

MINUTES

Tuesday, February 25, 2020

**East Bay Municipal Utility District
Board of Directors
375 Eleventh Street
Oakland, California**

Special Meeting

President Marguerite Young called to order the Special Meeting of the Board of Directors at 9:06 a.m. in the Training Resource Center. The Board met in workshop session to receive an update on the long-term water supply.

ROLL CALL

Directors Andy Katz, Doug Linney, Frank Mellon, William B. Patterson, and President Marguerite Young were present at roll call. Director Lesa R. McIntosh arrived at 10:35 a.m. (excused). Director John A. Coleman was absent (excused).

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Director of Water and Natural Resources Michael T. Tognolini, Manager of Water Supply Improvements Linda H. Hu, Manager of Water Conservation Alice E. Towey, Senior Civil Engineer Bradley M. Ledesma, Special Assistant to the General Manager Kelly A. Zito, Assistant to the General Manager Janetta M. Johnson, and Secretary of the District Rischa S. Cole.

PUBLIC COMMENT

Addressing the Board were the following: 1) Ken Gibson commented on water conservation rebates and the desire to see rebates continue for low-income customers for toilets and clothes washers; 2) Heinrich Albert, Sierra Club, thanked staff for the information and commented on the potential impacts of water supply management to the environment; 3) Margo Schueler, commented on Alice Towey's work on Sustainable Groundwater Management Act activities and the impacts of sea level rise; and 4) Elizabeth Dougherty, Wholly H2O, commented on partnering with community groups to expand outreach regarding water conservation.

DISCUSSION

- Filed with the Board was a presentation entitled "Long-Term Water Supply Workshop," dated February 25, 2020.

General Manager Alexander R. Coate provided introductions and said the workshop is an opportunity for the Board to review key aspects of the District's 2018 Strategic Plan.

Director of Water and Natural Resources Michael T. Tognolini introduced the presenters and Long-Term Water Supply team members. He explained the workshop topics will focus on new topics, current challenges, and demand projections and strategies. The theme of the presentation is to continue building a resilient water supply portfolio.

Manager of Water Supply Improvements Linda H. Hu presented an overview of key current and future challenges to the District's long-term water supply including climate change, drought, regulatory uncertainties, and state and federal actions. She reviewed some of the regulatory uncertainties and state and federal actions that will impact the District and key strategies staff will use to improve water supply resiliency. Some strategies include engaging in discussions regarding the Voluntary Agreement process; diversifying the District's water supply portfolio and developing regional partnerships; taking Central Valley Project water during the first year of a drought; continuing investments in resilient infrastructure; and developing and implementing mitigation and adaptation strategies in response to climate change. She discussed the four categories in the State's draft water resilience portfolio and said the District's strategies closely align with the State's portfolio. Staff submitted written comments to the California Natural Resources Agency on the State's portfolio and in the letter, highlighted the District's experience building a diverse and resilient water portfolio.

Senior Civil Engineer Bradley M. Ledesma presented information on the 2050 Demand Study which supports efforts in many District activities. The study receives a major update every ten years and was last updated in 2009. He reviewed the approach and methodology noting this effort was coordinated amongst various District workgroups. Staff gathered data from all 22 local land use agencies, Association of Bay Area Governments, and Plan Bay Area to develop driver forecasts (or number of units e.g., homes) and multiplied this factor by the water demand per unit (e.g., gallons per day per home) to get water demand (e.g., gallons per day). Mr. Ledesma reported the study results identified three trends in the commercial, industrial, and institutional sectors that differed from the 2009 study. He discussed the trends and projected growth in the District's five customer sectors between 2018 and 2050, described the data sources and new approach used to develop the study's demand model, and the criteria for constructing the forecast. He reviewed the study's forecasted demand which accounts for customer rebounds in water use but does not factor in drought or economic impacts. The 2050 Demand Study will inform the District's Urban Water Management Plan which is required to be updated by July 2021.

Manager of Water Conservation Alice E. Towey presented an update on the Water Conservation program. She reported that between 1995 and 2018 the District has achieved 46 million gallons per day in conservation savings and is on track to meet or exceed the Water Supply Management Program 2040 conservation target of 62 million gallons per day. She reviewed the drivers for future conservation including the need to meet state regulations in several recently approved legislative bills aimed at increasing water use efficiency. She discussed the District's actions in response to the "Long-Term Framework" in SB 606 and AB 1668 and said staff is actively engaging with state agencies and participating in various workgroups to assist with developing efficiency standards for annual water use. She described the tool used by staff to develop three water conservation forecasts for the 2050 Demand Study; the six initiatives contained in the Water Conservation Master Plan which is scheduled to be updated in 2021; how the Home Water Report and web portal is being used to alert customers about potential leaks; how Automated Metering Infrastructure data is being used to help conserve water; current conservation rebate programs; and upcoming training events for landscaping professionals.

- Director McIntosh arrived at 10:35 a.m.
- Director Patterson left the room at 10:36 a.m. and returned at 10:45 a.m.
- Director Mellon left the room at 10:54 a.m. and returned at 10:56 a.m.
- Director McIntosh left the room at 11:06 a.m. and returned at 11:09 a.m.

Manager of Water Supply Improvements Linda H. Hu presented an update on water transfers, regional partnerships, and recycled water activities. She said the Board, at its meeting in the afternoon, will be asked to consider actions to amend the District's existing Long Term Renewal Contract with the United States Bureau of Reclamation for Central Valley Project water service to convert the Long Term Renewal Contract to a permanent Repayment Contract. The District's initial Long Term Renewal Contract has a term of 40 years and ends in 2046. She reviewed water transfer efforts with Placer County Water Agency, Yuba Water Agency, and Sycamore Mutual Water Company; Bay Area Regional Reliability partnership activities; and the status of the following: Los Vaqueros Reservoir Expansion Project; the pilot Demonstration, Recharge, Extraction, and Aquifer Management project; the Groundwater Sustainability Plan for the East Bay Plain; and the Bayside Groundwater project. The District completed its Updated Recycled Water Master Plan in 2019 and in the near-term plans to focus on expansion of non-potable reuse projects. The master plan update evaluated potable reuse in the long-term and will be re-evaluated when regulations are in place in 2024. She provided an overview on East Bayshore Expansion and water quality improvements; a potential partnership with the Phillips 66 refinery; and the Diablo Country Club satellite project.

Director of Water and Natural Resources Michael T. Tognolini closed out the presentation with highlights on the updates to the Urban Water Management Plan which are due by July 2021 and the System Capacity Charges update which will be presented during Board workshops in March and May 2020. He said the Board will be asked to consider approving new System Capacity Charges and methodologies in June 2020.

The Board thanked staff for the presentation. Staff responded to Board questions regarding the 2050 Demand Study including: how demand projections are developed and used; how Accessory Dwelling Units are classified and how their water usage is captured; how tiny home tracts are classified; the validity of the data provided by the twenty-two local land use agencies; plans to use 2020 census data to update the Demand Study if needed; accounting for potential future reductions in oil refining in the service area; rebound accounting in the 2018-2050 forecast; the data in the graphs on presentation slides #26-#29; the rationale for excluding drought and the economy from the demand model; and demand forecasts for supplemental water supply planning, infrastructure investment decisions, and financial planning. The Board also asked questions regarding outreach for the upcoming Qualified Water Efficient Landscaper Training Program; custom water conservation rebates; the number of lawns in the District's service area; the Bayside Groundwater project; the State's water conservation goal of 55 gallons per capita per day; and Voluntary Agreements.

The Board requested that staff provide the following:

- A copy of the District's comment letter on the Draft 2020 California Water Resilience Portfolio
- An update on the status of the Bayside Groundwater Project
- An update to the Planning Committee on the Los Vaqueros Expansion Project in summer 2020
- Information on conservation outreach coordination efforts with Non-Governmental Organizations and other community partners

- Information on the effectiveness of conservation rebates (e.g., lawn conversions relative to number of lawns over time)
- Information on whether changing rate tiers or moving the fixed portion of the water bill to the property tax bill would incentivize conservation
- Information on how the watershed can better extend base flow capacity
- Include information explaining that the 2050 water demand estimate number does not have significant impact on costs developers would pay during the March and May 2020 Board workshop on System Capacity Charges
- More detail in future presentations on the State's water conservation goal of 55 gallons per capita per day
- Coordinate with storm water agencies to determine if there is synergy between our efforts on storm water management
- Consider providing a public presentation on Voluntary Agreements
- Consider coordinating outreach efforts on Qualified Water Efficient Landscaper training events through community organizations
- Consider increasing the grey water rebate during the Water Conservation Master Plan update
- Contact Lone Tree Cemetery in Fairview regarding water recycling opportunities
- Regarding the 2050 Demand Study
 - o Provide breakout of Accessory Dwelling Units and tiny house tracts in the table on presentation slide #22
 - o Provide information to explain how demand forecast is used for water rights defense, supply development, infrastructure investment and financial forecasting
 - o Consider adding more narrative explanation of forecast model and assumptions
 - o Consider implications of reduction in oil refining

ADJOURNMENT

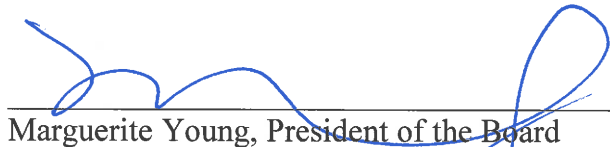
President Young adjourned the Special Meeting at 11:11 a.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: March 10, 2020



Marguerite Young, President of the Board