. In the event that anticipated grant funding is not obtained or if the BARR Plan cannot be completed for a cost of the total funding compiled, the Parties shall meet to discuss, and develop agreement on an amendment including the scope of work, schedule and additional funding needed to complete the BARR Plan. Work will not proceed unless an amendment is completed. Cost reimbursement is based on the following principles:

- a) The Contracting Entity will collect the up-front financial contribution as noted herein. No Consultant contracting shall take place prior to collection of funds.
- b) Up-front shares are to be kept in a separate account by the Contracting Entity and are to be used to cover Consultant invoices.
- c) Agency staff time as incurred by one or more Party to this Agreement is not reimbursable.
- c) The Contracting Entity will provide each Consultant invoice received to each Party as a means to record work progress, share budgetary status, and identify any disputes as detailed in Article 7.d).
- d) If, as based on the proposed Consultant's budget as compared with the total funding collected, there are monies remaining, those monies shall be considered as

contingency funds. Parties must develop a Consensus Agreement before being able to access any contingency funds. Contingency funds may be used to pay for cost-overruns.

- f) If there is a cost overrun by the Consultant, the Parties will be contacted and a proposed response or remedy identified. The Consultant's contract will clearly state that budget overruns will not be reimbursed without the express agreement of the Parties.
- f) Within ninety days following the completion of all work described in this Agreement, a cost true-up will be completed by Contracting Entity to determine the actual costs for the BARR Plan. If the actual costs add up to less than that estimated in Attachment 3, the Contracting Entity will refund each Party its proportionate share of the unused funds or, if the Parties subsequently agree to proceed with follow-up BARR work or activities, the unused funds may be expended on such efforts.

No work on the BARR Plan shall commence until this Agreement has been executed by all Parties. If a single Party chooses to terminate their participation under the terms of this Agreement they will remain financially responsible for their contribution as detailed in Article 11, Cancellation.

## **9. HOLD HARMLESS, INDEMNIFICATION AND REMEDIES**

To the extent permitted by State law, each Party will indemnify, defend and hold all other Parties and their directors, officers, agents, and employees safe and harmless from any and all claims, suits, judgments, damages, penalties, costs, expenses, liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees and any other professional fees) that arise from or are related in any way to each Party's, its associates', employees', subconsultants', or other agents' negligent acts, errors or omissions, or willful misconduct, in the operation and/or performance of this Agreement.

Notwithstanding the preceding paragraph, where more than one Party is named in a suit challenging the BARR Plan, or made subject to a claim or penalty regarding the same, the Parties shall coordinate and undertake a joint defense, utilizing a joint defense Agreement to the extent possible, subject to the approval of the Parties. Each Party to this Agreement agrees that, to the greatest extent practicable, it shall cooperate in such defense and execute any waivers and/or tolling Agreements that may be necessary in order to provide for a single joint defense of such a suit, claim, or imposition of penalty. Any communications between and/or among the Parties and any of their respective consultants and attorneys engaged in the joint defense shall be privileged as joint defense communications. Work performed during the joint defense by Consultants or attorneys, to the extent allowed by law, shall be considered attorney work product. Nothing in this paragraph is intended to require a joint defense under circumstances where it would be legally impermissible or under circumstances where it is wholly impractical.

## **10. DISPUTES**

Any claim that a Party may have against another Party or Parties regarding the performance of this Agreement including, but not limited to, claims for compensation will be submitted to the other Party or Parties. Parties will attempt to negotiate a resolution of such claim and if necessary process an amendment to this Agreement or a settlement agreement to implement the terms of any such resolution.

## **11. CANCELLATION**

If an individual Party elects to terminate its participation in this Agreement or in the BARR Plan, it may do so by delivering to each remaining Party a written notice of intention to terminate. Termination shall take effect five days following the receipt of notice by the other Parties. Termination of a Party from this Agreement shall not terminate this Agreement. No portion of the terminating Party's \$50,000 provided under this Agreement for use in preparing the BARR Plan shall be refunded to the terminating Party. If the staff of the terminating Party was providing a service to the Parties as detailed in Attachment 4, it shall be the responsibilities of the remaining Parties to assume that role or roles.

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

All Parties will, upon reasonable advance written notice, make available for inspection to the other Parties all records, books and other documents directly relating to the BARR Plan as well as any other work related to water supply institutional arrangements and Agreements that are required for conducting the BARR Plan. Prior to release of information other than in response to a Public Records Act request, a subpoena, or court order, all draft information has to be approved by all Parties for finalization and release.

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

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

## **14. NOTICES**

Any notice, demand, or request made in connection with this Agreement must be in writing and will be deemed properly served if delivered in person or sent by United States mail, postage prepaid, to the addresses specified in Attachment 4, Notices.

## **15. MODIFICATION**

This Agreement may be modified only upon the mutual written consent of the Parties.

## **16. NO THIRD-PARTY BENEFICIARIES**

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

## **17. SEVERABILITY**

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

## **18. COMPLETE AGREEMENT**

Other than as specified herein, no document or communication passing between the Parties to this Agreement will be deemed to be part of this Agreement.

## **19. ASSIGNMENT**

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

## **20. AMENDMENT AND WAIVER**

Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by all Parties. Waiver by any Party of the default, breach or condition precedent, shall not be construed as a waiver of any other default, breach or condition precedent, or any right hereunder.

## **21. SUCCESSORS**

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

## **22. INTERPRETATION**

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

## **23. INTEGRATION**

This Agreement represents the entire understanding of the Parties as those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder.

## **24. TIME OF THE ESSENCE**

Time is of the essence in this Agreement.

## **25. WAIVER**

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

## **26. GOVERNING LAW**

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

## **27. COUNTERPART**

This Agreement may be executed in counterpart. Facsimile and electronic signatures shall be binding.

**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION  
DISTRICT - ZONE 7 (ZONE 7 WATER AGENCY)**



G.F. DUERIG  
General Manager

A handwritten signature in dark ink, appearing to read "G.F. DUERIG", is written over a horizontal line. To the right of the line is a large, stylized handwritten number "7". Below the signature and line, the name "G.F. DUERIG" is printed in a standard font, followed by "General Manager" in a smaller font.

IN WITNESS WHEREOF, the Parties hereto have executed the Agreement to be effective on the date first above written.

**ALAMEDA COUNTY WATER DISTRICT**

APPROVED AS TO FORM:

  
\_\_\_\_\_  
PATRICK T. MIYAKI  
District Counsel

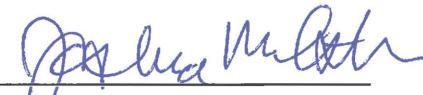
  
\_\_\_\_\_  
ROBERT SHAVER  
General Manager

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding by their duly authorized representatives, in counterpart.

**CITY AND COUNTY OF SAN FRANCISCO,  
PUBLIC UTILITIES COMMISSION**

**APPROVED AS TO FORM**

Dennis Herrera, City Attorney

By:   
Joshua Milstein  
Deputy City Attorney

By:   
Harlan L. Kelly, Jr.  
General Manager

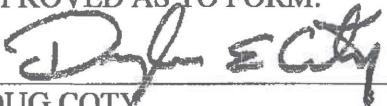
Dated: 9.28.2018

Authorized by San Francisco Public Utilities Commission,  
**Resolution No. 15-0147**  
**Adopted June 23, 2015**

IN WITNESS WHEREOF, the Parties hereto have executed the Agreement to be effective on the date first above written.

CONTRA COSTA WATER DISTRICT

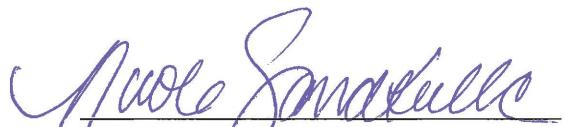
APPROVED AS TO FORM:

  
DOUG COTY  
District Legal Counsel

  
JERRY BROWN  
General Manager

IN WITNESS WHEREOF, the Parties hereto have executed the Agreement to  
be effective on the date first above written.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY



NICOLE SANDKULLA  
General Manager

IN WITNESS WHEREOF, the Parties hereto have executed the Agreement to be effective on the date first above written.

**EAST BAY MUNICIPAL UTILITY DISTRICT**

APPROVED AS TO FORM:

Craig S. Spencer  
CRAIG S. SPENCER  
General Counsel

Alexander R. Coate  
ALEXANDER R. COATE  
General Manager

MARIN MUNICIPAL WATER DISTRICT

By: Krishna Kumar

Krishna Kumar  
General Manager

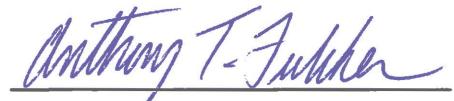
June 01, 2015

Date

IN WITNESS WHEREOF, the Parties hereto have executed the Agreement to be effective on the date first above written.

**SANTA CLARA VALLEY WATER DISTRICT**

APPROVED AS TO FORM:



ANTHONY T. FULCHER  
Assistant District Counsel



BEAU GOLDIE  
Chief Executive Officer

## **ATTACHMENT 1**

### **Guiding Principles for Bay Area Regional Reliability Partnership Development**

**Alameda County Water District  
Contra Costa Water District  
East Bay Municipal Utility District  
Marin Municipal Water District  
San Francisco Public Utilities Commission  
(with the Bay Area Water Supply and Conservation Agency)  
Santa Clara Valley Water District  
Zone 7 Water Agency**

The purpose of these principles is to memorialize the mutual willingness of the Bay Area's largest public water agencies to develop regional solutions to improve the water supply reliability for over 6 million area residents and the thousands of businesses and industries located in the area. The Bay Area Regional Water Supply Reliability Partnership ("Regional Partnership") would enable Bay Area agencies to work cooperatively to address water supply reliability concerns on a mutually beneficial and regionally focused basis.

\*\*\*\*\*

Whereas, the Alameda County Water District, Contra Costa Water District, East Bay Municipal Utility District, Marin Municipal Water District, San Francisco Public Utilities Commission (with the Bay Area Water Supply and Conservation Agency), Santa Clara Valley Water District, and Zone 7 Water Agency (referred collectively herein as the "Parties") own and operate independent water systems that collectively serve the needs of over 6 million residents and businesses in the San Francisco Bay Region, and

Whereas, the Parties recognize that integrated utilization of capacity in existing infrastructure and new interconnections or facilities may provide water supply reliability and/or water quality benefits to multiple agencies or other regional partners and the public we all serve, and

Whereas, recognizing the potential for mutual and regional benefits, the Parties agree to these principles for cooperative pursuit of short and long-term projects for water supply and/or water quality benefits which look first to maximize the use of existing infrastructure of each agency and may eventually include additional joint facilities to assist in providing region-wide water supply reliability and/or water quality benefits.

Therefore, in consideration of the recitals and mutual obligations, the Parties wish to establish a set of foundational principles that will guide any future partnership development as follows:

- Parties will participate in the evaluation of near- and long-term joint water supply reliability projects including, but not limited to, use of capacity of existing facilities, changes to infrastructure including new interconnections, recycled water, water

conservation, expanded treatment, regional desalination, water transfers and exchanges, and other projects or institutional arrangements that encourage a regional approach to achieving water supply reliability in the Bay Area.

- Parties will conduct Regional Partnership activities in an inclusive manner that encourages voluntary participation by the Parties as well as other interested persons or organizations.
- A specific project or activity does not have to involve all signatories of this Regional Partnership document but it is expected that each Party would endeavor to communicate planning efforts initiated by two or more Parties to improve water supply reliability including water transfers, wheeling agreements, interties and additional water supply infrastructure improvements.
- Partnerships are expected to result in betterment for the public served by the agencies involved and be conducted in a manner that does not adversely affect any of the Parties. Parties will not undertake Bay Area regional projects or activities that may impact the conditions within the service area of another Party without first obtaining that Party's approval.
- Parties will strive to achieve equitable cost- and risk-sharing for future projects or concepts commensurate with the benefits to be received.
- Parties agree to transparency with regard to costs and the expectation is that actual costs will be used in determining reimbursements unless another acceptable arrangement is determined by the participants.
- To the extent a partnership relies on regional, state or federal grant money to evaluate regional reliability, the grant recipients will work with the Parties to determine how priorities for regional reliability are balanced against other individual agency priorities.
- Parties agree to coordinate prior to characterization and evaluation of facilities, water rights, or water contracts owned by another Party.
- Parties undertaking specific projects identified through the Regional Partnership will cooperate in and, to the extent applicable, facilitate efforts to obtain regulatory approvals necessary to conduct demonstration and full scale projects.

## ATTACHMENT 2

### WORK TO BE PERFORMED BY AGENCY STAFF

Work by agency staff is necessary to prepare the BARR Plan. The table below briefly details the task(s) assigned to specific Parties:

<b>AGENCY</b>	<b>WORK ASSIGNMENT</b>
Alameda County Water District	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement
Alameda County Flood Control and Water Conservation District – Zone 7	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement
Bay Area Water Supply and Conservation Agency	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement
Contra Costa Water District	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement  Lead in Grant / Funding Application Efforts
East Bay Municipal Utility District	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement  Act as the Lead Agency of Behalf of the Parties for BARR <del>DC</del> Plan preparation, including serving as the administering agency on behalf of the Parties for grant / funding awards
Marin Municipal Water District	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement
San Francisco Public Utilities Commission	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement
Santa Clara Valley Water District	Adhere to the General Responsibilities as Defined in Article 7 of the Agreement

## ATTACHMENT 3

## FUNDING COMMITMENT

<b>AGENCY TYPE</b>	<b>AGENCY</b>	<b>COMMITMENT (\$)</b>
<b>LOCAL BAY AREA WATER AGENCY</b>	Alameda County Water District	\$50,000
	Alameda County Flood Control and Water Conservation District – Zone 7	\$50,000
	Bay Area Water Supply and Conservation Agency	\$50,000
	Contra Costa Water District	\$50,000
	East Bay Municipal Utility District	\$50,000
	Marin Municipal Water District	\$50,000
	San Francisco Public Utilities Commission	\$50,000
	Santa Clara Valley Water District	\$50,000
<b>TOTAL</b>	--	<b>\$400,000</b>

Note that additional funding for this effort is currently being sought. Any funds as may be secured shall be used in addition to, versus in substitution of, funding as provided by Partner Agencies.

ATTACHMENT 3-2

**Fiscal Limitations Concerning Funding Contribution by San Francisco Public Utilities Commission:** THIS SECTION SUPERSEDES ANY CONFLICTING PROVISION OF THIS MOU. This MOU is subject to the fiscal provisions of the San Francisco charter and the budget decisions of its Mayor and Board of Supervisors. No SFPUC funds will be available hereunder until prior written authorization certified by the City's Controller. The Controller cannot authorize payments unless funds have been certified as available in the budget or in a supplemental appropriation. This MOU shall automatically terminate, without liability to the City, if funds are not properly appropriated by the Mayor and Board of Supervisors or certified by the Controller. The SFPUC's obligations hereunder shall never exceed the amount certified by the Controller for the purpose and period stated in such certification. The SFPUC, its employees and officers are not authorized to request services, materials, equipment or supplies that are beyond the scope of those expressly described herein, unless this MOU is amended in writing and approved as required by law. Without such an amendment or approval, the SFPUC shall not be required to pay Daly City for any Project expenses authorized by Daly City. The SFPUC, its employees and officers are not authorized to offer or promise any additional funding that would exceed the maximum amount specified in Section 8. Such additional funding requires lawful approval and certification by the Controller. Without such lawful approval and certification, the SFPUC shall not be required to provide such additional funding.

## ATTACHMENT 4

## NOTICES

Any notice, demand, or request made in connection with this Agreement must be in writing and will be deemed properly served if delivered in person or sent by United States mail, postage prepaid, to the addresses specified below:

AGENCY	SIGNATORY AUTHORITY	DELEGATED PROJECT CONTACT	MAILING ADDRESS AND PHONE NUMBER OF DELEGATED CONTACT
Alameda County Water District	Robert Shaver	Thomas Niesar	Alameda County Water District 43885 S. Grimmer Blvd Fremont, CA 94538
Alameda County Flood Control and Water Conservation District – Zone 7	Jill Duerig	Amparo Flores	100 North Canyons Parkway Livermore, CA 94551
Bay Area Water Supply and Conservation Agency	Nicole Sandkulla	Michael Hurley	155 Bovet Road, Suite 650 San Mateo, California 94402
Contra Costa Water District	Jerry Brown	Maureen Martin	P.O. Box H <sub>2</sub> O Concord, CA 94524
East Bay Municipal Utility District	Alexander R. Coate	Thomas Francis	East Bay Municipal Utility District P.O. Box 24055 Oakland, CA 94623-1055
Marin Municipal Water District	Krishna Kumar	Thomasin Grim	220 Nellen Ave Corte Madera, CA 94925
San Francisco Public Utilities Commission	Harlan Kelley or Steve Ritchie	Manisha Kothari	San Francisco Public Utilities Commission 525 Golden Gate Avenue San Francisco, CA 94102
Santa Clara Valley Water District	Beau Goldie	Tracy Hemmeter	Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118

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## **Appendix D: Federal Indirect Cost Memo**

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# United States Department of the Interior

INTERIOR BUSINESS CENTER  
Indirect Cost Services  
2180 Harvard Street, Suite 430  
Sacramento, CA 95815



May 18, 2016

Mr. D. Scott Klein, Controller  
East Bay Municipal Utility District  
375 Eleventh Street, Mail Slot 402  
Oakland, CA 94607

Dear Mr. Klein:

Enclosed are two copies of the Indirect Cost Negotiation Agreement offered by the Interior Business Center (IBC). If you agree with the contents, **please sign and return two copies** of the agreement to IBC to complete the acceptance process. IBC will then sign and return one of the signed original agreements to you.

As a recipient of federal funds, the regulations require annual indirect cost rates. Indirect cost rate proposals are due within six (6) months after the close of your fiscal year end and are processed on a first-in, first-out basis.

**Common fiscal year end dates and proposal due dates are listed below:**

Fiscal Year End Date	Proposal Due Date
September 30 <sup>th</sup>	March 31 <sup>st</sup>
December 31 <sup>st</sup>	June 30 <sup>th</sup>
June 30 <sup>th</sup>	December 31 <sup>st</sup>

Please visit our website for information and updates on filing indirect cost proposals. If you have any questions concerning the negotiation agreement or require additional information, please contact our office for assistance.

Sincerely,

Deborah A. Moberly  
Office Chief

Enclosure: Negotiation Agreement

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Phone: (916) 566-7111  
Fax: (916)566-7110

Email: ICS@ibc.doi.gov  
Website: <https://www.doi.gov/ibc/services/finance/Indirect-Cost-Services>



**State and Local Governments  
Indirect Cost Negotiation Agreement**

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EIN: 94-6000590

Organization:

East Bay Municipal Utility District  
375 Eleventh Street, Mail Slot 402  
Oakland, CA 94607

Date:

Report No(s) .:

Filing Ref.:  
Last Negotiation Agreement  
dated July 14, 2015

The indirect cost rates contained herein are for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 applies for fiscal years beginning on or after December 26, 2014 subject to the limitations in Section III.A. of this agreement. Applicable OMB Circulars and the regulations at 2 CFR 225 will continue to apply to federal funds awarded prior to December 26, 2014. The rates were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

**Section I: Rates**

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Type	Effective Period		Rate*	Locations	Applicable To
	From	To			
Final	07/01/14	06/30/15	17.60%	All	All Programs
Provisional	07/01/16	06/30/17	17.60%	All	All Programs

**\*Base:** Modified total direct costs: Total direct costs, less capital expenditures and passthrough funds. Passthrough funds are normally defined as payments to participants, stipends to eligible recipients, or subawards, all of which normally require minimal administrative effort.

**Treatment of fringe benefits:** Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

**Section II: General**

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Page 1 of 3

**A. Limitations:** Use of the rates contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rates agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

**B. Audit:** All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

**C. Changes:** The rate(s) contained in this agreement are based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in organizational structure, or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate(s) in this agreement, require the prior approval of the responsible negotiation agency. Failure to obtain such approval may result in subsequent audit disallowance.

**D. Rate Type:**

1. **Fixed Carryforward Rate:** A fixed carryforward rate is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such periods have been determined, an adjustment will be made to the rate for future periods, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs.

2. **Provisional/Final Rates:** Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

3. **Predetermined Rate:** A predetermined rate is an indirect cost rate applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment. (Because of legal constraints, predetermined rates are not permitted for Federal contracts; they may, however, be used for grants or cooperative agreements.)

4. **Rate Extension:** Only final and predetermined rates may be eligible for consideration of rate extensions. Requests for rate extensions of a current rate will be reviewed on a case-by-case basis. If an extension is granted, the non-Federal entity may not request a rate review until the extension period ends. In the last year of a rate extension period, the non-Federal entity must submit a new rate proposal for the next fiscal period.

**E. Agency Notification:** Copies of this document may be provided to other federal offices as a means of notifying them of the agreement contained herein.

**F. Record Keeping:** Organizations must maintain accounting records that demonstrate that each type of cost has been treated consistently either as a direct cost or an indirect cost. Records pertaining to the costs of program administration, such as salaries, travel, and related costs, should be kept on an annual basis.

**G. Reimbursement Ceilings:** Grantee/contractor program agreements providing for ceilings on indirect cost rates or reimbursement amounts are subject to the ceilings stipulated in the contract or grant agreements. If the ceiling rate is higher than the negotiated rates in Section I of this agreement, the negotiated rates will be used to determine the maximum allowable indirect cost.

**H. Use of Other Rates:** If any federal programs are reimbursing indirect costs to this grantee/contractor by a measure other than the approved rate(s) in this agreement, the grantee/contractor should credit such costs to the affected programs, and the approved rate(s) should be used to identify the maximum amount of indirect cost allocable to these programs.

**I. Central Service Costs:** If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based on the latest federally-approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.

**J. Other:**

1. The purpose of an indirect cost rate is to facilitate the allocation and billing of indirect costs. Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.
2. Programs received or initiated by the organization subsequent to the negotiation of this agreement are subject to the approved indirect cost rate(s) if the programs receive administrative support from the indirect cost pool. It should be noted that this could result in an adjustment to a future rate.
3. Indirect cost proposals must be developed (and, when required, submitted) within six (6) months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant agency for indirect costs.

### **Section III: Acceptance**

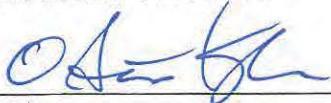
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Listed below are the signatures of acceptance for this agreement:

By the State & Local Government:

East Bay Municipal Utility District  
State/Local Government

Signature



/s/

Name (Type or Print)

D Scott Klein

Title

Controller

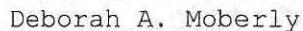
Date

5-25-16

By the Cognizant Federal Government Agency:

U.S. Department of the Interior  
Agency

Signature



/s/

Name

Office Chief

Office of Indirect Cost Services

Title

U.S. Department of the Interior

Interior Business Center

Agency

Date

Negotiated by Jacqueline B. Ross

Telephone (916) 566-7003