

Instructions for Portfolio Development Exercise

This document provides information and instructions for the April/May Portfolio Development exercise. A *Report Out Guide* is also included.

The objectives of Portfolio Development work at this meeting are to further your understanding of how to:

- Use negotiation skills
- Build portfolios
- Use adaptive pathways
- Consider CIP needs

Group Assignments:

Drought Group 1 – Peter, Dana, Sid, and Sue

Drought Group 2 – Erica, Mark, David S., and Charlie

Climate Change Group 1 – Doug, Sarah, and Greg

Climate Change Group 2 – Mike, David B., and Rick

Exercise Instructions: Please consider the following as you construct Portfolios for your assigned scenario:

- ▶ How will you handle uncertainties? Some approaches to consider include:
 - Apply probabilities
 - Build Adaptive Pathways: Add a signpost and trigger element. This requires identifying the specific set of information that will serve as a signpost as well as recommendations for actions the City can take if the signpost is triggered.
 - Build Robust: Add a buffer, e.g. add 10% or 25% to the shortage estimate to make sure you don't under supply.
 - Save easy-to-implement quick-savings actions to use for short term needs as they occur. Many water utilities are reducing demand through efficiency programs (e.g. efficient appliances) but are saving any level of curtailment for use during unexpected shortages. That is, rather than building in to their plan an acceptable level of curtailment severity and frequency, they are keeping curtailments as a tool that can be used to cope with unexpected shortages.
- ▶ How will you consider the CIP as you build your portfolio?

The Water Department's Capital Improvement Plan (CIP) represents a large need for near-term investment in the existing system. Are there actions you can suggest as part of your portfolio development to leverage this CIP spending or reallocate funding from one type of spending to another based on the approach being put together for the portfolio? Are you going to make a recommendation that may mean that certain CIP actions are no longer necessary (or, perhaps, become more important)? This is raised for you to think about -- as part of the Portfolio analysis the Technical Team will be providing feedback on how the CIP may dovetail with Portfolios.

- ▶ How will you handle timings?

Report Out

Please fill out the attached *Report Out Guide* and give to Karen or Bob at the end of the meeting.

Agreement Possibility:

Agreement on the way that you will address alternative fish flows. Two basic approaches are available to handle the fact that there are two potential fish-flow requirements (DFG5 or City): 1) develop as two separate scenarios (seen last month); or 2) include signposts or trigger points in the Extended Drought and Climate Change scenarios and build an adaptive pathway portfolio; or 3) develop a robust portfolio.