

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**October 14, 2020 – 1:30 p.m.**

**Zoom Video Conference**

**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.**

<b>MINUTES</b>
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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 general procedures for conducting the meeting virtually. He reminded the Committee that all actions by the committee will be done by roll call vote.
3. **Public Comments:** Peter Drekmeier spoke on recent reports published by the Pacific Institute on the state's per capita demand reductions and demand projections. He stated that the Pacific Institute's report indicates the region's efficient use of water and successful conservation efforts. He also commented on a recently released study by a consultant for the National Marine Fishery Service that critiqued the fishery models used by MID and TID for the FERC proceedings. He noted that there are opportunities for the region to restore the environment without threatening water supply.
4. **Consent Calendar:** Approval of Minutes from the August 12, 2020 meeting.

**Director Wood made a motion, seconded by Director Larsson, that the minutes of the June August 12, 2020 Board Policy Committee meeting be approved.**

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

5. **Action Calendar:**

- A. **Tier 2 Drought Implementation Plan Extension:** CEO/General Manager, Nicole Sandkulla, reminded the Committee that drought shortage allocations on the San Francisco Regional Water System (SFRWS) are governed by two plans. The first is the Tier 1 Plan, which allocates water between the SFPUC retail customers and the wholesale customers collectively.

The second is the Tier 2 Plan, which allocates water among the wholesale customers. As required by the 2009 WSA, the Tier 2 Plan was adopted by the governing bodies of each BAWSCA member agency in the winter/spring of 2011.

Both plans apply during system-wide shortages on the SFRWS of 20% or less. Shortages above 20% requires a process in which the wholesale customers meet and confer with San Francisco on modifications to the allocation plans that may be necessary.

The SFPUC, in accordance with the WSA Section 3.11.c.3, will honor Tier 2 Plan allocations among the Wholesale Customers provided by BAWSCA or unanimously agreed to by the wholesale customers.

Ms. Sandkulla explained that the decision as to how the supply is allocated among the wholesale customers is strictly made by the agencies. The SFPUC is not a party to that decision. In the event that the wholesale customers do not unanimously adopt a plan, the BAWSCA Board can provide direction to the SFPUC. This is a specific role that is called out for the BAWSCA Board in the WSA.

In the 2009 WSA, the Tier 2 Plan term originally expired in December 31, 2018, consistent with the timing of SFPUC's anticipated 2018 decision related to the contractual status of San Jose and Santa Clara. Ms. Sandkulla reminded the Committee that in the most recent WSA amendment, SFPUC's 2018 decision was extended to 2028.

The WSA enables the BAWSCA Board to extend the Tier 2 plan by adopting the existing plan with a revised end date. The Board approved a 1-year extension in May 2018 to extend the plan until December 31, 2019, and took another action in November 2019 to extend the plan through December 31, 2020.

In 2019, BAWSCA held three workshops with the Water Management Representatives (WMR), a group comprised of representatives appointed by their respective BAWSCA member agency, to review the need to update the Tier 2 Plan or to extend the existing plan. The workshops reviewed the current plan's history and policy principles, analyzed the projected allocations to each member agencies for past and future drought scenarios, and evaluated potential modifications to the present plan and associated potential allocations.

As a result of the workshops, the WMR came to a consensus that the Tier 2 Plan continues to meet the policy principles upon which the plan is based, and that the policy principles remain appropriate. They supported an annual review of the Tier 2 Plan to evaluate its continued effectiveness, which supports a yearly review of the Plan as opposed to a multi-year. Furthermore, the WMR were interested in additional information on the process for water transfers between agencies in preparing for potential Tier 2 Plan implementation. This interest was reflective of the water transfer that was completed in 2017 between East Palo Alto and Mountain View, and the subsequent transfer between Palo Alto and East Palo Alto in 2018, which the agencies saw valuable in the consideration of developing a new plan.

The WMR supported a one-year extension of the existing Plan and BAWSCA did commit to an annual review of the Plan with the WMR. BAWSCA presented the results of the 2019 workshops to the Board and the BPC, and in November 2019, the Board adopted the second extension of the existing plan that expires on December 31, 2020.

The WMR reviewed the existing Tier 2 Plan at its October 2020 meeting and agreed that it continues to meet the policy principles upon which the plan is based, the policy principles remain appropriate, and a one-year extension is beneficial and appropriate. The WMR expect that the appropriate time to consider updating the Tier 2 Plan would be once the State guidance on water efficiency targets is provided.

Ms. Sandkulla reported that it is anticipated that the draft State guidance will become available in fall 2021, and the final guidance in summer 2022. This timeline builds the anticipated schedule for when BAWSCA and the member agencies can expect to begin work on updating the Tier 2 Plan.

The WMR are not opposed to a one-year extension of the existing Tier 2 Plan now and the possibility of another extension in the subsequent fiscal year based on the State's schedule for releasing its water efficiency targets.

BAWSCA's recommendation is to adopt Resolution 2020-03 which extends the Tier 2 Plan drought allocation methodology for calendar year January 1, 2021 through December 31, 2021.

In response to Director Mendall, Ms. Sandkulla explained that the Board may legally be able to make an extension for more than 1-year, but noted that the WMRs appreciate an annual action by the Board because it affirms and allows the review of the Tier 2 Plan at both the staff and policy level.

Director Jordan asked what happens if there is no unanimity among the agencies and if the existing Tier 2 Plan is not extended.

Ms. Sandkulla explained that the requirement for a unanimous agreement among all member agencies is for when a new Tier 2 Plan is being adopted or if the extension of the existing Plan is being considered by each member agency separately. At this time, action by the BAWSCA Board is sufficient to extend the existing Tier 2 Plan by one-year.

Legal Counsel, Allison Schutte, further explained that the WSA required that the first Tier 2 Plan be unanimously approved by each member agency. However, there are processes included in the WSA that provides options in case unanimity among the member agencies does not happen. One is the ability for the BAWSCA Board to develop a method and transmit it to the SFPUC for implementation. Another is for the SFPUC to unilaterally develop its own method for implementation in the absence of the member agencies' unanimous vote, or direction from the BAWSCA Board.

Ms. Schutte noted that after the 2009 negotiation of the WSA, the member agencies, for the 2<sup>nd</sup> time in history, did come to an agreement on how to allocate water during system-wide shortages, and approved the existing Tier 2 Plan in 2011. That plan, however, expired in December 31, 2018 and needs to be re-evaluated by the member agencies. Until the agencies are ready to update it and instead of each member agencies independently considering the extension of the Tier 2 Plan every year, BAWSCA is exercising the option for the Board to approve the one-year extension with the member agencies' consent via the annual review and workshops held with the WMR. This method allows the BAWSCA Board to provide direction to SFPUC, which would otherwise make a unilateral decision in the absence of the member agencies' unanimous vote.

Director Chambers called upon each Committee member to allow them to state their comments and ask their questions.

Director Zigterman prefers a multi-year renewal, but understands the annual approach. He asked what prevents BAWSCA and the members agencies from updating the Tier 2 Plan sooner.

Ms. Sandkulla explained that as an outcome from the most recent drought, the State passed legislation, Making Water Conservation a California Way of Life, which requires the State to develop water efficiency targets for normal year use and indications about drought applications. That information is critical to understanding where and what the State expectations are for efficient water use and droughts, and will be helpful to BAWSCA and the member agencies in developing a robust Tier 2 Plan that is consistent with the State's objectives.

While the State is not expected to have draft objectives until fall 2021, BAWSCA hopes to get more information during the development process. Additionally, member agencies will have completed their Urban Water Management Plans by June 2021, and will have demands and anticipated water supply management plans that can provide a good basis of information to begin Tier 2 negotiation. This effort will be in the workplan for FY 2021-22, and most definitely in the FY 2022-23 work plan.

Director Wood was interested in seeing the policy principles in which the Tier 2 Plan was based on, and what, if any, changes to the principles would impact the Plan.

Ms. Sandkulla stated that the policy principles require that drought allocations provide sufficient supply for all member agencies, conservation is not penalized, it serves as a basis for planning, and agencies' other sources are not reallocated.

Ms. Sandkulla noted that the reallocation of other supplies was an issue of conflict with the State during the last drought, and could be an area of focus in the process of developing an updated Tier 2 Plan. Historically, drought allocations are blind to the alternative supplies of agencies that have multiple sources, but the State did not do that during the recent drought. How the member agencies will work as a group with the State on this issue will require working together and will require significant engagement.

Mr. Francis added that the goal of the policy principles is to establish a fair allocation of the supply. The principles were revisited with the WMR and were confirmed as acceptable and appropriate for this extension and, possibly, for when work on updating the existing Tier 2 Plan begins.

If one of the policy requirements is not met, Director Wood asked if that would cause for the WMR's re-evaluation of the Tier 2 Plan.

Ms. Sandkulla explained that the expectation is that the individual member agency would act independently on the new Tier 2 plan that is developed by the WMR as a whole. BAWSCA will rely upon the member agencies to review the policy principles and identify where modifications are needed in updating the Tier 2 Plan. One of the objectives is making sure that the principles are in line with the State expectations and guidelines.

Ms. Sandkulla offered to include the policy principles in the staff memo to the Board for the November meeting. Additionally, as we move through the process of updating the Tier 2 Plan, BAWSCA will provide the Board regular updates on the progress.

Director Pierce agrees with the recommended action and supports staff with the work that can be done while waiting for the State's information.

Director Mendall agrees with Director Zigterman's preference on a multi-year renewal, but understands the annual process. He noted that for now it is an administrative, non-controversial item that remains the same as what has been done in the last 2 years. It will be in 2022 when potential changes are applied that thoughtful considerations by the Board is necessary.

Director Larsson had no further comments on the item.

Director Kuta asked how solid the State's target date is for the draft release, and will BAWSCA be in the position to have the budget for this task when the time comes.

Mr. Francis stated that the date of fall 2021 for the draft guideline is the first specific date released by the State. There is a lot of pressure from other state agencies besides BAWSCA for the information. With potential delays from the State, Mr. Francis anticipates the information by end of 2021 at the latest.

Ms. Sandkulla stated that the FY 2021-22 workplan and operating budget that will be proposed to the Board will include the anticipated staff and legal efforts for this item.

Director Jordan requested clarification that the Tier 2 Plan allocation ignores the alternate sources of agencies with multiple sources. Ms. Sandkulla confirmed.

Director Cormack supports the recommendation. She asked what the timeframe is for the 7-step allocation process if Tier 2 was to be implemented.

Ms. Sandkulla explained that the calculation is done routinely at the end of every fiscal year based on the data received from member agencies.

There were no comments from the public.

**With no further discussion, Director Mendall made a motion, seconded by Director Larsson, that the Committee recommend the Board to adopt Resolution 2020-03 adopting the Tier 2 Plan allocation methodology for the year January 1, 2021 through December 31, 2021.**

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

- B. Annual Review of BAWSCA's Statement of Investment Policy and Consideration of Proposed Modification to Add New permitted Investment Vehicles: BAWSCA Finance Manager, Christina Tang, noted the error on the recommended action printed on the agenda and stated that the staff memo provides the correct recommendation. She reported that as a result of the annual review of the Investment Policy, staff is proposing the addition of new permitted investment vehicles for the Board's consideration.

The primary objectives of BAWSCA's investment policy are safety, liquidity and yield. The policy was last reviewed by the Board in January 2020, and there were no changes made. Both agency funds and bond funds are invested in accordance with the policy. Ms. Tang noted that, in general, an agency's investment policies govern operating funds, not bond funds. Since BAWSCA includes the bond proceeds rules in its investment policy, the discussions on the rules for agency funds and the rules for the bond funds are separated in the memo. Legal counsel confirmed that the Investment Policy reflects language consistent with current State Law.

Based on the recent review of the agency's primary investment objectives and all investment instruments permitted by the bond indenture, BAWSCA recommends modifying the policy to include US Agency Securities as permitted investment vehicles for the bond proceeds, in addition to the investments currently allowed by the policy.

The current policy specifies three permitted investments for the bond proceeds associated with the Series 2013A and 2013B bonds. They include Money Market Mutual Funds, Certificates of Deposit, and Federal Securities. Ms. Tang explained that although the bond indenture allows for more investment vehicles, BAWSCA chose a limited group of investments in 2013 with the intention of providing the agency the flexibility to consider some or all of the vehicles included in the indenture and gradually expand permitted investments for bond proceeds through policy amendments.

The recent review of all investment vehicles permitted by the indenture determined that US Agency Securities are consistent with the primary objectives of the Investment Policy and the agency's risk tolerance. Additionally, it could potentially increase the portfolio's yield. Under the current market conditions, US Agency Securities provide yield premiums of between 5 and 15 basis points versus comparable Treasury Securities.

Ms. Tang presented the overview of the current investment strategy for the stabilization fund. She noted that while it is not part of the investment policy, it has been evaluated annually during the review of the investment policy.

In response to the COVID-19 pandemic, interest rates across the yield curve declined significantly, reflecting both federal reserve actions and expectations for slowing global growth and recession. Under these circumstances, BAWSCA's long-term strategy is performing well with previously purchased securities now providing fixed yields that are well above currently available interest rates. For example, the Treasury Securities maturing in 2023 were purchased 2 years ago and are currently earning a yield at almost 3%. If the same securities were purchased today, the market yield would only be 0.1%.

As of October 1, 2020, the total amount of bond funds held by the Trustee, Bank of New York, is \$17,664,849. This total is made up of \$4.0M in bond surcharges collected from member agencies to fund the semi-annual debt service payments, and \$13.7M in the stabilization fund, which is a reserve to cover debt service payments in the event of shortfalls in the surcharge collection.

Based on recent evaluation, it was determined that the current 0-5 year ladder portfolio investment strategy remains appropriate in light of the current circumstances. Ms. Tang presented a chart that illustrates the structure for the stabilization fund as of October 5, 2020. The 0-5 year ladder portfolio consists of investments in Treasury Securities maturing in 6-month intervals out to 5 years. This strategy was implemented

in 2018, and is expected to complete re-balancing the ladder in about 6 months. BAWSCA and its investment advisors believe that longer-maturity strategies have historically provided greater investment returns over time and protect the agency against reinvestment rate risks.

The action before the Committee is to recommend Board approval of the proposed modification to the current Statement of Investment Policy by including US Agency Securities as permitted investment vehicles for the bond proceeds.

Director Chambers called upon each Committee member for their comments and their questions.

Director Zigterman noted that flexibility is key given the current circumstances. What the future holds is unknown. He asked if there are any risks associated with this expansion.

Ms. Tang reported that US Agency Securities have low risks in comparison to the no-risk Federal Securities currently allowed in the Investment Policy. However, based on the evaluation, the associated credit risks on US Agency Securities are fairly low and are within the agency's risk tolerance.

Director Wood acknowledged the risks and agreed that it is low. She expressed her support for the recommendation.

Director Pierce appreciates the annual review and consideration of various vehicles. The US Agency Securities have been considered before, and it is the change in the economic conditions that is moving the decision to include them moving forward. She expressed her support for the recommendation.

Director Mendall appreciates the continuing improvement to BAWSCA's investment strategy. He believed it is a good modification and expressed his support for the recommendation.

Director Larsson echoed Director Pierce's comments and appreciates the opportunities to improve BAWSCA's investment strategy as the market changes, while meeting the agency parameters. He stated his support for the recommendation.

Director Kuta asked how will the allocation of funds in this vehicle be determined.

Ms. Tang explained that the Board's decision to include US Agency Securities in the Investment Policy allows BAWSCA to consider, based on market conditions, its use in future re-balancing opportunities. BAWSCA will work with its investment advisor in evaluating interest rate earnings, credit quality and incremental yield in comparison with the Federal Securities.

Ms. Sandkulla added that re-evaluation will take place in April following the bi-annual bond principal payment done in the months of April and October of every year. This would be an action that the BAWSCA CEO/General Manager will make in coordination with BAWSCA's investment advisor. Any action will be reported to the Board in the next quarterly bond surcharge collection report.

Director Jordan asked if the definition of US Agency Securities is limited to the four (4) vehicles provided in the resolution?

Ms. Tang confirmed that the use of US Agency Securities will be limited to the four (4) identified vehicles which were selected because they are well-protected senior agency securities that were identified as appropriate and within BAWSCA's risk tolerance. Ms. Tang added that BAWSCA only considers Treasury Securities with credit ratings of AA+ by Standard and Poor's and Aaa by Moody's. The same level of consideration will be applied to US Agency Securities. Additionally, Ms. Tang explained that BAWSCA will not sell current securities, and will only re-invest the ones that mature to re-balance the current portfolio.

Director Jordan asked whether BAWSCA has or should have a cap on what percentage of the portfolio is downgraded from Treasury to Agency.

Ms. Sandkulla responded that there is no cap written into the current policy.

Director Jordan commented that, to his understanding, this modification would allow for the potential conversion of investments that mature, as long as there's a premium greater than a given threshold, to US Agency Securities. For prudent measures, he inquired if BAWSCA should consider limiting the amount of funds flipped in any given time from treasury to agency, to avoid 100% allocation of funds in agency securities.

Ms. Tang commented that while the Investment Policy does not have a cap, BAWSCA's primary investment objectives are safety and liquidity. BAWSCA will not invest in funds solely for the yield. And with the addition of US Agency Securities, investments will continue to be made in accordance with the policy.

Director Cormack agreed with Director Jordan's suggestion to have a guideline or ranges for what can potentially be in each security. The current economic conditions caution against investing in the housing market. She would be interested in what staff knows about what happened to these securities in the aftermath of the prior recession in 2008, 2009, and 2010.

Ms. Sandkulla explained that unlike Treasury Securities, US Agency Securities are not 100% backed by the government. But in the economic downfall in 2008-2010, the Federal Government did step up and backed up Fannie Mae and Freddie Mac. The risk with US Agency Securities is that there is no 100% guarantee, but there is an indication and the continued expectation that the Federal Government will continue to do what they did in last economic recession.

Director Cormack noted the importance of knowing the risks the agency is taking given the historically unusual economic environment. She also pointed out that Standard and Poor's and Moody's did not cover themselves with glory during the last recession in terms of their ratings. While she does not see the need to increase investment yields, she is willing to support the recommendation to the Board. She will look forward to the investment report in terms of what re-balancing takes place after April, and stated that having some guidelines on the amount of investments in each security is beneficial.

Director Jordan commented that he believes Fannie Mae and Freddie Mac were placed into conservatorship, and that preferred stock were issued to relieve debt holders. He



trusts that the investment advisors would have looked into this, but his concern stems from not knowing what to expect, therefore, having some cap could be something the Board can appreciate. He suggested looking at a cap or guideline between now and the Board meeting in November may be valuable.

Director Mendall appreciated the concerns expressed by Directors Jordan and Cormack. He pointed out that even if 100% of the funds that mature in six months are rolled over into US Agency Securities, the total funds would only be 20% invested in US Agency Securities. The Committee could try to set a cap between now and the next Board meeting or wait until the next review of the policy. Looking at the various categories, he would personally allow 100% investment in US Treasuries, CD's and Money Markets. It is really only the US Agency Securities that would require a non-100% cap. However, they are effectively capped at 20% for the next year if the staff recommendation is passed. He suggested that the recommendation can include the desire to come back to the Committee at its next policy review with an official number for a cap. He didn't believe it is necessary to set a limit on how much can be rolled over each year into a particular category because it is the total amount that matters.

Director Chambers added that the investment report should differentiate between Treasury Securities and US Agency Securities to see what the investment advisor recommended and what was done.

Director Wood expressed her concerns with the current housing market conditions, and stated that Director Jordan and Cormack brings up good points of caution. She encouraged staff and the Committee to revisit establishing a guideline for future Board consideration.

Director Zigterman suggested that perhaps members of the Board, after reading the Board Policy Summary report that reflects the Committee's substantial discussion, can provide their further input on this matter for further consideration and discussion before a decision is made in spring 2021.

With no public comments or further discussion, Chair Chambers called for a motion.

**Director Mendall made a motion on the recommendation, with one added direction to staff to consider capping the US Agency Securities to 40% of the total funds that could be invested in the US Agency Securities. Director Jordan seconded the motion.**

Director Jordan stated that something to give guidance to staff is worthwhile.

Ms. Tang clarified that the direction to cap 40% of the total funds that could be invested in US agency Securities would apply to the stabilization funds or the reserve funds only. The bond surcharges collected each month are for the debt service payments and are invested in the Money Market Fund.

Director Jordan asked if the 40% cap provides the portfolio enough flexibility because it takes a couple of years before 40% of the funds is achieved.

Director Cormack inquired if the maker and seconder of the motion would be amenable to keeping the amount open for staff to make the recommendation.

Directors Mendall and Jordan proposed “a number less than 50%” to provide staff some guideline. Director Cormack agreed.

**Director Mendall accepted the friendly amendment to his motion to approve the Board Policy Committee’s recommendation for the Board to approve the proposed modification to the current Statement of Investment Policy by including US Agency Securities as permitted investment vehicles for the bond proceeds, with the addition to direct staff to provide a number less than 50% as a recommended cap for the US Agency Securities.**

**Director Jordan seconded the friendly amendment to the motion.**

**The motion passed unanimously with a roll call vote.**

Ms. Sandkulla thanked the Committee for the discussion. BAWSCA staff will work with the investment advisor on the recommendation to the Board for consideration at the November Board meeting, as well as information on the experienced risks during the 2008-2010 recession.

**6. Reports:**

- A. Water Supply Conditions: Ms. Sandkulla reported that current water use data have yet to be published from the State. The BPC meeting dates are typically right on the edge for the release of the data. She hopes to provide data for October at the November Board meeting.
- B. Bay Delta Plan and FERC Update: Negotiations for a voluntary agreement on the Tuolumne River continues under the direction of Governor Newsom who is providing critical leadership in keeping the State Secretaries of Natural Resources and EPA engaged. BAWSCA is maintaining coordination with the SFPUC and other agencies but is not directly involved in the negotiations. BAWSCA and its member agencies continue to support the Bay Delta Plan objectives and remain committed to working with stakeholders to protect water quality in the Bay Delta for humans, fish and other wildlife. BAWSCA will continue to remain focused on a voluntary agreement and continues to support it as the best solution to resolve this critical issue.

The Federal Energy Regulatory Commission released the Final Environmental Impact Statement (FEIS) for New Don Pedro on July 7<sup>th</sup> 2020, which licenses the projects as proposed by the Districts with some staff modifications and additional measures. BAWSCA is working with the SFPUC in its review and analysis of the document. BAWSCA is particularly looking at the economic and environmental impacts to the BAWSCA service area, and the responses to BAWSCA’s comments as well as comments submitted by the SFPUC and non-governmental organizations. Modesto Irrigation District and Turlock Irrigation District have just recently submitted their comments to FERC on the FEIS. BAWSCA’s submittal of further comments is yet to be determined.

- C. BAWSCA Internship Program Update: Ms. Sandkulla reminded the Committee that in response to the Board’s interest, part of the work plan development for FY 2020-21 was inclusion of an internship program. The goal of developing such a program was to provide an opportunity for underserved college students who are pursuing a technical or

business degree that relate to BAWSCA's efforts to gain experience by working with BAWSCA. Unfortunately, as part of budget and cost control measures during the pandemic, that was removed from the workplan.

Since then, Board members continue to express interest in the program, and specifically, Direct Moody facilitated a connection between BAWSCA and East Side College Preparatory School in East Palo Alto.

Ms. Sandkulla has had several meetings with school Principal, Chris Bischoff, in exploring feasible opportunities for BAWSCA.

East Side Preparatory is a private 6-year institution from middle school to high school for students who will be the first in their families to go to college. It is a true college preparatory school that is funded by donations with all students on full scholarships.

There were 255 students in 2019. 80% of the students are from East Palo Alto and Menlo Park. The remainder of the student body are from other areas in the Bay Area.

The focus of the school is to prepare students from low-income families to attend and succeed in college. 99% of Eastside graduates are accepted in 4-year colleges, and 80% of Eastside's graduates are earning or hold a bachelors degree.

Their success rate is attributed, in part, to the Eastside Alumni Services Team that provides extensive support throughout the student's college career. College coaches maintain a strong connection with alumni and provide academic support and as well as support for how to navigate through the college processes. Career coaches help students in exploring career paths and in gaining professional experience through internships. These services are provided to Eastside alumni for free as part of the school's alumni support program.

Eastside is interested in partnering with BAWSCA on an internship program as part of their alumni support program.

One of the challenges BAWSCA has with internships is identifying the right intern. Eastside will identify candidates from a pool of alumni based on BAWSCA's job description, will assist BAWSCA in the selection of candidates to interview, and provide support for the intern before and during and after the internship.

BAWSCA's estimated cost for a program with Eastside would be \$8K which would pay for the intern salary for an 8-week period. 100% of that cost goes to the intern.

This approach provides a substantial cost reduction in comparison to working with a 3<sup>rd</sup> party for the administrative tasks that Eastside would provide as part of their alumni support program.

The internship would be a summer internship that could begin in May 2021. Given the schedule, Eastside would like to know by January 2021 if the partnership is feasible for BAWSCA, and would therefore become part of BAWSCA's budget of the current FY 2020-21.

While cost of the internship falls within the CEO/General Manager's spending authority, Ms. Sandkulla wanted a full and complete discussion by the Committee and the Board in November about the opportunity as it is an important issue that Board members have expressed interest in. She looks forward to the Committee's feedback and its interest in bringing this forward to the Board as part of the mid-year budget review for FY 2020-21 in January.

Ms. Sandkulla concluded her reports and welcomed comments and questions.

Public comments were provided by Peter Drekmeier on the Bay Delta Plan. He appreciated the opportunity to speak to the Board last fall and thanked Chair Pierce for enabling that. He encouraged conversation on facts, benefits and a solution, not just on water supply for the area, but the environment.

The Committee was supportive of the internship program, with Directors Wood, Larsson, Jordan, Cormack, Zigterman, and Mendall commenting in favor of the partnership opportunity between Eastside and BAWSCA.

Director Cormack asked if BAWSCA, as a public agency, can create a job specifically for a specific group, or is there a public process that applies and must be complied with.

Ms. Schutte will confirm the process with Hanson Bridgett's Labor and Employment Specialist, who has previously analyzed the approach and was comfortable with the program as written. This can be clarified and will provide further information to the Board as necessary.

Director Mendall encouraged staff to expand and improve the program to include other areas in the future.

**10. Closed Session:** The Committee adjourned to Closed Session at 2:56pm.

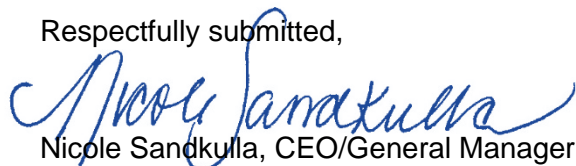
**11. Reconvene to Open Session:** The Committee reconvened from Closed Session at 3:29 pm. Ms. Schutte reported that no action was taken during Closed Session.

**12. Comments by Committee Members:** Director Jordan stated his interest in hearing from agencies within the BAWSCA Service are on how they address shared capital expenses between Fire Agencies and Water Districts.

Director Wood expressed support for Director Keith who is running for a seat in the San Mateo Harbor District.

**7. Adjournment:** The meeting was adjourned at 3:33 pm. The next meeting is December 9, 2020

Respectfully submitted,



Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

# Bay Area Water Supply and Conservation Agency

## Board Policy Committee Meeting Attendance Roster

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

✓: present

☎: Teleconference

### Oct. 14, 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
Danielle McPherson	Sr., Water Resources Engineer
Kyle Ramey	Water Resources Specialist
Christina Tang	Finance Manager
Lourdes Enriquez	Assistant to the CEO/General Manager
Allison Schutte	Legal Counsel, Hanson Bridgett, LLP
Nathan Metcalf	Legal Counsel, Hanson Bridgett, LLP
Bud Wendell	Strategic Communications

#### Public Attendees:

Leonard Ash	ACWD
Paul Sethy	ACWD
Karla Daily	Palo Alto
Alison Kastama	SFPUC
Peter Drekmeier	Tuolumne River Trust
Gordon Thubb	Self