



BOARD OF DIRECTORS MEETING

Thursday, January 21, 2021

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 January 21, 2021: Jay Benton, Randy Breault, Tom Chambers, Alison Cormack, Sam Hindi, Steve Jordan, Kirsten Keith, Rob Kuta, Gustav Larsson, Sam Liccardo, Juslyn Manalo, Lisa Matichak, 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/88029812324>

- Meeting ID: 880 2981 2324
- Password: 213883
- 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 880 2981 2324** and **Password 213883** 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.

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

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Pierce)	
2. Special Order of Business – Election of Officers for Calendar Year 2021 <i>(Attachment)</i> <ul style="list-style-type: none">Election of ChairElection of Vice Chair <i>(The terms of the new Chair and Vice-Chair commence at the end of the meeting at which they are elected)</i>	(Pierce)	Pg 5
3. Break for the San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(Pierce)	
4. Reconvene following San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(Pierce)	
5. Comments by the Chair	(Pierce)	
6. Comments Board Policy Committee Report <i>(Attachment)</i>	(Chambers)	Pg 7
7. SFPUC Report <ul style="list-style-type: none">A. Water Supply Conditions	(Ritchie)	
8. Public Comments <ul style="list-style-type: none"><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)	
9. Consent Calendar <i>(Attachments)</i> <ul style="list-style-type: none">A. Approve Minutes of the November 19, 2020 MeetingB. Receive and File Budget Status Report – As of November 30, 2020C. Receive and File Investment Report – as of December 31, 2020D. Receive and File Directors' Reimbursement Report – As of December 31, 2020E. Professional Services Contract Amendment with Woodard & Curran, Inc. to Provide as Needed Specialized Water Resources Services <i>The Board Policy Committee voted unanimously to recommend the proposed Board action for Item #9E.</i>	(Pierce)	Pg 23 Pg 27 Pg 29 Pg 31 Pg 33

10. Action Calendar

- A. Mid-Year 2020-21 Work Plan and Budget Review (*Attachment*) (Sandkulla) Pg 37
The Board Policy Committee voted unanimously to recommend the proposed Board action.

11. Reports

- (Sandkulla)
- A. Water Supply and Demand
- B. Bay Delta Plan
- C. CEO Letter (*Attachment*) Pg 53
- D. Board of Directors Policy Calendar Pg 69
- E. Correspondence Packet ([Under Separate Cover](#))

12. 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).

13. Report from Closed Session

(Schutte)

14. Discussion Item

(Sandkulla)

- A. Fiscal Year 2021-22 Work Plan and Budget Planning Session Pg 71
(*Attachment*)

15. Directors' Discussion: Comments, Questions and Agenda Requests

(Pierce)

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

(Pierce) Pg 75

17. Adjourn to next meeting scheduled for March 18, 2021 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 or submitted by phone at 650-349-3000. Requests will be granted whenever possible and resolved in favor of accessibility.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Election of Officers for Calendar Year 2021**

Summary:

The State Water Code (Division 31, Section 81401) requires the Board to elect a chair and vice chair each year at the January meeting. The term of officers of the Board commences at the close of the meeting at which they are elected.

Discussion:

In a virtual meeting format, the suggested process for electing the chair is as follows:

1. Call for nominations for the position of chairperson.
2. Chair will close nominations once no further names are offered.
3. If there is only one nominee, call for the vote by roll call.
4. If there is more than one nominee, then proceeding alphabetically:
 - a. Ask each nominee to give a brief statement on his/her qualifications and interest in the position.
 - b. Directors who would like to comment on behalf of the nominee can “raise hand” on zoom. For those calling in, push *9 for the “raise hand” function
 - c. Call for a vote of those in favor of each nominee, by roll call.
 - d. Once a majority elects a nominee, the election is over.

Following the election of the chair, proceed to the election of vice chair using the same process.

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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

MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: January 15, 2021

SUBJECT: Summary of Board Policy Committee meeting held December 9, 2020

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 (8), 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 noted that all actions by the committee will be done by roll call vote.
3. **Public Comments:** Public comments were provided by Dave Warner, Peter Drekmeier, Spreck Rosekrans, and Carol Steinfeld.
4. **Consent Calendar:** Approval of Minutes from the October 14, 2020 meeting.

Director Pierce made a motion, seconded by Director Larsson, that the minutes of the October 14, 2020 Board Policy Committee meeting be approved.

The motion carried unanimously by roll call vote.

5. **Action Calendar:**

- A. **Mid-Year 2020-21 Work Plan, Budget and General Reserve Review:** Ms. Sandkulla stated that a critical task at the end of the calendar year is BAWSCA's annual mid-year review of the work plan and budget. The review process evaluates the progress made in achieving the results planned for the fiscal year, and provides the opportunity to make necessary course corrections. Included in the staff memo is Table 1 which presents the current status of each item in the work plan adopted by the Board in May 2020.

Ms. Sandkulla was pleased to report that as a whole, implementation of the work plan is on schedule and on budget. However, there are changes on the scope of two work plan items that are being recommended as a result of the review.

The first is associated with the Potable Reuse Exploratory Plan (PREP) Phase 3 Study. This work involves a partnership with Silicon Valley Clean Water (SVCW), SFPUC, the Cities of San Mateo and Foster City, and Cal Water. The effort examines the potential for potable reuse through the effluent produced by SVCW's wastewater plant coupled with effluent produced by the wastewater treatment plant that serves San Mateo and Foster City. Completion of the work was anticipated in FY 2020-21, but progress is delayed while the project MOU is being amended as necessary to ensure that it addresses all the issues at hand. The delay was also associated with the impacts of COVID-19 as agencies worked to address county health and safety requirements. Work will continue, but completion will be in FY 2021-22.

The second change is reducing planned efforts on 2 new subscription conservation programs for FY 2020-21. The work plan anticipated the implementation of 3 to 4 new subscription programs. The residential self-audit tool and irrigation hardware rebate programs are on track for implementation by July 2021. However, two new programs, the landscape area measurement program and the leak detection/certification program, are delayed.

The landscape area measurement program is a support program for member agencies that provides an "as-needed" service. It brings an outside consultant onboard with expertise to refine and confirm the landscape area measurement that the state will use in its new water efficiency guidelines. The program development has been slowed down as a result of delays at the state level in providing those guidelines. That information is needed from the state before the program can be further developed to ensure that it is aligned with the state's new efficiency guidelines that are currently under development.

The leak detection/certification program is intended to develop a pool of experts, through a very specific training and certification program, in detecting leaks that are not surface evident. These certified experts will be accessible to the water customers in the region. This program currently does not exist anywhere, and BAWSCA is in close coordination with the Valley Water in developing this program in the most effective way. Work will continue on this effort to gain more information in the next 6 months such that a program could be implemented as early as FY 2021-22.

Ms. Sandkulla presented the status of efforts in each area of the work plan categories and noted key highlights and developments

The area of Water Reliability includes several categories including facility reliability, which involves BAWSCA's oversight of the SFPUC's WSIP, 10-year CIP, and Asset Management. Ms. Sandkulla reported that the SFPUC is scheduled to adopt an Asset Management Policy (Policy) by the end of calendar year 2020. This is a result of the Water Supply Agreement (WSA) amendment, negotiated with the SFPUC and adopted by each of the member agencies in 2018, which requires the SFPUC to develop and submit, to the Commission for approval, an Asset Management Policy applicable to the Regional Water System. SFPUC's Policy takes into consideration BAWSCA's findings and recommendations from an audit of SFPUC's asset management practices that BAWSCA conducted and completed in FY 2019-20. BAWSCA was engaged in reviewing and providing comments on the Policy, and Ms. Sandkulla noted that the SFPUC's adoption of the Policy is a positive development in this critical area.

Another category under Water Reliability is BAWSCA's implementation of its Long-Term Water Supply Strategy (Strategy). Ongoing efforts include, but are not limited to, providing assistance to the member agencies in completing their state-required Urban Water Management Plans (UWMP) by July 1, 2021, as well as maintaining engagement in the Los Vaqueros Expansion (LVE) project in keeping with SFPUC continued role in LVE as a Local Agency Partner.

The Strategy's near-term supply solutions speaks to the implementation of water conservation programs and drought response. BAWSCA will be hosting its second symposium for Advanced Metering Infrastructure (AMI) in Spring 2021 to provide regional coordination and the opportunity for robust conversations among the member agencies in support of their AMI implementation and data management. Work will continue in the execution of subscription and core conservation programs.

Water Reliability also includes protecting the member agencies' water supply interests in the administration of the WSA. An area of increased efforts and critical progress which was anticipated to be completed by Summer of 2020, is the WSA amendment associated with enabling agencies to transfer a portion of their minimum purchase requirement coupled with an individual supply guarantee to another agency in need of additional supply. BAWSCA has been facilitating negotiations among the member agencies and SFPUC on this critical amendment, which has required more time than anticipated this fiscal year. Negotiations are nearly done and the SFPUC is scheduled to consider the proposed amendment in January followed by the member agencies.

Ms. Sandkulla noted the progress in the efforts on the Bay-Delta Plan and FERC relicensing process. It continues to be a critical area that will require robust conversations and significant work.

Lastly under Water Reliability, is BAWSCA's work in recording and tracking member agencies' water use information which allows BAWSCA to be a reliable source of information for the region. BAWSCA's Annual Survey presents the most detailed and informative data on the member agencies' water use, and therefore, has become the source of information for many other agencies. Similarly, BAWSCA's Annual Conservation Report details all BAWSCA's efforts for water conservation. Work on these reports are underway and will be available on the website later this fiscal year.

The area of Water Quality in the work plan is critical for BAWSCA and one in which the final level of activity is difficult to predict because BAWSCA's work in this area is generally on an as needed basis in response to issues with the Regional Water System. There is a Joint Water Quality Committee that is set up in the WSA that is chaired and co-chaired alternatively between BAWSCA and the SFPUC. The Committee monitors water quality concerns and ensures that issues are addressed by the SFPUC in a timely manner.

The area of Fair Price involves the administration of the WSA to protect the financial interests of the member agencies with the SFPUC, as well as managing capital debt and BAWSCA's bond issuance.

Ms. Sandkulla noted that the mid-year review also looks at the budget spending to date and management of the General Reserve. Ms. Sandkulla reported that as of December 4th, the

General Reserve balance is \$1,139,243, or 28% of the current operating budget, which is within the agency's guidelines for the General Reserve.

Typically, any additional resources needed to achieve the fiscal year's work plan are identified during the mid-year review and the General Reserve is considered as a source of funding. Ms. Sandkulla was pleased to report that the work plan is on budget, and there are no recommended changes to the General Reserve as part of the mid-year work plan and budget review.

The staff recommendation for the Committee's consideration is to recommend Board approval of the modification of the work plan as presented.

Chair Chambers called upon each member of the Committee for their comments and questions.

In response to Director Larsson, Ms. Sandkulla explained that BAWSCA will continue its work on the leak detection/certification program with a focus on broadening the scope to identify what the process will entail to develop that certification program. The intention is to reach out to experts and gain better understanding, as well as input, to develop a proper scope in FY 2021-22.

Director Larsson appreciated the clarification on what level of effort can be expected in the upcoming fiscal year and agrees that it is an innovative and exciting program.

Director Mendall appreciated the formatting of Table 1 in the memo to effectively convey the status and progress of each effort in the various areas of the workplan. He stated his support for the recommendation.

Director Pierce supports the proposed recommendation to the work plan. She finds the formatting of Table 1 helpful, and suggested that stating whether the causes for the delays in the efforts are internal or external would be helpful for the Board. She looks forward to the discussion on water sustainability and how it will be integrated into the work plan and budget for the coming fiscal year.

Directors Wood and Zigterman echoed the committee members' comments and stated their support for the staff recommendation.

Director Jordan suggested including a reference to the status of the LVE project's Joint Power Authority (JPA) development in terms of BAWSCA's respective engagement in that part of the project.

Ms. Sandkulla can make that clarification to the Board at the January Board meeting. BAWSCA is actively involved with the other local agency partners on LVE, not as direct participants, but as agreed upon by the BAWSCA board. Part of that involvement is reviewing the JPA agreements and looking at the SFPUC's role in the project and what it means in the interests of the wholesale customers.

Director Kuta thanked the staff for the progress on the work plan and supports the proposed recommendation. He asked if the CEO/General Manager anticipates being underbudget given the shift in the work efforts.

Ms. Sandkulla explained that the savings from the efforts being shifted are going towards work that is the next item on the agenda for Committee discussion and action.

Director Mendall made a motion, seconded by Director Wood, that the Committee recommend the Board approval of the modification of Work Plan Item 2a “PREP Phase 3” and Item 3c “Implement New Subscription Programs” in the FY 2020-21 Work Plan.

The motion passed unanimously by roll call vote.

- B. Professional Services Contract Amendment with Woodard & Curran, Inc. to provide as Needed Specialized Water Resources Services: Water Resources Manager, Tom Francis reported that on July 1, 2020, as documented in the Monthly Budget Report presented to the Board in July, BAWSCA entered in a \$25K agreement with Woodard & Curran under the CEO/General Manager’s discretionary spending authority. The agreement was to provide specialized resources needed to continue efforts in achieving the results in the work plan while filling two staff vacancies and managing coverage for a maternity leave.

Mr. Francis noted that the agreement with Woodard & Curran allowed continued access to Andree Johnson, and provided BAWSCA the most time and cost-effective way to maintain productivity on work already in progress while training a new hire, filling a vacancy, and managing a temporary leave.

The initial budget of \$25K will be expended by December 2020, and an additional \$25K is proposed to extend the agreement through the end of FY 2020-21. The extension will provide continued resources needed during the ongoing training and transitional period. While the scope of the agreement remains the same, the recommendation is to amend the existing agreement to reflect the additional \$25K, increasing the contract amount to \$50K, which requires board approval.

The professional services will continue to be provided by Andree Johnson who, in her prior role as BAWSCA’s Sr. Water Resources Specialist, has institutional knowledge to guide BAWSCA staff in providing the critical support member agencies need on a number of conservation programs. Specifically, Ms. Johnson will support BAWSCA in assisting member agencies with their Urban Water Management Plan (UWMP) updates. BAWSCA’s critical role in assisting member agencies in this task include coordination with the SFPUC in developing common language and technical data incorporated by member agencies into their UWMPs. Most importantly, BAWSCA serves as a resource to member agencies’ questions and discussions throughout the process and Ms. Johnson’s experience with the UWMP process in 2015 is providing guidance to BAWSCA’s new Sr. Water Resources Analyst.

Additionally, Ms. Johnson is closely working with BAWSCA staff on the management of conservation programs, development of new conservation programs for implementation in FY 2020-21 and FY 2021-22, and preparation of the Annual Survey and Conservation Reports.

Mr. Francis noted that some of the work plan elements may be compromised without the support from Ms. Johnson through Woodard & Curran. Particularly, the development of the new conservation programs can greatly benefit from Ms. Johnson’s proficiency in the industry

and her familiarity with the member agencies' unique needs as individual agencies, and as a region.

The amendment to the agreement will not have a fiscal impact on the budget that was adopted by the Board in May 2020. Funding is available within BAWSCA's existing conservation program budget that can be reallocated to avoid impacts on the overall work plan. The recommendation for an additional \$25K to extend Woodard & Curran's professional services can be accommodated within BAWSCA's adopted budget.

The proposed action is for the Committee to recommend the Board to authorize the CEO/General Manager to negotiate and execute a contract amendment with Woodard & Curran that would increase the total not-to-exceed contract amount to \$50,000 for as-needed specialized water resources services for FY 2020-21.

Chair Chambers called upon each member of the Committee for their comments and questions.

Director Larsson was pleased that BAWSCA is able to utilize Ms. Johnson's institutional knowledge through Woodard & Curran, and stated that it is a cost-effective way to support and train staff quickly but efficiently. He is supportive of staff recommendation.

Director Mendall stated his support for the recommendation and asked if \$50K includes some cushion given the significant staff challenges.

Mr. Francis stated that it is sufficient because a significant part of the work was in the first half of the fiscal year, in which a workshop for the UWMPs was held. The work for the second half of the year involves guidance for staff and member agencies, and addressing unexpected issues that may come up.

Director Pierce supports the recommendation and is pleased that staff is receiving training from Ms. Johnson.

Director Wood supports the recommendation and appreciated the CEO's effective management and connection with staff, that enables an ongoing professional opportunity for both parties.

Directors Zigterman and Jordan were pleased with and were supportive of the recommendation.

In response to Director Jordan, Mr. Francis stated that Ms. Johnson will strictly serve as a consultant and her hours will be based on BAWSCA's need for her services. If BAWSCA wants to hire Woodard & Curran in the future, it will be on a project specific request.

Director Kuta agrees with the comments made and sees the approach as the most logical way to meet the resource need for continuing work efforts while training new staff. He asked what policy BAWSCA has for staff who leaves and come back.

Legal Counsel, Allison Schutte, explained there is no implications to BAWSCA on this particular agreement with Woodard & Curran. There is a Retired Annuitant rule that requires a 6-month break in-between services with prior employees, but it is not applicable in this case since Ms. Johnson's services are through a consultant firm versus hiring her independently.

Director Larsson made a motion, seconded by Director Kuta, that the Board to authorize the CEO/General Manager to negotiate and execute a contract amendment with Woodard & Curran that would increase the total not-to-exceed contract amount to \$50,000 for as-needed specialized water resources services for FY 2020-21.

The motion passed unanimously by roll call vote.

6. Reports and Discussions:

- A. BAWSCA's Pension Liability Funded Status Update: Finance Manager, Christina Tang, reported that BAWSCA's CalPERS pension plan funded status was provided to the Board at its November 19, 2020 Board meeting. In response to the Board's feedback that further discussion is needed, Ms. Tang presented further information for the Committee's discussion purposes in looking at the available options for voluntary additional pension funding.

Ms. Tang presented the same table used at the November Board meeting that shows BAWSCA's current liability funded status. As of June 30, 2019, BAWSCA's current Unfunded Accrual Liability (UAL) is \$740,356, which is scheduled to be paid off by June 30, 2038. Per CalPERS, the measure of funded ratio is the assessment of sufficiency of the plan assets to cover future employer contributions. BAWSCA's current funded ratio is 80.8% which is higher than most member agencies based on everyone's CalPERS pension actuarial evaluation reports for the miscellaneous plans as of 2019.

In light of the rise and volatility of CalPERS pension costs, many public agencies have voluntarily chosen to set aside or contribute additional pension funding to address their long-term pension liabilities. Ms. Tang presented three options currently available for the Board's consideration in addressing BAWSCA's current UAL.

Option 1 is to make Additional Discretionary Payments (ADP) of UAL. CalPERS allows employers to make ADPs at any time and in any amount to reduce the UAL and future required contributions. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, or a percentage of payroll. Making an ADP during a fiscal year does not set a precedence for future years, nor does it change the remaining amortization period of UAL.

Ms. Tang presented a table that shows BAWSCA's estimated FY 2021-22 employer contributions of \$201,522 based on the current 30-year funding target, and four alternatives with different levels of ADPs ranging from \$2K to \$103K. With limited information provided in the CalPERS report, Ms. Tang explained that the calculation between the funding target and the ADP amount is unclear given that BAWSCA is almost half-way through the 30-year amortization term. If the committee is interested in the exact impact or benefit of the different levels of one-time ADPs, a consultation with the actuary will be needed.

Option 2 is to re-amortize annual UAL contributions. CalPERS allows employers to pay off the UAL more quickly than required based on an alternative "Fresh-start" amortization schedule. Ms. Tang presented a table that illustrates BAWSCA's current 30-year amortization schedule with a minimal required employer contribution to UAL and an expected payoff by 2038. The same table provides two examples of the "Fresh-start" alternative that results to interest savings; a 15-year amortization schedule with a fixed payment amount of

\$73,594 each year between now and 2035, and a 10-year amortization schedule with fixed payment amount of \$95,433 each year between now and 2030.

Option 3 is to make contributions to prefunding trusts. Ms. Tang reported that there are various pre-funding trust programs available to allow employers to set aside funds that can be used to offset future growing pension liability. This method serves as a rainy-day contingency fund to pay for future pension liability contribution. A benefit of this method is that the prefunding trust allows the employer to invest in higher yielding investment options and generate greater interest earnings. The funds accumulated in the trust can be used to prefund future ADPs, annual UAL payments or future normal cost payments.

In October 2020, BAWSCA conducted a survey of all member agencies who maintain pension benefit plans under CalPERS. The results show that nine city governments and one water district have established an irrevocable IRS Section 115 to voluntarily prefund future required employer pension contributions.

Ms. Tang reminded the Committee that the presentation is for information purposes only, in response to the feedback received from the Board following the November Board meeting. Staff has no recommendation at this time given BAWSCA's relatively high pension liability funded ratio of 80.8%. Staff is looking for the BPC's feedback on the options presented. Feedback received will be used as guidance for additional investigation the Board requests. The feedback will also serve as guidance for any consideration of additional funding that should be included in the preparation of the FY 2021-22 Operating Budget.

Chair Chambers called upon each member of the Committee for their feedback and questions.

Director Larsson commented that BAWSCA seems to be doing its best with what appears to be a moving target given that the UAL is based on projections and assumptions. It seems that the UAL can change if CalPERS' rate of return performs better or worse than their target, and therefore; even if BAWSCA gets to 100% funded, it could still end up being under-funded in the future depending on how CalPERS' target performs.

Ms. Tang confirmed this understanding and added that because the UAL is a result of actuarial analysis based on various assumptions, including the discount rate. In response to Director Larsson's question about why BAWSCA's current 30-year amortization schedule under Option 2 peaks at 2033 and drops by 80% in year 2034, Ms. Tang explained that it is, again, based on assumptions and projections, but can be further clarified with CalPERS.

Director Larsson stated that while CalPERS can provide clarification on the reason behind the peak and the sudden drop, the answer provided now may not be relevant in the future as the numbers can change anytime. He anticipates BAWSCA's budget will have naturally increased proportionately and the peak does not present a concerning percentage of BAWSCA's expected future budget.

Director Larsson stated his perspective on when the UAL should be paid down. First is if the annual payments are large and volatile relative to an agency's budget. But it appears to be a relatively manageable percentage to BAWSCA. Second is if the peak payment becomes a significant part of the budget. But BAWSCA's current peak does not appear to be excessive. Third is the future interest payments; therefore, a quantification of the interest savings for the

15 and 10-year amortization would be helpful. Otherwise, BAWSCA's current plan seems sustainable and can entertain the question of how it can be improved.

Ms. Tang reported that the estimated present value savings for the 15-year amortization schedule is \$4,900, and \$154,000 for the 10-year amortization schedule. The savings are minimal for the 15-year because BAWSCA currently has 18 years remaining.

Director Mendall noted that Christina's presentation is very similar to information he has seen for the City of Hayward and, from his independent research, is typical for other jurisdictions. He noted that CalPERS has forecasted additional UAL increases that are likely to come in the future as they continue to adjust their actuarial assumptions. They are still working off unrealistically high rate of return estimates of approximately 7%. They will have to adjust that down and will continue to trigger additional UAL increases on member jurisdictions such as BAWSCA.

Given the high funded ratio of 80.8%, Mr. Mendall proposed Option 1, making additional discretionary payments to pay off the UAL as a recommended solution for the Committee to present to the Board for consideration. The Balancing Account has funds in which a portion can be used to pay off the UAL and eliminate payments for the next 18 years for the purpose of providing future rate stabilization for the member agencies.

Based on the estimated present value savings of \$154,000 to pay off the 10-year amortization, a pre-payment on an 18-year amortization can provide significant savings. Additionally, the funds in the Balancing Account are probably projected to earn about 1% for the next 18 years while CalPERS is estimated to earn approximately 7% in the next 18 years. Moving the funds from a low-earning vehicle to a high-earning vehicle can provide BAWSCA significant savings in the long run. Even if CalPERS' earnings go down to 5%, it is still a financial benefit for BAWSCA to pay the UAL off. Mr. Mendall strongly recommends the Committee's consideration of this option.

Director Pierce stated that having seen the fluctuations in the rates and unrealistic expectations from CalPERS, she believes that it is worth looking at Director Mendall's proposal. She would like staff to have a thorough understanding of whether the use of the Balancing Account is applicable for this purpose, how will it be done, and what implications should be considered.

Director Wood supported the consideration of Option 1 as proposed by Director Mendall given BAWSCA's ability to do so and based on the anticipated increase in UAL.

Director Zigterman likes Director Mendall's proposal and was curious to hear staff's feedback on that recommendation.

Ms. Sandkulla deferred the question to legal counsel who has taken an initial look at the WSA language relative to this possibility.

Ms. Schutte explained that the Balancing Account Policy, adopted by the BAWSCA Board in September 2020, requires; for any use of the Balancing Account, written findings about the best use of the funds in light of other obligations. She noted that the Balancing Account funds are directly applied to stabilize Wholesale Water Rates from San Francisco. A direct deposit from the Balancing Account into BAWSCA's operating funds to directly pay a liability

such as the UAL is not within the spirit of the language in the WSA. However, the Balancing Account can be used to fund water conservation and water supply projects. As the Balancing Account policy states, written findings must evaluate those projects and the implications of using the Balancing Account funds versus other funding sources such as the Water Management Charge. The Board can consider items under the work plan that can be appropriately funded by the balancing account to allocate operating funds towards additional contributions on the UAL. Ms. Schutte encouraged staff's thorough analysis of SFPUC's future wholesale water rate increases given that the current Balancing Account is dedicated to rate stabilization and future rate increases are anticipated in the next several years. Ms. Schutte noted that wholesale rates have been flat as a result of having the Balancing Account, and emphasized the inclusion of this factor in the written findings. While the scale is extreme between the current balance of the Balancing Account and what is needed to fully fund the UAL, it is prudent to have a thorough analysis in accordance with the policy.

Director Zigterman suggested including an Option 4 that provides the Board the latitude to use the Balancing Account, or not, in that fashion. He agrees with Director Mendall's proposal, and stated that avoided interest has the same financial affect for BAWSCA as revenue. It is an approach worth investigating for consideration by the Board.

Director Chambers agreed to look at the immediate issues with the UAL and the possibilities and benefits of using the Balancing Account. But he stated his concerns on the use of the Balancing Account since it is not always going to have a positive balance. Secondly, CalPERS can change their projected interest rates and the UAL can increase. Another consideration for an ADP is the use of, or a portion of, the excess operating funds at the end of the fiscal year that is typically put into the general reserve. It is another source of funds that has less risks to wholesale rate stabilization. He is pleased that BAWSCA is in a good position with its unfunded liability, and that the current situation presents no urgent action. If the use of the available funds in the Balancing Account is applicable to address BAWSCA's needs, he supports staff's further investigation for the Board's consideration.

Director Jordan believed that BAWSCA should use its own discount rate assumption to project present value savings. He agrees with Director Mendall's logic of paying off a liability with an interest rate of over 6% versus holding on to funds in the Balancing Account that has 1% interest earning.

He would like to see a solid analysis of how much better, or worse, it would be for the member agencies to pay-off the UAL. If CalPERS' calculations for the 15-year, 10-year and 0-year ADP alternatives are firm as presented, and if the written findings provide justification for an applicable use of funds in the Balancing Account, he believes it is in BAWSCA's best interest to pay off the UAL. It becomes pretty obvious given the disparity between what CalPERS' assumes and what the real market is for the next few years.

Director Kuta stated the CalPERS discount rate hasn't been changed since 2016, and that the underlying conditions are worse than they were back then. He supports a pay-off, and in response to Legal Counsel's information and Director Jordan's comments, those calculations would be required if we drew from the Balancing Account, through whatever mechanism. He does not support Option 2.

Director Mendall supported Director Chamber's suggestion of considering, all or a portion of, the excess funds at the end of the fiscal year to pay off the UAL over a course of 2 or 3 years.

This is an excellent Plan B, should the use of the Balancing Account be objectionable. He encourages staff to investigate those two options and provide recommendations to the Board for its consideration for action.

Director Pierce added that a helpful information for the Board would be the SFPUC's plans for the wholesale water rates in the next several years.

Director Larsson stated his support for saving interest that we do not have to pay. He agrees with Director Pierce on having a full understanding of the projected wholesale water rates from the SFPUC over the next several years, if the Balancing Account will be used.

He added that if the Board considers using the excess funds that would otherwise be rolled into the General Reserve at the end of a fiscal year, the impacts that would have on the agency's reserves should be identified. There is a risk trade-off if the reserves are dragged down and there is less margin for future uncertainties. He cautioned against drawing too quickly on the reserves. Overall, however, if BAWSCA can develop a smooth path to saving interest over a period of several years, he agrees that it is a fiscally responsible consideration.

Director Wood reminded the Committee that Mr. Ritchie's report at the November Board meeting indicated a substantial water rate increases in the future. At the same time, she supports BAWSCA's further investigation of the feasibilities of the options discussed so the Board can make an informed and responsible decision.

Director Kuta referred to Option 3 and BAWSCA's ability to set up a trust, in which the interest is used to finance the owed money for the UAL. He asked what flexibility does BAWSCA have with the balance of such a trust. Are the funds accessible to BAWSCA for withdrawal and use for other purposes?

Ms. Tang explained that the pre-funding trusts are irrevocable IRS Section 115 trusts. Funds not used for pension purposes are not accessible to BAWSCA for other purposes. She noted that the same restrictions apply with CalPERS. If, for example, BAWSCA chooses to fully fund the UAL at once, and interest rates go up from 7% to 8%, BAWSCA will be overfunding the UAL and the excess is not refundable to BAWSCA. However, it can be used to fund the normal cost of the other part of the liability.

With no further comments, Committee Chair Chambers thanked members of the Committee for their feedback and recommendations.

Ms. Sandkulla stated that staff will follow the Committee's direction to analyze the financial impact of paying off BAWSCA's UAL under alternative approaches and the potential funding source of additional contributions.

7. Reports:

- A. Water Supply and Demand Update: Ms. Sandkulla noted that the State board has modified their reporting timelines and with that, BAWSCA's analysis of the monthly data has been delayed. She presented the total water use for the month of September which shows that water demand is rebounding slightly from the recent drought. Water use in September 2020 is 9% less than the high before the drought (2013), and higher than the low drought period

(2015). Even with the pandemic, the majority of the member agencies are experiencing increasing use in the residential customer base. Commercial and Industrial use remain low.

BAWSCA is closely monitoring the current water use trend as the Winter season progresses under continuing dry conditions. She has asked SFPUC Assistant General Manager, Steve Ritchie, to present a broader water supply status report to the Board at its January meeting.

- B. Bay-Delta Plan/FERC Update: Ms. Sandkulla reported that the SFPUC Bay-Delta Plan Workshop held on November 30th did not have the expected panel presentation by the SFPUC on the science behind the Tuolumne River Voluntary Agreement (TRVA) in response to the comments and information presented by the environmental advocacy groups that support of the Bay-Delta Plan. Ms. Sandkulla stated that she understands that the SFPUC's presentation on the TRVA has been postponed to another workshop in early 2021. The date has not been announced yet, but will be provided to the Board as soon as it is released.

Because the workshop did not provide a balanced presentation between the environmental advocates on the Bay-Delta Plan and SFPUC's TRVA, it has created some questions about the science behind the TRVA, and the facts associated with the TRVA.

To provide the Committee with some facts, Ms. Sandkulla presented responses to six concerns raised and eight recent comments on the TRVA that have been expressed in general, during public comments, as well as in conversations she has had.

The first concern is that **the TRVA does not include enhanced stream flow**. Ms. Sandkulla stated that the TRVA provides increased flows on the Tuolumne River in all water year types over current average requirements. It will provide enhanced Tuolumne River flows resulting in 24,000-110,000 acre-feet of greater flows above current average requirements.

Habitat enhancement is being advanced instead of flows in the TRVA. The TRVA habitat enhancements are designed to work in concert with additional flows. It is based on and framed around adaptive management that includes the ongoing implementation and evaluation of flow and non-flow measures to achieve the objective and targets.

The TRVA is based on inadequate science and flawed governance. The TRVA is built on best available science and decades of monitoring, data collection and multiple Tuolumne River-specific scientific studies. These studies were primarily done in coordination with the Federal Energy Regulatory Commission (FERC) in advance of the FERC studies required as part of FERC's Environmental Impact Study (EIS). Additionally, a new Tuolumne River Partnership Advisory Committee has been proposed and will be formed to guide the implementation of the Lower Tuolumne River Habitat Improvements described in the TRVA.

A review performed by a National Marine Fisheries Services (NMFS) consultant of the fishery models that support the TRVA proves that the scientific basis of the TRVA is inadequate to evaluate long-term fish management on the river. Ms. Sandkulla stated that the models reviewed by the NMFS consultant were not designed to be a tool for long-term fishery management for conservation purposes, but were developed and approved by FERC as part of the FERC re-licensing study plan for the purpose of evaluating the relative changes to in-river fish populations resulting from possible license conditions. It is meant to

be a tool for FERC to use in evaluating different options on the river, built at the direction and design of FERC through a public process.

State and federal funding will be required to implement the TRVA. The TRVA proposes \$83M in capital funding and \$44.5M in annual Operation and Maintenance (O&M) funding that will be paid for by the irrigation districts, SFPUC, and BAWSCA member agencies who depend on that water supply. It does not depend on state or federal grants, loans, taxes or fees.

The TRVA development process lacked sufficient public input. The TRVA is the result of close collaboration and good faith discussions among the three public agency partners (TID, MID, SFPUC) and numerous stakeholders through the FERC integrated licensing process. The Stakeholders include federal, state and local agencies; scientists; and environmental stewards, including stakeholders engaged in pre-scoping, scoping, development of technical tools, and the completion and publication of a final EIS by FERC. BAWSCA, specifically Ms. Sandkulla, was fully engaged in those efforts since 2000 under BAWSCA's predecessor agency, BAWUA. BAWSCA continues to be engaged through Ms. Sandkulla's and BAWSCA's staff and technical consultants.

In addition to concerns raised on the TRVA, Ms. Sandkulla noted eight comments on the TRVA that are worth going over with the Committee.

The first comment is that **BAWSCA and SFPUC's demand estimates are flawed and too high.** BAWSCA's demand studies are highly detailed, follow best practices, and result in future water demand projections suitable for water supply planning purposes. While no projections are exactly right, BAWSCA's demand studies are as detailed as it can possibly be, and go beyond the best practices.

SFPUC's design drought is too long and overly conservative. The SFPUC's design drought is appropriately based on actual historical conditions coupled with the addition of an acceptable level of caution for what the future may hold, including climate change and potential for more severe droughts and extreme weather conditions.

The population projections estimated for the BAWSCA service area are too high, including the projected housing need. BAWSCA relies on projected population figures from the Association of Bay Area Governments (ABAG) and locally adopted land use plans, both of which are highly detailed, based on sound science, and reflect a comprehensive public engagement process.

BAWSCA member agencies and their customers can readily reduce water use during drought as required by the Bay-Delta Plan. As shown in the graph presented during the water supply and demand update, BAWSCA member agencies responded strongly during the 2015 drought, but the level of rationing required under the Bay-Delta Plan will reach 50% or greater, creating severe hardships beyond what any resident has experienced before, and which cannot be borne by the residential sector only.

BAWSCA's constituents do not support the TRVA. Business communities including key community groups such as Silicon Valley Leadership Group (SVLG) have expressed support for the TRVA.

There will be no economic impact on the Bay Area during a drought if the Bay-Delta Plan is implemented. An extensive economic analysis was prepared by the SFPUC and relied upon during a recently completed FERC Don Pedro Final EIS review, and results indicate severe economic impacts due to the high level of rationing that would be required.

BAWSCA Staff and BAWSCA Board Members have no understanding of the TRVA or its components. BAWSCA has been actively engaged in the TRVA development, its technical review, and is knowledgeable of its scientific basis, content, impacts and implementation. Additionally, the BAWSCA Board has been and continues to be well-informed on the TRVA through briefings by SFPUC and BAWSCA staff as critical information become available.

BAWSCA has not provided opportunities for the public to discuss the Bay-Delta Plan and the TRVA in an open forum/workshop. The Bay-Delta Plan has been included as a regular item on the BAWSCA Board agenda since 2018, during which time the opportunity for public comment is provided. At the September 19, 2019 BAWSCA Board meeting, the Bay-Delta Plan was included as a special report with presentations given by the Tuolumne River Trust, SFPUC and BAWSCA.

BAWSCA and its member agencies continue to support the Bay-Delta Plan objectives, and are committed to working with other stakeholders to protect water quality in the Bay-Delta for humans, fish and other wildlife. Governor Newsom's leadership is critical to the resolution of this issue. BAWSCA believes that the voluntary agreement will enable the region to move forward, and it will continue its focus on the efforts including having the State Water Board perform an environmental evaluation of the TRVA.

- C. FY 2021-21 Work Plan and Operating Budget Preparation: Ms. Sandkulla reported that BAWSCA's budget process for FY 2021-22 has begun with an assessment of long-term critical issues and major challenges. This allows us to view the timeline of actions, and becomes the basis for identifying the critical results that need to be achieved in the upcoming and subsequent fiscal years. The January Board meeting will include a budget planning session in which long-term critical issues and major challenges will be presented. Input from the Board will inform the draft work plan that will be presented to the Committee in February, and to the Board in March. The Committee will then be presented with the proposed work plan and operating budget in April, for a final discussion before it is presented to the Board for adoption in May.

Director Jordan appreciated the CEO's report of the facts and responses to the concerns and comments on the TRVA. He suggested having SFPUC present the science behind the TRVA to the BAWSCA Board at a future meeting.

Ms. Sandkulla will work with the Chair in including that item on a future agenda. She noted that the SFPUC plans on having additional workshops, one of which will be in January and will include SFPUC's response to the environmental advocates' presentation.

Director Wood echoed Director Jordan's comments and values the staff efforts to keep the BAWSCA Board well-informed of the critical issues.

8. **Closed Session:** The Committee adjourned to Closed Session at 3:27pm.

9. **Reconvene to Open Session:** The Committee reconvened from Closed Session at 4:19 pm. Ms. Schutte reported that no action was taken during Closed Session.
10. **Comments by Committee Members:** There were no further comments from Committee members.
11. **Adjournment:** The meeting was adjourned at 4:20 pm. The next meeting is February 10, 2021.

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Dec. 9 2020	Oct. 14, 2020	Aug. 12, 2020	Jun. 10, 2020	Apr. 8, 2020	Feb. 12, 2020
Westborough	Chambers, Tom (Chair)	✓	✓	✓	✓	✓	✓
Palo Alto	Cormack, Alison (V Chair)		✓	✓	✓	✓	✓
Purissima	Jordan, Steve	✓	✓	✓	✓	✓	✓
Cal Water	Kuta, Rob	✓	✓	✓	✓	✓	✓
Sunnyvale	Larsson, Gustav	✓	✓	✓	✓	✓	✓
Hayward	Mendall, Al	✓	✓	✓	✓	✓	✓
Redwood City	Pierce, Barbara	✓	✓	✓	✓	✓	✓
Brisbane	Wood, Sepi	✓	✓	✓	✓	✓	✓
Stanford	Zigterman, Tom	✓	✓	✓	✓	✓	✓

✓: present

☎: Teleconference

Dec. 9, 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 Specialist
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
Sean Herman	Legal Counsel, Hanson Bridgett, LLP
Bud Wendell	Strategic Communications

Public Attendees:

Leonard Ash	ACWD
Paul Sethy	ACWD
Cheryl Munoz	Hayward
Karla Daily	Palo Alto
Spreck Rosekrans	Restore Hetch Hetchy
Alison Kastama	SFPUC
Peter Drekmeier	Tuolumne River Trust
Dave Warner	Self
Carol Steinfeld	Self

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING****November 19, 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 – 6:35 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. A list of Directors present (22) and absent (4) is attached.

2. Comments by the Chair:

Director Pierce welcomed the members of the Board to its last meeting for the year 2020.

She noted the Board's upcoming tasks in preparation for 2021 including the election of new leadership in January to continue meeting the agency's goal of ensuring a reliable supply of high-quality water at a fair price, and in addressing a major water-supply challenge associated with current State Water Resources Control Board's Bay Delta Plan, which presents a severe threat to the region's future water supply. BAWSCA continues to support the Tuolumne River voluntary agreement proposed by the SFPUC with the irrigation districts as a resolution to the Bay Delta issues, and is working to encourage the Governor's continuing leadership in securing the voluntary agreement, which he has stated he favors over mandated orders and litigation. She noted the Board's critical role in this effort moving forward.

3. Board Policy Committee Report:

Committee Chair Chambers reported the Committee's action to recommend the Board's approval on extending the Tier 2 Drought Allocation Plan, and on the proposed modification to the Investment Policy to add new permitted investment vehicles. The Board Policy Summary Report included in the agenda packet reflects the Committee's discussions and recommendations to the Board.

Public comments on the Board Policy Committee Report were provided by Cedric de la Beaujardiere

4. Public Comments:

Public comments were provided by Peter Drekmeier, Carol Steinfeld, and Dave Warner.

5. SFPUC Report:

SFPUC Commission President, Sophie Maxwell, addressed the Board on SFPUC's mission to provide its customers with high quality, reliable and efficient water service, and in collaborating with BAWSCA to keep the Regional Water System operating well.

SFPUC Assistant General Manager Steve Ritchie reported on water supply conditions and storage levels.

6. Consent Calendar:

Director O'Mahony made a motion, seconded by Director Wood, to approve the Consent Calendar, which includes the approval of Minutes of the September 17, 2020 meeting, the receipt and filing of the Budget Status Report as of September 30, 2020, Annual Audit Report for BAWSCA and Compilation Report for BAWUA for FY 2019-20, Directors' Reimbursement Report, Bond Surcharge Collection, Account Balance and Payment Report, and Investment Report as of September 30, 2020, and adoption of Resolution 2020-03 Approving Tier2 Drought Allocation Plan Extension.

The motion carried unanimously by roll call vote.

7. Action Calendar:

- A. Annual Review of BAWSCA's Statement of Investment Policy and Consideration of Proposed Modification to Add New Permitted Investment Vehicles.

Public comments were provided by Cedric de la Beaujardiere.

Director Jordan made a motion, seconded by Director Mendall, that the Board approve the proposed modification to the current Statement of Investment Policy by including U.S. Agency Securities as permitted investments for the bond proceeds with a sector allocation limit not to exceed 40% of total stabilization fund market value at the time of purchase

The motion passed unanimously by roll call vote.

- 8. Reports:** Ms. Tang provided reports on BAWSCA's CalPERS Pension Plan Fund Status and on OPEB/CERBT Fund Status.

Ms. Sandkulla updated the Board on water supply use data availability, and developments in the Bay Delta Plan and FERC relicensing process.

Public Comments were provided by Peter Drekmeier and Cedric de la Beaujardiere.

- 9. Closed Session:** The meeting adjourned to Closed Session at 8:04pm.

- 10. Report after Closed Session:** Closed Session ended at 8:49pm. Legal Counsel, Allison Schutte, reported that no action was taken during Closed Session.

- 15. Directors' Discussion: Comments, Questions and Agenda Requests:** For BAWSCA and member agencies' information and consideration, Director Weed reported that the California Water Commission met on November 18th and discussed the excess funds available from Prop 1 that could be open to new project proposals, specifically groundwater recovery, and projects of that nature.

Additionally, Director Weed reported that there may be an opportunity to participate in the LVE by investing only in the pipeline at less than what it would cost to participate in the entire project. He expressed his support in BAWSCA's investment in LVE's conveyance, should such a consideration come to the Board.

16. Date, Time and Location of Next Meeting: The next meeting is scheduled on January 21, 2021 at 6:30 pm. Meeting format will be announced in accordance to State and local health guidelines.

17. Adjournment: The meeting adjourned at 9:05 pm.

Respectfully submitted,

Nicole M. Sandkulla
Chief Executive Officer/General Manager

NMS/le
Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board of Directors Meeting Attendance Roster

Director	Agency	Nov. 19, 2020	Sept. 17, 2020	July 16, 2020	May 21, 2020	Mar. 19, 2020	Jan. 16, 2020
Benton, Jay	Hillsborough	✓	✓	✓	✓	Meeting Cancelled due to COVID-19 Shelter-in-Place Order	✓
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


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: January 7, 2021

SUBJECT: Budget Status Report as of November 30, 2020

This memorandum shows fiscal year budget status for FY 2020-21. 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 five-month period ending November 30, 2020, 42 percent into the fiscal year, total expenditures were \$1,604,346 or 40 percent of the total budget of \$4,020,679.

Table 1. Operating Budget Summary as of November 30, 2020

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,114,850	372,326	33%
Fair Pricing	239,500	172,572	72%
Administration	100,000	81,460	81%
Subtotal	1,454,350	626,357	43%
Administration and General			
Salary & Benefits	2,075,354	812,721	39%
Other Expenses			
BAWSCA	427,400	165,268	39%
BAWUA	1,050	0	0%
Subtotal	3,958,154	1,604,346	41%
Capital Expenses	3,000	0	0%
Budgeted Contingency	57,500	0	0%
Regional Financing Authority	2,025	0	0%
Grand Total	4,020,679	1,604,346	40%

Overview:

Overall expenditures for FY 2020-21 are tracking within budget.

Consultants

The \$115,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 38 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 45 percent expended. The Operating Budget allocation of \$606,500 budget for legal counsel was 70 percent expended. The \$232,100 budget for water management and conservation-related activities was 17 percent expended. Over the next two months, the CEO will be closely reviewing consultant expenses, including legal counsel, as part of the mid-year budget review and will present her findings and potential Work Plan and Operating Budget modifications.

Administration and Other Expenses

Budgets for salaries and other expenses were each 39 percent expended respectively.

Use of CEO's Discretionary Spending Authority:

No use of CEO discretionary spending authority occurred during this period.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2019-20 were \$435,266. In accordance with the adoption of the FY 2020-21 annual budget in May 2020, the Board approved transferring \$333,900 from the General Reserve to fund the FY 2020-21 budget. Both transfers were executed in November. The BAWSCA General Reserve balance as of November 30, 2020, shown below, reflects the transfers.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 09/30/20)	Account Balance (As of 11/30/20)
General Reserve	\$1,037,877	\$1,139,243



Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: January 7, 2021

SUBJECT: Investment Report – As of December 31, 2020

In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The Board most recently reviewed the investment policy at the November 19, 2020 board meeting. The Board approved modification to the Statement of Investment Policy by including U.S. Agency Securities as permitted investments for the bond proceeds with a sector allocation limit not to exceed 40% of total stabilization fund market value at the time of purchase.

Funds in excess of \$250,000 are deposited in the BAWSCA Local Agency Investment Fund (LAIF) account throughout the year to ensure compliance with BAWSCA's investment policy.

BAWSCA's prior and current period LAIF account balances are shown below:

<u>09/30/20</u>	<u>12/31/20</u>
\$2,527,441	\$2,532,808

Of the total in the BAWSCA LAIF account as of December 31, 2020, \$1,139,243 represents BAWSCA's General Reserve Fund, equivalent to approximately 28 percent of FY 2020-21 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

Recent historical quarterly interest rates for LAIF deposits are shown below:

<u>09/30/20</u>	<u>12/31/20</u>
.84%	.63%

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Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: January 7, 2021

**SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending
December 31, 2020**

In March 2006, the board adopted a directors' expense reimbursement policy consistent with the Government Code that requires a quarterly report on the Agency's reimbursement of directors' expenses. This report shall show the amount of expenses reimbursed to each director during the preceding three months.

There were no director expenses reimbursed for the quarter ending December 31, 2020.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract Amendment with Woodard & Curran, Inc. to Provide as Needed Specialized Water Resources Services**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract amendment with Woodard & Curran, Inc. (Woodard & Curran) to provide specialized water resources services for FY 2020-21. These resources are needed to continue the support provided to address the vacancy caused by the departure of Andree Johnson and Negin Ashoori's temporary maternity leave. The needed professional services would be provided by Andree Johnson through her new employer, Woodard & Curran.

The recommended action will provide critical resources necessary to complete activities associated with the adopted FY 2020-21 Work Plan during the continued transition and training period for BAWSCA's new staff hired in June 2020 to address Ms. Johnson's position vacancy, a second technical staff departure in FY 2019-20, and the maternity leave of a third technical BAWSCA staff member. For FY 2020-21, the CEO entered into an initial \$25,000 contract with Woodard & Curran under her discretionary authority in order to avoid delays and interruption of work already in progress.

The recommended action would increase the current contract not to exceed amount by an additional \$25,000 for a total contract amount of \$50,000. No change to the scope of work or the contract term is necessary. The scope of work is provided as Exhibit A.

Fiscal Impact:

The need for this outside resource was unanticipated during the FY 2020-21 budget development process. The initial \$25,000 contract was funded using reallocated monies budgeted for proposed BAWSCA conservation work efforts in the FY 2020-21 budget. The proposed amendment for an additional \$25,000 for FY 2020-21 can be funded through an additional reallocation of monies available from BAWSCA's conservation program budget or, if needed, monies reallocated from BAWSCA's operating budget.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed board action.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract amendment with Woodard & Curran that would increase the total not-to-exceed amount to \$50,000 for as-needed specialized water resources services for FY 2020-21.

Discussion:

In May 2020, the Board adopted the FY 2020-21 Work Plan and Operating Budget, which was based on the assumption of the continued availability of existing staff resources: two Senior Water Resources Specialists and a new Water Resources Specialist. Shortly afterwards, Ms. Andree Johnson provided BAWSCA with notice that she would be taking a position as a Project Manager at Woodard & Curran. As a result, one Senior Water Resources Specialist position was vacated in early June 2020. A replacement was hired and has since been integrated into BAWSCA's work efforts. Around that same time, BAWSCA became aware that the second Senior Water Resources Specialist would be taking a maternity leave in Fall 2020.

In order to achieve BAWSCA's critical planned results for FY 2020-21 and to assist in the transition and training of replacement staff, the CEO determined that the best way to meet BAWSCA's near-term resource needs would be to hire Ms. Johnson through her new firm, Woodard & Curran, on a temporary and part-time basis. The CEO entered into a \$25,000 contract with Woodard & Curran under her signature authority to provide the needed resources. At this time, the existing \$25,000 budget has been nearly fully expended. The Board would need to approve a contract amendment to provide continued access to Ms. Johnson's expertise during the remainder of FY 2020-21.

Ms. Johnson's services would be used to provide assistance to BAWSCA's new staff tasked with performing key work efforts, many of which were previously delegated to her and that are critical to BAWSCA's adopted results to be achieved. Primarily, her assistance will focus on providing advice and guidance as needed to help implement BAWSCA's award winning conservation program. Ms. Johnson's assistance to BAWSCA will be limited to not-to-exceed 10% of her billable time.

Ms. Johnson is a talented individual with unique knowledge of BAWSCA's goals, programs and member agencies. With her experience and knowledge, Ms. Johnson is able to provide the necessary support in an efficient and cost-effective manner.

Alternatives:

Two alternatives to the recommended action have been examined and are not recommended.

1. Not secure assistance during the remainder of FY 2020-21. This is not recommended as it would require a modification of the adopted Work Plan and would result in reducing or delaying implementation of BAWSCA conservation programs, assistance provided to Member Agencies regarding implementation of BAWSCA conservation programs, and assistance provided by BAWSCA to Member Agencies as they develop their respective Urban Water Management Plans.
2. Secure alternative outside consultant resources. This alternative is not recommended as Ms. Johnson's experience at BAWSCA enables her to provide the most cost-effective and efficient resources to BAWSCA during this transition period.

EXHIBIT A

Scope of Services

Between the Bay Area Water Supply and Conservation Agency (BAWSCA) and Woodard & Curran, Inc. (Consultant)

Purpose:

To provide specialized services to BAWSCA related to water conservation program management and water resources planning.

Work to be Performed:

At the direction of Nicole Sandkulla and/or Thomas Francis, Andree Johnson will provide support as requested on the BAWSCA programs and projects described below.

Water Conservation Program Support:

It is anticipated that assistance may be requested to augment BAWSCA staff work on a number of existing BAWSCA conservation programs. Possible work assistance requests could include, but will not be limited to:

- Assistance to BAWSCA staff with the coordination of education classes (Landscape education classes, school education classes, etc.)
- Helping BAWSCA with implementation of the "Qualified Water Efficient Landscaper" (QWEL) program
- Helping to craft updates to the GardenSoft WaterWise Gardening Website
- Coordination with California Water Efficiency Partnership (CalWEP) matters of interest to BAWSCA
- Assistance on the utilization of BAWSCA's Water Conservation Database (WCDB) system operation, maintenance, and as-needed updates
- Assistance as requested on BAWSCA's preparation of an Annual Water Conservation Report for FY 2019-20
- Assistance on BAWSCA's proposed Landscape Audit Program
- Assistance to BAWSCA on the management of water conservation rebate programs
- Assistance to BAWSCA on work associated with the WaterSmart Water Use Reports Program
- Advice regarding the WaterSense Fixtures Bulk Purchase effort
- Assistance to BAWSCA on the Water Loss Management Subscription Program

- Assistance to BAWSCA on the implementation of a Regional Commercial/Industrial Audit Subscription Program
- Assistance to BAWSCA on the implementation of the Rachio weather-based irrigation controller rebate program with RWA
- Assistance to BAWSCA on the implementation irrigation controller installation and outdoor water audit program
- Assistance to BAWSCA on the implementation of the Droplet Technologies program management database
- Other assistance as may be requested in support of BAWSCA's ongoing water conservation program efforts

Water Resources Program Support:

- Assistance as may be needed to complete the BAWSCA Regional Water Demand and Conservation Projections Project
- Assistance as may be requested regarding Urban Water Management Plan coordination activities between BAWSCA, BAWSCA Member Agencies, and the SFPUC, including the potential preparation of Water Supply Deficiency Analyses
- Assistance as may be needed related to BAWSCA's Asset Management Audit(s) of the San Francisco Regional Water System
- Support as related to calculating Tier 2 water supply allotments for BAWSCA member agencies in various drought scenarios
- Other support or assistance as may be requested over the term of the contract related to ongoing BAWSCA water resources projects and programs

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Mid-Year 2020-21 Work Plan, Budget and General Reserve Review**

Summary:

A review of the FY 2020-21 Work Plan has been performed, with the results presented in the attached Table 1. To ensure continued access to a reliable supply of high-quality water at a fair price, efforts on two items in the adopted FY 2020-21 Work Plan are recommended for adjustment. The proposed modifications are: (1) delay the completion of the Potable Reuse Exploratory Plan (PREP) Phase 3 pre-feasibility study until FY 2021-22 due to a delay in starting Phase 3 this fiscal year, and (2) reduce the number of new subscription conservation programs to be implemented from potentially four to two total in light of increased level of work and coordination necessary for certain new conservation programs.

Separately, the level of effort associated with three important Work Plan areas has been greater than anticipated for the first six month of this fiscal year: the Bay Delta Plan, the New Don Pedro FERC proceeding, and negotiation of a new amendment to the Water Supply Agreement related to water transfers. This greater than anticipated effort has resulted in higher than projected expenditures for legal counsel support to date. No budget modification is recommended at this time to address this issue; however, the CEO and Legal Counsel will continue to actively manage and monitor this issue and report to the Board as necessary.

For all other Work Plan items, expenses are tracking within the currently approved Operating Budget for FY 2020-21 of \$4,020,679.

This memorandum presents: (1) the proposed modifications to the FY 2020-21 Work Plan, (2) a discussion of the potential budget implications, and (3) a discussion on the management of the General Reserve.

Fiscal Impact:

No changes to the Operating Budget are necessary or recommended at this time.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed board action.

Recommendation:

That the Board approve the modification of Work Plan Item 2a “PREP Phase 3” and Item 3c “Implement New Subscription Programs” in the FY 2020-21 Work Plan.

Prior Board Approved Work Plan and Budget Actions for FY 2020-21:

On May 21, 2020, the Board approved the following:

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 a 0% assessment increase, transfer of \$333,900 from the General Reserve.

Discussion:

The mid-year review included (1) examining progress toward completing the Work Plan as adopted, (2) considering anticipated work that should be performed during the balance of this fiscal year, and (3) reviewing any new Work Plan items.

Implementation of the Work Plan is on schedule as of December 3, 2020. Two changes to the Work Plan are proposed below. Following the Work Plan review, a budget review was performed, which confirmed that the FY 2020-21 Work Plan can be completed within the approved budget.

Proposed FY 2020-21 Work Plan Modifications and Budget Implications

Table 1 presents the Board-approved Work Plan for FY 2020-21 modified to show recommended revisions to the Work Plan. Explanations for the two recommended revisions are discussed below.

1. **Scope Change: Delay completion of PREP Phase 3 Pre-Feasibility Study to FY 2021-22.** Work Plan Item 2a. PREP Phase 2 was complete in FY 2019-20 with the project participants expressing interest in continuing a new Phase 3 consisting of additional pre-feasibility evaluation. While scoping for Phase 3 was initiated in FY 2019-20, completion of the Phase 3 Memorandum of Agreement and development of the Phase 3 Scope of Work is just now being finalized by all project participants. As a result, the overall schedule for Phase 3 is delayed, with Phase 3 not expected to be complete until December 31, 2022.
2. **Scope Change: Reduce planned implementation of new subscription conservation programs from 4 to 2.** Work Plan Item 3c. BAWSCA continues to make significant progress in implementing new subscription conservation programs this fiscal year as identified in the Regional Water Demand and Conservation Projections Study, which was completed in June 2020. The development of two new programs – the Residential Self Audit Tool and the Irrigation Hardware Rebates Program – are on track for implementation in July 2021. Two additional programs are under development but will not be ready for implementation this fiscal year. The Landscape Area Measurements Program is experiencing development delays given delays from the State in clarifying their program requirements. The Leak Detection and Certification Program is an entirely new program, not being implemented elsewhere in the State or nation. This complex program, while potentially very valuable to BAWSCA's overall goals for water conservation, will require multiple partners to implement. BAWSCA is currently identifying potential consultants to assist in scoping this work and developing a road map for implementation.

Capacity to Accommodate Potential or Unanticipated Issues

This year has been unlike any other given the unknowns of a global pandemic and the continuing offsite work approach taken by the entire office, as well as staff vacancies. So far, these challenges have been accommodated within the adopted budget and with the adopted Work Plan with the proposed modifications. As always, if further potential or unanticipated issues arise during Spring 2021, they will be brought to the attention of the Committee and the Board with recommendations to further reallocate and/or augment existing resources, if necessary.

Budget Modifications Needed to Complete Work Expected During FY 2020-21:

A preliminary budget review has been performed as part of this mid-year review and no budget modifications are proposed as part of this action. For all Work Plan items, expenses, with the exception of legal counsel, are tracking within the currently approved Operating Budget for FY 2020-21 of \$4,020,679.

For legal counsel, the level of effort associated with three important Work Plan areas has been greater than anticipated for the first six month this fiscal year: the Bay Delta Plan, the New Don Pedro

FERC proceeding, and negotiation of a new amendment to the Water Supply Agreement related to water transfers. This greater than anticipated effort has resulted in higher than projected expenditures for legal counsel support to date. No budget modification is recommended at this time to address this issue; however the CEO and Legal Counsel will continue to actively manage and monitor this issue and report to the Board as necessary.

Review and Management of General Reserve:

BAWSCA's General Reserve Policy states the CEO/General Manager shall evaluate the General Reserve balance as part of each year's mid-year budget review. Based on the review, if the General Reserve balance is estimated to fall outside the guidelines established by the policy, the budget shall include a prudent and practical schedule for restoring the reserve balance to be within those guidelines. The attached Table 2 presents the history of BAWSCA's assessments, operating budget, and General Reserve balance.

The current General Reserve balance of \$1,139,243 reflects the approved withdrawal and transfer of \$333,900 to BAWSCA's Operating Fund to fund the FY 2020-21 approved budget, and the deposit of \$435,266 of FY 2019-20 unspent funds. This level of General Reserve represents 28% of the approved Operating Budget, which is within the current guideline on the General Reserve balance for budgetary purposes of 20% to 35% of the annual operating expense.

Based on results of the FY 2020-21 mid-year Work Plan and budget review, no changes to the General Reserve are requested at this time. Given that the current level of General Reserve is within the budgetary guidelines, no actions on the management of the General Reserve are recommended at this time.

Attachment:





1. Table 1. Status of Results Delivered by BAWSCA in FY 2020-21 Compared to Adopted FY 2020-21 Work Plan
2. Table 2. Historical Annual Assessments and Year-End Reserves

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Table 1: Status of Results Delivered by BAWSCA in FY 2020-21 Compared to Adopted FY 2020-21 Work Plan

(Potential Changes to Adopted Work Plan Identified in Underlined, Blue, Italic Font)






(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	RELIABLE WATER SUPPLY	
	1. <u>Facility Reliability: Monitor the SFPUC's WSIP, 10-Year CIP, and Asset Management Program</u>	
	a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through to completion. Press the SFPUC and the city's political leadership to meet the adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests. Work with the legislature to extend State oversight of WSIP and RFA.	<ul style="list-style-type: none"> • Ongoing review of Quarterly Reports and regular meetings with SFPUC to address issues and concerns. • Current focus on Alameda Creek Recapture Project EIR recirculation, Regional Groundwater Storage and Recovery Project.
	b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.	<ul style="list-style-type: none"> • Current focus on implementing BAWSCA's formal role in CIP oversight as authorized through recently adopted WSA amendments. • Ongoing review of Quarterly Reports and regular meetings with SFPUC to address issues and concerns. • Completed review of Annual CIP Reports prepared for Hetch-Hetchy and for the Water Enterprise as required by the WSA.
	c. Review and monitor SFPUC's Asset Management Program to ensure long-term protection of system assets, including performing tasks or deeper reviews identified in the audit of SFPUC's asset management practices per WSA Section 3.10.c. to be completed in FY 2019-20.	<ul style="list-style-type: none"> • Completed review of SFPUC's response to BAWSCA's audit of the SFPUC's Asset Management Program and following up as appropriate. • Completed review of SFPUC's proposed Asset Management Policy, providing input and comments. Commission will consider proposed Policy in December 2020.
	a. Promote increased emergency response coordination between member agencies, SFPUC, Valley Water and others.	<ul style="list-style-type: none"> • Coordination with the SFPUC as needed to prepare and provide Member Agencies with documentation to include in their respective Emergency Response Plans (ERPs) • Coordination with the SFPUC as related to an emergency response workshop with member agencies held on October 22nd where Emergency Response Plan preparation was discussed.






(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	2. <u>Long-Term Supply Solutions: Implement the Long-Term Reliable Water Supply Strategy to Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed</u>	
	<p>a. Complete Potable Reuse Exploratory Plan Phase 3 pre-feasibility study with SFPUC and Silicon Valley Clean Water and plan for next phase of work.</p> <p><u><i>Proposed Work Plan Modification: Continue development of the Potable Reuse Exploratory Plan Phase 3 Study for completion in FY 2021-22.</i></u></p>	<ul style="list-style-type: none"> The project Memorandum of Understanding (MOU) has been amended to add new Phase 3 scope of work and is currently being authorized by all participating agencies. Phase 3 will focus on the PREP project's technical operational impacts to the SFPUC's Crystal Springs Reservoir and direct potable reuse alternatives. <u><i>The overall schedule for Phase 3 is delayed, with Phase 3 not expected to be complete until December 31, 2022.</i></u>
	b. Participate in development of Bay Area Regional Reliability Phase 2 Water Marketing Strategy in partnership with other Bay Area water agencies & promote implementation of a potential Pilot Water Transfer that involves a partnership between BAWSCA, ACWD, and SFPUC as a component of the Phase 2 work effort.	<ul style="list-style-type: none"> BAWSCA continues to participate in monthly meetings with the BARR project partners. Current work is focused on data gathering with the bulk of the work anticipated to begin in January 2021 when the project partners will dive into the details of financial impacts, operational logistics, water quality issues, whether contractual amendments are necessary, and to develop executable agreements that can be used as templates for future real water transfers. BAWSCA is leading the financial evaluation to assess wheeling and treatment costs and other financial impacts. Recurring monthly meetings are scheduled to begin in early December.
	c. Participate in CCWD's Los Vaqueros Expansion Project Studies to evaluate BAWSCA's interest and ensure key information is available to support upcoming decisions.	<ul style="list-style-type: none"> BAWSCA has completed its evaluation of participation in LVE as a Local Agency Partner (LAP) and presented findings to the Board. In September 2020, the BAWSCA Board decided to (1) end participation in LVE as an LAP, (2) maintain engagement in LVE through the SFPUC, and (3) encourage the SFPUC to remain in the project as an LAP. BAWSCA staff remains engaged in LVE matters including SFPUC's potential participation in the project, the issues related to the South Bay Aqueduct capacity, and development of the Joint Powers Authority agreement.






(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	d. Promote the continued sustainable use of San Mateo Plain Groundwater Basin for long-term water supply reliability, including providing support for San Mateo County and member agencies' efforts to secure compliance with the California Statewide Groundwater Elevation Monitoring (CASGEM) Program.	<ul style="list-style-type: none"> BAWSCA has been engaged with the County of San Mateo on its development of a CASGEM Plan in which the County is designated the CASGEM entity. In 2020, the Plan was written, reviewed by participant BAWSCA Member Agencies, and submitted to the State of California Department of Water Resources and is currently awaiting approval. The County of San Mateo is collecting water level data every six months and uploading that information to the State's CASGEM database.
	e. Facilitate development of other local water supply options including monitoring/tracking member agency efforts.	<ul style="list-style-type: none"> Ongoing.
	f. Provide necessary data & assistance to support member agencies' development of state required Urban Water Management Plans.	<ul style="list-style-type: none"> BAWSCA continues to provide updates to the Member Agencies on the 2020 UWMPs and coordination efforts with the SFPUC including providing "common language" for use by the Member Agencies from both BAWSCA and SFPUC by January 1, 2021. In October, one BAWSCA staff member moderated and presented on a webinar about new requirements for UWMPs in partnership with Maddaus Water Management and WaterNow Alliance, a CA based nonprofit. All member agencies were invited, and many attended the webinar. On October 20, BAWSCA held a workshop on the 2020 UWMPs for Member Agencies, providing information from both BAWSCA and SFPUC for use by Member Agencies in 2020 UWMP development.
	g. Participate with SFPUC and ACWD in their evaluation of a potential potable reuse water supply project with Union Sanitary District.	<ul style="list-style-type: none"> BAWSCA has reviewed completed technical reports as prepared for the early stages of the feasibility analysis for the proposed potable reuse project and will continue to track the project's progress against the identified schedule assuming it advances to the planning stage. .
	h. Identify and begin to evaluate the steps BAWSCA should undertake to update its Long-Term Water Supply Strategy.	<ul style="list-style-type: none"> The start of this effort has been delayed but will commence with upcoming FY 2021-22 budget preparation process.





(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	3. <u>Near-term Supply Solutions: Water Conservation and Drought Response</u>	
	a. Represent member agency interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a Way of Life" requirements	<ul style="list-style-type: none"> BAWSCA staff participates in DWR Workgroup meetings to stay up to date on DWR's progress and methodologies used to make decisions on the efficiency targets.
	b. Provide regional coordination to support member agency Advanced Metering Infrastructure (AMI) implementation and data management, including hosting a regional symposium in Spring 2021.	<ul style="list-style-type: none"> Planning on schedule. AMI Workshop details to be discussed with Member Agencies in December.
 	<p>c. Implement 3 to 4 new subscription conservation programs as identified in the BAWSCA Regional Water Demand and Conservation Projections Study to be completed in Spring 2020.</p> <p><u><i>Proposed Work Plan Modification: Implement 2 new subscription conservation programs as identified in the BAWSCA Regional Water Demand and Conservation Projections Study completed in Spring 2020 and continue development of 1-2 more new programs for future possible implementation.</i></u></p>	<ul style="list-style-type: none"> <u>Residential Self Audit Tool</u>: On schedule to be implemented by July 2021. BAWSCA is currently conducting interviews with water agencies who host similar programs. <u>Irrigation Hardware Rebates</u>: On schedule to be implemented by July 2021. BAWSCA is conducting interviews with water agencies who host similar programs. Rebate and program structure will be determined soon. BAWSCA to ask for member agency input once program structure options have been identified. <u>Landscape Area Measurements Program</u>: <u><i>Implementation of this program is experiencing delays given delays from the State in clarifying program requirements and is not anticipated to be completed until at least Fall 2021.</i></u> BAWSCA hosted a technical demonstration for the Member Agencies with Eagle Aerial WaterView in October to highlight the software and answer agency specific questions regarding DWR's Irrigated Vegetation Project. <u>Leak Detection & Certification Program</u>: <u><i>Development of this program is experiencing delays and will not be ready for implementation this fiscal year.</i></u> This program would be an entirely new program that does not exist elsewhere in the state or nation. It is complex and requires multiple partners to implement. BAWSCA is currently identifying potential consultants to create a scope of work and road map to implementation.
	d. Implement BAWSCA's core water conservation programs, including the Qualified Water Efficient Landscape (QWEL) program.	<ul style="list-style-type: none"> Online instruction (due to COVID-19) was offered in October and November 2020 and another series is upcoming in December 2020.








(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	e. Implement BAWSCA's subscription conservation rebate programs that benefit, and are paid for by, participating member agencies, including school education programs and an expanded Outdoor Landscaping Rebate Program with a new weather-based irrigation controller rebate and installation subscription program.	<ul style="list-style-type: none"> • Rain Garden rebate expansion to the Lawn Be Gone! Program was launched in October 2020. • To support BAWSCA's Lawn Be Gone! Program, a new "Ask A Master Gardener – Lawn Be Gone! Training" was piloted in November 2020. Additional workshops will be offered as part of BAWSCA's Landscape Education Program. • All other planned subscription programs being implemented.
	f. Implement BAWSCA's Water Loss Management Program to support member agencies with SB 555 compliance, including the Regional Loss Evaluation and Knowledge (LEAK) Workgroup and Water Loss Management Subscription Program.	<ul style="list-style-type: none"> • LEAK Workgroup: Ongoing coordination with BAWSCA's Water Resources Committee. • Water Loss Management Program: Ongoing. Seventeen member agencies are currently participating in this program. • Customer Meter Testing: Ongoing. Five member agencies are currently participating in this program.
	g. Represent member agencies in regional and State-level discussions related to water conservation-related regulations.	<ul style="list-style-type: none"> • BAWSCA staff participates in DWR Workgroup meetings related to the efficiency legislation (SB 606/AB 1668).
	4. <u>Take Actions to Protect Members' Water Supply Interests in the Administration of the 2009 WSA</u>	
	a. Adopt temporary extension of existing Tier 2 drought allocation plan that expires Dec. 2020.	<ul style="list-style-type: none"> • Board action on November 19, 2020 extended expiration to December 2021.
	b. Forward for adoption, if acceptable to the member agencies and SFPUC, an amendment to the Water Supply Agreement related to a paired transfer of an agency's minimum purchase requirement and Individual Supply Guarantee.	<ul style="list-style-type: none"> • The WSA amendment negotiations are complete, with Member Agencies and SFPUC satisfied with resulting language. • Proposed amendment and supporting materials for adoption will be transmitted to Member Agencies by December 31, 2020. • BAWSCA staff will provide an update on the final proposed language to the member agencies' WMRs, executive management, and legal counsel at the December WMR meeting. • The SFPUC is expected to consider adopting the WSA amendment in January 2021. Member Agencies' governing bodies will consider adoption beginning in February 2021 following SFPUC action.




(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	c. Protect members' water supply and financial interests in the SFPUC's 2028 decisions.	<ul style="list-style-type: none"> BAWSCA meets regularly with the SFPUC to review and discuss status of progress in developing alternative water supplies, including review of Quarterly Reports, as well as specific meetings related to specific projects as appropriate. BAWSCA continues to monitor water supply planning progress toward goal of ensuring SFPUC meets its water supply reliability obligations. BAWSCA has established, and participates in, monthly meetings between the SFPUC, San Jose, and Santa Clara to facilitate ongoing discussions about, and provide transparency into, SFPUC's water supply planning efforts to make San Jose and Santa Clara permanent customers. Valley Water has attended one of these monthly meetings and shared updates on their local water supply planning efforts as they relate to San Jose and Santa Clara.
	d. Protect member agencies' water supply interests to ensure that the SFPUC meets its legal and contractual obligations for water supply from the Regional Water System in light of ongoing risks.	<ul style="list-style-type: none"> BAWSCA successfully secured SFPUC's development of a new water supply program (their "Alternative Water Supply Planning effort"), including funding allocation, and regular Quarterly Reports on this program to the Commission as a means of highlighting the SFPUC's overall effort. BAWSCA continues to monitor water supply planning progress toward goal of ensuring SFPUC meets its water supply reliability obligations.
	5. <u>Protect Members' Interests in a Reliable Water Supply</u>	
	a. Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented, including ongoing legal intervention.	<ul style="list-style-type: none"> BAWSCA is actively engaged in State Board proceedings including ongoing legal intervention, monitoring settlement discussions and other SWRCB activity.
	b. Participate in the Don Pedro Project/La Grange Project FERC licensing process to protect customers' long-term interests in Tuolumne River water supplies, including ongoing legal intervention.	<ul style="list-style-type: none"> BAWSCA is actively engaged in the FERC relicensing efforts including ongoing legal intervention.


(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u>	
	a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs, including Prop 1 Integrated Regional Water Management conservation grant.	<ul style="list-style-type: none"> BAWSCA was awarded \$382,477 from the Prop 1 grant fund in June 2020 for Regional Water Conservation Programs and administers the grant program on behalf of the member agencies. BAWSCA will continue to look for new grant funding opportunities. BAWSCA submitted two letters of support for two member agencies applying for the Bureau of Reclamation's WaterSmart grant program.
	b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability, such as possible future BARR Phase 3 efforts.	<ul style="list-style-type: none"> Ongoing.
	c. Investigate potential for grant funds to support the implementation of the Strategy.	<ul style="list-style-type: none"> Ongoing.
	7. <u>Reporting and Tracking of Water Supply and Conservation Activities</u>	
	a. Complete BAWSCA FY 2019-20 Annual Survey.	<ul style="list-style-type: none"> All agencies have submitted data to BAWSCA's Water Conservation Database for use in Annual Survey. Data will be reviewed in December 2020.
	b. Complete BAWSCA FY 2019-20 Annual Water Conservation Report.	<ul style="list-style-type: none"> On schedule.
	c. In partnership with member agencies, operate and maintain BAWSCA's Water Conservation Database.	<ul style="list-style-type: none"> Ongoing.
	HIGH QUALITY WATER	
	8. <u>Support Member Agencies in Receiving Reliable Communication of Water Quality Issues</u>	
	a. Coordinate member agency participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs	<ul style="list-style-type: none"> In Summer and Fall 2020, BAWSCA worked closely with Joint Water Quality Committee Chair to bring an important water quality issue to SFPUC's attention and ensure response to Member Agency satisfaction.

(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	b. Relay important water quality information (notices as received from SFPUC) to BAWSCA member agencies when made aware of changes that have the potential to impact water quality (e.g., taste, odor, blending, etc.).	<ul style="list-style-type: none"> In Summer and Fall 2020, BAWSCA coordinated with Joint Water Quality Committee Chair to gather necessary water quality data from member agencies and SFPUC to investigate important water quality issue.
	c. Review and act on, if necessary, State legislation affecting water quality regulations.	<ul style="list-style-type: none"> Ongoing.
	FAIR PRICE	
	9. <u>Perform Matters that Members Delegated to BAWSCA in the WSA</u>	
	a. Administer the WSA with SF to protect the financial interests of member agencies.	<ul style="list-style-type: none"> Currently reviewing the SFPUC's calculation of the annual Wholesale Revenue Requirement and changes in the Balancing Account for FY 2018-19. This review is expected to be completed by December 20, 2020. Ongoing effort to ensure that SFPUC meets its financial reporting obligations required by the WSA. Continued working with the SFPUC on the implementation of the WSA amendments adopted in 2018 that include the asset classification and changes made in the methodology for calculating the wholesale revenue-funded capital fund balance. Established a Balancing Account Policy that would guide any future action by the Board in justifying the allocation of the positive balance in the Balancing Account in September 2020. Provided the Board the status of the Balancing Account and the written findings required by the Balancing Account Policy to support the proposed use of Balancing Account on the WSA Section 5.03.C prepayment as of September 30, 2020. BAWSCA Board approved the proposed prepayment in September 2020. The estimated net savings to the wholesale customers are approximately \$175,000 on a present value basis.

(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)

STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	b. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.	<ul style="list-style-type: none"> • Ongoing administration of bond surcharge collection from Member Agencies each month and proper fund allocation at the Trustee according to the Bond Indenture to ensure sufficient fund for on-time debt service payments. • Performed account reconciliation based on the SFPUC's surcharge collection report and Trustee's account statements at the end of each month. • Ongoing maintenance of proper records to ensure on time annual continuing disclosure filing to the Municipal Securities Rulemaking Board. • Prepared Quarterly Bond Surcharge Collection Report for the Board that presents the status of surcharge collection and the account balance at the Trustee. • Complied with tax requirements to preserve the tax-exempt status of the 2013A bonds. • Re-evaluated all investment instruments permitted by the Bond Indenture during the annual investment policy review in October 2020. Based on the findings, staff recommended the inclusion of U.S. Agency Securities as permitted investments for the bond proceeds in the investment policy with a sector allocation limit not to exceed 40% of total stabilization fund market value at the time of purchase. Board approved the recommended modification on November 19, 2020. • Reviewed the investment strategy for the bond proceeds during the annual investment policy review in November 2020 and determined that the current 0-5 year ladder portfolio strategy remains appropriate. • Continued effort on monitoring the market and updating the refunding analysis for the agency's 2013A bonds as time goes on while the cost of the negative arbitrage diminishes gradually.

(Mid-Year Status Shown in 1st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)






STATUS	BAWSCA OBJECTIVE & FY 2019-20 WORK PLAN ITEM	STATUS of FY 2020-21 RESULTS DELIVERED TO DATE
	AGENCY EFFECTIVENESS	
	10. <u>Maintain Community Allies and Contacts with Environmental Interests</u>	
	a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities.	<ul style="list-style-type: none"> Continued communication with elected officials and others on matters related to the potential negative impact of the SWRCB's Bay delta Plan on BAWSCA's member agencies.
	b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.	<ul style="list-style-type: none"> BAWSCA staff participated on a state-wide webinar on new UWMP requirements. The webinar was hosted by a local environmental group active in DWR's development of efficiency targets as part of SB 606/AB 1668. Other relevant stakeholders on the webinar included DWR staff, a prominent water management consulting firm, the SFPUC, and UC Davis. BAWSCA engaged and shared insights/experience with the Pacific Institute, a prominent CA environmental organization, for their project to establish best practices and facilitate multi-organizational conservation rebate programs (a.k.a. "stackable" rebates).
	c. Maintain effective communications with member agencies, customers, & others to achieve results and support goals.	<ul style="list-style-type: none"> Ongoing.
	d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.	<ul style="list-style-type: none"> SFPUC has cancelled all in-person tours due to COVID-19. SFPUC has offered a virtual tour via Zoom that was made available to Board Members and the public.
	11. <u>Manage the Activities of the Agency Professionally and Efficiently</u>	<ul style="list-style-type: none"> BAWSCA's 2019-20 Annual Audit Report was published in November 2020 with results demonstrating that BAWSCA and BAWUA are meeting the requirements for sound financial management. Completed annual Other Post-Employment Benefits Trust review with Board at its November 19, 2020 meeting. Provided Board with a review of BAWSCA's CalPERS Fund status and will work with Board to consider a policy related to alternatives for unfunded liability.

Table. 2 Historical Annual Assessments and Year-End Reserves

Fiscal Year	Assessments	Year-End Reserves	Operating Budget	Reserve as a % of Budget
2003-04	\$1,668,550	\$276,480	\$1,821,350	15%
2004-05	\$1,641,995	\$246,882	\$1,838,490	13%
2005-06	\$1,953,998	\$240,000	\$2,099,975	11%
2006-07	\$2,117,904	\$654,000	\$2,291,904	29%
2007-08	\$2,117,904	\$691,474	\$2,508,967	28%
2008-09	\$2,309,000	\$507,474	\$2,763,196	18%
2009-10	\$2,517,000	\$407,192	\$2,766,945	15%
2010-11	\$2,517,000	\$653,763	\$2,680,394	24%
2011-12	\$2,517,000	\$916,897	\$2,619,705	35%
2012-13	\$2,517,000	\$985,897	\$2,780,504	35%
2013-14	\$2,516,812	\$521,897	\$3,280,189	16%
2014-15	\$2,642,653	\$225,461	\$2,939,286	8%
2015-16	\$3,276,889	\$776,620	\$3,201,679	24%
2016-17	\$3,440,734	\$1,202,592	\$3,468,008	35%
2017-18	\$3,543,957	\$1,561,144	\$3,704,572	42%
2018-19	\$3,579,397	\$1,115,848	\$4,278,585	26%
2019-20	\$3,686,779	\$1,037,877	\$4,569,750	23%
2020-21	\$3,686,779	\$1,139,243*	\$4,020,679	28%

**Preliminary projection is same as the reserve balance as of November 30, 2020*

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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

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: January 15, 2021
SUBJECT: Chief Executive Officer/General Manager's Letter

Los Vaqueros Expansion Project – Update:

BAWSCA continues to stay engaged in efforts associated with the Los Vaqueros Reservoir Expansion (LVE) Project. Activities include taking part in discussions and technical evaluations, alongside the San Francisco Public Utilities Commission (SFPUC), aimed to determine the technical feasibility of the project as well as to establish its institutional and governance framework.

The San Francisco Regional Water System (RWS) is not hydrologically connected to the Los Vaqueros Reservoir or any related Contra County Water District (CCWD) facilities. Therefore, to benefit from storage in the LVE Project, the SFPUC will have to 1) enter into a water transfer or exchange to deposit water into storage, and 2) enter into a wheeling agreement to convey water through other facilities into the SF RWS. Both water supply and conveyance are critical aspects of the feasibility of this project. BAWSCA has been assisting the SFPUC staff in their analysis.

The primary conveyance route being considered to support the SFPUC's participation in the LVE Project is the South Bay Aqueduct (SBA), a State Water Project facility owned and operated by the California Department of Water Resources (DWR). DWR and the three agencies that maintain contracts for the use of the SBA (Zone 7 Water Agency, ACWD, and Valley Water (SBA Contractors)), have been in discussions regarding available SBA capacity for use by the SFPUC. The SBA Contractors are each Local Area Partners (LAPs) in the LVE Project and are open to making available capacity accessible. Over the past several months, SFPUC and BAWSCA staff have been studying available capacity. Tentative results indicate that capacity is available and additional analysis is being performed. That additional work will consider delivery location for LVE supplies routed via the SBA, volume and timing of said deliveries, and other considerations, such as water quality and treatment needs. The ongoing planning efforts will converge in 2021 to help the SFPUC and BAWSCA make an informed decision about continued participation by the SFPUC in the implementation of the LVE Project.

Regarding project governance, the SFPUC, in coordination with BAWSCA, have been working with other LAPs on a Joint Powers Agreement (JPA) that would establish the roles and responsibilities of each LAP for the long-term operation of LVE. CCWD would like the JPA to be in place by early 2021. BAWSCA anticipates, however, that it may take until mid-2021 for the JPA to be finalized and adopted by each of the LAPs.

BAWSCA intends to continue to keep the Board updated as work on the LVE project moves forward. Attached is a copy of the recent LVE Project update prepared by CCWD.

SFPUC Water Supply Planning Worksheet – Workshop:

At the request of the SFPUCs Commission, SFPUC staff have developed a Water Supply and Demand Worksheet (worksheet). The SFPUC describes the worksheet as a tool to communicate important information and concepts about SFPUC's water supply planning process and the way that water supplies, in place or proposed for the future, can be used to meet water needs of its retail and wholesale customers. The worksheet presents summaries of detailed estimates of current and future demands for water and compares them with estimated SFPUC system operations and resulting water supply yield.

The worksheet includes information, provided by BAWSCA, on current and future estimated water purchases by BAWSCA member agencies. Due to the need to include BAWSCA member agency data, the SFPUC engaged with BAWSCA during the development of the worksheet. The SFPUC has made the worksheet available to interested parties, such as environmental organizations and outside water agencies. The SFPUC held a workshop on January 8, 2021 with interested parties where they discussed worksheet components and how to operate the worksheet. BAWSCA and a number of representatives from BAWSCA member agencies attended, as did representatives from environmental organizations such as the Tuolumne River Trust and Restore Hetch Hetchy.

The worksheet is organized into two main sections: 1) estimates of water demand for the RWS; and 2) estimates of water supply yield for the RWS. These estimates are presented in five-year intervals for 2025 through 2040. At the bottom of the worksheet, the estimated demand is subtracted from the estimated yield, and the result is presented as either a positive number, indicating a surplus, or a negative number, indicating a deficit.

The SFPUC rationing policy and design drought sequence are incorporated into the worksheet. If a user desires to evaluate changes to the rationing policy or the design drought sequence, the user is required to engage with the SFPUC staff, as that analysis needs to be performed outside of the worksheet by SFPUC staff. A modified worksheet is then returned to the user that incorporates the results of the changes requested.

The possible impact of the Bay Delta Plan on water supply reliability is also a component of the worksheet. The user has various options for selecting what that final plan may be, either a 40% unimpaired flow option as currently proposed by the State Water Resources Control Board, the Tuolumne River Voluntary Agreement option as supported by the SFPUC and BAWSCA, or an alternative as proposed by a user of the worksheet. The resulting selection has an impact on water supply available.

The SFPUC believes that the worksheet will be educational, informative, and serve as a basis for more detailed discussion of SFPUC policies. BAWSCA has ongoing concerns that users may misinterpret or misuse the worksheet. BAWSCA has reminded the SFPUC that any proposed changes to the design drought or rationing policy would be subject to significant analysis and discussion outside the confines of worksheet discussions. Any policy changes would need to comply with the 2009 Water Supply Agreement (WSA) between the City and County of San Francisco and BAWSCA member agencies.

SFPUC Asset Management Policy:

Assets associated with the RWS must be managed to maximize their lifecycle, in order to meet levels of service, performance, and ratepayer protection goals. Each enterprise within the SFPUC have existing asset management practices in place that guide maintenance, repair and replacement of assets in coordination with budget and capital investment program planning. As

part of BAWSCA's audit of the SFPUC's asset management program, BAWSCA recommended that the SFPUC develop a unified asset management policy that connected asset management efforts across operational and administrative activities of the organization. The SFPUC agreed that such a unified policy was in order. BAWSCA was provided the opportunity to review and comment on the draft policy. A final asset management policy was adopted by the Commission on December 22, 2020.

The SFPUC's asset management policy is intended to guide and facilitate the planning, design, procurement, construction, operation, maintenance and retirement of critical RWS infrastructure. It outlines the SFPUC's commitment and approach to managing its diverse portfolio of assets in a manner that maximizes lifecycle value of assets while consistently meeting levels of service and performance goals and drives evidence-based decision making.

The policy includes commitments to the following key areas of asset management:

- Adherence to level of service goals
- Incorporation of asset risk management considerations
- Development of asset management and maintenance roles and responsibilities
- Establishment of asset management objectives
- Development of an asset registry
- Performance of regular asset conditions assessments
- Development of operations and maintenance strategies
- Establishment of asset investment strategies
- Estimation of the budget to address asset management needs
- A commitment to conduct performance monitoring
- Establishment of the responsibility and authority for asset management within each enterprise

Effective asset management and continuous improvement of the SFPUC Asset Management Policy was made the responsibility of SFPUC's Deputy General Manager. Enterprise and Bureau Assistant General Managers were given the responsibility to communicate and enforce the policy. In the Water Enterprise, divisions are responsible for developing asset management implementation plans. Staff, consultants, and contractors are expected to perform work in accordance with the adopted policy.

BAWSCA will continue to engage with the SFPUC on its asset management efforts. In these coming months, BAWSCA will track the efforts of the SFPUC's Water Enterprise as it begins implementation of the policy. In FY 2021-22, BAWSCA will review how the policy is being used to guide the preparation by the SFPUC of its 10-year Capital Improvement Program (CIP).

Wholesale Revenue Requirement Review for FY 2018-19 – Status Update:

Pursuant to Section 7.06A of the WSA, BAWSCA conducted its review of SFPUC's calculation of the annual Wholesale Revenue Requirement (WRR) and the changes in the balancing account for FY 2018-19, which was submitted by the SFPUC to BAWSCA on October 21, 2020.

As a result of the WRR review, BAWSCA sent some questions and concerns to the SFPUC on December 19, 2020. BAWSCA is waiting for the SFPUC's response, which typically takes several months. The deadline for both parties to enter into a settlement agreement or for the Wholesale Customers to file a demand for arbitration on any unsolved issues for FY 2018-19 is October 21, 2021. Typically, BAWSCA and the SFPUC can resolve any concerns through a detailed settlement agreement before the deadline.

QWEL Program - Update

During Fall 2020, BAWSCA provided four online Qualified Water Efficient Landscaper (QWEL) training programs through its contract with the California Water Efficiency Partnership (CalWEP) and BayQWEL. QWEL professional training is a proactive local approach to reducing landscape water use. It is recognized as a U.S. EPA WaterSense labeled Professional Certification Program for Irrigation System Auditing and is a multi-year WaterSense Sustained Excellence award winner.

The QWEL program involves instruction and application of topics related to water-efficient landscape installation and management. The objective for QWEL is to increase landscape professionals' awareness of and compliance with local water-use restrictions and reduce long-term landscape water use through wider adoption of proper care, irrigation management and other maintenance practices for water-efficient landscapes.

The four Fall 2020 courses were highly successful with over 200 people in attendance from throughout the Bay Area and an average exam pass rate of 96%. Due to high demand, BAWSCA will continue to offer free online QWEL training for Bay Area professionals in 2021. Two classes are scheduled for February 2021 with an additional three to be scheduled for March and April 2021.

BAWSCA's Regional Water Conservation Program Showcased in Prominent Water Industry Publication

Source magazine, a publication by the California-Nevada section of the American Water Works Association, highlighted BAWSCA's regional water conservation program in its Fall 2020 publication. A copy of this article is attached.

Described as living “up to the “Conservation” in its title,” BAWSCA is one of three agencies spotlighted for proactive measures taken to prepare for new water efficiency targets established in the 2018 State legislation “Making Water Conservation a California Way of Life.” BAWSCA's multi-year strategic planning efforts, suite of conservation programs, and comprehensive water demand projections are recognized as instrumental in helping Member Agencies prepare for the new efficiency targets and prepare updates to their 2020 Urban Water Management Plans.

Negin Ashoori Selected for the Water Education Foundation's Water Leaders Program Class of 2021

The Water Education Foundation's (WEF) William R. Gianelli Water Leaders Class is California's premiere water leadership program aimed at early to mid-career, up-and-coming community leaders from diverse backgrounds, including members of minority and ethnic communities. During the one-year program, class members deepen their water knowledge and enhance their leadership skills. The competitive program draws participants from across all stakeholder groups and fosters a stronger understanding of the various perspectives on water.

Led by WEF's Executive Director Jennifer Bowles, the Water Leaders class brings together 20 or so early to mid-career participants from across California and various stakeholder groups. The program deepens knowledge on water, enhances individual leadership skills and prepares class members to take an active, cooperative approach to decision-making about water resource issues. Each class member is paired with a mentor from a leading stakeholder group or who works as a policymaker.

Applications for the 2021 Water Leaders Program were due in December 2020. Negin Ashoori, BAWSCA's Water Resources Engineer, applied to be considered for the 2021 class and her application was successful.

BAWSCA has a long history of staff who've taken part in the Water Leaders Program. BAWSCA's CEO/GM, Nicole Sandkulla, was part of the class of 2004. Danielle McPherson, BAWSCA's Senior Water Resources Specialist, was part of the class of 2019. During their years at BAWSCA, Anona Dutton and Andree Johnson also were Water Leaders.

Attachments:

1. December 28, 2020 "Los Vaqueros Expansion Project Monthly Report"
2. *Source*, Fall 2020 – "Urban Water Agencies Prepare for a New Way of Life"

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MONTHLY REPORT

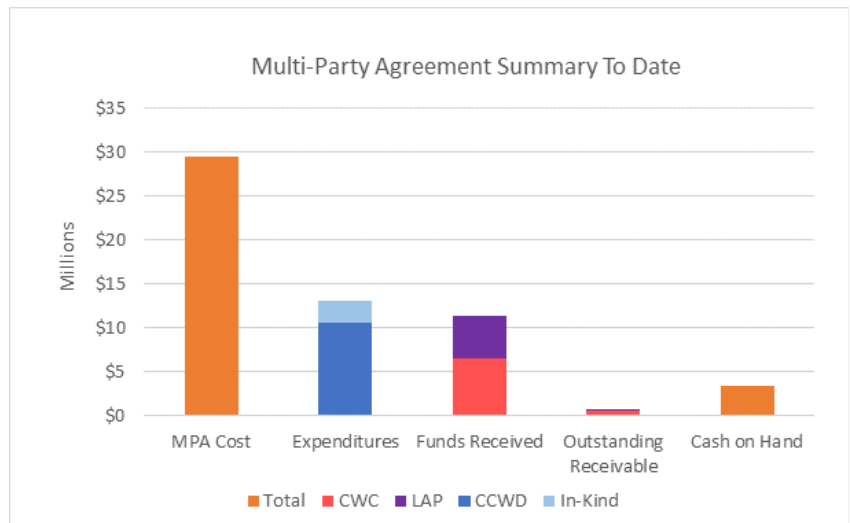
FUNDING

The Amendment No. 2 to the Multi-party Agreement (MPA) was fully executed and sent to all partners earlier this month. The total cost per agency through December 2021 is \$868,852.

California Water Commission and the Department of Water Resources have started review of the Final Federal Feasibility Report. Before January 1, 2022, the CWC must make a finding that the Project is feasible in order to remain eligible for full funding.

On Sunday December 27th, the federal budget was approved and included an additional \$11.9 million for the Project, including funding for construction. Staff is working with Reclamation to develop an assistance agreement to fund the design and construction of Pumping Plant 1 Replacement. The current draft of the FY22 federal funding request includes \$87 million for permitting, design and construction activities. A joint virtual trip to Washington D.C. with the GMs and senior staff of the LAPs is being scheduled.

The following chart provides an overview of the MPA expenditures, in-kind services, funds received, outstanding receivable, and cash on hand as of December 16, 2020.



JPA FORMATION

The Legal Work Group met twice in December to review the Los Vaqueros Reservoir Joint Exercise of Powers (JPA) Agreement. The

DECEMBER 28, 2020

UPCOMING ACTIVITIES

February (TBD) – Virtual GM meeting

February (TBD) – Virtual Washington D.C. trip

February 24 – Urban Water Management Plan Coordination meeting

UPCOMING LAP BOARD COORDINATION

January (TBD) - Valley Water Storage Committee

January 6 – Zone 7 Board meeting

January 12 – PWD Board meeting

January 19 – WWD Board meeting

January 20 – PWD Board meeting

January 28 – ACWD Board workshop

TBD – SLDMWA Board meeting

ADDITIONAL PROJECT INFO

<https://www.ccwater.com/lvstudies>

<https://www.usbr.gov/mp/vaqueros/>

<https://cwc.ca.gov/Water-Storage/WSIP-Project-Review-Portal/All-Projects/Los-Vaqueros-Reservoir-Expansion-Project>

next version of the Agreement is expected in early January. The target date for JPA formation is Spring 2021.

CCWD AND EBMUD USAGE FEES

Version 4.0 of the updated financial model was sent to partners for review on December 4th. Two workshops to review the updated model was held December 9th and December 21st. A draft letter of intent was also sent to partners and comments were requested by the end of December.

SOUTH BAY AQUEDUCT (SBA) CAPACITY/RELIABILITY

SFPUC, BAWSCA, CCWD and SBA contractors met December 17th to discuss next steps regarding available SBA capacity and modeling analysis.

PERMITTING

On November 30, 2020, District staff submitted the Aquatic Delineation Report and requested an approved Jurisdictional Delineation from the U.S. Army Corps of Engineers (USACE). On December 3, 2020, District staff led a USACE pre-application meeting and submitted an administrative draft Incidental Take Permit application to the California Department of Fish and Wildlife. Submittal of the USACE and Regional Water Quality Control Board applications is anticipated in early 2021.

CCWD staff are continuing discussions with the State Water Resources Control Board in preparation for modifications to CCWD's Los Vaqueros water rights as needed for future LVE operations. CCWD and Reclamation met weekly during December to develop a water rights workplan.

OTHER AGREEMENTS

CCWD met with the California Department of Water Resources (DWR) November 30th to review Delta operations and December 11th to review next steps on progressing a series of agreements. CCWD and DWR are developing Memorandum of Understanding to provide a framework for future coordination and agreement development with DWR.

CCWD is developing strategies to offset the potential impacts to water supply and water quality during the period when the Los Vaqueros Reservoir is unavailable during construction and subsequent refill of the reservoir after construction. EBMUD and CCWD are developing a Memorandum of Understanding for the

potential provision of alternative conveyance through EBMUD facilities.

DESIGN

Issued a notice to proceed for Carollo Engineers to begin work on design of the Transfer-Bethany Pipeline. Met with DWR December 7th to review the intertie with the California Aqueduct and with Contra Costa Transportation Authority to coordinate alignments in the Vasco Road corridor.

The second phase of Geotechnical investigations to support the dam design is now complete. The updated draft Risk Register technical memorandum for the dam expansion is being reviewed. The LVE Project risk assessment continues to progress and mitigation actions are being identified for all significant risks.

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SOURCE

CALIFORNIA-NEVADA SECTION AWWA

V34 • N4 • Fall 2020

**Risk
and
Resilience**

CALIFORNIA'S LEGISLATIVE efforts to ensure long-term urban water conservation have evolved from Governor Arnold Schwarzenegger's per capita water use reduction approach in the Water Conservation Act of 2009 (20% by 2020) to Governor Jerry Brown's 2018 framework, which will soon have water suppliers address unique targets tailored to their own local service area characteristics.

"Making Water Conservation a California Way of Life." Remember that phrase from a few years back? When Senate Bill 606 (SB 606) and Assembly Bill 1668 (AB 1668) were signed into law by Governor Brown after the last statewide drought, their implementation seemed quite distant. Now, in the fall of 2020, these urban water use efficiency regulations don't seem so far away, and with the newly released Water Resilience Portfolio, Governor Gavin Newsom is only continuing to reinforce the importance of water conservation.

The SB 606/AB 1668 package certainly makes water conservation a way of life for the 430 urban water suppliers across the state, those providing more than 3,000 acre-feet per year or serving more than 3,000 end users. To help strengthen local drought resilience, the laws require these agencies to include an enhanced Water Shortage Contingency Plan (WSCP) with their next Urban Water Management Plan (UWMP) submittal due July 1, 2021. The WSCP must include local drought response actions for six levels of water supply shortage conditions. The UWMP must also include a Drought Risk Assessment based on the driest five-year historic sequence for the agency's water supplies. While those drought-related documents must only be updated every five years, the new laws also require agencies to conduct annual water supply and demand assessments, with the first annual Water Shortage Assessment Report due July 1, 2022.

The laws' big water use efficiency action kicks in on January 1, 2024, when agencies must first report how their actual annual water use compares to their Urban Water Use Objective. This target can be thought of as a community water budget, composed of the following four buckets:

- Efficient indoor residential use;
- Efficient outdoor residential use;
- Efficient outdoor irrigation of landscapes with dedicated irrigation meters (e.g., parks);
- Efficient water losses.

While efficiency is the goal, agencies do not have to meet the calculated standard for each bucket. It is the aggregate sum of the four that must be met, with gradually escalating enforcement by the State Water Board through 2027, when exceeding this target could potentially result in a civil fine. Contrary to the periodic misinformation popping up in social and traditional media, the regulations do not target individual water customers. They are directed at the water supplier's overall use. Yes, residents may continue to shower and do laundry on the same day!

While the aggregate indoor residential use standard

URBAN WATER AGENCIES

Prepare for New Way of Life



By Ian Achimore
and Patrick Costello

Image by Milosh Kojadinovich.

is a simple calculation (55 gallons per person per day multiplied by service area population), the other three are a bit more involved. The Department of Water Resources (DWR) and the State Water Board are currently engaged in research and working with stakeholder groups so that all remaining standards are adopted by June 2022, including regulatory variances for unique water uses. The water loss target is slated for adoption by July 1, 2021. Tied to SB 555, which predated SB 606/AB 1668, this performance standard for distribution system real losses is likely to be in terms of gallons per connection per day. The outdoor residential use calculation will incorporate an agency's local climate (Reference Evaporation, ET_o), its irrigable landscape area and an all-important Evapotranspiration Adjustment Factor to be determined. DWR is providing service area residential landscape measurements to each agency, along with temporary access to the aerial imagery used in their calculation. Dedicated irrigation meters associated with commercial, industrial and institutional (CII) customers were not part of this aerial imagery analysis. That standard is still in development and will be dependent on agency identification of their applicable CII landscapes.

California water agencies throughout the state are preparing to respond to and comply with these new drought planning and long-term water use efficiency requirements. Taking a closer look at a few of them paints a picture of the diverse local expertise working to make water conservation a way of life in the state.



Components of Urban Water Use Objective. Graphic courtesy of California Water Efficiency Partnership.

BAWSCA

The Bay Area Water Supply & Conservation Agency (BAWSCA) is not currently serving as a water supplier; however, this special district, created in 2003, is an extremely effective representative for its 26 member agencies in San Mateo, Santa Clara and Alameda Counties, which rely on the San Francisco Regional Water System. Along with its primary goal to ensure a reliable supply of high-quality water at a fair price for agencies serving 1.8 million people, it also lives up to the "Conservation" in its title. Among many facets of its Regional Water Conservation Program, BAWSCA manages rebate programs to which a member agency can subscribe, allowing that agency to avoid the messy administration and contracting while

still offering their customers generous incentives for rain barrels, smart irrigation controllers and *Lawn Be Gone!* landscape conversions. Water-efficient landscape classes are provided free to the public as part of BAWSCA's core program, with recent Zoom editions attracting large audiences. BAWSCA's subscription offerings even include a Water Loss Management Program, which can assist member agencies with their annual AWWA Water Audit, Level 1 Validation of the audit for SB 555, real loss component analysis, meter accuracy testing and comprehensive leak detection.

As the new laws were being drafted, Water Resources Manager Tom Francis and his BAWSCA colleagues plotted out what he describes as a five-year approach to implement a strategy for member

agencies to meet their Urban Water Use Objectives. Phase 1 of BAWSCA's Making Conservation a Way of Life Strategic Plan was completed in 2018. It focused on the components of SB 606/AB 1668 with the greatest uncertainty and concern to member agencies, such as outdoor water use budgets, CII performance measures and water loss performance standards. It identified areas for local improvement, such as CII account classification. Phase 2 was a study on how to best use Advanced Metering Infrastructure data for demand analyses.

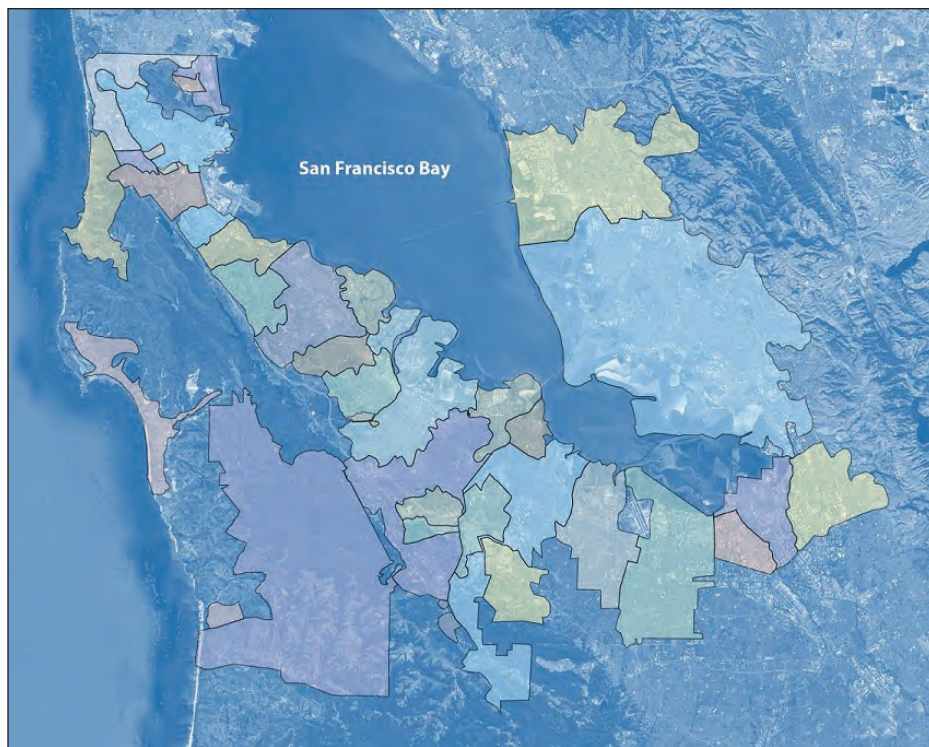


Landscape area measurements provided by DWR contractor Eagle Aerial Solutions.

Phase 3, just completed this summer, is a comprehensive update of the region's water demand projections through 2045, providing insight into the breakdown of indoor and outdoor water use among residential and commercial customers, accounting for each member agency's demographics and modeling the impact of 23 specific conservation programs. This helps agencies complete their upcoming UWMPs, as well as arms them with data and a suite of conservation options to meet their 2023 efficiency targets. Danielle McPherson, BAWSCA's Senior Water Resources Specialist, affirms the region's readiness now that "they have put in the initial work to really understanding where water is used and how, the efficacy of the conservation programs BAWSCA has implemented in the past, and plans for future conservation programs and their potential water savings."

MWDOC

The Municipal Water District of Orange County (MWDOC) is a wholesale water agency that meets the



Bay Area Water Supply & Conservation Agency members.



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- ▶ **water wells management**
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water demands of more than 3.2 million people in Orange County through a mixture of water resources planning, legislative advocacy, and a robust water use efficiency program. MWDOC has worked with its retail water agency partners to develop a unique shared services approach to implement regional water conservation programs. Joseph Berg, MWDOC's Director of Water Use Efficiency, describes it as "a choice-based program, where we do not fund water use efficiency programs through the general fund, as our retail agency partners' annual contributions are directly proportionate to the MWDOC water use efficiency program services they received in the previous calendar year." These services include items such as device and turf removal rebates.

MWDOC has used this shared services approach since 2013. In that first year, all of the wholesaler's 28 retail agency partners were given the option to participate in this cost allocation methodology, and all supported it. Fast

MWDOC's Water Loss Shared Services Stats

- **Water Audit Validation** — All 28 MWDOC retail agencies
- **Customer Meter Accuracy Testing** — 3,100 to 4,300 meters per year
- **Leak Detection** — 500 to 550 miles of mains per year
- **Pressure Survey** — 10 retail agencies
- **No Discharge Flushing** — 600 miles of mains per year

forward to 2018 when new requirements like SB 555's water loss reporting kicked in and MWDOC has now finalized its Water Loss Control Shared Services Business Plan. Since that plan was adopted in late 2018, MWDOC has offered services to its retail partners, such as water audit validation, leak detection and leak/pressure surveys to help retailers comply with SB 555 and SB 606/AB 1668.

From implementing the shared services approach for the past seven years, Berg finds that "the benefits of this approach are really that it avoids duplication of efforts and allows for the most efficient deployment of specialized skills like water loss control."

SDCWA

San Diego County Water Authority (SDCWA) is a wholesale water agency that serves a population of approximately 3.3 million residents through initiatives like seawater desalination, water recycling projects, integrated regional water management planning and water conservation. When it comes to the new water conservation laws, SDCWA is coordinating with its 24 retail water agency partners, DWR and the State Water Board, as well other statewide organizations, such as the Association of California Water Agencies (ACWA) and California Urban Water Agencies. As Elizabeth Lovsted, SDCWA's Water Resources Manager, puts it: "Planning



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and coordination with DWR, SWRCB, and other entities, such as ACWA, is key to help shape and inform the development and implementation of the new conservation standards and requirements, including official guidance on the reporting requirements added by SB 606."

Lovsted, who is also the chair of ACWA's Water Use Efficiency Subcommittee, and other SDCWA staff provided input along with water agency conservation managers across the state to help develop a Water Shortage Assessment Report (WSAR) template that all urban water agencies can use. The WSAR, which will be required annually, is prepared by initially comparing an agency's supply portfolio and water usage demands. If a shortage is likely, the WSAR will have to include information on triggered shortage response actions detailed in the WSCP like outdoor watering limitations and compliance/enforcement actions. The hope is that the template will easily fit within DWR's existing UWMP submission portal. Lovsted notes, "We're trying to take a proactive approach and although these WSARs won't be required until 2022, some agencies are planning on submitting them voluntarily as part of a pilot effort."

Conclusion

These examples provide insight into different activities agencies are implementing in response to the new water conservation requirements. Although portions of SB 606/AB 1668 still need to be codified into regulations, these urban water agencies and regional groups have been proactive in creating unique cooperative funding frameworks, advancing water shortage planning and evaluating water conservation program impacts. As droughts are a regular part of life in California, it makes sense that these local agencies are pulling together their retailer/wholesaler and statewide networks to prepare for the next big one.

Even agencies that don't benefit from a regional partnership can still find help as they navigate these looming regulations. Although two years have passed since it was published, the DWR primer *Making Water Conservation a California Way of Life* lays out the SB 606/AB 1668 process

quite well. It is available online in the Water Use Efficiency Programs section at water.ca.gov. The California Water Efficiency Partnership (CalWEP) has Framework Implementation resources posted at calwep.org, including useful FAQs. Members of CalWEP gain access to a special collaborative hub to track the latest materials and events, and of course, the CA-NV AWWA Section will certainly feature this topic in technical sessions at spring and fall conferences over the coming years. 💧



Ian Achimore is senior watershed manager with the Santa Ana Watershed Project Authority (SAWPA) and member-at-large of the CA-NV AWWA Section Water Management & Efficiency Committee.



Patrick Costello is water resources analyst with the City of Napa and chair of the CA-NV AWWA Section Water Management & Efficiency Committee.

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Board of Directors

Policy Calendar Through July 2021

Meeting Date	Purpose	Issue or Topic
January 2021	D&A R S	FY 2020-21 Mid-Year Work Plan, Budget, & General Reserve Balance Review Review of Water Supply Forecast FY 2021-22 Work Plan and Budget Study Session
March 2021	D&A R&D R R	Consideration of BAWSCA Bond Surcharges for FY 2021-22 Presentation of Preliminary FY 2021-22 Work Plan and Budget Annual Review of WSA Balancing Account Status Review of Water Supply Forecast
May 2021	D&A D&A R	Consideration of Proposed FY 2021-22 Work Plan and Budget Consideration of Annual Consultant Contracts Review of Water Supply Forecast
July 2021	R R	Update on Long-Term Reliable Water Supply Strategy Implementation Review of Agency Personnel Handbook

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Fiscal Year 2021-22 Work Plan and Budget Preparation Planning Session**

Summary:

Each year, the BAWSCA budget is prepared to meet a specific work plan and identified results to be achieved. The development of the preliminary work plan begins by compiling a list of major challenges that BAWSCA, its member agencies, and their water customers will face next fiscal year, and between now and 2050. This long-term perspective helps anticipate and identify the results that must be achieved during FY 2021-22. A preliminary list of challenges as updated for the FY 2021-22 budget process appears in Table 1.

As has been done in the past several years, the work plan and budget preparation will be initiated with a planning session with the Board, providing an early opportunity for input on near-, mid- and long-term issues for consideration as part of the work plan development.

Recommendation:

This item is for Board discussion only. Board feedback and input on the near-, mid- and long-term issues for consideration as part of the work plan development are requested at this time.

Discussion:

The FY 2021-22 Work Plan and Budget development process is being initiated with a Board planning session. The goal of the planning session is to receive Board input on near-, mid- and long-term issues for BAWSCA to consider in developing its FY 2021-22 Work Plan.

The preliminary budget will be developed to provide the resources needed to achieve necessary results. Emphasis is placed on the most vital results that need to be achieved in order to provide a reliable and high-quality water supply at a fair price. Activities that are secondary to those goals may be noted but are not incorporated into the budget.

A preliminary list of challenges appears in Table 1. Some of the challenges may affect BAWSCA or its members directly. Other challenges will have indirect, but nonetheless important consequences, and require action by BAWSCA to protect the interests of its member agencies and their customers. In each case, the challenges relate directly to BAWSCA's goal of ensuring a reliable supply of high-quality water at a fair price for the water customers.

Input received from the Board will be reviewed and addressed by the CEO in developing the Preliminary FY 2021-22 Work Plan and Budget, which will be presented to the BPC in February and the Board in March. Following further Board input, a recommended Work Plan and Budget will be presented to the BPC in April for its review, and presented to the Board for recommended adoption in May.

Attachment: Table 1. Future Challenges Facing BAWSCA, Member Agencies and Their Customers (Preliminary FY 2021-22)

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Table 1: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2021-22)
(Proposed Changes Shown in Blue Underlined Italic Font)

BAWSCA Goal and Associated Challenges	FY 2021-22 (Near-Term)	2022-2035 (Mid-Term)	2035-2050 (Long-Term)
Reliable Supply: Ensure Long-Term Water Supply Reliability			
Protection of member agencies' interests in long-term water supply reliability from the SF RWS and 184 MGD Supply Assurance in light of identified potential areas of risk, including climate change and regulatory challenges, <u>and SFPUC's Alternative Water Supply Planning and associated CEQA initiation by June 2023.</u>	X	X	X
Protection of BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts.	X	X	X
Reflection of member agencies' long-term water supply needs and investments in regional planning efforts.	X	X	X
Support member agencies in their efforts to ensure system reliability during an emergency.	X	X	X
Representation of member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability.	X	X	
Representation of member agencies in Bay Delta Plan Update to protect RWS water supply reliability.	X	X	
Meeting the new Statewide "Making Water Conservation a California Way of Life" requirements thru 2035, <u>including new Water Efficiency Targets to be finalized by June 2022</u>	X	X	
Protection of member agencies' interests in San Francisco's December 2028 decisions including deciding whether to make San Jose and Santa Clara permanent customers.	X	X	
Development of a new Tier 2 drought allocation plan.	X	X	
Reliable Supply: Ensure SF RWS Facility Reliability			
Protection of water supply and financial interests of water customers in SFPUC's development and implementation of its 10-Year CIP.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.	X	X	X
Promote emergency resiliency of the SF RWS to protect interests of water customers.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's WSIP implementation.	X	X	
High Quality Supply & Fair Price: Enforce 2009 Water Supply Agreement (WSA)			
Enforcement and amendment as necessary, of the WSA to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations.	X	X	X
Protection of member agencies' water supply reliability interests against threats by outside forces including efforts by others to drain Hetch Hetchy that disregard their interests in reliability, quality and cost.	X	X	X
Protection of water customers interests in ensuring SF maintains its Tuolumne River water rights.	X	X	X
Extension or renegotiation of the WSA before it expires in 2034. The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.		X	X
Management of BAWSCA's revenue bonds, including consideration of refinancing (based on current analysis <u>as of 12/1/2020, this will be no earlier than 2023</u>), in accordance with Bond Indenture and other applicable laws to ensure accountability and ultimately to reduce overall cost to regional water customers (thru 2034).	X	X	
Management of Agency			
<u>BAWSCA CALPERS pension & OPEB liability management</u>			X

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

Meeting Schedule through June 2022

DUE TO COVID-19, MEETINGS 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.

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – March 18, 2021	Virtual Meeting, unless noted otherwise.
Thursday – May 20, 2021	Oak Room, San Mateo Main Library
Thursday – July 15, 2021	Oak Room, San Mateo Main Library
Thursday – September 16, 2021	Oak Room, San Mateo Main Library
Thursday – November 18, 2021	Oak Room, San Mateo Main Library
Thursday – January 20, 2022	Oak Room, San Mateo Main Library
Thursday – March 17, 2022	Oak Room, San Mateo Main Library
Thursday – May 19, 2022	Oak Room, San Mateo Main Library

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – January 20, 2022	Oak Room, San Mateo Main Library

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
<u>Date</u>	<u>Location</u>
Wednesday – February 10, 2021	Virtual Meeting, unless noted otherwise.
Wednesday – April 14, 2021	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 9, 2021	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – August 11, 2021	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 13, 2021	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 8, 2021	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – February 9, 2022	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday, April 13, 2022	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday, June 8, 2022	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.