



## BOARD OF DIRECTORS MEETING

Thursday, July 16, 2020

6:30 P.M.

DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20, WHICH SUSPEND CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT. MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.

The following members of the BAWSCA Board are listed to permit them to appear telephonically at the Board Meeting on May 21, 2020: Jay Benton, Randy Breault, Tom Chambers, Alison Cormack, Debi Davis, Laura Davis, Sam Hindi, Steve Jordan, Kirsten Keith, Rob Kuta, Gustav Larsson, Sam Liccardo, Juslyn Manalo, Lisa Matchak, Al Mendall, Chris Mickelsen, Carmen Montano, Larry Moody, Rosalie O'Mahony, Tom Piccolotti, Barbara Pierce, Dan Quigg, Lou Vella, John Weed, Sepi Wood, and Tom Zigterman.

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

Participating via Video Conference:

Click on the link to Join the meeting, <https://us02web.zoom.us/j/86766485886>

- Meeting ID **867 6648 5886**.
- Password: **920468**.
- The web browser client will download automatically when you start or join your first Zoom meeting. It is also available for [manual download here](#).

OR,

Participating via Telephone:

- Dial (888) 788-0099 US Toll-free, and entering Meeting ID **867 6648 5886** and Password **920468**, when prompted.
- To Mute or UnMute, Press \*6.
- To Raise Hand, Press \*9.
- The Presentation will be available prior to the meeting at [www.bawasca.org](http://www.bawasca.org).

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

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**BOARD OF DIRECTORS MEETING**

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6:30 P.M.

**AGENDA**

<b><u>Agenda Item</u></b>	<b><u>Presenter</u></b>	<b><u>Page</u></b>
1. Call to Order/Roll Call/Salute to Flag	(Pierce)	
2. Comments by the Chair	(Pierce)	
3. Board Policy Committee Report <i>(Attachment)</i>	(Chambers)	Pg 5
4. Public Comments <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Pierce)	
5. SFPUC Report	(Ritchie)	
6. Consent Calendar <i>(Attachments)</i>	(Pierce)	
A. Approve Minutes of the May 21, 2020 Meeting		Pg 23
B. Receive and File Budget Status Report – As of May 31, 2020		Pg 29
7. Special Reports <i>(Attachments)</i>	(Sandkulla/Francis)	
A. SFPUC’s Asset Management Program Audit – Final Report		Pg 31
B. Los Vaqueros Reservoir Expansion (LVE) – Upcoming Participation Decision Including Cost Considerations		Pg 35
8. Reports		
A. Water Supply Update	(Sandkulla)	
B. Bay Delta Plan – Update <i>(Attachment)</i>	(Sandkulla)	Pg 47
C. FERC Relicensing - Update	(Sandkulla)	
D. CEO/General Manager Performance Evaluation Process	(Pierce)	
E. CEO/General Manager’s Letter <i>(Attachment)</i>	(Sandkulla)	Pg 53
F. Board of Directors Policy Calendar <i>(Attachment)</i>	(Sandkulla)	Pg 71
G. Correspondence Packet <a href="#"><i>(Under Separate Cover)</i></a>	(Sandkulla)	

**9. Closed Session**

**(Schutte)**

- A. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002.
- B. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 State Water Board Cases (Sacramento County Superior Court Case No. 5013).

**10. Directors’ Discussion: Comments, Questions and Agenda Requests**

**(Pierce)**

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

**(Pierce)** Pg 73

**12. Adjourn to next meeting scheduled for September 17, 2020 at 6:30pm**

**(Pierce)**

***Accessibility for Individuals with Disabilities***

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



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

**MEMORANDUM**

TO: BAWSCA Board Members  
FROM: Nicole Sandkulla, Chief Executive Officer/General Manager  
DATE: July 10, 2020  
SUBJECT: Summary of Board Policy Committee meeting held June 10, 2020

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1. **Call to Order:** Committee Chair, Tom Chambers, called the meeting to order at 1:30 pm. A list of Committee members who were present (9), absent (0) and other attendees is attached.

The Committee took the following action and discussed the following topics:

2. **Comments by Committee Chair:** Committee Chair Chambers welcomed members of the Committee and reviewed the ground rules to best conduct the meeting virtually. He noted that all actions by the committee will be done by roll call vote.
3. **Public Comments:** Peter Drekmeier, representing Tuolumne River Trust, identified himself on the phone. He noted that the US Environmental Protection Agency issued a new rule that would remove the State's authority to issue water quality certification for different projects. He urged BAWSCA to look for a compromise to oppose environmental rollbacks and ensure a reliable water supply as well as greater protection for the Tuolumne River and the Bay Delta. He referenced a letter he sent to the SFPUC offering suggestions. He will forward a copy to the Committee in hopes to have a dialogue.

Paul Sethy, Board member of Alameda County Water District (ACWD), identified himself on the phone. He had no public comments, but requested information on the SFPUC Budget and 10-year CIP.

4. **Consent Calendar:** Approval of Minutes from the April 8, 2020 meeting.

**Director Wood made a motion, seconded by Director Pierce, that the minutes of the April 8, 2020 Board Policy Committee meeting be approved.**

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

5. **Action Calendar:**

A. **Establishing a Policy Relating to Water Supply Agreement Balancing Account:** BAWSCA Finance Manager, Christina Tang, explained that in accordance with the Amended and

Restated Water Supply Agreement (WSA) between the City and County of San Francisco and the Wholesale Customers, at the end of each fiscal year, the SFPUC calculates the actual costs attributable to the Wholesale Customers based on the actual costs for operating the regional water system and the actual amount of water used by the Wholesale Customers. This actual cost attributable to the Wholesale Customers is known as the Wholesale Revenue Requirement (WRR). The difference between the WRR and the amount billed to the Wholesale Customers is posted to the Balancing Account as a credit to or as a charge to the Wholesale Customers.

The Balancing Account serves a critical rate stabilization role in the wholesale rate setting process. The WSA requires the SFPUC to take into consideration the Balancing Account in establishing the wholesale rate setting whether it is positive or negative. To avoid fluctuating increases and decreases in wholesale rates, the entire balance need not be applied to the subsequent fiscal year, and may be prorated over multiple years.

If a positive balance is maintained for three successive years and represents 10% or more of the WRR for the most recent fiscal year, the WSA provides that BAWSCA may direct the SFPUC to apply the positive balance to one or more of the purposes set forth in Section 6.05.B.2.a of the WSA.

Ms. Tang reported that the current level of the Balancing Account as of June 30, 2019 is \$64M. SFPUC's current plan is to use the entire positive balance over the next 4 years to moderate wholesale rate increases.

Section 6.05.B.2.a of the WSA provides six specific purposes, a through f, for which the positive balance in the Balancing Account may be applied if the criteria is met. Ms. Tang spoke on the three purposes that are most relevant to the member agencies. She explained that item f, continued retention for future rate stabilization purposes, is a default application in which the SFPUC will continue to retain the balance for rate stabilization in the absence of direction from BAWSCA.

Item c, prepayment of the existing asset balance under Section 5.03, is currently being evaluated. Ms. Tang referenced that BAWSCA's 2013 bonds were issued to prepay the remaining capital debt for the regional assets placed in service before June 30, 2009. The prepaid debt did not include the construction-work-in-progress paid from the SFPUC's revenue funded appropriations made prior to June 30, 2009 but were completed after that date. As of June 30, 2020, the remaining unpaid principal balance is about \$4.3M and is scheduled to be paid off in 4 years with interest at 4%.

Item d, BAWSCA administered water conservation of water supply projects, was used for the first time in 2019 when the BAWSCA Board authorized the use of a portion of the Balancing Account to fund the Regional Water Demand and Conservation Projections Study and the Los Vaqueros Expansion Project Study. At that time, the Board requested a policy on future use of the Balancing Account if there was consideration of the use of the Balancing Account at a future date. .

In response to that request, legal counsel prepared a resolution for the Board's consideration to establish a policy on the use of the Balancing Account. The proposed resolution guides the Board in any future decision related to the allocation of the positive balance in accordance to the WSA, and requires written findings to demonstrate that the use of the Balancing Account funds for the identified purpose is in the best interest of the Wholesale Customers and their water customers.

The recommendation is for the Committee to recommend Board adoption of Resolution 2020-02 to establish a Balancing Account Policy.

Members of the Committee were pleased with the flexibility and structure of the proposed resolution. Chair Chambers called upon each Committee member to capture their questions and comments.

Director Cormack inquired about the origin of BAWSCA's approach on the proposed resolution, and whether there are other agencies that have a similar process. Additionally, she asked what the written findings will look like.

Legal Counsel, Allison Schutte, explained that the proposed resolution is based on the WSA, which has directions for how the Balancing Account could be utilized. The default option for the use of the Balancing Account is for rate stabilization, however there are other uses clearly stated in the WSA. Those uses are stated in the proposed resolution as items a through d.

Financial components under the WSA were analyzed to determine what variables can be considered to be funded by the excess fund in the Balancing Account.

Ms. Schutte noted that the balance in the Balancing Account has been both negative and positive over the years. Since 2001, there has only been a few years where it met the critical test of having a positive balance for three successive years that is 10% or more of the most recent wholesale revenue requirement. In the last couple of years, the Balancing Account has met that criteria, and therefore the use of the Balancing Account has become a relevant topic for conversation.

The five considerations, items a through e, set forth in the proposed resolution are written in the WSA and are most relevant for the BAWSCA Board to consider if the Balancing Account is to be used for purposes other than for rate stabilization.

The reason why the considerations in the proposed resolution were made a procedural item, as opposed to a value (or pre-prioritized)-based item, was because over the decades, priorities for the Wholesale Customers can vary year to year. For best practices, the process is designed to be transparent on what the Board considers when it makes a recommendation.

Ms. Schutte elaborated on the five considerations, re-iterating that the wholesale customers have been very interested in utilizing the Balancing Account for rate stabilization. SFPUC's projections are to fully utilize the Balancing Account over the next 4 years, which is in line with the wholesale customers' interests expressed to date.

Item b, wholesale revenue coverage reserve, a funding mechanism for big capital projects, is a consideration that will require conversations with the SFPUC.

Item c, payment of unpaid asset balance(s) under Section 5.03 of the WSA, is a consideration for use of the Balancing Account funds at this time because paying the existing asset balance for construction work in progress was not included in the 2013 bond issuance for prepayment because the amount was not finalized at that time.

Item d, funding requirements and sources for water conservation or water supply projects is another vehicle for funding such purposes in addition to the Water Management Charge which is authorized in the WSA in section 3.06.

Item e provides the Board flexibility in considering the agency's priorities in the next couple of decades.

The written findings will include a statement of the Board's its to use all or a portion of the Balancing Account for a specific purpose that falls under the five considerations stated in the

proposed resolution. There would be detailed analysis that would present evaluation of rate projections for the next 5 years, considerations of the relevant factors, and information based on discussions with designated Water Management Representatives (WMRs) and the Board. It would also have an analysis on the use of the Balancing Account versus the Water Management Charge, and a justification of why one is being utilized over the other.

Director Jordan questioned how the use of the funds from the Balancing Account will be accounted for. If it were to be used for a subscription program, would it be reflected as a grant that would reduce the cost of the program to agencies participating?

Ms. Sandkulla stated that the funds would become part of BAWSCA's budget and financial portfolio which are reported on during the course of the fiscal year. As an example, Ms. Sandkulla referred to the use of the Balancing Account in May 2019. The Board made a determination, as part of the adoption of its work plan and operating budget for FY 2019-20, that it would use \$805,000 of the Balancing Account to fund, specifically, the Water Demand and Conservation Projection Study and the LVE Project Study. As part of the BAWSCA's work plan and operating budget, the projects' progression against expenditures are reported to the Board. Ms. Sandkulla noted that while it is not required, at the end of the fiscal year, BAWSCA will be sending the SFPUC at the end of the fiscal year a report on the use of the \$805,000 and what it was used for.

If the Board chooses to use a portion of the Balancing Account to fund a subscription conservation program, then the funds will be reported to reflect that. However, Ms. Sandkulla stated that she anticipates the use of the Balancing Account towards a BAWSCA wide purpose in which the Board would view the Balancing Account as the most appropriate way to fund a project.

Director Kuta expressed concerns with the current excess funds in the Balancing Account and asked a series of clarifying questions regarding the WSA as it relates to the proposed resolution.

He asked whether the SFPUC wholesale water rates and anticipated water deliveries to the agencies in any given water year are built into the WRR.

Ms. Tang responded yes, and explained that the SFPUC's rate projections provided to the wholesale customers in the annual wholesale rate notice each year are based on the SFPUC's own projections of water sales, and takes into consideration the demand projections provided by the member agencies in Spring for the remainder of the current fiscal year as well as the subsequent fiscal year.

Director Kuta referenced the criteria in the WSA that speaks to a balance of 10% or more of the wholesale revenue requirement that is maintained in three successive years. While he understands circumstances may contribute to the increase in the Balancing Account, the current balance is approaching 30%. It appears that the SFPUC has control over the process of maintaining the Balancing Account since it develops the plan for use of funds for rate stabilization purposes.

The proposed resolution speaks to how the Board can consider utilizing the excess funds. Director Kuta questions whether the Board should consider a cap to the Balancing Account in future efforts.

Additionally, if the Board considers item e in the proposed resolution, and the SFPUC already has designs for using the Balancing Account for rate stabilization, what is the impact of that combined activity?



Legal Counsel, Allison Schutte explained that the money in the Balancing Account belongs to the Wholesale Customers. It is not in San Francisco's balance sheet, nor does it help San Francisco with debt service coverage or with rating agencies.

The SFPUC's design to utilize the Balancing Account in their rate projections are for planning purposes only. The Wholesale Customers can choose to provide direction to SFPUC on what the Balancing Account should be used for, outside of rate stabilization, as long as the use is within the uses allowed in the WSA.

The SFPUC sets a rate for the year based on estimated costs and estimated sales. Except for those who have a minimum purchase requirement, agencies pay for the water they use. At the end of the fiscal year, Christina works with the SFPUC Finance department through the "true-up" process to ensure that all of the costs charged to the Wholesale Customers are appropriate.

Ms. Schutte added that the 2013-2015 drought is one of the contributing reasons for the increased balance in the Balancing Account as it caused the SFPUC to be very conservative with their sales estimates. It is unusual in the history of BAWSCA and SFPUC's relationship to have such a large Balancing Account.

Ms. Sandkulla added that the SFPUC consults BAWSCA about how to use the Balancing Account through her, as the CEO/General Manager for BAWSCA. However, it requires an action by the Board to approve what direction is given to SFPUC on how to utilize a portion or all of the Balancing Account. The default use, independent of the BAWSCA Board's direction, is for rate stabilization.

In a situation where BAWSCA contemplates use of the Balancing Account on items a through e in the proposed resolution, Director Kuta asked if the Board's choice to allocate the positive balance in the Balancing Account will come subsequent to SFPUC's wholesale rate setting process and plan for use of the Balancing Account?

What happens when BAWSCA decides to spend most of the Balancing Account on a project that is to the BAWSCA region's benefit, but SFPUC already has designs on applying these excess funds for rate stabilization?

Ms. Sandkulla explained that SFPUC's rate setting for the wholesale customers relative to the Balancing Account is separate and independent of SFPUC's retail rates. SFPUC's rate projections are based on the funds they need to operate the system. If the BAWSCA Board chooses to zero out the Balancing Account by applying funding to items a through e, the SFPUC will raise wholesale rates as needed, despite the zero balance. There is no direct connection between the use or application of the Balancing Account with the political decisions made in San Francisco. In the event that the BAWSCA Board decides to use the Balancing Account for purposes other than rate stabilization, the SFPUC will still establish rates necessary to operate the system, and at the end of the day, wholesale customers are obligated to pay SFPUC for the water they use.

Ms. Schutte added that under the old contract, 1984 Settlement Agreement, the procedure was to zero out the Balancing Account every year. That process was very destabilizing for the wholesale customers, and was negotiated out of the 2009 agreement. The 2009 WSA specifically states that the SFPUC will take into consideration the Balancing Account in establishing the rates, but it need not apply the entire amount to reduce wholesale rates in the immediately ensuing years, rather, it may pro-rate it over 3 years.

Ms. Schutte noted that the language is permissive, and that the SFPUC would be receptive if BAWSCA develops interest in changing the application and use of the Balancing Account.

She added that SFPUC cannot use the Balancing Account to do anything on the retail rate side, or the cost side. The wholesale rate setting is separate from the retail rate setting. However, based on the Wholesale Customers' agreement with San Francisco, the cost to the wholesale and retail customers per unit of water from the regional water system is calculated uniformly. Christina's work on the WRR review process ensures that.

The SFPUC's rate setting projects the revenue that the SFPUC intends to collect from the Wholesale Customers to operate the system for one fiscal year. The rate is either billed fully to the wholesale customers or offset with application of funds from the Balancing Account. They calculate projected costs and projected revenue, set the wholesale rates, and true-up 2 years later.

Ms. Schutte explained that the WSA is unique among water contracts in the Western US with the inclusion of a Balancing Account. It is not typical to have this type of influence or control over the cost that wholesale customers are obligated to pay. The Wholesale Customers have a guaranteed perpetual supply assurance and the right to know everything that is charged to them to operate the Regional Water System. This is a unique situation that resulted from the successful litigation that BAWSCA's predecessors engaged in 35 years ago.

Director Kuta thanked staff for the thorough answers, and noted that the word "in" was missing on the 2<sup>nd</sup> page of the proposed resolution.

Director Larsson appreciated Ms. Schutte's explanation of the uniqueness of the Balancing Account in the existing WSA. He characterized the Balancing Account as a shock absorber, and the true up process as the method for confirming the Wholesale Customers' actual cost for SFPUC's production and delivery of water for the year, regardless of what the rates were set at for the pertaining fiscal year. The Wholesale Customers will receive credit applied on the Balancing Account if the projected rates proved to be lower than projected.

He stated his support for the proposed resolution. He is pleased that it is flexible and sets up a process that does not impose values or decisions on future boards. This is important because values and trade-offs change over time, and circumstances cannot be predicted. Having a defined list of what should be considered and how to be transparent is critical. The multi-year planning for wholesale rates is helpful for BAWSCA's budget setting and considerations for use of the funds.

Director Mendall, appreciated Director Kuta's questions and was pleased to clarify that the Balancing Account belongs to, and is controlled by, the Wholesale Customers. He asked about the 2<sup>nd</sup> Whereas in the proposed resolution that refers to a provision of maintaining a positive balance over three successive years and representing 10% or more of the WRR for the most recent fiscal year. Was that from the agreement with SFPUC or self-imposed by BAWSCA?

Ms. Sandkulla explained that the provision came from the negotiation of the 2009 WSA, which the Wholesale Customers adopted in each of their contracts with San Francisco. The 10% serves as a cushion in case the actual rates are above or below the projection, therefore stabilizing the rates, which is the primary purpose of the Balancing Account.

Director Mendall stated his disagreement with the 3 successive years. If BAWSCA has sufficient funds to pay for a critical one-time project, but has only maintained a positive balance for 2 years, it seems contradictory not to be able to use the Balancing Account to fund the project and prevent the shock of having to raise BAWSCA's rates, because of the restriction in the policy. He suggested the Board's consideration of changing the restriction when the next opportunity to amend the WSA comes along.

Lastly, Director Mendall asked staff to elaborate on the \$4.3 M remaining principal balance, and suggested that it be paid off using the Balancing Account to avoid the 4% interest the Wholesale Customers are being charged.

Ms. Tang explained that the \$4.3M is the regional assets that were funded by the SFPUC's revenue funded appropriations made prior June 30, 2009, when the 2009 WSA was established. The projects were not completed until 2009 and based on the agreement and negotiations made during the establishment of the 2009 WSA, the member agencies agreed to pay the balance for the regional asset annually. The interest rate of 4% was set as part of the negotiations of the 2009 WSA.

Ms. Sandkulla stated that it appeared logical for the Board to establish a policy prior to pursuing the pay-off of the \$4.3 M balance using the Balancing Account. The pay-off could be the first action by the Board under the policy as opposed to combining the 2 actions together.

Director Mendall appreciates the systematic approach, and would support Board action to adopt the proposed policy and the recommendation to pay off the \$4.3M balance in the same meeting, or immediately after, to avoid paying further interests.

He appreciated the proposed resolution's combined structure and flexibility that places the use of the Balancing Account at the Board's discretion, with justification. He was content with the proposed policy but disagrees with the restrictions of maintaining a positive balance over a period of 3 years and the 10% of WRR criteria.

Director Pierce asked for clarification on the desire for rate stabilization in the negotiations of the 2009 agreement, and the rationale behind the 3 years. She recalls the Wholesale Customers advocating for rate stabilization to have some predictability.

Ms. Schutte stated that prior to the 2009 WSA, she recalls massive swings in rates where money was given back to the Wholesale Customers, but was very destabilizing. Additionally, there were projections of 37% rate increases at the beginning of the Water System Improvement Program (WSIP). Due to these variabilities, it has been a priority for the Wholesale Customers to moderate the rates. Ms. Schutte elaborated that the rate litigation, preceding the 1984 Settlement Agreement, was initiated due to arbitrary and discriminatory rates levied on the suburban customers by San Francisco. Since then and until today, uniformity and predictability of rates has been a top priority of the member agencies.

Director Pierce appreciates the "build up" in the Balancing Account that "slows things down" in rate increases, as agencies experience swings in revenues given various economic challenges over the years. She likes the flexibility in the proposed policy, and the Board's ability to consider paying off the \$4.3 M, if it so chooses. She is in favor of the SFPUC's ability to consider the Balancing Account for the purpose of rate stabilization, and appreciates the clarity in the contractual relationship stated in the WSA.

Director Wood thanked her colleagues for the quality and detail of their questions. She supports the proposed resolution and agrees with the comments made regarding future Board considerations.

She noted that the 3-year restriction for the use of the Balancing Account may be related to the budget cycle given that the 3<sup>rd</sup> year typically can provide the opportunity for a good comparison between the first year projection the 2<sup>nd</sup> year actual. Additionally, she believes there is an annual audit of the Balancing Account.

Ms. Tang agreed, and stated that the budget cycle could be one of the factors considered in the establishment of the 3-year restriction. And yes, the WSA requires completion of the Annual Compliance Audit by the SFPUC that includes the calculation of the Wholesale Revenue Requirement as well as the changes in the balance of the Balancing Account. The audit includes costs charged to the Wholesale Customers in accordance with the WSA. Ms. Tang stated that the WSA is very specific on the types of costs that can be included in the WRR. Additionally, per the WSA, SFPUC cannot charge the Wholesale Customers for costs that do not benefit the Wholesale Customers.

Director Zigterman's question was on the flexibility and extent to which the Board can recommend how to bring the balance down. He asked if, instead of using all of the funds in the next 3-4 years, would the Board have the flexibility to take the balance down by 2/3<sup>rd</sup>, leaving a cushion over the next 3-4 years?

Ms. Sandkulla stated that the Board has the flexibility to provide that direction to SFPUC, and is, in fact, the approach that the SFPUC generally takes. They draw down the Balancing Account over a number of years, typically 3-4 years, depending upon what the anticipated change in expenditure is. If there is a significant Regional Water System expenditure that is anticipated 2 years out, those expenditures are taken into account. That flexibility is retained in the proposed policy.

Director Chambers supports the primary function of the Balancing Account as a rate stabilization tool, as well as the 10% requirement under the WSA. He also expressed his support for paying off the \$4.3 M balance in regional assets with the use of the Balancing Account.

He stated that the Committee can choose to make a recommendation for the Board to adopt the proposed resolution as written at the July Board meeting, or further consider changes and bring it to the Board in September. Director Chambers asked if there are further comments from members of the Committee.

Director Cormack suggested consideration of a proactive approach that uses the 2<sup>nd</sup> Whereas in the proposed resolution as a trigger, so that every time the condition is met, staff can make a recommendation to the Board based on the 5 considerations for the use of the funds in the Balancing Account. It may be a recommendation for no action based on the current circumstance. The process is a way to recognize the Balancing Account as an asset for expenditures that fall under the five specific considerations.

Secondly, she believes having a high bar of 3 successive years and the 10% of WRR criteria is appropriate since the primary intent for the Balancing Account is rate stabilization. If SFPUC develops a pattern of being unable to project rates accordingly despite the Balancing Account, then she would re-examine the need for changing the 3 year and the 10% criteria. She is not prepared to make a decision on making a change to the WSA at this point.

In support of Director Cormack's idea of a proactive approach, Director Mendall agrees with an annual review of the Balancing Account, but not an annual discussion. He envisions a memo that would provide information to the Board, preferably in January prior to the budget development. It would prompt consideration of the Balancing Account as a financing option should there be an expenditure that falls within the five considerations.

Ms. Sandkulla stated that BAWSCA staff committed to an annual report on the Balancing Account in 2019. The most recent report was provided to the Board in March 2020. Considerations, if any, for the use of the Balancing Account can be incorporated in this annual report.

**Director Wood made a motion, seconded by Director Kuta, to revise the proposed resolution and present it at the August BPC meeting for the Committee to recommend Board approval at the September Board meeting.**

In the interest of paying off the \$4.3 M in regional asset balance with SFPUC, Director Mendall preferred making a recommendation for the Board to approve the proposed resolution at its meeting in July, given that staff makes the one-word revision in the proposed resolution that will be presented to the Board.

Director Larsson noted that an additional revision is the inclusion of language that refers to the use of the Water Management Charge for item d of the five considerations. Given the level of discussion the Committee had, he recommends that the revised resolution be brought back to the Committee for final review.

The Committee voted on the motion to:

1. revise the proposed resolution to fix the minor typo and include language that refers to the use of the Water Management Charge for item d of the five considerations, and;
2. begin the process for paying off the \$4.3 M in regional asset balance with SFPUC.

Both items shall be brought back to the Committee in August as 2 separate discussion and action items to recommend to the Board as 2 separate items for approval at the September Board meeting.

**The motion carried by roll call vote, 8:1.**

## **5. Special Reports:**

- A. Los Vaqueros Expansion Project: Mr. Francis noted that the LVE project is being led by CCWD, and is being evaluated by seven partner agencies. BAWSCA is one of the seven partner agencies which also include ACWD, Valley Water, and SFPUC. There are a total of eight agencies involved. The LVE project entails an expanded surface water reservoir along with other facilities including a proposed Transfer Bethany pipeline and some pumping stations.

Mr. Francis reported that the next decision that the Board will have to consider on the LVE project is anticipated in September 2020, and will include a financial commitment on behalf of the BAWSCA member agencies. Between now and September, BAWSCA will provide regular reports on current and developing project details to help the Board with its decision on the continued funding for the LVE effort. The reports will be provided to the Board in July and September, and to the BPC in August.

BAWSCA and SFPUC have separate objectives for participating in the LVE. BAWSCA's interest supports its Long-Term Water Supply Reliability Strategy (Strategy) that was adopted by the Board in 2010. Part of the Strategy is to ensure member agencies greater water supply reliability during dry years independent of the SFPUC. With the LVE project, BAWSCA can get water supply storage of 10 thousand acre feet (TAF) per year during drought years. The water would be stored at Los Vaqueros reservoir and transported to the BAWSCA region through South Bay Aqueduct (SBA). It would reduce the impact of San Francisco Regional Water System (SF RWS) shortages during dry years.

SFPUC's interest is to meet their current 184mgd supply assurance obligations to the Wholesale Customers during dry years. They are looking at a few different scenarios in their discussions with CCWD, which include between 20TAF and 40TAF of storage, as well as between 10TAF to 20 TAF of water delivery during dry years over a period of 1-2 years.

In FY 2019-20, BAWSCA contributed \$350K as a partner agency in the LVE project study. Current efforts continue to include planning and increasing focus on engineering. A new round of partner funding is needed to continue the work efforts that are expected to continue well into 2022.

The proposed new funding request will be split evenly among the 8 partner agencies. In September, partner agencies, including BAWSCA, will be provided with Amendment #2 to the existing Multi-Party Agreement. Amendment #2 will extend the existing multi-party agreement to December 2022 and include an additional funding request.

Mr. Francis was forthright about the lack of critical information that will be available and that the BAWSCA Board will need to make an informed decision in September. While BAWSCA is heavily engaged with CCWD and partner agencies to obtain complete understanding of the benefits and costs of the water, distribution to the BAWSCA region, and the feasibility, cost, and availability of SBA for conveyance and treatment, some of the information will remain outstanding until 2021 or later. BAWSCA staff will do its best to obtain as many details as possible.

CCWD's current funding estimate for Amendment #2 is \$6.8 M. Divided among the eight partner agencies provides an \$850K cost share. The cost will be billed in four payments in September, November, February, and July to cover project costs through 2021.

In response to BAWSCA's and other partner agencies' concerns, the agreement will have provisions that will allow agencies to withdraw at any time. Financial obligations will be waived after withdrawal from the agreement.

Mr. Francis noted that the four payments between September 2020 and July 2021 may not be equal. Should the board decide to continue participation in the LVE project, BAWSCA is requesting CCWD to evaluate a lower payment amount in the first half of 2020, and a higher amount in 2021. CCWD is currently considering this request and no decision has been made.

BAWSCA's operating budget for FY 2020-21 does not include the \$850K cost share to continue participation in LVE. Should the board decide in September to continue participation in LVE, it will have to decide on a funding mechanism. The Board has three funding options which include a special assessment, the Water Management Charge, or use of the Balancing Account.

A key decision component for BAWSCA is the SBA, a facility owned by DWR. It is a necessary facility to convey water from LVE to the BAWSCA region and to the SF Regional Water System. It, however, has significant reliability and capacity issues that impact its ability to support additional use by BAWSCA and the SFPUC as part of LVE. Partner agencies that currently rely on the SBA, and have access to the SBA under an agreement with DWR, share BAWSCA's concerns and have agreed to conduct studies to identify key information needed on the feasibility of SBA to be a part of LVE. Those partner agencies are ACWD, Valley Water and Zone 7.

Mr. Francis spoke on a series of studies being done on the SBA. Results of two studies are anticipated in time for the Board's September 2020 decision. A Conveyance Capacity Evaluation led by Valley Water is scheduled to be completed by July 2020. Since BAWSCA is looking at LVE for storage, it is critical to know how much and when storage capacity would be available for use by BAWSCA. Results of a Geotechnical study on SBA's landslide areas are also expected in July 2020.

Additional studies and work efforts led by DWR include an asset management and vulnerability study that will identify substantial long-range information on what is needed to upgrade the system, as well as a feasibility study on long-term reliability improvements to determine what, how, and who pays for the system repairs. Results of the asset management and vulnerability study, however, will not be available until September 2021, and the feasibility study will not be completed until February 2022. Mr. Francis added that assuming all repairs can be done and afforded, structural and operational improvements can take up to 5 years to complete.

Mr. Francis emphasized that SBA's accessibility, capacity and reliability are critical information to BAWSCA's participation in the LVE. It is BAWSCA's goal to gain full understanding of those issues, however, some of the critical information will remain outstanding until, at least, September 2021.

BAWSCA is continuing to meet with the partner agencies, particularly with CCWD and DWR, to encourage ongoing evaluation and analysis of the LVE and SBA. All entities understand how critical it is to address the outstanding issues to make an informed decision.

BAWSCA will continue to provide the Board with as much information as possible. Information that will continue to develop will focus on the water supply benefits, costs for the LVE and associated facilities, updates on outstanding issues, and review of the schedule and decision-making process.

Paul Sethy, ACWD Board Member, provided comments as a member of the public. He clarified that he is not speaking on behalf of ACWD or its Board of Directors. First, he noted that there are some BAWSCA member agencies, such as ACWD, that are already investors in the preliminary studies and payments on the future engineering efforts for LVE. He cautioned against duplicate payments. Second, ACWD, DWR, Zone 7 and Valley Water have expressed interest in supporting the costs for repairing SBA, which can be estimated to be up to \$1B. The agencies are willing to support costs through rate payers because it is the vital link to the Bay Area. Third, he noted that ACWD has an existing treatment facility where water from LVE can be processed. With technological updates, that facility along with ACWD's existing interties can treat and distribute water to the city of Hayward and BAWSCA member agencies in the South Bay. He offers the information for the BAWSCA Board's consideration. Lastly, he encouraged the BAWSCA Board and member agencies to evaluate whether BAWSCA member agencies are already included in the project since the SFPUC is already a partner and hence investments they would be making will benefit BAWSCA.

Chair Chambers called upon each Committee member to ask their questions and state their comments.

Director Cormack asked for a succinct explanation of the incremental value to BAWSCA if the SFPUC participates in the LVE, how the costs will be allocated, and whether the timelines

between the completion of LVE are in parallel with the timeline for addressing the capacity and reliability concerns with SBA.

Mr. Francis explained that in a drought situation where there are limited supplies from the Tuolumne River, the SFPUC in the future, with projects such as LVE, could bring in alternate supplies from non-Tuolumne sources so that wholesale customers will not need to ration greater than 20%. SFPUC's studies have shown that alternative water supply sources are needed for SFPUC to reduce rationing levels during drought. LVE, along with other sources, can be used to address SFPUC's drought year water need.

Assuming that BAWSCA participates in the LVE as a regional project that benefits all 26 member agencies, a mathematical formula (the Tier 2 Formula), which allocates supplies among the member agencies during drought, would be used to apportion available supply by member agency. That additional supply would then be used to further augment an agency's water supply from the SF RWS during a drought and lessen the need to ration.

Mr. Francis noted that the LVE will be governed by a Joint Powers Authority (JPA), which BAWSCA and all partner agencies will pay into annually to cover the project's operational and maintenance costs as well as pay off the bonds used to finance the project's construction. BAWSCA would also need to pay the cost for water and transmission when it obtains supply from LVE. In both situations, the costs will be distributed among the member agencies.

Ms. Sandkulla further explained that in a dry year, when SFPUC declares a shortage, the WSA provides Wholesale Customers an allocation defined by the Tier 2 formula. Every member agency has a slightly different cutback based on the formula. Currently, SFPUC is short dry year supplies because of instream flow requirements. The water supply from LVE will help SFPUC meet their contractual obligations and drought supply commitment to the Wholesale Customers. If BAWSCA moves forward with LVE under a regional program, the water from LVE would be in addition to SFPUC supplies, and every agency under the Tier 2 formula will get a slightly greater allocation during a dry year. There will be slightly less reductions in the need for rationing for the agencies and yet every agency will end up paying their share for participating in the LVE and the water delivered.

Ms. Sandkulla elaborated that if not all member agencies want to move forward with LVE, participation in the project can be administered similar to BAWSCA's subscription conservation program. This, however, is a serious question. As previously mentioned, there are operational costs whether or not supply from LVE is used. Costs will be significantly higher in a subscription format. BAWSCA would have to determine what is viable for BAWSCA to manage this level of subscription program.

Regarding the timeline between LVE and SBA, it is anticipated that the schedules would be in parallel assuming all LVE studies are completed and structures built within a period of 10 years. Mr. Francis noted that the current focus is to determine accessibility to, and the costs of SBA, to assist the Board in making a decision. Further uncertainties associate with the potential to use the SBA are hoped to be answered when CCWD develops a more formal process and presents service agreements (which are akin to contracts) to the partner agencies in 2021.

Director Jordan noted that the BAWSCA seems to be asking for the lowest storage volume from LVE and asked if there are considerations for pro-rating Multi-Party Amendment #2



funding request among the eight partner agencies based on the amount of water used, and whether BAWSCA will be required to contribute to SBA's repair program.

Mr. Francis reported that pro-rating is not being considered for Amendment #2. Perhaps next year when the JPA financing is contemplated. He reminded the Committee that BAWSCA is asking for storage in the reservoir, which is not the same ask of other partner agencies. The cost will be based on the use of the facility and further what portions / components of the facilities are being used. BAWSCA may not be seen as the smallest partner once those factors are considered.

Ms. Sandkulla stated that contributing to the SBA repair program should be anticipated.

Director Kuta asked about the financial implications when a partner agency withdraws, and whether there has been analysis done on what agencies might withdraw or how many agency withdrawals would dissolve the project.

Ms. Sandkulla added that the provision for agency withdrawal is included in the existing Multi-Party Agreement, however the dollar amount was smaller and there were more agencies involved. CCWD will need to provide a definite plan at this level of costs.

Ms. Sandkulla is not aware if CCWD had performed an analysis to determine if there was a limit to how many agencies could withdraw before the project becomes infeasible to move forward with. She noted that BAWSCA has asked CCWD for an analysis of the implications of BAWSCA and SFPUC withdrawal from the project. No result has been provided yet.

Director Kuta further asked about conveyance and treatment of water from the SBA, and whether partner agencies of SBA have expressed interest in increasing its capacity to accommodate the BAWSCA region.

Mr. Francis explained that San Francisco has existing facilities that can be utilized to transfer and treat water from the SBA to the regional water system. They are looking to upgrade those facilities and BAWSCA is working with SFPUC on that effort. A second option is to bring water through Valley Water facilities, specifically through the Milpitas Intertie. Additional opportunities also exist with ACWD.

The costs for the conveyance, treatment and distribution of the water with these options will be factored in the cost estimate that will be presented to the Board in July. Additional cost information that will be provided in July will include CCWD's annual costs to store BAWSCA's water and the variable cost for CCWD to move BAWSCA's water into the SBA.

DWR and the partner agencies of SBA have expressed willingness to collaborate. The partner agencies of SBA are highly interested in seeing SBA repaired and having BAWSCA as partners on the effort has promoted the need for urgency with DWR.

Ms. Sandkulla added that the interests to address SBA stem from the regional issues, and BAWSCA brings a benefit to the LVE project moving forward. More parties on the table reduce costs and increase regional support for projects.

Director Larsson commented that as part of future presentations to the Board, he would be interested in seeing a cost range to better understand which parts of the estimates are fairly firm and which are soft estimates. Additionally, what are the risks and sensitivities of those

costs, and what costs are susceptible to cost escalations. A critical consideration for the Board is whether participation is a regional or a subscription program. If it is a subscription program, he was concerned with how BAWSCA would manage the program at a larger level, what organizational risks would there be, and how Board decisions will be made if it only benefits a subset of the member agencies.

Director Mendall stated that while he supports investigating the project, he remains skeptical of BAWSCA's participation due to the high cost of it versus the likely benefits of the overall project. He is hesitant to support LVE as a regional program, and would consider it as a subscription program with a subset of agencies willing to fund it.

Director Pierce commented that it is too early to gauge BAWSCA's direction on Amendment #2 given the numerous unknowns and the substantial costs. She was concerned with the need for SFPUC to look at alternative sources to fill a drought gap that they were able to fill in the past to meet their contractual obligations. Hence, she appreciates BAWSCA's efforts to investigate alternative sources for additional drought year supplies for the member agencies. However, the current costs estimates are concerning.

While it might be premature, she encouraged staff to consider a plan should BAWSCA withdraw and SFPUC moves forward.

Director Wood agrees with the comments made by members of the Committee. She appreciated staff's efforts in providing as much information as possible.

Director Zigterman echoes the concerns expressed by his colleagues. He would be interested in BAWSCA having further discussions with SFPUC about their intent as the information develops and the projects progresses.

**6. Reports:**

- A. Water Supply Conditions: As of the end of May, SFPUC's total system storage was at 90% of maximum, which is slightly higher than the normal percent of maximum. This reflects the fact that there is snow anticipated to come in as runoff. San Francisco is holding more water for storage. Indications are SFPUC will be able to fill all reservoirs except for the Water Bank. They believe total storage will be about 100 TAF short. But given the current hydrology this is a good result for this year.

Hetch Hetchy precipitation in late May added to the system's water supply and reduced fire risks. Ms. Sandkulla pointed out that it is a dry year, although not as dry as the record dry year of 1977.

Current snowpack conditions are already at a downward trend in June compared to some years when snowpack remain and runoff continue through July and August. This is why the SFPUC is keeping Hetch Hetchy reservoir higher than normal.

Water available to the city is currently at 170 TAF, compared to the 321 TAF required for the entire system to fill. The wet year of 2019 provided San Francisco 1676 TAF.

BAWSCA continues to closely monitor the regional water system total deliveries. There were interesting combination of events with the warm weather in February which spiked water use above the 2013 pre-drought years, followed by the shelter in place beginning mid-march.

Current water use is above the drought-low of 2015, but remains below pre-drought of 2013. The 5-year average shows calendar 2020 to be slightly above it, and highlights the peak experienced during the month of February.

- B. Bay Delta Plan: Ms. Sandkulla was pleased to report that Governor Newsom continues his leadership on the Bay Delta Plan, and expressed his support for the voluntary agreements in an article published by Cal Matters in February. He has continued to direct both the Secretaries of Natural Resources and California EPA to remain engaged in this matter.

Ms. Sandkulla's letter to the Governor, dated June 2, 2020, asks for his further leadership and spoke on the Tuolumne River Voluntary Agreement (TRVA) put forth by the SFPUC and the Irrigations Districts, and supported by BAWSCA. The TRVA is ready for the State Water Resources Control Board's (SWRCB) environmental review, and the SFPUC and irrigations districts are prepared with the funding needed to implement the plan as soon as it is possible.

- C. SFPUC Budget and 10-year CIP – Update: The SFPUC adopted its 2-year budget and 10-year CIP in January and forwarded it to the Mayor for adoption by the Board of Supervisors (BOS). BAWSCA was actively engaged in the review of the 10-Year CIP and supported the projects within the program in accordance with the WSA amendment.

Unfortunately, shelter-in-place occurred before the BOS acted. Given the anticipated reduced revenues throughout the City, Mayor Breed directed all city departments to 1) move forward with interim budgets beginning July through August based on the current fiscal year's adopted budget with no new programs, 2) bring back a FY 2020-21 budget, and 3) a FY 2021-22 budget in accordance with guidelines and based upon the different requirements within the various departments.

Ms. Sandkulla reported that SFPUC's interim budget for the water enterprise is a continuation of the FY 2019-20 budget with no new programs. There are no anticipated issues with the Regional Water System.

Ms. Sandkulla explained that SFPUC's capital budget in FY 2020-21 is based on drawing down prior appropriations that were still on the books. Additionally, with the wholesale rates adopted, the SFPUC can manage the impacts on the water enterprise with modest changes, none of which will have an effect on the CIP.

The FY 2020-21 Budget will be considered by the Commission on July 14<sup>th</sup>, with a final approval by the Mayor on October 1<sup>st</sup>. BAWSCA will review any changes proposed by the SFPUC, but discussions with Mr. Ritchie indicates no significant impacts on the water enterprise.

- D. CEO Evaluation Procedure: Director Pierce reported that she has initiated the annual CEO evaluation process. She noted that last year's review brought up a few items for review including having a multi-year contract, continuation of and guidelines for a performance bonus, and additional factors for consideration in a compensation package. An Ad Hoc Committee comprised of Directors Zigterman, Cormack, Vella, and Larsson will evaluate these matters. The goal is to have evaluation materials to the Board in late July/early August for a Closed Session discussion at the September Board Meeting.

She thanked Directors Kuta and Mendall for their involvement in last year's evaluation process. Members of the Committee were asked to provide their insights on the process.

- 10. Closed Session:** The Committee adjourned to Closed Session at 3:55pm.
- 11. Reconvene to Open Session:** The Committee reconvened from Closed Session at 4:08pm. Ms. Schutte reported that no action was taken during Closed Session.
- 12. Comments by Committee Members:** There were no further comments from members of the Committee.
- 13. Adjournment:** The meeting was adjourned at 4:09 pm. The next meeting is August 12 , 2020.

# Bay Area Water Supply and Conservation Agency

## Board Policy Committee Meeting Attendance Roster

Agency	Director	Jun. 10, 2020	Apr. 8, 2020	Feb. 12, 2020	Dec. 11, 2019	Oct. 9, 2019	Aug. 14, 2019
Westborough	Chambers, Tom (Chair)	✓	✓	✓	✓	✓	M T G  C A N C E L L E D
Palo Alto	Cormack, Alison (V Chair)	✓	✓	✓	✓	✓	
Purissima	Jordan, Steve	✓	✓	✓	n/a	n/a	
Cal Water	Kuta, Rob	✓	✓	✓	✓	✓	
Sunnyvale	Larsson, Gustav	✓	✓	✓	✓	✓	
Hayward	Mendall, Al	✓	✓	✓	✓	✓	
Redwood City	Pierce, Barbara	✓	✓	✓	✓	✓	
Brisbane	Wood, Sepi	✓	✓	✓	✓		
Stanford	Zigterman, Tom	✓	✓	✓	✓	✓	

✓: present

☎: Teleconference

### June 10, 2020 Meeting Attendance (Via Zoom in compliance with Gov. Order #29-20 due to COVID-19)

#### BAWSCA Staff:

Nicole Sandkulla CEO/General Manager  
 Tom Francis Water Resources Manager  
 Negin Ashoori Water Resources Engineer  
 Kyle Ramey Water Resources Specialist  
 Christina Tang Finance Manager  
 Lourdes Enriquez Assistant to the CEO/General Manager  
 Deborah Grimes Office Manager  
 Allison Schutte Legal Counsel, Hanson Bridgett, LLP  
 Nathan Metcalf Legal Counsel, Hanson Bridgett, LLP  
 Bud Wendell Strategic Communications

#### Public Attendees:

Paul Sethy ACWD  
 Lisa Bilir Palo Alto  
 Peter Drekmeier Tuolumne River Trust  
 Michelle Novotny SFPUC  
 Jenny Gain Brown and Caldwell

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING****May 21, 2020 – 6:30 p.m.**

DUE TO COVID-19, THIS MEETING WAS CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20, WHICH SUSPEND CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT. MEMBERS OF THE BOARD, BAWSCA STAFF, AND OF THE PUBLIC COULD NOT ATTEND THIS MEETING IN PERSON.

**MINUTES****1. Call to Order/Pledge of Allegiance/Roll Call – 6:30 pm**

BAWSCA Chair, Barbara Pierce, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Twenty-two (22) members of the Board were present at roll call. One (1) Director logged in after roll call. A list of Directors present (23) and absent (3) is attached.

**2. Comments by the Chair:**

Chair Pierce welcomed members of the Board and was glad to see everyone safe and healthy. On behalf of the Board, she expressed appreciation for the excellent job performed by the SFPUC in making sure the water that the BAWSCA region relies on remain safe and reliable during these challenging times.

**3. Board Policy Committee Report:**

Committee Chair Chambers reported that the Committee voted unanimously to recommend Board approval of the items presented in the Action Calendar. The Board Policy Summary Report included in the agenda packet reflects the Committee's discussions.

**4. Public Comment:**

Comments were made by seven (7) members of the public.

- |                    |                    |
|--------------------|--------------------|
| 1. Mark Rockwell   | 2. Patti Regehr    |
| 3. Martin Gothberg | 4. Carol Steinfeld |
| 5. Mary Butterwick | 6. Peter Drekmeier |
| 7. Denise Louie    |                    |

**5. SFPUC Report:**

Steve Ritchie, SFPUC Assistant General Manager for Water Enterprise, provided a report on current water supply conditions and the impacts of COVID-19 to SFPUC's operations.

Hetch Hetchy is approximately 90% full, well above normal this time of year. Calaveras is about 2/3 full, and overall total system storage is about 89% which is greater than the

average of 83% at this time of year. The water year has not been great, but certainly not worse than previous years.

System operations has been unchanged since the beginning of the COVID-19 crisis. Water deliveries have continued to be unaffected. Demands correspond with the changing situations in response to the shelter in place order. SFPUC is maintaining financial sustainability and strength through its financial policies, fund balance and reserves.

#### 6. Consent Calendar:

**Director Quigg made a motion, seconded by Director Benton, to approve the Minutes of the January 16, 2020 meeting; receive and file the Budget Status Reports as of January 31, 2020 and March 31, 2020; the Bond Surcharge Collection Reports as of December 31, 2019 and March 31, 2020; the Investment Report and the Directors' Reimbursement Report as of March 31, 2020; approve the Proposed Fiscal Year 2020-21 Bond Surcharges; Ratification of Agreement with Droplet Technologies to Implement a Landscape Rebate Online System; and Adoption of Resolution 2020-01 to replace Resolution 2006-01.**

**The motion carried by majority of the roll call vote.**

#### 7. Action Calendar:

A. Approval of Proposed Fiscal Year 2020-21 Work Plan and Operating Budget.

**Director O'Mahony made a motion, seconded by Director Hindi, that the Board approve the:**

- 1. Proposed FY 2020-21 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$4,020,679; and**
- 3. Proposed funding plan of 0% assessment increase and \$333,900 transfer from the General Reserve.**

**The motion carried by majority of the roll call vote.**

B. Approval of Professional Services Contracts for Fiscal Year 2020-21

**Director Keith made a motion, seconded by Director Zigterman, that the Board approve the Twenty (20) Professional Services Contracts for Fiscal Year 2020-21.**

**The motion carried by majority of the roll call vote.**

#### 8. Reports:

Ms. Sandkulla reported that the Water Demand and Water Conservation Projections Study will be completed by the end of June.

She noted that an upcoming major topic of discussion by the Board is the Los Vaqueros Expansion Project.

9. **Closed Session:** The meeting adjourned to Closed Session at 8:25pm

10. **Report After Closed Session:** Closed Session ended at 9pm. Legal Counsel, Allison Schutte, reported that no action was taken during Closed Session.



- 11. Directors' Discussion: Comments, Questions and Agenda Requests:** There were no comments from the Board.
- 12. Date, Time and Location of Next Meeting:** The next meeting is scheduled on July 16, 2020 at 6:30pm. Meeting format will be announced in accordance to State and local health guidelines.
- 13. Adjournment:** The meeting adjourned at 9:05 pm.

Respectfully submitted,

Nicole M. Sandkulla  
Chief Executive Officer/General Manager

NMS/le  
Attachments: 1) Attendance Roster

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**Bay Area Water Supply and Conservation Agency**

**Board of Directors Meeting  
Attendance Roster**

Director	Agency	May 21, 2020	Mar. 19, 2020	Jan. 16, 2020	Nov. 21, 2019	Sept. 19, 2019	July 18, 2019	
Benton, Jay	Hillsborough	✓	<b>Meeting Cancelled due to COVID-19 Shelter-in-Place Order</b>	✓	✓	✓		
Breault, Randy	Guadalupe	✓			✓	✓		
Chambers, Tom	Westborough	✓			✓	✓	✓	
Cormack, Alison	Palo Alto	✓			✓	✓		
Davis, Debi	Santa Clara	✓			✓		✓	
Davis, Laura	San Bruno	✓			vacant	✓*	✓*	✓*
Hindi, Sam	Foster City	✓			✓	✓	✓	
Jordan, Steve	Purissima	✓			✓	✓	✓	✓
Keith, Kirsten	Menlo Park	✓			✓	✓	✓	✓
Kuta, Rob	Cal Water	✓			✓	✓	✓	✓
Larsson, Gustav	Sunnyvale	✓			✓	✓	✓	✓
Liccardo, Sam	San Jose							
Manalo, Juslyn	Daly City	✓				✓	✓	✓
Matichak, Lisa	Mountain View	✓			✓	✓	✓	✓
Mendall, Al	Hayward	✓			✓		✓	✓
Mickelsen, Chris	Coastside	✓			✓	✓		✓
Montano, Carmen	Milpitas	✓				✓	✓	✓
Moody, Larry	East Palo Alto				✓	✓	✓	✓
O'Mahony, Rosalie	Burlingame	✓			✓	✓	✓	✓
Piccolotti, Tom	North Coast					✓		
Pierce, Barbara	Redwood City	✓			✓	✓	✓	✓
Quigg, Dan	Millbrae	✓			✓	✓	✓	
Vella, Lou	Mid-Peninsula	✓			✓	✓	✓	✓
Weed, John	ACWD	✓			✓	✓	✓	✓
Wood, Sepi	Brisbane	✓			✓	✓	✓	✓
Zigterman, Tom	Stanford	✓			✓	✓	✓	

✓ : Present

\* : Predecessor

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# BAWSCA

## Bay Area Water Supply & Conservation Agency

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

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

**FROM:** Deborah Grimes, Office Manager

**DATE:** July 6, 2020

**SUBJECT:** Budget Status Report as of May 31, 2020

This memorandum shows fiscal year budget status for FY 2019-20. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

**Operating Budget Summary:**

For the eleven-month period ending May 31, 2020, 92 percent into the fiscal year, total expenditures were \$3,762,991 or 82 percent of the total budget of \$4,569,750.

**Table 1. Operating Budget Summary as of May 31, 2020**

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
<b>Consultants /Direct Expenditures</b>			
Reliability	1,797,550	1,387,813	77%
Fair Pricing	233,000	188,156	81%
Administration	110,000	179,849	164%
<b>Subtotal</b>	<b>2,140,550</b>	<b>1,755,817</b>	<b>82%</b>
<b>Administration and General</b>			
Salary & Benefits	2,001,051	1,679,847	84%
<b>Other Expenses</b>			
BAWSCA	390,500	324,438	83%
BAWUA	1,050	0	0%
<b>Subtotal</b>	<b>4,533,151</b>	<b>3,760,103</b>	<b>83%</b>
<b>Capital Expenses</b>	3,000	0	0%
<b>Budgeted Contingency</b>	31,949	0	0%
<b>Regional Financing Authority</b>	1,650	2,888	175%
<b>Grand Total</b>	<b>4,569,750</b>	<b>3,762,991</b>	<b>82%</b>

**Overview:**

Overall expenditures for FY 2019-20 are tracking within budget.

**Consultants**

The \$115,000 budget for technical review and tracking of the SFPUC’s Water System Improvement Program was 60 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 92 percent expended. The Administration related Consultant expenses are overbudget mainly due to the legal activities for staffing and COVID-19 issues. The total Operating Budget allocation of \$799,500 for legal counsel ~~is on~~ was 96 percent expended. The \$193,800 budget for water management and conservation-related activities was 47 percent expended. As noted in the January 7, 2020 budget status report, RFA legal expenses are overbudget due to unforeseen expenses related to director appointment activity in 2019.

**Administration and Other Expenses**

Budgets for salaries and other expenses were 84 percent and 83 percent expended respectively.

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

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

- A contract amendment for Hanson Bridgett by increasing the not-to-exceed budget amount by \$19,500 for legal services.
- A contract in the amount of \$25,000 for Woodward & Curran for services related to water conservation program management and water resources planning.
- A first amendment to the Los Vaqueros Expansion Multiparty Cost Share Agreement. This was a no cost scheduled agreement.

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

In accordance with the adoption of the FY 2019-20 annual budget in May 2019, the Board approved transferring \$77,971 from the General Reserve to fund the FY 2019-20 budget. The BAWSCA General Reserve balance shown below reflects this transfer.

**Table 2. General Reserve Fund Balance**

Fund	Account Balance (As of 03/31/20)	Account Balance (As of 05/31/20)
General Reserve	\$1,037,877	\$1,037,877

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:            SFPUC’s Asset Management Program Audit – Final Report**

**Summary:**

The Bay Area Water Supply & Conservation Agency (BAWSCA) FY 2019-20 Work Plan includes an audit of the San Francisco Public Utilities Commission’s (SFPUC) asset management practices for the San Francisco Regional Water System’s (SF RWS) Hetch Hetchy Water and Power (HHWP) Division and the Water Supply and Treatment (WST) Division. The audit has been completed and the results published in the “ Asset Management Program Audit Final Report” (Final Report, June 2020). This memorandum summarizes the contents of the Final Report including recommendations that will be relayed to the SFPUC for improvements to their Asset Management Program in the days following this Board Meeting.

**Recommended Action:**

This item is for information and discussion purposes only. No action is requested at this time.

**Discussion:**

*Scope of Work and Timeline*

In July of 2019, The Bay Area Water Supply & Conservation Agency (BAWSCA) retained West Yost Associates (West Yost) to evaluate and audit the processes, systems, and tools used to support asset management efforts at the San Francisco Public Utilities Commission (SFPUC) for its two key water divisions. Those divisions are the Hetch Hetchy Water and Power (HHWP) Division, responsible for operating the Hetch Hetchy Regional Water System east of the Tesla Water Treatment Plant (Tesla) in Tracy, California; and the Water Supply and Treatment (WST) Division, responsible for operating the Hetch Hetchy Regional Water System at Tesla and west of Tesla. West Yost performed the audit over the course of FY 2020-21.

Audit efforts included the collection and review of documentation as provided by the SFPUC coupled with interviews of key SFPUC staff charged with various aspects of asset management. Those efforts began in the early Fall of 2019 and extended through February of 2020. A draft report was provided for BAWSCA’s review in March of 2020. Following incorporation of BAWSCA comments, a revised draft was provided to the SFPUC for their review and comment. Both BAWSCA and West Yost reviewed the SFPUC’s comments and determined which to accept. The Final Report was provided to BAWSCA in mid-June 2020.

*Evaluation Criterion*

To evaluate the SFPUC Asset Management Program, key criterion were considered as follows:

- Asset Registry – This criterion evaluates the asset registry that SFPUC employs for tracking purposes. A registry must be robust and be capable of providing significant information regarding each asset tracked.
- IT Support – This criterion determines if SFPUC’s IT system supports their asset management needs.

- Risk Procedures – This criterion evaluates whether the program in place considers the likelihood that an asset may not perform at its intended service level, causing an adverse impact to the utility and the consequence of the asset failing.
- Operations & Maintenance (O&M) - O&M is a process of providing inspection and service to an asset to achieve its prescribed useful life and must be optimized so as to not over- or under-manage the asset. This criterion evaluates the use of business processes, data collection, and maintenance practices to support asset management.
- Condition Assessment - Understanding where an asset is in its life cycle is essential to understanding when to apply renewal efforts. This criterion evaluates the monitoring of asset remaining useful life in decision-making.
- Replacement Planning - This criterion evaluates if processes are in place for long-term funding of asset refurbishment and replacement.
- Alignment with Agency Planning - This criterion assesses the level to which asset management activities are influenced by relevant agency plans.
- Service Level - This criterion evaluates the practice of using required service level to optimize decision-making.
- Supply Chain - This criterion evaluates supply chain practices to support asset management and improves work efficiencies.
- Staff Support - This criterion evaluates staffing levels to support asset management.

**Scoring Levels Applied as Part of the Audit**

Each of the criterion were evaluated on a five-level capability maturity model developed for and utilized in the field of asset management assessment specifically for public works departments. The five-level model (i.e., weighting or ranking) used in the audit of the SFPUC represents a practical interpretation for the water industry. Table 1 details the possible scoring levels that were assigned during the audit

**Table 1  
Asset Management Program Criterion: Scoring Levels Applied**

<b>Scoring Level</b>	<b>Description</b>
Initial (lowest level)	If a criterion scores at an “initial” level, it implies that “success” is likely to depend on individual efforts and is not considered to be repeatable
Repeatable	Basic techniques are established, and successes could be repeated
Defined	Standard processes exist through greater attention to documentation, standardization, and integration
Managed	Monitors and controls are in place
Optimized (highest level / optimal)	Processes are constantly being improved through monitoring feedback and introducing innovative processes to better serve the organization's particular needs.



**Final Report Conclusions**

Based on the review of data and documents provided by WST and HHWP, BAWSCA and its consultant found that SFPUC embraces the basic principles of asset management within its WST and HHWP Divisions. Guiding policy and direction exists at the management level, but WST and HHWP are at different levels of implementation and, in some areas, are not consistent in their implementation of certain principles. There are several specific recommendations from this audit that, if implemented, would improve and enhance SFPUC's asset management program.

**Final Report Recommendations**

The Final Report includes recommendations for enhancements to the SFPUC Asset Management Program as follows:

- **General Recommendations** - Enhancements to the current Asset Management Planning efforts at the SFPUC are needed:
  1. SFPUC should develop a uniform approach to risk. HHWP will achieve this by completing their planned development of the risk framework and risk assessment tool. However, no similar effort is planned within the SFPUC's WST division. WST should participate in this effort.
  2. HHWP is also completing an ISO-55000 Gap Analysis and asset management planning. WST should participate in this effort.
  
- **Near Term Recommendations (next 1 to 3 years)** – SFPUC should:
  1. Combine all work and asset management standards for application to HHWP and WST uniformly. Abolish standards and procedures specific to one Division.
  2. Develop a policy and process to review the asset registry in Maximo for accuracy. Maximo should have current, existing assets properly classified and documented with appropriate attributes. It is recommended that SFPUC perform a review and update of its asset registry at approximately five-year intervals.
  3. Look for opportunities to align its asset hierarchy, classification and attributes for both HHWP and WST. Specifically, they should formalize the asset management approach uniformly across the utility as such an approach provides: 1) greater overall collaboration between staff when both systems use the same configuration, 2) consistent classifications and attributes allow for shared data and metrics such as profiling equipment failure, equipment standards sharing of inventory stores, and 3) a unified standard can be more efficient to develop and maintain than separate standards for the same segment of the system.
  4. Review and update the current asset definition policy. The policy should consider not only asset value but asset criticality and maintenance requirements. While SFPUC manages Lock Out Tag Out (LOTO) procedures through its existing regulatory and safety policies, SFPUC should consider also including LOTO in the asset definition policy. Further, the SFPUC should develop a uniform policy and business processes for work management, asset creation and modification, and work prioritization. This uniform policy should be developed as a utility standard for application to HHWP and WST collectively.

- Long Term Recommendations (next 3 to 5 years) – SFPUC should:
  1. Evaluate asset criticality at least every 5 years, after a major CIP or when a significant modification to a system is implemented.
  2. Maintain a risk register in Maximo noting the total risk score and the criticality and condition score.
  3. Configure Maximo for automated workflow processes for work and maintenance where minimum data collection points are required and where process efficiencies may be increased.
  4. Develop a policy and method for estimating remaining useful life.
  5. Develop a replacement planning program to forecast asset renewal needs and costs. Link this forecast to the establishment of utility rates. Use this forecast to inform CIP planning efforts.
  6. Implement the Fiscal 2020 Strategic Plan Asset Management Objectives to develop LOS criteria and goals and connect maintenance planning with LOS requirements by asset. LOS goals can be inherited from higher process or subprocess levels in the asset hierarchy to reduce the analysis required.
  7. Implement the Fiscal 2020 Strategic Plan Asset Management Objectives to develop a uniform investment process linked to asset management priorities across the utility.
  8. Implement the Fiscal 2020 Strategic Plan Asset Management Objectives to formalize the asset management approach across the utility uniformly.
  9. Develop a formal warehouse management plan to be applied to both HHWP and WST. The plan should renew business processes and policies for inventory counts and reconciliation, establish procedures for maintaining critical spare parts that can be shared between HHWP and WST.
  10. Evaluate spare parts lists and begin stocking spare parts in the warehouse for asset maintenance work.
  11. Eliminate the practice of undocumented storerooms with “invisible” inventory that is not valued or carried in the financial ledger.

The Final Report also includes recommendations for work in FY 2020-21 for Phase 2 of BAWSCA’s Asset Management Review:

1. Evaluate SFPUC’s use of Maximo – This has been delayed until FY 2021-22 due to BAWSCA budget constraints
2. Review HHWP Gap Analysis, asset management plans, risk management policies and risk management tool development.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

**Agenda Title:**            **Los Vaqueros Reservoir Expansion (LVE) – Upcoming Participation Decision Including Cost Considerations**

**Summary:**

This item is for information and discussion purposes only. No action is requested at this time. This memorandum provides the current available information related to the Los Vaqueros Reservoir Expansion (LVE) Project, the anticipated decision including the funding request, schedule for decision, and when critical information regarding the cost and reliability of the project (from a yield and conveyance of water perspective) is likely to be available to support a decision by the Board in Fall 2020.

Since 2016, BAWSCA, Contra Costa Water District (CCWD) and seven other current partner agencies, have been participating in work related to the LVE Project. The LVE Project includes expanding the storage capacity of an existing surface water reservoir, construction of new facilities, and upgrades to existing water infrastructure.

BAWSCA is evaluating the LVE Project as a means to provide up to 10 thousand acre-feet (TAF) per year of water supply in dry years that would be in addition to what is provided via the San Francisco Regional Water System (SF RWS) and thus would reduce drought cutbacks to the member agencies. Participation in LVE studies was a key recommended action identified in BAWSCA's Long-Term Reliable Water Supply Strategy.

BAWSCA and the partner agencies are signatories to a Multi-Party Cost Share Agreement (MPA) to complete final planning work. In June, the parties executed Amendment #1 to the MPA, which provided a six month, no cost, schedule extension of the MPA to December 31, 2020 as necessary due to COVID-19 impacts to allow the partner agencies to have the required policy level discussion and action on the MPA and further LVE funding.

CCWD is now preparing a 2<sup>nd</sup> amendment that will extend the MPA through December 31, 2021, and fund additional work necessary to prepare and execute service agreements to support the financing of the project. These service agreements must be secured by December 2021 to demonstrate a 75% non-state cost share to satisfy Prop 1 funding requirements.

The current schedule requires BAWSCA to consider Amendment #2 and decide by the end of September 2020 if it wants to continue participation in the next phase of the LVE Project. The total cost associated with Amendment #2 for all LVE partners is currently estimated at \$6.8M. The cost split among the partner agencies remains to be finalized. However, CCWD has indicated it plans an even split, which would result in BAWSCA's share being \$850K. There will be provisions that allow BAWSCA and other partner agencies to withdraw at any time, and associated relief for outstanding costs at certain key points.

The decision to execute Amendment #2 will be based on the best available information at hand. Work completed during BAWSCA's participation in the LVE Project has answered several questions regarding the potential benefits of LVE, infrastructure needed to access LVE water,

costs, and more. However, critical information remains outstanding and may not be available in advance of key decisions required by the Board.

**Recommended Action:**

This item is for information and discussion purposes only. No action is requested at this time.

**Discussion:**

The LVE Project is being led by the Reservoir's owner and operator, CCWD. The other current partner agencies are BAWSCA, East Bay Municipal Utility District, Grasslands Water District, San Francisco Public Utilities Commission (SFPUC), San Luis Delta Mendota Water Authority, Santa Clara Valley Water Agency (Valley Water), and Zone 7 Water Agency.

For FY 2018-19 thru FY 2019-20, BAWSCA's cost share in LVE work was \$354,129. Prior to 2018, BAWSCA was a participant with its cost share funded through the Water Supply Agreement with San Francisco. The project's design and construction costs are estimated to be slightly less than \$1B.

LVE Project work to date has consisted of planning, preparation of environmental documents, development of a project governance concept, and some engineering. To date, the cost of participation in LVE has been modest given the significant level of State and Federal funding secured, the ability to share costs among partner agencies, and that project planning and environmental review costs are a fraction of design and construction costs. However, as the project advances, costs to develop the project will rise. While State and Federal funding will continue to fund a major portion of the project, the remaining share of costs are still significant, beginning with the next decision point to participate (i.e. Amendment #2).

CCWD and the partners plan on having a Joint Powers Authority (JPA) in place by mid-2021. The JPA will take on the debt burden of constructing LVE and ongoing operational costs once the project is complete. Until the JPA is in place, additional funding will be necessary from the partner agencies as the engineering design stage ramps up. Future costs for BAWSCA's participation will be large as compared with prior years.

**LVE Multi-Party Agreement and Amendments**

The LVE MPA between CCWD and the partner agencies was set to expire on June 30, 2020. In the spring of 2020, it was clear that COVID-19 was going to limit the ability for the partner agencies to have the necessary policy level discussion and action on the MPA and new LVE funding by June 2020. With the partner agencies' input and agreement, CCWD is moving forward with two separate amendments to the MPA:

- **Amendment #1 extends the existing agreement through December 31, 2020 with no other changes to the agreement terms and no additional cost share.** The purpose of this amendment is to keep the MPA active while allowing for additional time for the partner agencies to reach consensus on a second amendment. With legal counsel's approval, BAWSCA's CEO executed Amendment #1 on June 19, 2020 under her signature authority.
- **Amendment #2, which is still being drafted, will extend the MPA through December 31, 2021.** It will include a revised scope of work and a new cost-share funding commitment from the partner agencies. Amendment #2 would fund work activities through the end of 2021 such as: JPA formation; preparation of service

agreements; progress on permits and agreements necessary to secure full funding from the California Water Commission (CWC); progress on resolving the SBA conveyance issues (described below) and other issues identified by partner agencies; preliminary design; and other critical path items as required. The total cost for Amendment #2 work efforts is currently estimated at \$7.1 million. The cost split among the partner agencies remains to be finalized. However, CCWD has indicated it plans on an even split, which would result in BAWSCA's share being \$893K. There will be provisions that allow BAWSCA and other partner agencies to withdraw at any time, and associated relief for outstanding costs at certain key point.

#### BAWSCA's Water Supply Needs

BAWSCA's interest in the LVE Project is to identify potential dry year water supplies available to BAWSCA that would increase drought year water supply reliability for the region.

The LVE Project was identified in Phase I of BAWSCA's Long-Term Reliable Water Supply Strategy, which was initiated at the direction of the Board in 2009 in response to several factors, including:

1. Demand forecasts by the BAWSCA member agencies suggested that additional supply would be needed to meet projected normal and drought year demands, even after accounting for aggressive conservation.
2. In 2008, the SFPUC unilaterally established a 184 million gallon per day (mgd) limitation on collective purchases from BAWSCA member agencies through 2018 and deferred a decision regarding the permanent contract status for San Jose and Santa Clara.
3. In 2008, the SFPUC adopted a 20% level of service goal for the SF RWS. This results in up to a 29% cutback to the BAWSCA member agencies during droughts.
4. The reliability of the SFPUC supply could also be impacted by climate change and future regulatory actions or policy changes.

As such, the BAWSCA member agencies expressed an interest in developing a source of supply that was independent of, and supplemental to, the SFPUC.

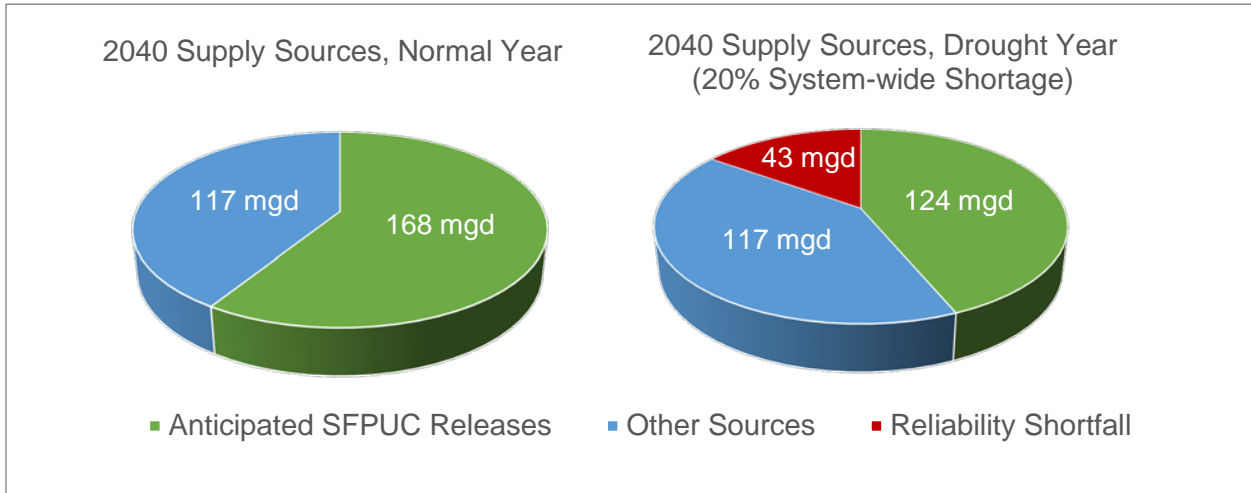
BAWSCA's initial interest in the LVE Project included both dry year supplies and increased normal year supplies for the member agencies that might want or need them, including San Jose and Santa Clara, who are not permanent SFPUC customers. In 2015, BAWSCA's LVE Project interest shifted to dry year supplies as it became clear that additional normal year supplies were needed for only a limited number of agencies. Additional normal year supplies for those agencies would be pursued by those agencies with separate support from BAWSCA.

In 2015, Phase II of the Long-Term Reliable Water Supply Strategy (Strategy Report) identified an upper range dry year water supply shortfall of up to 48 thousand acre-feet (TAF) (43 mgd) during a 20% shortage on the SF RWS.<sup>1</sup> The LVE Project is being evaluated as a dry year water supply to partially address this shortfall.

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<sup>1</sup> BAWSCA Long Term Reliable Water Supply Strategy Phase II Final Report (Section 2)

**Figure 1: Normal and Dry Year Water Supplies and Shortfall**



BAWSCA’s Strategy Report evaluated projected water supply shortfalls in 2040 based upon the SF RWS historical hydrology and the projected water supply shortfalls to the member agencies that would exist in each year assuming 2040 supplies and demands as described in BAWSCA’s Strategy Report. Specifically, the Strategy Report identified that a water supply shortfall for the member agencies would exist in 8 out of the 91 years of historical record. Of those 8 years, there would be a 10% system-wide shortage in 7 years and a 20% system-wide shortage in 1 year. Based on the existing agreements that allocate drought year water supplies between SFPUC and their wholesale customers (i.e., the Tier 1 Plan), a drought event that creates a 10% system-wide shortfall corresponds to an average 15% cutback to the wholesale customers, while a 20% system-wide shortfall corresponds to an average 26% cutback to the wholesale customers. Therefore, the BAWSCA agencies would desire supplemental supplies from LVE in 8 of 91 years (e.g., 1931, 1961, 1977, 1988, 1990, 1991, and 1992) of the historical record.

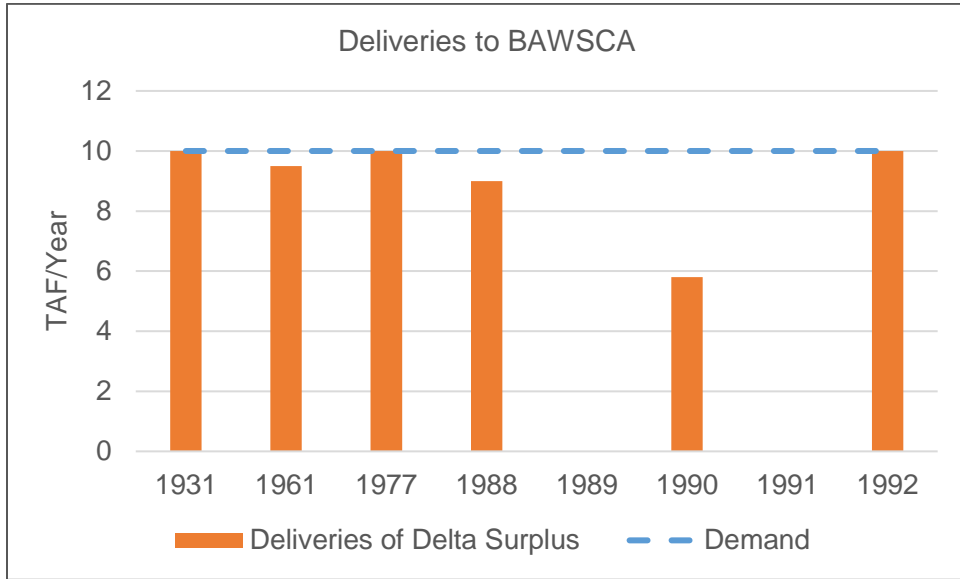
SFPUC’s 2008 decisions and the 2015 Strategy Report were two of the driving factors for BAWSCA’s involvement in the LVE Project in 2017. More recent information and factors outside BAWSCA’s control might impact future demands and influence the Board’s ongoing interest in the LVE Project. For example, in June 2020, BAWSCA completed a Regional Water Demand Study that will be incorporated in upcoming analysis of LVE. A changing climate, future droughts, and State regulations (e.g. new water use efficiency targets as part of “Making Conservation a California Way of Life”) might also influence demand.

Potential Water Supply Benefits to BAWSCA from LVE Project

Using the demand and reliability information from BAWSCA’s Strategy Report, CCWD has modeled potential deliveries from LVE to BAWSCA in each of these 8 years for which water supplies would be requested, accounting for both available water supplies and available capacity in LVE and other facilities to deliver those supplies to BAWSCA.

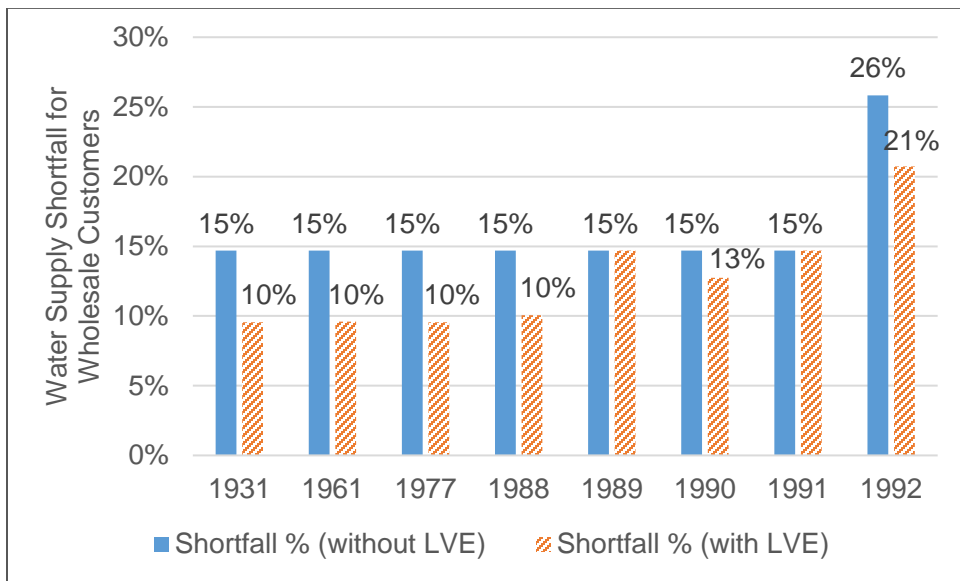
CCWD’s modeling results, shown in **Figure 2**, indicate that the LVE Project could provide BAWSCA with 10 TAF (8.9 mgd) in three of the eight years (years 1931, 1977 and 1992), nearly meet BAWSCA’s 10 TAF request in two of the eight years (years 1961 and 1988), partially provide water in one of the 8 years (year 1990), and not be able to address any of BAWSCA’s water need in two of the eight years (years 1989 and 1991).

**Figure 2: LVE Project Modeling Results Identify Potential BAWSCA Deliveries from LVE in Water Supply Shortfall Years**



BAWSCA is considering 10 TAF of LVE supplies to reduce the need for water use reductions in drought years. In a 10% SF RWS system-wide shortage, an additional 10 TAF of supply would reduce the overall water supply shortfall on the SF RWS for the wholesale customers from an estimated 15% to 10%. In a 20% SF RWS system-wide shortage, an additional 10 TAF of supply would reduce the overall water supply shortfall on the SF RWS for the wholesale customers from an estimated 26% to 21%, as shown in **Figure 3**.

**Figure 3: Modeling Results for BAWSCA Water Supply Shortages with and without LVE**



**Member Agency Interest in Additional Dry Year Supply**

Member agencies have historically expressed interest in identifying new water supplies to offset water shortfalls from the SF RWS during dry years. However, in the worst year of the most recent drought (2015), BAWSCA's member agencies reduced overall water use by 27% below 2013 demand levels. Due to that experience coupled with their increased emphasis on water conservation overall, member agencies have expressed less concern about their individual communities and water customers' ability to achieve necessary cutbacks.

Since November 2019, BAWSCA has routinely queried the Water Management Representatives (WMRs) about their agency's interest in the LVE Project and asked them to discuss the project with their management and Boards/Councils. BAWSCA has received limited information from just a handful of agencies about what those discussions have produced.

At the July 9, 2020 WMR Meeting, BAWSCA asked for direct feedback about interest in the dry year water supply benefits from LVE. BAWSCA is evaluating this feedback and will present available information to the Board at its July 16, 2020 meeting. An initial review of the responses indicate that a good portion of the WMRs are having the necessary conversations internally and that the WMRs feel more information is needed and questions remain about whether the cost of LVE water supply benefits outweighs the downsides of drought cutbacks.

Each member agencies' interest in the LVE Project is likely influenced by their access to water supplies independent of the SF RWS, the degree to which their SF RWS supply is curtailed during dry years, and their customers response to rationing during the most recent drought. As such, member agencies may support or be indifferent to BAWSCA's continued participation in the LVE Project to secure dry year supplies for other agencies, but not their own participation. In such cases, agencies have expressed interest in using BAWSCA's subscription conservation programs as a model for member agencies to access and pay for LVE water supplies.

**South Bay Aqueduct Reliability Considerations**

When LVE was contemplated, the project operations assumed that a subset of the partner agencies – SFPUC and BAWSCA - would take delivery of supplies from LVE through the State of California's South Bay Aqueduct (SBA). To enable this, a new Byron-Bethany Pipeline would be constructed as part of LVE that would link the reservoir to the starting point of the SBA. The SBA conveys water from the Sacramento-San Joaquin Delta through the Livermore Valley to its end in eastern San Jose, 5 miles from downtown San Jose. Constructed in 1962, the SBA allows Alameda County Water District (ACWD), Zone 7 Water Agency (Zone 7), and Santa Clara Valley Water District (Valley Water) to take delivery of water they have contracts for through the State Water Project (SWP). Those three agencies are collectively termed the "SBA Contractors". The California Department of Water Resources (DWR) is responsible for the operation and maintenance of the SBA. To date, CCWD has assumed that BAWSCA and the SFPUC would enter into a separate agreement with DWR and the SBA Contractors regarding the use of the SBA.

The SBA serves as a vital water supply feature for the SBA Contractors. Although it is vital, the condition of the SBA has deteriorated over time. Significant work is needed to repair the SBA, and the scale and cost of that work remains uncertain. In addition, the SBA has capacity limitations. While that capacity can meet the current supply needs of the SBA Partners, it is uncertain if it can meet both the future needs of those agencies coupled with the projected increased use that would result by allowing SFPUC and BAWSCA access to deliver LVE supplies as needed. The timing of when capacity is available is also important given its role in water supply operations for the SBA Contractors. Taken together, it is not a simple answer to determine if there is capacity available in the SBA. Engineering and geotechnical studies need



to be performed to determine the condition of the SBA and hydraulic analyses need to be performed to determine if and when capacity would be available, and further, how much capacity would be available. In addition, the differing role of DWR as the owner/operator of the facility and the SBA Contractors as the sole users at this time adds increased complexity.

BAWSCA has shared with CCWD and the other partner agencies that SBA access is a critical issue that must be resolved before BAWSCA can consider significant additional investments in the LVE Project. BAWSCA has requested that CCWD consider a funding approach that limits expenditures for BAWSCA until the question of whether BAWSCA would be able to use the SBA for conveyance of LVE Project water is sufficiently answered. It is unclear if CCWD and the partner agencies will agree to BAWSCA's request. CCWD and the SBA Contractors are taking steps toward resolving this issue through meetings with DWR and initiation of several technical studies.

To provide needed information to BAWSCA and the SFPUC regarding the SBA condition, DWR has agreed to perform an SBA Condition Assessment Study and begin the work to repair and improve the SBA. DWR initiated the condition assessment in March 2020, with regularly scheduled meetings between DWR and SBA Contractors to receive updates. That study is not scheduled to be completed until September of 2021. It is unclear if preliminary information will be available from that study prior to the Board's decision, currently scheduled for the September 17, 2020 Board Meeting.

On a parallel front, Valley Water, on behalf of the SBA Contractors, has initiated an SBA Capacity Study. That study commenced in March 2020 and is expected to be completed in July 2020. Valley Water intends to provide BAWSCA with the final report in August 2020. However, even if the study is completed prior to the meeting scheduled for September 17, 2020, when Board members will need to make a decision relative to Amendment #2, there may not be definitive information regarding access to the SBA capacity at that time. While Valley Water and DWR are working cooperatively on the capacity study, it should be noted that as the owner and operator of the SBA, DWR has authority to make the final determination about the SBA's capacity and BAWSCA's ability to access it to wheel water from LVE.

#### Costs to Access Stored Water in LVE

Assuming that issues regarding the SBA's use and reliability can be addressed, and that information becomes available for the Board as it considers the upcoming continuing funding decisions, there remains uncertainty related to the long-term cost of participating in LVE. Specifically, the full cost of water (in \$ per acre-foot (AF)) from LVE will not be known with certainty until it is clear how water would be delivered, conveyed and treated.

Presently, BAWSCA has only received "best-estimate" financial information from CCWD as to what the possible cost of water will be from LVE. These estimates are subject to change based on several factors including final project costs and number of agencies participating. Most importantly, the costs to use the SBA, including to wheel and treat the water coming from the SBA and deliver it to BAWSCA, have not been provided by DWR or the SBA Contractors. Variables impacting these estimates that remain unknown include the final project design (i.e. the path to bring LVE water to BAWSCA) and necessary repair work. Because the cost to access water stored in LVE will be critical to the Board's decision in September on Amendment #2, BAWSCA has prepared its own rough for these costs.

**Table 1** below provides low- and high-end cost estimates as well as a brief explanation of the basis on which these numbers were derived.

**Table 1: Estimated Costs to Access Water Stored in Los Vaqueros Reservoir**

<b>Cost Component</b>	<b>Cost</b>	<b>Recurrence</b>	<b>Reference</b>
Annual LVE JPA Cost	\$1,200,000	Yearly	CCWD Staff
Costs to move water during dry year need	\$260/AF	Only when moving water from LVE storage to SBA	CCWD Staff
Use of SBA	\$100-\$300/AF	Only when moving water from LVE storage thru SBA	US Bureau of Reclamation – Final EIS for LVE (\$ rounded; includes power costs and assumed facility usage fee)
Wheeling and Treatment by Delivery Partner Agency (From SBA to either SFPUC, ACWD, or Valley Water)	\$400-\$800/AF <sup>2</sup>	Only when moving water from LVE storage thru SBA to SF RWS	Ballpark cost to treat and convey the supplies to BAWSCA service area – costs developed by using comparable agency (EBMUD) data for the estimate (\$600/AF)
SFPUC – RWS Wheeling	\$100- \$200/AF	Costs associated with moving BAWSCA supplies thru RWS	Ballpark cost includes estimates of incremental increased costs (power costs, staffing during wheeling operations, and misc. facility charges)
<b>TOTAL Annual Cost</b>	<b>\$1,200,000</b>	<b>Yearly</b>	<b>NA</b>
<b>TOTAL Cost of Water During Drought</b>	<b>\$860/AF - \$1,560/AF</b>	<b>When taking water from LVE storage</b>	<b>NA</b>

BAWSCA has provided **Table 1** to CCWD, SFPUC and Valley Water for review and requested feedback on whether these costs are far outside the range that BAWSCA should anticipate being charged by each respective agency. To date, no comments have been provided. Valley Water has indicated they will provide feedback, which will be incorporated into the July 16, 2020 Board meeting presentation if received in time.

Knowns and Unknowns

The Board has one, and potentially two, significant decisions to make regarding BAWSCA’s continued participation in the LVE Project before December 2020. In September, the Board will consider Amendment #2, which would extend the MPA through the end of 2021 and commit BAWSCA to as much as \$1.5M for work described previously in this memo. If the Board approves Amendment #2, the next significant decision point will come in December 2020 when the Board will decide whether to join the JPA.

Critical information regarding the cost and reliability of the project remains unknown and some information will not be available in advance of the decisions to be made in September and

<sup>2</sup> Estimates only consider moving BAWSCA’s 10 TAF through the SBA. System upgrades may be needed if both BAWSCA’s and SF’s (30 TAF) requests must be met. This would increase costs.

December. This section summarizes the “knowns” and “unknowns” that should be considered in upcoming decisions about continued participation in the LVE Project.

**BAWSCA’s Water Supply Needs**

Knowns: Drought year shortfalls are significant and are forecasted to be as high as 48 TAF (43 mgd) during a 20% SF RWS system-wide shortfall.

Unknowns: It is unclear how outside factors could either increase or decrease the need for LVE supplies, for example changes to water demands, climate change, and regulatory actions (e.g. new “Making Conservation a California Way of Life” water use efficiency requirements). BAWSCA has recently completed the Regional Demand Study and will be including this information as part up upcoming analysis, however, this Study will provide only a part of this information.

**Potential Water Supply Benefits to BAWSCA from LVE Project**

Knowns: 10 TAF of LVE supply could reduce overall water supply shortfall on the SF RWS for the Wholesale Customers from an estimated 15% to 10% during a 10% SF RWS system-wide shortfall, and from an estimated 26% to 21% during a 20% SF RWS system-wide shortfall (see **Figure 3**).

Unknowns: How much of the 10 TAF will be available in dry years – particularly successive dry years – is unknown and will depend on storage levels during those years and service agreements that will not be drafted or executed till 2021.

**Member Agency Interest in Additional Dry Year Supply**

Knowns: Member agencies have historically expressed interest in identifying new water supplies to offset water shortfalls from the SF RWS during dry years. More recently, WMRs appear to have greater concern about the cost of LVE for the benefits it offers compared to their water customers' ability to achieve necessary cutbacks in dry years. A small subset of agencies are not interested in the water supplies from LVE at all and would prefer that BAWSCA pursue LVE as a subscription program so they can opt out.

Unknowns: Many agencies are still undecided about their interest in the benefits of the LVE Project and it’s unlikely BAWSCA will gain clarity on that until more information is made available regarding costs and access to the water through the SBA.

**South Bay Aqueduct Reliability Considerations**

Knowns: The SBA is required for BAWSCA to take deliveries of LVE water. However, the SBA has deteriorated over time and significant repair work is needed. A separate agreement with DWR and the SBA Contractors will be required for use of the SBA to wheel water from LVE to BAWSCA.

Unknowns: The scale and cost of needed repair work will not be known until DWR completes the SBA Condition Assessment Study, which is expected in September 2021. It’s also uncertain if, when, and how much capacity is available in the SBA to allow BAWSCA access to LVE water.

**Costs to Access Stored Water in LVE**

Knowns: Estimates of the annual LVE JPA fee and cost to wheel water to the SBA have been provided by CCWD and are relatively certain. However, these costs are subject to change as negotiations continue between the partners agencies and particularly if agencies drop out.

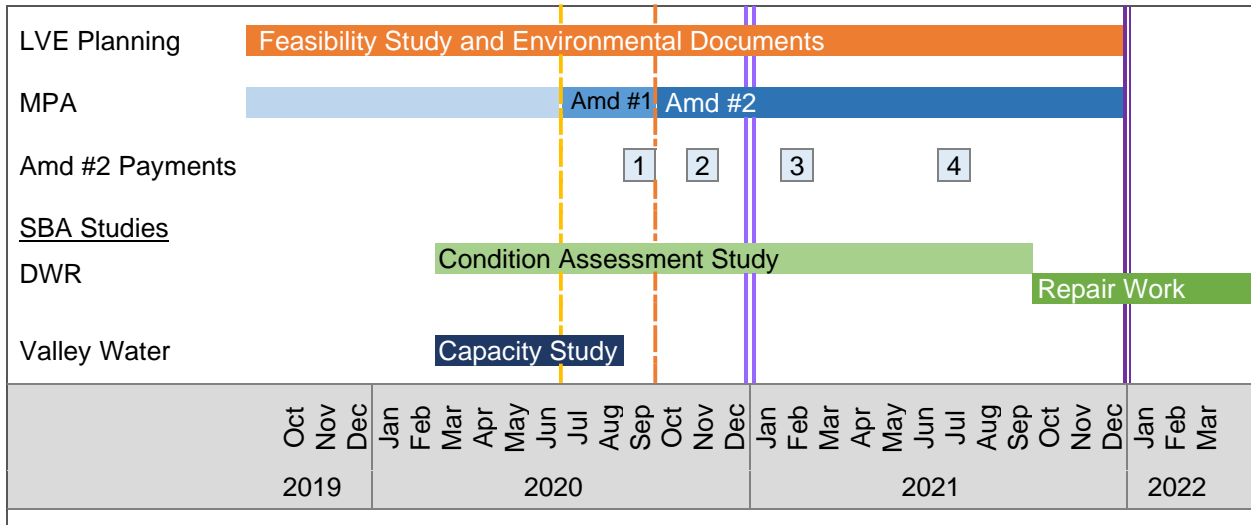
Unknowns: The cost of wheeling and treating water once it enters the SBA and until it reaches BAWSCA’s service area have yet to be determined. These costs are not anticipated to be more “complete” in the coming months.

Timeline

The timeline provided in **Figure 4** below illustrates recent and upcoming milestones, and decision points required from the Board for the LVE Project. Key takeaways include:

- In September 2020, the Board will be asked to make a decision about continued LVE participation without fully understanding: (1) whether BAWSCA can access LVE water through the SBA, (2) when capacity might be available in the SBA, (3) how much capacity will be available to meet both SBA Contractor and BAWSCA needs, and (4) what are the final costs to BAWSCA to deliver LVE Project water to the service area.
- The cost to complete work under Amendment #2 is significant, particularly considering BAWSCA’s contributions to date. To address the fact that these are large dollar requests, CCWD proposes to ask for the monies in four stages: September 2020, November 2020, February 2021, and July 2021. The proposed dollar amount and timing of each funding request will be detailed in MPA Amendment #2.
- The December 2021 deadline to enter into service agreements is driven by Prop 1 grant funding requirements, in which CCWD must demonstrate at least a 75% cost share from local agencies. DWR’s Condition Assessment is expected to be completed by September 2021, which should provide clarity on whether the SBA can meet the SBA Contractor’s needs and wheel water from LVE for BAWSCA.
- It is preferable that BAWSCA have an agreement in place for use of the SBA in advance of entering into the LVE service agreement but it’s unclear if that will be possible given the timing of when information will be made available.

**Figure 4: LVE Timeline and Key BAWSCA Decision Points**



**Key BAWSCA Decision Points**

MPA Amendment #1		JPA Formation	
MPA Amendment #2		LVE Service Agreements	

**Background:**

Los Vaqueros Reservoir is an existing off-stream reservoir in Contra Costa County that provides water quality, drought emergency supply, and non-drought emergency water supply benefits to CCWD customers. The original reservoir was completed in 1998. The first expansion of Los Vaqueros was completed in 2012, increasing storage capacity from 100 TAF to 160 TAF of water.

In 2016, CCWD reached out to other local water agencies, including SFPUC and BAWSCA, to determine if they had an interest in a portion of the new storage that would be created as part of the LVE Project. Interested agencies were asked to enter into agreements formalizing their respective participation in studies and environmental documentation and to provide a financial contribution toward the cost of the associated work effort. The potential partners in the LVE Project initially included 14 “primary” water agency partners. The list has shortened over time as agencies have dropped out for various reasons.

In February of 2017, BAWSCA entered into an MOU with CCWD formalizing BAWSCA’s potential interest in a share of future Los Vaqueros storage and willingness to participate in the work effort. Similarly, SFPUC entered into an MOU, and provided a financial contribution of \$100,000 on behalf of both BAWSCA and SFPUC. Work completed under this MOU included preliminary modeling to identify water supply benefits to BAWSCA and other project partners, conceptual design of all facilities, preparation of environmental documents, analysis of governance options, and the successful pursuit of State and Federal funding assistance.

In April of 2019, BAWSCA and nine Bay Area water agencies entered into a Multi-Party Cost Share Agreement (MPA) to complete the final planning stages of the project, including modeling of water supply benefits, completion of environmental documents, engineering feasibility work, governance structure development, and financial planning. The MPA was set to expire on June 30, 2020. However, in the spring of 2020, it became clear that COVID-19 would limit the partner agencies’ ability to have the necessary policy level discussion and action on the MPA and further LVE funding by June 2020. Also, at that time, one of the partners, the City of Brentwood, dropped back from full partner participation and instead is continuing on the project via CCWD, their wholesale water provider. In mid-June, BAWSCA and the partner agencies executed Amendment #1 to the MPA, extending the agreement through the end of 2020. As discussed above, the BAWSCA Board will be asked to consider Amendment #2 in September 2020, extending the MPA through December 31, 2021 and committing the partner agencies to funding the next phase of work.

Separately, the SFPUC is evaluating the project’s ability to provide dry year supplies to meet its 184 mgd Supply Assurance obligation to the Wholesale Customers with two sets of scenarios currently under evaluation: 20,000 AF and 40,000 AF of storage with 10,000 AF and 20,000 AF in dry year deliveries over 1-2 years. If BAWSCA chooses to end participation in the LVE Project, it’s possible BAWSCA can remain engaged in some capacity through SFPUC. However, details of this arrangement have yet to be determined.

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**PUBLIC UTILITIES COMMISSION**

**City and County of San Francisco**

RESOLUTION NO.: 20-0138

WHEREAS, The Bay-Delta and many of its tributaries' ecosystems are in a state of crisis with the populations of most species of salmon at record lows, fish populations such as Delta smelt on the brink of extinction, and current water quality, water quantity and habitat conditions unable to support their recovery; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) has obligations to meet the water supply needs of its residents and wholesale customers and to provide instream flow releases in various Bay Area streams, and the SFPUC has an interest in ensuring there are sufficient water supplies to accommodate future growth in its service area; and

WHEREAS, In addition, the SFPUC has obligations to the Modesto and Turlock Irrigation Districts (MID and TID) under the 1913 Raker Act and the 1966 Fourth Agreement, which require constant communication and coordination of operations among the SFPUC, MID, and TID in the Tuolumne River watershed; and

WHEREAS, On December 12, 2018, the State Water Resources Control Board (State Water Board) approved Resolution No. 2018-0059, adopting the Substitute Environmental Document and amendments to the Water Quality Control Plan for the San Francisco Bay-Sacramento/San Joaquin Delta Estuary (Phase 1 Amendments); and

WHEREAS, Also in Resolution No. 2018-0059, the State Water Board instructed its staff to (1) "assist the California Natural Resources Agency in completing a Delta watershed-wide agreement, including potential flow and non-flow measures for the Tuolumne River, and associated analyses no later than March 1, 2019," and (2) "incorporate the Delta watershed-wide agreement, including potential amendments to implement agreements related to the Tuolumne River, as an alternative for a future, comprehensive Bay-Delta Plan update that addresses the reasonable protection of beneficial uses across the Delta watershed, with the goal that comprehensive amendments to the Bay-Delta Plan across the Delta watershed may be presented to the State Water Board for consideration as early as possible after December 1, 2019"; and

WHEREAS, In January 2019, the City and County of San Francisco joined the San Joaquin Tributaries Authority (SJTA) in filing a lawsuit alleging the State Water Board's adoption of the Phase 1 Amendments violates state and federal law including the California Environmental Quality Act, and would lead to severe water rationing and related socio-economic impacts, impair the SFPUC's ability to meet its water supply obligations, and significantly impact the over 2.7 million people served by the Hetch Hetchy Regional Water System; and

WHEREAS, On February 14, 2019, the Bay Area Water Supply and Conservation Agency (BAWSCA) filed a motion to intervene in that lawsuit "to protect its member agencies' substantial interests in ensuring that they continue receiving a reliable and affordable supply of high quality water from the Tuolumne River"; and

WHEREAS, On February 26, 2019, the Commission requested staff proceed with planning efforts to explore economically and environmentally feasible alternative water supply options to meet various SFPUC needs and obligations, including off-setting environmental obligations for instream flows; and

WHEREAS, In response to that direction, staff developed an Alternative Water Supply Planning Program to assess the feasibility of various water supply projects as described above and develop a plan to implement a subset of those projects, and commenced quarterly reporting to the Commission on the progress of that Program on October 22, 2019; and

WHEREAS, On March 1, 2019, the SFPUC joined numerous entities, including the California Department of Fish and Wildlife and the California Department of Water Resources, in submitting to the State Water Board a "Project Description for Proposed Voluntary Agreements," which included for the Tuolumne River a variety of proposed flow and non-flow measures to support the viability of native fishes in the river, while also providing water supply reliability to SFPUC residential and wholesale water customers ("Tuolumne River Voluntary Agreement"); and

WHEREAS, Subsequent discussions with the state agencies led to proposed changes in the Tuolumne River Voluntary Agreement shifting 10,000 acre-feet of water releases from summer to spring of dry years at the proposed Infiltration Gallery and added 10,000 acre-feet in below normal years; and

WHEREAS, The goals of the Tuolumne River Voluntary Agreement are to maintain year-round flow releases below La Grange Diversion Dam, together with non-flow measures in the Tuolumne River watershed, sufficient to improve all life stages of native fish populations located in the lower Tuolumne River, and which reasonably contribute toward maintaining viable native migratory fish populations in the San Joaquin River watershed and Delta; and

WHEREAS, The key objective and desired biological outcome of the Tuolumne River Voluntary Agreement is to increase juvenile salmonid out-migration success from the Tuolumne River to the San Joaquin River; and

WHEREAS, On March 12, 2019, by Resolution No. 19-0046, the Commission adopted revisions to its 10-year Capital Improvement Program to include funding for the Alternative Water Supply Planning Program for FY19-20 (\$13.5 million regional, \$5.5 million local); and

WHEREAS, On March 26, 2019, the Commission adopted Resolution No. 19-0057 "to memorialize its views and direction regarding its commitment to meeting its water supply obligations and the health of the Bay-Delta ecosystems" and stated its expectation that "the terms of any voluntary agreement for the Tuolumne River that may ultimately be finalized would allow the SFPUC to maintain the (1) Water Supply Level of Service Goal and Objectives and (2) Sustainability Level of Service Goal and Objectives adopted in Commission Resolution No. 08-0200"; and

WHEREAS, Over the course of 2019, negotiations among numerous entities led by the Secretary of the California Natural Resources Agency and the Secretary of the California



Environmental Protection Agency on Voluntary Agreements for the Sacramento River, the Yuba River, the American River, the Mokelumne River, and the Tuolumne River continued; and

WHEREAS, On February 4, 2020, the Secretary of the California Natural Resources Agency and the Secretary of the California Environmental Protection Agency presented a Framework of Voluntary Agreements, inclusive of all Bay-Delta watersheds, to a large group of entities, which identified in-stream flows, physical habitat improvements, and funding as key elements of Voluntary Agreements; and

WHEREAS, On February 11, 2020, the Commission adopted Resolution No. 20-0034 for the SFPUC operating budgets for FY20-21 and FY21-22, which include \$5 million each year for implementation of the proposed Tuolumne River Voluntary Agreement; and

WHEREAS, Multiple lawsuits filed in recent months challenging (1) the federal government's issuance in October 2019 of Biological Opinions for the Bureau of Reclamation's proposed long-term operation of the Central Valley Project and (2) the State's issuance in March 2020 of an Incidental Take Permit for State Water Project operations, have resulted in interruption of the State's Voluntary Agreement negotiation process; and

WHEREAS, Resolution No. 19-0057 focused on a Tuolumne River and Delta watershed-wide agreement, however due to the current interruption of the negotiation process for a Delta watershed-wide agreement, the Commission wishes to provide staff direction on moving forward with the Tuolumne River Voluntary Agreement at this time; and

WHEREAS, The SFPUC remains committed to the Voluntary Agreement process and desires to work with MID and TID to develop an agreement by the end of 2020 that would allow SFPUC, MID, and TID to commence early implementation in the spring of 2021 of certain flow and non-flow measures embodied in the Tuolumne River Voluntary Agreement if and when that Agreement is submitted to the State Water Board for analysis as an alternative to a portion of the Phase 1 Amendments; and

WHEREAS, This Commission recognizes that early implementation of the Tuolumne River Voluntary Agreement cannot occur without close coordination and cooperation with MID and TID; and

WHEREAS, Water released from Hetch Hetchy Reservoir flows to New Don Pedro Reservoir, which is owned and operated by MID and TID, and, absent prior agreement, MID and TID would not be legally or contractually required to release into the Lower Tuolumne River any additional water that SFPUC were to release that flows into and is captured and stored by MID and TID in New Don Pedro Reservoir; and

WHEREAS, The proposed Tuolumne River Voluntary Agreement includes a number of flow and non-flow measures (Discretionary Actions) that may require MID and TID to conduct environmental review under CEQA as "lead agencies," and that may require the SFPUC to participate in such environmental review as a "responsible agency," and this Resolution does not commit the SFPUC to approve or carry out any Discretionary Actions until any required CEQA review is complete. In considering any proposed Discretionary Actions, the SFPUC retains absolute discretion to: (1) make such modifications to any of the proposed Discretionary Actions

as may be necessary to mitigate any significant environmental impacts; (2) select feasible alternatives to the proposed Discretionary Actions that avoid any significant adverse impacts; (3) require the implementation of specific measures to mitigate any significant adverse environmental impacts as part of the decision to approve the Discretionary Actions; (4) balance the benefits of the proposed Discretionary Actions against any significant environmental impacts before taking final actions to approve the proposed Discretionary Actions if significant impacts cannot be avoided; or (5) determine not to proceed with the proposed Discretionary Actions; now therefore be it

RESOLVED, That this Commission remains committed to environmental stewardship on the Tuolumne River while meeting its Level of Service Goals and Objectives for Water Supply and Water Quality as set forth in Resolution No. 08-0200; and be it

FURTHER RESOLVED, That this Commission understands that the State's Voluntary Agreement process that is inclusive of all Bay-Delta watersheds has been interrupted and is willing to continue participation in such a process if it recommences and is productive, but if that process continues to be delayed, the Commission wishes to move forward with a stand-alone Tuolumne River Voluntary Agreement; and be it

FURTHER RESOLVED, That this Resolution does not supersede Resolution No. 19-0057, provided that if any terms in this Resolution conflict with terms in Resolution No. 19-0057, this Resolution shall prevail; and be it

FURTHER RESOLVED, That this Commission urges the State Water Board to ensure that any required SFPUC contributions to Delta outflow from the Tuolumne River be used for the protection and recovery of Delta fisheries and not to augment exports south of the Delta or offset obligations by others to meet water quality objectives; and be it

FURTHER RESOLVED, That this Commission respectfully requests that the Secretary of the California Natural Resources Agency, Wade Crowfoot, and the Secretary of the California Environmental Protection Agency, Jared Blumenfeld (collectively, "the Secretaries"), submit the Tuolumne River Voluntary Agreement to the State Water Board for analysis as an alternative to a portion of the Phase 1 Amendments adopted on December 12, 2018; and be it

FURTHER RESOLVED, That this Commission urges the State Water Board to commence environmental and independent scientific review of the proposed Tuolumne River Voluntary Agreement; and be it

FURTHER RESOLVED, That this Commission directs staff to commence working with MID and TID on an agreement that would allow SFPUC, MID, and TID to engage in planning and environmental review for potential early implementation of certain flow and/or non-flow measures included in the Tuolumne River Voluntary Agreement once the Secretaries have submitted the Tuolumne River Voluntary Agreement to the State Water Board for analysis as an alternative to a portion of the Phase 1 Amendments adopted on December 12, 2018; and be it

FURTHER RESOLVED, That this Commission directs staff, within two months of the Secretaries' submittal of the Tuolumne River Voluntary Agreement to the State Water Board for review and analysis, to submit to this Commission for its consideration an agreement with MID

and TID for early implementation of certain flow and/or non-flow measures included in the Tuolumne River Voluntary Agreement, provided that SFPUC staff has been able to successfully negotiate such an agreement with the Districts within that time frame; and be it

FURTHER RESOLVED, That this Commission directs staff to also work with MID and TID on the development of a long-term agreement that would allow the three parties to collectively plan, fund, and implement all measures included in the Tuolumne River Voluntary Agreement at a minimum, and if negotiations of such an agreement are successful, bring the proposed agreement to this Commission for its consideration and possible approval; and be it

FURTHER RESOLVED, That this Commission directs staff to work with MID and TID to develop an appropriate, long-term adaptive management plan and process using performance measures related to the function and mechanisms of the non-flow and flow measures and resulting biological responses leading to increased juvenile salmonid out-migration success from the Tuolumne River to the San Joaquin River that would be implemented as part of the Tuolumne River Voluntary Agreement, subject to required environmental review and any required Commission approval of funding for such implementation; and be it

FURTHER RESOLVED, That this Commission directs staff to continue to coordinate with BAWSCA given the direct impact of the Phase I Amendments and the Tuolumne River Voluntary Agreement may have on the Wholesale Customers; and be it

FURTHER RESOLVED, That this Commission directs staff to continue to work with and inform other stakeholders about the Tuolumne River Voluntary Agreement process; and be it

FURTHER RESOLVED, That this Commission directs staff to complete development of an Alternative Water Supply Plan to implement a collection of projects to achieve a water supply goal established through the Alternative Water Supply Planning Program, including off-setting environmental commitments for instream flows, and commence any required environmental review of such Plan no later than July 1, 2023; and be it

FURTHER RESOLVED, That this Commission directs staff to provide monthly updates to this Commission on progress toward (1) achieving results with regard to diversification of SFPUC water supplies, and (2) reaching agreement with MID and TID on early implementation of certain flow and/or non-flow measures intended to result in more sustainable fish populations.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of June 23, 2020.*



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Secretary, Public Utilities Commission

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# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

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

## MEMORANDUM

**TO: BAWSCA Board of Directors**  
**FROM: Nicole Sandkulla, CEO/General Manager**  
**DATE: July 16, 2020**  
**SUBJECT: Chief Executive Officer/General Manager's Letter**

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### Water Demand and Water Conservation Projections Project:

This Regional Water Demand and Conservation Projections Study (Demand Study) Final Report summarizes the water demand and conservation savings projections for each individual BAWSCA member agency and for the BAWSCA region as a whole. Work on the Demand Study was initiated in January of 2019 and was completed on June 30, 2020. The Final Report will be posted by July 15<sup>th</sup> on the BAWSCA website at [www.BAWSCA.org](http://www.BAWSCA.org). The Demand Study and associated results will be presented to the Board in the coming months.

The purpose of the Demand Study was to provide valuable insights on long-term water demand patterns and conservation savings potential for the BAWSCA agencies to support regional efforts, such as implementation of BAWSCA's Long-Term Reliable Water Supply Strategy. In addition, the Demand Study provides necessary information to support individual agency efforts, such as compliance with the new state water efficiency requirements and completion of Urban Water Management Plans (UWMPs). The results also support agencies in their preparations to comply with new statewide water use efficiency requirements as required by legislation passed following the 2014-2017 drought (Assembly Bill 1668 and Senate Bill 606).

The Demand Study included two goals related to water conservation: 1) to define how much conservation can reasonably contribute to more supply reliability for all BAWSCA member agencies, and 2) to incorporate projected conservation savings into the demand projections for each agency.

In addition to coordination with the BAWSCA agencies, BAWSCA formed a Stakeholder Workgroup to seek input from external stakeholders. Based on suggestions provided by the BAWSCA agencies, a total of twelve organizations were invited to participate in the Stakeholder Workgroup. Five organizations accepted the invitation to participate, including the Pacific Institute, San Mateo County Office of Sustainability, San Mateo Countywide Water Coordination Committee, Sustainable Silicon Valley, and the Tuolumne River Trust. The Workgroup's suggestions relative to what conservation programs to consider and what means and methods would be used to evaluate the costs and benefits of various programs proved insightful and were incorporated into the Demand Study.

BAWSCA will utilize the results of the Demand Study to support implementation of its Long-Term Reliable Water Supply Strategy. In addition, the Demand Study results will support decisions on which new conservation measures to incorporate into BAWSCA's Regional Water Conservation Program.

**BAWSCA Landscape Education Program:**

BAWSCA's Landscape Education Program has been typically offered in the Spring and Fall of each year since 2006. The program is designed to introduce homeowners, commercial property managers, landscape service providers, and others to the concepts of water-efficient and sustainable landscaping.

Due to COVID-19, BAWSCA cancelled all in-person landscape classes and workshops for Spring 2020. To replace these cancelled classes and workshops, BAWSCA developed virtual landscape classes. The first virtual class, "Water-Efficient Organic Edible Gardening," was held on April 8th with over 110 people in attendance.

Since then, BAWSCA has offered 14 webinar classes on topics such as water-efficient edible gardening, native garden design, rainwater harvesting, landscape maintenance, and leak detection. Classes were free and open to the public.

The 14 online Spring 2020 Landscape Education Program classes had a combined attendance of more than 1,389 people. In comparison, in the Fall of 2019, BAWSCA administered 25 in-person landscape classes with an estimated total attendance of 802. The virtual classes have additionally been recorded and are located on the BAWSCA website and to date, these videos have had a total of over 700 viewings.

Owing to their successful attendance and due to the uncertainty of COVID-19, BAWSCA is committed to continuing the virtual class options in Fall 2020.

**SFPUC Adoption of Resolution Regarding the Bay Delta Plan:**

The SFPUC Commission requested staff to develop a Resolution regarding the Bay Delta Plan such that they could formally voice their interest in the ongoing effort and direct that resolution to Governor Newsom, State Agency Directors, and interested parties.

The Final Resolution was adopted by the Commission on June 23, 2020. BAWSCA CEO/General Manager, Nicole Sandkulla, expressed support for the resolution as part of public comment. A copy of this resolution is provided as the attachment for Agenda Item #8B of the packet.

The resolution includes the following key points:

- A commitment to environmental stewardship of the Tuolumne River while meeting Level of Service (LOS) goals;
- Notes that the Voluntary Agreement (VA) process has been interrupted yet expresses the Commission's hope that the process will continue;
- Requests:
  - The California Secretaries to submit the VA for the Tuolumne River (TRVA) to the SWRCB for analysis as an alternative to the SWRCB's Phase 1 plan for the San Joaquin River; and
  - The State to commence environmental and independent scientific review of the TRVA;
- Directs staff to:
  - Work with Modesto and Turlock Irrigation Districts on planning and environmental review to allow for early implementation of certain TRVA flow and non-flow

measures as well as on short-term and long-term agreements associated with TRVA implementation;

- Work with BAWSCA on the TRVA and its implementation and impacts to water supply reliability;
- Work with Stakeholders on the TRVA;
- Complete the development of an Alternative Water Supply Plan and commence any required environmental review of the Plan no later than July 1, 2023; and
- Provide the SFPUC Commission monthly updates on the above.

**Water System Improvement Program (WSIP) – Notice of Change:**

Pursuant to the reporting requirements of the Wholesale Regional Water System Security and Reliability Act, on June 30, 2020 the San Francisco Public Utilities Commission (SFPUC) submitted a Notice of Change, describing changes adopted by the SFPUC Commission (Commission) on April 14, 2020 to the schedule for completion of the WSIP. This updated WSIP is called the April 2020 Revised WSIP. The Notice of Change cover letter from SFPUC is attached.

The Notice of Change is provided to both the California Seismic Safety Commission and the State Water Resources Control Board's Division of Drinking Water. As part of the Notice of Change documentation, the SFPUC provided a description of the revisions and the project, which were limited to schedule changes, as adopted by the Commission in April. The Notice of Change was shared with BAWSCA's Water Management Representatives via an email from BAWSCA on July 2, 2020.

The WSIP completion date adopted as part of the April 2020 Revised WSIP is now March 5, 2023, which represents about a 16-month extension over the last program-level schedule approved by the Commission as part of the March 2018 Revised WSIP. The forecasted WSIP costs remains at \$4,415.8M. The project with the largest schedule increase is the Alameda Creek Recapture project, although the Notice of Change also references that the Regional Groundwater Storage and Recovery Project (RGSRP) is also going to take longer to complete, and when that project's schedule coupled with any potential for its additional cost are more certain, a follow-up Notice of Change will be required to factor in that project's projected completion date and cost.

Prior to the SFPUC's April 14, 2020 WSIP changes adoption hearing, BAWSCA provided a letter, dated April 7, 2020, presenting four recommendations for consideration by the Commission as part of the WSIP change adoption process. The SFPUC adjusted its Notice to incorporate BAWSCA's recommendations as they relate to the need to revisit the schedule and budget for the RGSRP, such that the document adopted by the Commission addressed BAWSCA's chief concerns.

Regarding changes to the WSIP, the overall WSIP scope remains unchanged and no projects were deleted from the program. The Notice includes a statement by the SFPUC that the schedule changes will not impact the Level of Service (LOS) goals to be achieved by the WSIP. Of the 52 existing regional projects in the WSIP, 43 are in close-out or have been completed. The remaining projects are in the midst of construction or, in the case of the Alameda Creek Recapture Project, will soon begin construction.

As a reminder, in 2019 BAWSCA worked with its state legislative representatives to formally extend State oversight of the WSIP to January 1, 2026, which remains beyond the Notice of Change's proposed completion date of March 5, 2023.

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June 30, 2020

The Honorable Michael Gardner, Chairman  
 Alfred E. Alquist Seismic Safety Commission  
 2945 Ramco Street, Suite 195  
 West Sacramento, CA 95691

Stefan Cajina, Chief  
 North Coastal Section, Division of Drinking Water  
 State Water Resources Control Board  
 850 Marina Bay Parkway, Bldg P, Second Floor  
 Richmond, CA 94804

**Subject: Wholesale Regional Water System Security and Reliability Act  
 Notice of Changes to the San Francisco Public Utilities Commission  
 Water System Improvement Program**

Dear Chairman Gardner and Mr. Cajina:

Pursuant to the reporting requirements of the Wholesale Regional Water System Security and Reliability Act (Water Code § 73500 et seq.), the San Francisco Public Utilities Commission (SFPUC) respectfully submits this Notice of Change Report, describing changes adopted by the SFPUC Commission (Commission) on April 14, 2020 to the schedules of five individual projects of the SFPUC Water System Improvement Program (WSIP) and to the schedule for overall WSIP completion.

The SFPUC has made significant progress towards the implementation of the WSIP since the Commission last adopted program-wide revisions to the scope, schedule, and budget for the program in April 2018. Between March 2018 and March 2020, the dates when the SFPUC proposed, respectively, the revisions adopted by the Commission in April 2018 and now in April 2020, the overall completion of WSIP increased from 95.5% to 98.6% complete. With only one (1) Regional project remaining in pre-construction, the implementation of the program now almost exclusively focuses on construction and close-out activities. As of March 2020, all thirty-five (35) Local projects have been completed or are in closeout; six (6) Regional projects with a total value of \$1,021 million are in construction; and forty-three (43) Regional projects with a total value of \$2,715 million are in close-out or have been completed. The four (4) WSIP Closeout Projects for each of the San Joaquin, Sunol Valley, Bay Division, and Peninsula Regions are in various project phases. Of the forty-three (43) Regional WSIP projects with specific level of service (LOS) goals, forty-one (41) have achieved their LOS goals to date.

In early 2020, the WSIP Senior Management proposed that the Commission adopt schedule changes of between three (3) and eighteen (18) months for five

**London N. Breed**  
 Mayor

**Ann Moller Caen**  
 President

**Francesca Vietor**  
 Vice President

**Anson Moran**  
 Commissioner

**Sophie Maxwell**  
 Commissioner

**Tim Paulson**  
 Commissioner

**Harlan L. Kelly, Jr.**  
 General Manager



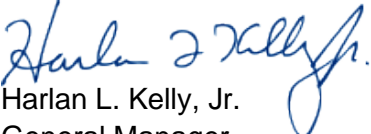
(5) of the remaining Regional WSIP projects: Alameda Creek Recapture Project (ACRP); Calaveras Dam Replacement Project (CDRP); WSIP Closeout Project – San Joaquin,; WSIP Closeout Project – Bay Division; and WSIP Closeout Project – Peninsula. These schedule changes, as adopted, extend the overall WSIP completion date to May 5, 2023, sixteen (16) months later than the previously approved program completion date of December 30, 2021. The reasons for the individual project schedule extensions, between three (3) and eighteen (18) months, are primarily delays in permitting, procurement, facility shutdown coordination, and weather-dependent field testing, and are further detailed in the attached March 13, 2020 Notice of Public Hearing. No changes to any project scopes or budgets were proposed by the SFPUC or adopted by the Commission.

On March 13, 2020, the SFPUC notified the Bay Area Water Supply & Conservation Agency (BAWSCA) that the Commission would be considering changes to the WSIP at a public hearing on April 14, 2020. At the SFPUC's request, BAWSCA forwarded the notification to the 26 wholesale agencies it represents to comply with the change notice requirements of the Wholesale Regional Water System Security and Reliability Act. On March 13, 2020, the SFPUC also posted the Notice of Public Hearing on the SFPUC website. On April 14, 2020, following a 30-day review period and opportunity for public comment, the Commission, per Resolution No. 20-0070, adopted the proposed schedule changes. Both the Notice of Public Hearing and SFPUC Resolution No. 20-0070 are attachments to this notice.

The overall scope of the WSIP remains unchanged and no projects were deleted from the program. The LOS goals for WSIP also remain unchanged.

To facilitate distribution, this notice and accompanying attachments are also available in the Reports section of the WSIP webpage at [www.sfwater.org/wsip](http://www.sfwater.org/wsip). Please do not hesitate to contact me at (415) 554-1600 if you have questions or need additional information.

Sincerely,

  
Harlan L. Kelly, Jr.  
General Manager

Attachments:

Notice of Public Hearing Posted on March 13, 2020  
SFPUC Resolution No. 20-0070

cc: (with attachments)

Nicole Sandkulla - Chief Executive Officer and General Manager, BAWSCA

Tom Francis – Water Resources Manager, BAWSCA

Mia Marvelli – Acting Vice Chair, Alfred E. Alquist Seismic Safety  
Commission

Richard (Dick) McCarthy - Executive Director, Alfred E. Alquist Seismic  
Safety Commission

Fred Turner - Structural Engineer, Alfred E. Alquist Seismic Safety  
Commission

Marco Pacheco – San Francisco District Engineer, State Water Resources  
Control Board

cc: (without attachments)

Commissioner Ann Moller Caen, President  
Commissioner Francesca Vietor, Vice President  
Commissioner Anson Moran  
Commissioner Sophie Maxwell  
Commissioner Tim Paulson

The Honorable Assembly Member Rudy Salas, Chair, California State  
Assembly - Joint Legislative Audit Committee

The Honorable Senator Richard D. Roth, Vice-Chair, California State  
Senate - Joint Legislative Audit Committee

Barbara Pierce - Chair, BAWSCA  
Gustav Larson, Vice Chair, BAWSCA  
BAWSCA Member Agencies (distributed by BAWSCA)

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**NOTICE OF PUBLIC HEARING**  
**(Posted on Friday, March 13, 2020)**

**NOTICE OF PUBLIC HEARING FOR  
 CONSIDERATION OF REVISIONS TO THE  
 SAN FRANCISCO PUBLIC UTILITIES COMMISSION (SFPUC)  
 WATER SYSTEM IMPROVEMENT PROGRAM (WSIP)**

**Tuesday, April 14, 2020  
 1:30 P.M.  
 City Hall, Room 400  
 1 Dr. Carlton B. Goodlett Place  
 San Francisco, California**

**SUBJECT OF PUBLIC HEARING**

Notice is hereby given that the San Francisco Public Utilities Commission (SFPUC) will hold a public hearing as part of its regularly scheduled meeting on Tuesday, April 14, 2020, at 1:30 p.m., for the purpose of considering proposed revisions to the Water System Improvement Program (WSIP), referred to as the “March 2020 Proposed Revised WSIP.”

**PUBLIC COMMENTS ON PROPOSED REVISIONS**

All interested parties are invited to attend the public hearing and provide public comment on the proposed revisions. Individuals who are unable to attend the public hearing may submit to the SFPUC, by the time the hearing begins on April 14, 2020, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments should be sent to:

Donna Hood, Commission Secretary  
 San Francisco Public Utilities Commission  
 525 Golden Gate Avenue (13<sup>th</sup> Floor)  
 San Francisco, CA 94102  
 Email: [Commission@sfwater.org](mailto:Commission@sfwater.org)

**BACKGROUND**

The Wholesale Regional Water System Security and Reliability Act (Water Code § 73500 et seq.) requires the SFPUC to provide notice that certain changes to the WSIP are to be considered. Specifically, the SFPUC is required to provide written notice no less than 30 days before a meeting if the SFPUC is to consider the adoption of program changes that would delay the completion dates for WSIP projects and/or result in the construction of different projects. Information about the reasons for the proposed changes are provided herein, and in the quarterly

**London N. Breed**  
 Mayor

**Ann Moller Caen**  
 President

**Francesca Vietor**  
 Vice President

**Anson Moran**  
 Commissioner

**Sophie Maxwell**  
 Commissioner

**Tim Paulson**  
 Commissioner

**Harlan L. Kelly, Jr.**  
 General Manager



and annual reports for the WSIP that have been published since the last changes to WSIP were approved in April 2018; these reports are available on the SFPUC's website ([www.sfwater.org](http://www.sfwater.org)).

The SFPUC last adopted program-wide revisions to the WSIP, including revised program scope, schedule, and budget, on April 10, 2018, referred to as the "March 2018 Revised WSIP." The current WSIP completion date under the March 2018 Revised WSIP is December 20, 2021. As of the date of this notice, the WSIP is over 98 percent complete.

During early 2020, WSIP Senior Management reviewed the status of the remaining WSIP projects and analyzed the forecasted schedules, budgets, and scopes for each project. Based on this analysis, the SFPUC has determined that the schedules for five WSIP projects should be extended with new completion dates as follows, in order to reflect current known construction schedules and remaining needs and requirements:

1. WSIP Closeout Project - San Joaquin: Extend completion date by 15 months to March 31, 2021
2. Alameda Creek Recapture Project: Extend completion date by 18 months to May 5, 2023
3. Calaveras Dam Replacement Project: Extend completion date by 15 months to March 31, 2021
4. WSIP Closeout Project - Bay Division: Extend completion date by 6 months to December 31, 2020
5. WSIP Closeout Project - Peninsula: Extend completion date by 3 months to August 5, 2021

The SFPUC does not recommend adjusting the budget for any of the projects at this time due to the uncertainty of potential cost changes. The SFPUC will continue to report any potential budget variances in the project forecasts until more accurate cost information is available. There are no proposed scope changes to any of the projects.

At this time, the SFPUC is not proposing revisions for the Regional Groundwater Storage and Recovery (RGSR) Project. However, the SFPUC anticipates that there will be a need for revisions with respect to the RGSR Project's scope and schedule due to several complications that have developed during project construction and start-up, which the SFPUC is currently evaluating. The SFPUC anticipates that it will propose revisions for the RGSR Project for adoption by the Commission in approximately one year, and it will provide written notice not less than 30 days before the date that the Commission is to consider such proposed revisions. The SFPUC has been in communication with the Bay Area Water Supply and Conservation Agency (BAWSCA) concerning the potential need for revisions to the RGSR Project, and BAWSCA agrees with the SFPUC's proposed approach. The SFPUC will continue to communicate with BAWSCA as it evaluates and develops potential revisions for the RGSR Project and will keep BAWSCA informed as further information becomes available. While the SFPUC evaluates and develops potential revisions for the RGSR Project, the forecasted project completion date for the project may trend beyond the current approved project completion date of December 30, 2021 until such changes are proposed to and adopted by the Commission in 2021.

The SFPUC recommends adopting the proposed revisions, discussed in further detail below, to extend the completion dates of the following five WSIP projects. The proposed revisions will extend the WSIP completion date from December 20, 2021 to May 5, 2023.

**CHANGE SUMMARY**

**1. WSIP Closeout Project - San Joaquin (Proposed 15-month Extension)**

The current approved project completion date for the WSIP Closeout Project - San Joaquin is December 20, 2019. The SFPUC proposes to extend that completion date by 15 months to March 31, 2021. The proposed schedule revision will allow more time for the SFPUC’s contractor to procure lithium batteries for the solar power facilities at the San Joaquin No. 4 Junction, Throttling Station at Knight’s Ferry, and Oakdale Portal, which is expected to take 30 weeks. The extension allows for installation of the batteries in the fall and winter of 2020, with Project Closeout by March 31, 2021.

Variances between the “2020 Proposed” and “2018 Approved” dates for various stages of the project are shown in the table below.

	2018 Approved		2020 Proposed		Variance at Completion (days)
	Start	Finish	Start	Finish	
<b>WSIP Closeout Project - San Joaquin</b>					
Planning	N/A	N/A	N/A	N/A	0
Environmental	N/A	N/A	N/A	N/A	0
Design	10/02/17	05/31/18	10/02/17	09/21/19	478
Bid and Award	06/01/18	08/31/18	09/23/19	02/28/20	546
Construction	05/09/17	08/30/19	05/09/17	12/30/20	488
Closeout	09/03/19	12/20/19	05/01/18	03/31/21	467

**2. Alameda Creek Recapture Project (Proposed 18-month Extension)**

The current approved project completion date for the Alameda Creek Recapture Project is November 3, 2021. The SFPUC proposes to extend that completion date by 18 months to May 5, 2023. The proposed schedule revision will accommodate the additional time needed to complete the California Environmental Quality Act (CEQA) review process for the project, including the certification of the Final Environmental Impact Report. The proposed schedule revision will also allow sufficient time to (1) complete environmental permitting, (2) incorporate recent design code changes into the design documents, (3) accommodate revisions to the pond operating protocol, (4) construct the facility, and (5) perform operational testing.

Variations between the “2020 Proposed” and “2018 Approved” dates for various stages of the project are shown in the table below.

	2018 Approved		2020 Proposed		Variance at Completion (days)
	Start	Finish	Start	Finish	
<b>Alameda Creek Recapture Project</b>					
Planning	09/30/03	11/14/14	09/30/03	11/14/14	0
Environmental	04/23/10	12/28/18	04/23/10	08/14/20	595
Design	07/01/10	12/06/18	07/01/10	07/14/20	586
Bid and Award	01/17/17	08/29/19	01/17/17	01/15/21	505
Construction	08/30/19	05/04/21	01/15/21	11/07/22	552
Closeout	05/05/21	11/03/21	11/08/22	05/05/23	548

**3. Calaveras Dam Replacement Project (Proposed 15-month Extension)**

The current approved project completion date for the Calaveras Dam Replacement Project is December 20, 2019. The SFPUC proposes to extend that completion date by 15 months to March 31, 2021. The proposed schedule revision will allow for continuous monitoring of the new dam until the reservoir reaches its highest elevation of 756 feet. This monitoring is required by California Division of Safety of Dams (DSOD) and was postponed in 2019 due to unusually high precipitation during Winter 2018/2019. The proposed schedule revision is also needed to complete two punch list items that are weather dependent for the Fish Passage Facilities within the Alameda Creek Watershed, which is a sub-project to the Calaveras Dam Replacement Project. These items are: (1) repair of the debris rake/rack system during no or low flow in Alameda Creek (Spring/Summer 2020) and (2) completion of wet testing when the creek has sufficient water flow (Winter/Spring 2019/2020 or Winter 2020/2021, if necessary). In addition to the dam monitoring and facilities testing, several outstanding deliverable items for the Calaveras Dam Replacement Project, such as modification of the conductor and electrical breaker for the sump pump, removal and replacement of security hardware, and installation of the left spillway’s safety railing will be completed using a Job Order Contract.

Variations between the “2020 Proposed” and “2018 Approved” dates for various stages of the project are shown in the table below.



	2018 Approved		2020 Proposed		Variance at Completion (days)
	Start	Finish	Start	Finish	
<b>Calaveras Dam Replacement Project</b>					
Planning	09/03/02	11/04/05	09/03/02	11/04/05	0
Environmental	05/16/05	02/06/12	05/16/05	02/06/12	0
Design	11/14/05	11/13/15	11/14/05	11/13/15	0
Bid and Award	12/27/10	03/07/16	12/27/10	03/07/16	0
Construction	05/31/11	06/19/19	05/31/11	12/31/20	561
Closeout	12/17/18	12/20/19	07/12/19	03/31/21	467

**4. WSIP Closeout Project – Bay Division (Proposed 6-month Extension)**

The current approved project completion date for the WSIP Closeout Project - Bay Division is June 30, 2020. The SFPUC proposes to extend that completion date by 6 months to December 31, 2020. The proposed schedule revision will allow for more time for the SFPUC’s contractor to mobilize for the Bay Division Pipeline (BDPL) Nos. 3 and 4 Site Drainage and Pipe Coating Repairs work, which is a sub-project to the WSIP Closeout Project - Bay Division. Extension of the schedule is also needed to address the challenges in coordinating with the shutdown for the CUW35302 Seismic Upgrade of BDPL Nos. 3 and 4 warranty work and to avoid any additional BDPL No. 3 shutdowns.

Variances between the “2020 Proposed” and “2018 Approved” dates are shown in the table below.

WSIP Closeout - Bay Division	2018 Approved		2020 Proposed		Variance at Completion (days)
	Start	Finish	Start	Finish	
Planning	07/06/16	06/30/20	07/06/16	06/30/20	0
Environmental	07/06/16	06/30/20	07/06/16	06/30/20	0
Design	07/06/16	03/30/18	07/06/16	06/30/20	823
Bid and Award	07/06/16	07/31/18	07/06/16	09/30/19	426
Construction	07/06/16	11/19/19	07/06/16	09/30/20	317
Closeout	04/25/17	06/30/20	04/25/17	12/31/20	184

**5. WSIP Closeout Project – Peninsula (Proposed 3-month Extension)**

The current approved project completion date for the WSIP Closeout Project - Peninsula is May 19, 2021. The SFPUC proposes to extend that completion date by 3 months to August 5, 2021. The proposed schedule revision will accommodate contract delays and extensions necessary to complete all required work on the project and its multiple sub-projects. For example, more time is needed for the construction of the Lower Crystal Springs Dam (LCSD) Stilling Basin Connecting Channel sub-project, which has been delayed due to the rebid of the sub-project

contract to combine all scope items (stilling basin, dissipation structure, and valve H-53) into one contract. The construction schedule for the North Parapet Wall Extension sub-project also requires an extension due to the contractor’s delays in submitting the cost proposal and the site-specific health and safety plan. Finally, the LCSD Security Assessment sub-project requires more time than previously planned to hire a consultant to perform the security assessment.

Variances between the “2020 Proposed” and “2018 Approved” dates for various stages of the project are shown in the table below.

	2018 Approved		2020 Proposed		Variance at Completion (days)
	Start	Finish	Start	Finish	
<b>WSIP Closeout Project - Peninsula</b>					
Planning	N/A	N/A	N/A	N/A	0
Environmental	07/01/16	12/18/20	07/01/16	12/18/20	0
Design	07/01/16	11/19/18	07/01/16	06/30/20	589
Bid and Award	08/01/18	12/13/18	12/27/16	01/22/19	40
Construction	07/01/16	11/20/20	07/01/16	02/06/21	79
Closeout	11/23/20	05/19/21	07/01/17	08/05/21	78

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 20-0070

WHEREAS, On May 28, 2002, per Resolution No. 02-0101, this Commission approved a Long-Term Strategic Plan for Capital Improvements, a Long-Range Financial Plan and a Capital Improvement Program (CIP); and

WHEREAS, On November 5, 2002, San Francisco residents voted to approve Proposition A (Water System Improvement Revenue Bonds and Imposition of Surcharge on Retail Water Customers), a revenue bond measure to fund the CIP approved by the Commission on May 28, 2002; and

WHEREAS, On February 26, 2003, pursuant to the requirements of California Assembly Bill (AB) 1823, the San Francisco Public Utilities Commission (SFPUC) submitted to the California Department of Health Services (now the California Department of Public Health) a report outlining the projects, schedule and implementation plan for the CIP; and

WHEREAS, On November 29, 2005, per Resolution No. 05-0176, this Commission approved project-level changes to the CIP and by doing so endorsed the revised scope, schedule and budget of individual projects and renamed the program the Water System Improvement Program ("December 2005 WSIP"); and

WHEREAS, On February 26, 2008, per Resolution No. 08-0024, this Commission approved project-level changes to the WSIP and by doing so endorsed the revised scope, schedule and budget of individual projects ("December 2007 Revised WSIP"); and

WHEREAS, On July 28, 2009, per Resolution No. 09-0125, this Commission approved project-level changes to the WSIP and by doing so endorsed the revised scope, schedule and budget of individual projects ("June 2009 Revised WSIP"); and

WHEREAS, On July 12, 2011, per Resolution No. 11-0109, this Commission approved project-level changes to the WSIP and by doing so endorsed the revised scope, schedule and budget of individual projects ("June 2011 Revised WSIP"); and

WHEREAS, On June 12, 2012, per Resolution No. 12-0099, this Commission approved budget and schedule changes for three individual WSIP projects – New Irvington Tunnel, Bay Division Pipeline (BDPL) Reliability Upgrade – Pipeline ("BDPL No. 5") and Pulgas Balancing – Modification of the Existing Dechloramination Facility; and

WHEREAS, On October 9, 2012, per Resolution No. 12-0181, this Commission approved budget changes for four individual WSIP projects – San Joaquin Pipeline (SJPL) System, Tesla Treatment Facility, Vegetation Restoration of WSIP Construction Sites (new project), and Program Management; and

WHEREAS, On January 22, 2013, per Resolution No. 13-0020, this Commission approved budget and schedule changes for one individual WSIP project, Calaveras Dam Replacement Project (CDRP), after reviewing and considering the California Environmental Quality Act (CEQA) Findings and statement of overriding considerations that it previously adopted for the WSIP and CDRP approvals, along with the CEQA Findings contained in

Addendum No.1 to the CDRP Environmental Impact Report (EIR) issued by the Planning Department on December 13, 2012, and this Commission adopted those additional CEQA Findings for the CDRP modifications, which findings are incorporated in this Resolution by this reference; and

WHEREAS, On April 23, 2013, per Resolution No. 13-0060, this Commission approved project-level changes to the WSIP and by doing so endorsed the revised scope, schedule and budget of individual projects ("March 2013 Revised WSIP"); and

WHEREAS, On April 22, 2014, per Resolution No. 14-0065, this Commission approved project-level changes to the WSIP and by doing so endorsed the revised scope, schedule and budget of individual projects ("March 2014 Revised WSIP"); and

WHEREAS, On December 8, 2015, per Resolution No. 15-0263, this Commission approved schedule changes for six individual WSIP projects – San Joaquin Pipeline System, San Antonio Backup Pipeline, Seismic Upgrade of BDPL Nos. 3&4, BDPL Reliability Upgrade – Pipeline (BDPL No. 5), and Vegetation Restoration of WSIP Construction Sites; and

WHEREAS, On April 26, 2016, per Resolution No. 16-0071, this Commission approved scope, schedule, and budget changes to four WSIP projects – Alameda Creek Recapture Project, Calaveras Dam Replacement Project, Bioregional Habitat Restoration, and Watershed Environmental Improvement Program, and the addition of Closeout Projects to four WSIP regions – San Joaquin, Sunol Valley, Bay Division, and Peninsula (“March 2016 Revised WSIP”); and

WHEREAS, On February 14, 2017, per Resolution No. 17-0026, this Commission approved schedule changes to three WSIP projects – New Irvington Tunnel, Seismic Upgrade of BDPL Nos. 3&4, and Security System Upgrade; and

WHEREAS, On April 10, 2018, per Resolution No. 18-0052, this Commission approved project-level changes to the WSIP and by doing so endorsed the revised scope, schedule and budget of individual projects and a revised program completion date of December 20, 2021 ("March 2018 Revised WSIP"); and

WHEREAS, A Final Programmatic Environmental Impact Report was prepared for the WSIP ("PEIR") and certified by the Planning Commission on October 30, 2008 by Motion No. 17734, and thereafter, this Commission approved the WSIP and adopted findings and a Mitigation Monitoring and Reporting Program (MMRP), as required by the California Environmental Quality Act (CEQA), on October 30, 2008 per Resolution No. 08-0200, which findings are incorporated in this Resolution by this reference; and

WHEREAS, The PEIR and SFPUC Resolution No. 08-0200 have been made available for review by the SFPUC and the public, and those files are part of the record before this Commission; and

WHEREAS, This Commission has reviewed and considered the information contained in the PEIR, the findings contained in SFPUC Resolution No. 08-0200, and all written and oral information provided by the Planning Department, the public, relevant public agencies, SFPUC and other experts; and

WHEREAS, The SFPUC has completed environmental review of all but one of the individual WSIP projects (Alameda Creek Recapture Project), and is proceeding to complete the environmental review process for the remaining project, as authorized by and in accordance with CEQA; and

WHEREAS, The SFPUC in early 2020 reviewed the status of the remaining WSIP projects and analyzed the forecasted schedules, budgets, and scopes for each project, and determined that the schedules for five WSIP projects should be extended with new completion dates; and

WHEREAS, Water Code Section 73502(d)(2) requires that the City provide written notice, not less than 30 days prior to the date of a meeting of the City agency responsible for management of the Bay Area Regional Water System, that a change in the WSIP program is to be considered, and that all Bay Area wholesale customers shall be permitted to testify or otherwise submit comments at such meeting; and

WHEREAS, On March 13, 2020, the SFPUC posted a written notice that the Commission would consider proposed revisions to the WSIP at a public hearing on April 14, 2020 (“Notice of Public Hearing”), attached hereto as Attachment 1, which sets forth the SFPUC’s proposed revisions to the WSIP, referred to herein as the “March 2020 Proposed Revised WSIP,” and notified the Bay Area wholesale customers through the Bay Area Water Supply & Conservation Agency (BAWSCA) in writing that this Commission would consider changes to the WSIP at a public hearing on April 14, 2020; and

WHEREAS, The March 2020 Proposed Revised WSIP would extend the current approved project completion dates for the following five WSIP projects: Alameda Creek Recapture Project, Calaveras Dam Replacement Project, WSIP Closeout - San Joaquin Region, WSIP Closeout – Bay Division Region, and WSIP Closeout – Peninsula Region; and

WHEREAS, The March 2020 Proposed Revised WSIP would extend the current overall program completion date of December 30, 2021, which was approved by the Commission on April 10, 2018 as part of the March 2018 Revised WSIP, to the new date of May 5, 2023; and

WHEREAS, The the March 2020 Proposed Revised WSIP does not include any proposed budget or scope changes for projects in the March 2018 Revised WSIP, which was approved by the Commission on April 10, 2018; and

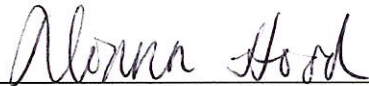
WHEREAS, During the 30-day public review period since the SFPUC posted the Notice of Public Hearing, the WSIP Acting Director met with representatives of BAWSCA to discuss the proposed revisions to the WSIP; now, therefore, be it

RESOLVED, That this Commission finds that since the PEIR was finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the PEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the PEIR; and be it

FURTHER RESOVED, That this Commission hereby approves the March 2020 Proposed Revised WSIP, to extend the completion dates of five WSIP projects (Alameda Creek Recapture Project, Calaveras Dam Replacement Project, WSIP Closeout - San Joaquin Region, WSIP Closeout – Bay Division Region, and WSIP Closeout – Peninsula Region) and extend the overall program completion date of the WSIP from December 20, 2021 to May 5, 2023, as set forth in the Notice of Public Hearing dated March 13, 2020; and be it

FURTHER RESOLVED, That this Commission hereby directs staff to send a Notice of Change Report to the State Water Resources Control Board and the Alfred E. Alquist Seismic Safety Commission in compliance with Water Code Section 73502(d)(3).

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of April 14, 2020.*



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*Secretary, Public Utilities Commission*

# Board of Directors

## Policy Calendar Through October 2020

Meeting Date	Purpose	Issue or Topic
July 2020	R&D S	Audit of SFPUC's Asset Management Program Los Vaqueros Expansion Project and Potential BAWSCA Participation
September 2020	D&A D&A D&A R&D R&D	CEO/General Manager Performance Evaluation Los Vaqueros Expansion Project and Potential BAWSCA Participation Establishing a Policy Relating to the WSA Balancing Account Demand Study Findings Review of CERBT Fund Update
November 2020	D&A D&A D&A D&A D&A R&D	Consideration of Action to Extend Current Tier 2 Drought Plan Review of Agency Personnel Handbook Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy Los Vaqueros Expansion Project and Potential BAWSCA Participation OPEB Report
January 2021	D&A D&A R&A R&D S	FY 2019-20 Mid-Year Work Plan and Budget Review Annual Review of General Reserve Management Annual Review of WSA Balancing Account Status Review of Water Supply Forecast FY 2021-22 Work Plan and Budget Study Session

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

**Meeting Schedule through July 2021**

<b>Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – July 16, 2020	Zoom Meeting
Thursday – September 17, 2020	Wind Room, Foster City Community Building <i>(Venue for Month of September Meetings with few exceptions)</i>
Thursday – November 19, 2020	Oak Room, San Mateo Main Library
Thursday – January 21, 2021	Oak Room, San Mateo Main Library
Thursday – March 18, 2021	Oak Room, San Mateo Main Library
Thursday – May 20, 2021	Oak Room, San Mateo Main Library
Thursday – July 15, 2021	Oak Room, San Mateo Main Library

<b>Schedule for RFA Board Meetings (Meeting time will be announced)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – January 21, 2021	Oak Room, San Mateo Main Library

<b>Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Wednesday – August 12, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – October 14, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – December, 9, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – February 10, 2021	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – April 14, 2021	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – June 9, 2021	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.