



BOARD POLICY COMMITTEE

December 8, 2021

1:30 p.m.

DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953(e). MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.

The following members of the BAWSCA Board Policy Committee are listed to permit them to appear telephonically at the BPC Meeting on December 8, 2021: Tom Chambers, Alison Cormack, Karen Hardy, Steve Jordan, Gustav Larsson, Juslyn Manalo, Al Mendall, Barbara Pierce, 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/87932787630>
- Meeting ID: **879 3278 7630**
- Password: **872661**
- 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 US Toll-free
 - Meeting ID: **879 3278 7630**
 - Password: **872661**
- To Mute or UnMute, Press *6.
- To Raise Hand, Press *9.
- The Presentation will be available prior to the meeting at www.bawsca.org.

All audio and video will be OFF upon entry. Remaining on mute will reduce background noise.

Videos of Non-Board meeting participants will be kept OFF at all times during the meeting. Audio for Non-Board meeting participants will be enabled during allocated public speaking times and will be disabled when public comment time has expired.

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

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BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

December 8, 2021

1:30 p.m.

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u>	(Zigterman)	
Roster of Committee Members (<i>Attachment</i>)		Pg 5
2. <u>Consent Calendar</u>	(Zigterman)	
A. Approval of Minutes from the October 13, 2021 meeting (<i>Attachment</i>)		Pg 7
B. Adoption of Resolution #2021-06 declaring that Board Policy Committee meetings will continue to be held via teleconference (<i>Attachment</i>)		Pg 21
3. <u>Comments by Chair</u>	(Zigterman)	
4. <u>Public Comment</u>	(Zigterman)	
<i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>		
5. <u>SFPUC Report</u>	(Ritchie)	
A. SFPUC Long-term Vulnerability Assessment Report - Update		
6. <u>Action Calendar</u>		
A. Mid-Year 2021-22 Work Plan, Budget and General Reserve Review (<i>Attachment</i>)	(Francis)	Pg 25
<u>Issue:</u> What resources are needed to address new work items and potential significant scope increases that are critical to ensuring reliable supply of high-quality water at a fair price?		
<u>Information to Committee:</u> Staff memo and oral report.		
<u>Committee Action Requested:</u> Comments and feedback.		
B. Professional Services Contract with Woodard & Curran, Inc. to Provide Technical Assistance as BAWSCA Facilitates a Comprehensive Update to the Tier 2 Drought Response Implementation Plan (Tier 2 Plan)	(Francis)	Pg 41
<u>Issue:</u> What technical and consultant resources are needed to support an update to the Tier 2 Plan?		
<u>Information to Committee:</u> Staff memo and oral report.		
<u>Committee Action Requested:</u> That the Committee recommend the proposed Board action.		

7. CEO Reports

(Francis)

- A. Water Supply and Demand Update
- B. Bay Delta Plan/FERC Update
- C. Internship Program
- D. Review of FY 2022-23 Work Plan and Operating Budget Preparation Process
- E. CEO's Letter (*Attachment*)
- F. Board Policy Committee Calendar (*Attachment*)
- G. Correspondence Packet ([Under Separate Cover](#))

Pg 49

Pg 53

8. 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).

9. Report from Closed Session

(Schutte)

10. Comments by Committee Members

(Zigterman)

11. Adjournment to the Next Meeting

(Zigterman)

Unless otherwise noticed:

February 9, 2022 at 1:30pm

Format and Location To Be Announced

Accessibility for Individuals with Disabilities

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

2021 Committee Roster:

Tom Zigterman, Stanford University (Chair)

Juslyn Manalo, City of Daly City (Vice Chair)

Thomas Chambers, Westborough Water District (BAWSCA Vice Chair)

Alison Cormack, City of Palo Alto

Karen Hardy, City of Santa Clara

Steve Jordan, Purissima Hills Water District

Gustav Larsson, City of Sunnyvale (BAWSCA Chair)

Al Mendall, City of Hayward

Barbara Pierce, City of Redwood City

Sepi Wood, City of Brisbane

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

October 13, 2021 – 1:30 p.m.

Zoom Video Conference

DUE TO COVID-19, THIS MEETING WAS CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953(e). MEMBERS OF THE PUBLIC COULD NOT ATTEND THIS MEETING IN PERSON.

MINUTES

1. **Call to Order:** Committee Chair, Tom Zigterman, called the meeting to order at 1:34 pm following reminders of the protocols to conduct the virtual meeting successfully. A list of Committee members who were present (8), absent (2) and other attendees is attached.

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

2. **Special Order of Business:** Legal Counsel, Allison Schutte, reported that the Governor signed into law AB361 to codify emergency teleconference rules under the Brown Act. Modified procedures for teleconferencing are available whenever (1) the Governor has declared a state of emergency, and either (2) State or local officials have recommended social distancing, or (3) the agency's legislative body finds that in person attendance would "present imminent risks to the health and safety of attendees."

Based on the current Governor declared state of emergency and social distancing regulations in effect under the Department of Industrial Regulations (DIR) and the San Mateo County in accordance with CDPH and CDC, BAWSCA presents the said facts as findings to continue conducting the committee meetings virtually.

As a legislative body, the Committee is required to adopt a resolution declaring its findings for the need to teleconference, and must reconsider the findings every 30 days. Moving forward, the Committee will need to adopt a resolution at every meeting. This action can be done via the consent calendar, but legal counsel will work closely with staff to monitor and review the Governor's declarations and social distancing requirements on an ongoing basis. This procedure will similarly apply to the BAWSCA Board.

The staff recommendation is that the Committee adopt Resolution #2021-02, declaring that the Committee will continue to meet via teleconference, in accordance with AB 361 and the provisions of Government Code Section 54953(e). Ms. Schutte noted that the Resolution is the Committee's resolution, and that the BAWSCA Board will have its own resolution.

Director Cormack expressed her support for the findings in accordance with AB 361.

There were no further comments or questions from Committee members or members of the public.

Director Larsson made a motion, seconded by Director Mendall, that the Committee adopt Resolution #2021-02, declaring that it will continue to meet

via teleconference, in accordance with AB 361 and the provisions of Government Code Section 54953(e).

The motion carried unanimously by roll call vote.

3. **Comments by Committee Chair:** Director Zigterman noted that the agenda includes 3 action items related to the important and necessary business of BAWSCA. The Committee will also be receiving an important and timely report from SFPUC Assistant General Manager Steve Ritchie on water supply conditions, including an update on SFPUC's actions to address the State's order to curtail water diversions in response to the drought.
4. **Public Comments:** Public comments were provided by Peter Drekmeier, Dave Warner and John Weed.
5. **Special Report:** SFPUC Assistant General Manager for Water Enterprise, Steve Ritchie, provided a report on current water supply conditions and the curtailment orders issued by the State Water Board. The curtailment order issued on the Tuolumne River diversions that went in effect on August 20th eliminates SFPUC's access to 360,000 acre-feet of storage in Water Bank in Don Pedro Reservoir. The SFPUC is meeting its curtailment obligations by releasing water from Cherry Lake and Lake Eleanor so that it can divert water into Hetch Hetchy Reservoir.

Mr. Ritchie reported that the SFPUC will focus on negotiating a resolution to regain access to Water Bank and/or achieve a Health and Safety exemption, to ensure availability of water supply.

The Health and Safety exemption request for diversions would allow the SFPUC to divert enough water to supply 55 gpcd to the entire service area. There are conditions to the request, however, including the requirement for the SFPUC to declare a water supply emergency under the California Water Code.

The Commission will consider the SFPUC's emergency declaration on November 9th. The details of the proposed emergency declaration were developed in coordination with BAWSCA and will include:

- FY 2019-20 demand of 197.4 mgd as the baseline;
- Overall reduction target of 177.7 mgd starting with a 10% voluntary water use reduction;
- Mandatory reduction will be called if voluntary reduction does not achieve the target;
- Water supply split between the Wholesale Customers (64%) and Retail Customers (36%) in accordance with the Water Shortage Allocation Plan under the Water Supply Agreement (WSA)
- Wholesale share is 113.7 mgd;
- Retail share is 62.3 mgd, 5% of FY 2019-20 demand.

Potential rate actions will include the SFPUC's consideration of a pre-authorized temporary drought surcharge to the retail customers at some point during the drought. Wholesale rates for FY 2022-23 may potentially be higher than previously projected to

account for the anticipated lower wholesale purchases from the Regional Water System (RWS).

Mr. Ritchie noted that the collective region was able to reduce their collective water use significantly, close to 177 mgd, back in 2015 which was the last year of the most recent drought.

For operational purposes, the SFPUC analyzed the potential drought impacts on water supply through 2024 based on the following scenario: extreme drought conditions similar to 1976-77; followed by recovery, as it occurred in 1978; and with the anticipation that curtailments are extended through August 2023.

The scenario factored in the target goal of 177.7 mgd (the 10% water use reduction from FY 2019-20 demands), and the Health and Safety exception being granted by the State allowing diversions of 55 gpcd for the entire service area.

Mr. Ritchie noted that total system capacity is 1,460,000 acre-feet. The system is currently at 940,000 acre-feet. There is a system capacity level that Mr. Ritchie referred to as “two-years remaining deliverable storage” that is at 515,000 acre-feet, a level that is dangerously low.

The results of the analysis show that:

- With the 10% water use reduction, and the loss of 360,000 acre-feet due to the curtailment on the Tuolumne River diversion, total deliverable storage will fall into the dangerously low level by mid-2022, and supplies will deplete by 2023.
- With the 10% water use reduction and the Health and Safety exception granted by the State, total deliverable storage will gain 270,000 acre-feet and will maintain a less precarious placement in the dangerously low level of storage, allowing the system to continue serving water until the anticipated recovery period begins.

The SFPUC is in communication with the State Water Board to emphasize that the system has physical limits that prevent the direct access to water stored in the Water Bank. Those communications are aimed to inform and influence the State Water Board such that some adjustment or accommodation can be made to the curtailment orders that would enable the SFPUC to gain access to the Water Bank. The SFPUC will also demonstrate that the system is using all of its available alternative water supplies while maintaining a proper level of water use reduction as part of the conditions for the Health and Safety exception request.

Mr. Ritchie stated that he presented the same information to the Commissioners at its October 12th meeting, in which the Commissioners requested additional information on levels that might be achieved by greater water use reduction. That analysis will be done, but Mr. Ritchie noted that the results may not be better than that of a 10% water use reduction, and that going beyond the water use reduction achieved in 2015 will introduce a serious level of conservation and associated impact on water users.

He noted that, if needed, the water shortage allocation plan jointly developed with the wholesale customers several years ago will be implemented for the first time. If so, it will be an important exercise as every agency has its own characteristics and will receive its own individual allocation from the RWS.

In response to Director Mendall, Mr. Ritchie explained that San Francisco’s request for a Health and Safety exception can mean that the State provides San Francisco, as a

municipal supplier, a lower level of curtailment, so that it can provide the minimum water supply needed for health and safety standards. He emphasized that the analysis shows how the RWS will be at a dangerously low storage levels with the curtailment on the Tuolumne River, and the two possible solutions the SFPUC has for the State's consideration are the Health and Safety exception request and negotiating a way to regain access to Water Bank.

Ms. Sandkulla agreed with Mr. Ritchie in the significance of what will be learned from the implementation of the drought allocation plan, if it is implemented.

In response to Director Larsson, Mr. Ritchie stated that the 55 gpcd, should the Health and Safety exception request is granted by the State, applies to all water customers, both retail and wholesale combined. Mr. Ritchie stated that if and when the SFPUC works with the State Board on the provisions, there will be some varying interpretations that will need to be agreed upon.

The SFPUC will be working diligently on the health and safety exception request including the documentation of alternative water supplies and water use reduction data for the State Water Board's assessment process in early 2022. A decision by the State Water Board by April 2022 is ideal in time for when the snowmelt begins so that the SFPUC can act on what water can be diverted.

As for the service area's response to water use reduction, Mr. Ritchie reported that as of July 1st, the region has collectively achieved an 8% reduction in comparison to July 2020. He stated that FY 2019-20 proves to be a solid baseline, and if the region continues to do more conservation to achieve the 10%, San Francisco can demonstrate that the region is doing its part to reduce water use.

There were no further questions or comments from Committee members and members of the public.

6. Consent Calendar: Approval of Minutes from the Special meeting held September 7, 2021.

There were no questions or comments from Committee members and members of the public.

Director Cormack made a motion, seconded by Director Wood, that the minutes of the Special September 7, 2021 Board Policy Committee meeting be approved.

The motion carried unanimously by roll call.

7. Action Calendar:

- A. Adoption of Resolution #2021-03, Approving Tier 2 Drought Allocation: Mr. Francis reminded the Committee that there is a drought allocation plan that governs system-wide shortages on the RWS. The Tier 1 Plan allocates water between the SFPUC retail customers and the wholesale customers. The Tier 2 Plan allocates water among the 26 wholesale customers. Both plans apply during a system-wide shortage of up to 20%. The Water Supply Agreement (WSA) Section 3.11(c)(3) provides that the SFPUC will honor Tier 2 allocations among the wholesale customers provided by BAWSCA or unanimously agreed upon by all wholesale

customers. It also enables the Board to adopt the existing plan with a revised end date.

The Tier 2 Plan was adopted by each wholesale customer in winter/spring of 2011 with an expiration date of December 31, 2018, consistent with the SFPUC 2018 decisions on making San Jose and Santa Clara permanent customers under the 2009 Water Supply Agreement (WSA). The SFPUC's decision regarding San Jose and Santa Clara has since been extended under the Amended and Restated WSA to December 31, 2028. In May 2018, the Board acted to extend the Tier 2 Plan from January 1, 2019 through December 31, 2019.

In 2019, BAWSCA held a series of workshops with the Water Management Representatives (WMR) to discuss the potential of updating the Tier 2 Plan based on a review of its policy principles, past and future drought scenarios, and associated allocations. Feedback received from the WMR, as reported to the BPC and the Board, confirmed that the policy principles continue to be appropriate, and that the existing Tier 2 plan continues to meet those principles. The workshops also established an annual review of the Tier 2 Plan.

With the State's ongoing development of new water-use efficiency requirements, and until the impacts in each of the member agencies' service area are better understood, the WMR supported action in 2019 by the Board to extend the Tier 2 Plan through December 31, 2020, and most recently in 2020 to extend it through December 31, 2021.

An annual review of the Tier 2 Plan was held on October 7, 2021 with the WMR, at which time it was discussed that the existing Tier 2 Plan would likely be implemented in calendar year 2021 if and when the SFPUC declares a water shortage emergency. The WMRs were provided tentative draft allocations under various drought actions the SFPUC may take in the coming months.

Under a 10% system-wide cutback, the Tier 2 calculations provide a cutback range of 7% to 26%. Most wholesale customers will have a cutback of 10% - 15%.

Mr. Francis noted that when the Tier 2 plan was originally developed, East Palo Alto (EPA) had a water allocation that was dangerously low, well below health and safety minimums, and member agencies collectively agreed to incorporate in the formula a factor that appropriated modest quantities of water from a subset of member agencies and assigned said quantities to EPA's total.

Purissima Hills Water District is an agency that receives a 26% cutback, and according to the rules of Tier 2, the highest cutback also applies to interruptible customers which are the cities of San Jose and Santa Clara.

Mr. Francis emphasized that the calculations are preliminary because an anomaly was discovered during the process. BAWSCA is working with the WMRs and legal counsel in developing a procedural modification to the formula that will be brought to the Board in November along with the proposed resolution to extend the current Tier 2 drought allocation methodology until December 31, 2022 that the BPC is being asked to recommend to the Board.

In response to Director Cormack, Mr. Francis explained the anomaly originates from EPA's water supply need. The original Tier 2 formula included a "hardship bank" which required identification of water quantity that, under the formula, could be taken from other member agencies to supplement the supplies that the formula would provide EPA. However, EPA's water situation has improved as a result of the water transfers from Mountain View in 2017 and Palo Alto in 2018. While EPA still has a need, it does not require the full volume available in the hardship bank. Based on the calculations for a 10% system-wide cutback, it would be approximately 2.5mgd in the hardship bank that could be unused. BAWSCA is working on a way to fairly redistribute that remaining supply.

Director Cormack appreciated the explanation, and asked if there is a mechanism for an audit of the allocations since this would be the first time Tier 2 would be implemented? She highly recommends having an audit as a best management practice. Additionally, she asked if the tentative allocations for each of the member agency are available for the Board's reference.

Mr. Francis stated that under the CEO/General Manager's discretion, a technically qualified consultant can be hired to audit the Tier 2 Plan calculation. The allocation results from the Tier 2 calculation were provided to the WMRs and will be provided to the Board as part of the resolution that will be considered for action at the November Board meeting.

Director Cormack noted that this is the 4th extension of the Tier 2 Plan since she has been on the Board and asked what staff's estimation is on when the State will actually complete the work. Moreover, would the State complete the work by the Summer of 2022 as they have previously stated, and whether BAWSCA should move forward independent of the State's decision.

Mr. Francis reported that updating the Tier 2 Plan is part of the FY 2021-22 workplan and consultant selection for this effort is scheduled to come before the Committee for potential action as early as December 2021. But the development of a new Tier 2 Plan will take some considerable amount of time given the amount of new information on water supply that should be considered, including water efficiency targets and a closer look at the reliability of member agencies' alternative water supplies outside of the San Francisco Regional Water System. Additionally, actions that the Governor could take due to the current drought provides may come with its own set of cutbacks required.

Ms. Sandkulla agreed that what the Governor may or may not do adds complexity in the situation because of the likely need to reconcile various local data against the State's data. At the end of the day, the goal is to reduce water use, and it is a critical effort for the water suppliers in the region to, while recognizing the differences in their numbers, focus on what water customers can do to achieve the water use reduction results.

Director Cormack stated that given what the State and the Governor have had to deal with and will continue to deal with, BAWSCA may need to operate on a parallel track, and make adjustments when adjustments are needed. The continued delays are concerning.

Director Larsson commented on the need for ongoing discussions as the Tier 2 Plan is re-evaluated. More importantly, he noted the importance to understand the difference between the role of the Board and the WMR. Clearly, each agency will be impacted differently by the current and perhaps the new Tier 2 Plan formula. But it is the agency appointed WMR's responsibility to advocate for the interests of their individual agency, while the Board's fiduciary duty is to the BAWSCA agency and the entire region it represents.

In response to Director Wood, Mr. Francis stated that BAWSCA's recently completed 2020 Demand Study includes each member agencies' population growth and housing projections to estimate water use. BAWSCA's 2021-22 workplan includes an update to the demand study in which data from the agencies' recently adopted Urban Water Management Plans (UWMP) will be applied. Mr. Francis expects that the agencies' adopted UWMP's account for how much water is needed to meet the agency's residential needs, and can be a reliable reference for the work on the renegotiation of a new Tier 2 Plan.

Ms. Sandkulla added that the existing Tier 2 Plan, if implemented, applies to actual demands based on FY 2019-20 use, and not applied on projected demands. When the Tier 2 Plan is re-evaluated, BAWSCA will work with the WMRs to look at future scenarios and analyze formulas against them. But in all cases, with existing formula or new formula, the application of the Tier 2 Plan will be against actual use. The goal is to determine how to meet the needs of existing customers in a water shortage emergency.

Director Pierce asked what kind of timeline staff is expecting for a new Tier 2 Plan recommendation based on the State's completion of the new water use efficiency requirements in June 2022.

Mr. Francis reported that preliminary data has been made available by the State and BAWSCA will move forward accordingly as further information becomes available. He anticipates development of a new Tier 2 Plan in FY 2021-22 and through 2022-23. He agreed with Director Pierce that another extension of the existing Tier 2 Plan should be expected.

In response to Director Jordan, Mr. Francis reported that the State's water-use efficiency standards will look at both indoor and outdoor use.

Director Mendall expressed appreciation of staff's optimism to formulate a new Tier 2 Plan during a drought and with the pressure that member agencies are under to provide the water that customers need. He anticipates difficulty in developing a new plan while implementing the existing one, and at a time when supplies are tight. It might be realistic to expect further extensions in the future. As such, he would encourage the Board to, at the end of this current drought, push for getting a new Tier 2 Plan in place at a moment of calm before the next drought. He does not want to put pressure on staff to do the impossible.

Director Zigterman noted that he has witnessed the work involved and believes that there is a balance between being motivated by an existing drought and the tendency to quickly forget.

There were no further questions or comments from members of the committee or public.

Director Mendall made a motion, seconded by Director Wood, that the Committee recommend the Board adopt Resolution 2021-03 adopting the Tier 2 Plan drought allocation methodology for the upcoming year from January 1, 2022 through December 31, 2022.

The motion carried unanimously by roll call vote.

B. Annual Review and Consideration of BAWSCA's Statement of Investment Policy:

Ms. Tang reported that BAWSCA's Investment Policy requires the annual review and consideration of the Statement of Investment Policy. The primary objectives of the Policy are safety, liquidity, and yield. The previous review of the Policy by the Board occurred on November 19, 2020, in which the Board amended the Policy to include U.S. Agency Securities as permitted investment vehicles for the bond funds.

In addition to the U.S. Agency Securities, the permitted investment vehicles include Federal Securities, Money Market Mutual Fund, and Certificate of Deposit. Both agency funds and bond funds are invested in accordance with the Investment Policy.

Ms. Tang noted that most agencies' investment policies govern its operating funds, not bond funds. Therefore, the staff report presents the discussion on the rules for the agency funds separately from the discussions on the bond funds.

Based on BAWSCA's review, the permitted investment instruments are consistent with the agency's circumstances and primary investment objectives, and that the current language is consistent with State law. No changes are recommended to the Investment Policy or the permitted investments for the bond proceeds.

While the investment strategy for the stabilization fund is not part of the Investment Policy, it has been evaluated during the Investment Policy review. Ms. Tang reported that over the past year, with COVID vaccines and progress towards normalization, the yield curve has steepened as interest rates across the curve has increased. BAWSCA's longer-term portfolio strategy has performed well, with previously purchased securities now providing fixed yields that are well above currently available interest rates.

As of October 1, 2021, total bond funds held by the bond trustee, Bank of New York, is \$17,777,663. It is comprised of \$4.2M bond surcharges in money market fund, and \$13.6M stabilization fund in US Treasury Securities. Based on BAWSCA's evaluation with its investment advisor, the current 0–5-year ladder portfolio investment strategy remains appropriate.

Ms. Tang reported that as of October 1, 2021, the Stabilization Fund investment portfolio has \$1.2M in money market funds resulting from a recent maturity, and \$12.4M invested in Treasury Security maturing in 6-month intervals until 2026. In light of current market developments, BAWSCA and its investment advisor believe the current strategy remains appropriate because such longer maturity strategy has historically provided greater investment returns over time and protects the agency against reinvestment rate risks.

The recommendation is for the Committee to recommend Board re-affirmation of the current Statement of Investment Policy.

There were no questions or comments from Committee members or members of the public.

Director Mendall made a motion, seconded by Director Pierce, that the Committee recommend Board re-affirmation of the current Statement of Investment Policy.

The motion carried unanimously by roll call vote.

- C. Administrative Revision to BAWSCA's CalPERS Health Benefit Resolution: Ms. Sandkulla reported that BAWSCA's health benefits have been provided by the CalPERS medical plan since the agency's formation. BAWSCA was informed in September that CalPERS is making an administrative change to rename its "PERS Choice Plan" to "PERS Platinum Plan" effective January 1, 2022. This change has no fiscal impact to BAWSCA.

CalPERS has very strict rules on actions that need to be taken, and in order to adhere to CalPERS Health Program, BAWSCA must take the following action to rescind Resolution 2003-A and 2003-B which the Board adopted in 2003, and adopt a new Resolution; Resolution #2021-04. There are two resolutions to rescind because CalPERS previously had retired annuitants separate from retirees. The new Resolution 2021-04 would replace the rescinded resolutions and reflect the name change.

In response to Director Wood, Ms. Sandkulla suspects that the name change is CalPERS' efforts to capture all of its health group offerings throughout the State under one name.

Director Cormack asked if other agencies like the SFPUC and Valley Water have the same offerings for its employees and retired employees.

Ms. Sandkulla was not aware of Valley Water's offerings, but based on her personal knowledge, she believes the SFPUC has similar benefits for their retired employees. As a former employee of East Bay Municipal Utility District (EBMUD), she stated that they offer the same benefits.

Director Zigterman asked for staff to obtain information from the SFPUC and Valley Water to be included in the staff report for the Board in November.

There were no further questions or comments from members of the Committee and member of the public.

Director Wood made a motion, seconded by Director Chambers, that Committee recommend the Board:

- A. Rescind Resolution No. 2003-03A and 2003-03B, which specify PERs Choice Plan; and**

B. Adopt replacement Resolution No. 2021-04 (provided by CalPERS), which specifies PERS Platinum Plan.

The motion carried unanimously by roll call vote.

8. CEO Reports:

- A. Water Supply Conditions: BAWSCA continues to track the member agencies' total demands based on data that agencies submit to the State Board as part of their monthly requirements. A graph was presented with data that includes all supplies in addition to the Regional Water System purchases and compares total water use between 2013, 2015, 2020, and 2021.

In summary, BAWSCA's total potable water use continues to be approximately 15% less than the last drought of 2013. The average residential daily use in July 2021 was 83gpcd compared to 116 gpcd in July 2013 (20% less), 73 gpcd in July 2015, and 91 gpcd in July 2020 (5.1% less). The data speaks to the region's ability to achieve an additional reduction target, however, significant impacts resulting from further reduction can be anticipated. Staff will continue to closely monitor the data trend.

BAWSCA's efforts on conservation includes 3 new conservation programs available for member agencies to offer to their customers including an irrigation hardware rebate program and a residential self-audit tool.

- B. Bay Delta Plan/FERC Update: Further developments on the Bay Delta Plan voluntary agreements have been slow as the State address the developing drought situation. BAWSCA maintains its support for the Bay Delta Plan objectives, its commitment to working with other stakeholders to protect water quality in the Bay Delta for humans, fish and wildlife, and support for the voluntary agreements. BAWSCA is continuing its efforts to urge the State Board to evaluate the TRVA as an alternative to the Bay Delta Plan.

In response to Director Zigterman, Ms. Sandkulla clarified that the data used in her report on total potable water use was based on residential water use divided by population served. The data represents the month of July, and not the average for the year. July is the high-use month which is the greatest opportunity for savings. The goal is to minimize irrigation use all the way up to winter. Ms. Sandkulla added that the focus on residential use is because it speaks on the impact to public health and safety which is a critical factor looking at how we can further reduce water use during the current drought. Secondly, residential use data best represent comparison between agencies versus gross per capita because every agency is different in their non-residential characteristics.

Director Mendall would like to see more on the residential per capita usage over time and gross non-residential usage over time in the region as a whole, not by jurisdictions.

- C. CEO Letter: In response to Director Cormack, Mr. Francis reported on Sustainable Silicon Valley's (SSV) WaterPalooza held on September 30, 2021. BAWSCA was a sponsor of the event, and Tom participated as a panelist. There is increased interest and effort nationwide on new technologies being developed for water conservation.

For the BAWSCA region, Mr. Francis took particular interest in a showerhead that provides pressure but reduces water use by 50%. SSV is working with the vendor on releasing the device. Another effort of interest to BAWSCA was a presentation by Google stating its interest in investing in watersheds. BAWSCA plans to follow up with SSV on this interest to see how BAWSCA and its member agencies can be of assistance on this effort. The event was well attended and the BAWSCA service area was well represented by the participants and attendees.

In response to Director Wood, Ms. Sandkulla reported that CalWater recently launched an outdoor irrigation check-up program for residents. CalWater hired a 3rd party entity who performs an irrigation audit and speaks to homeowners about ways to conserve as well as conservation incentives. BAWSCA will monitor its progress for potential implementation within the service area.

Director Jordan inquired about how ABAG's lack of response to BAWSCA's and others' comments can generate further interests in our cities and our representatives as the need to reduce water use becomes even more critical.

Ms. Sandkulla stated that the individual agencies most directly impacted may move forward with ABAG.

Mr. Francis noted that while BAWSCA's comments did not change the strategy or approach of the Final EIR, it required thorough work from MTC/ABAG to develop the response that it provided BAWSCA. It was important for BAWSCA and other agencies to document its concerns regarding the agencies' ability to meet the water demands of the growth that Plan Bay Area lays out.

Director Wood added that ABAG's response to comments is typical. She appreciated BAWSCA's efforts in providing comments on behalf of the member agencies.

9. Closed Session: The Committee adjourned to Closed Session at 3:37.

There were no comments from members of the public prior to adjournment to Closed Session.

10. Reconvene to Open Session: The Committee reconvened from Closed Session at 3:42 pm. Ms. Schutte reported that no action was taken during Closed Session.

11. Comments by Committee Members: Director Cormack suggested that BAWSCA look into efforts on requiring appliances that provide water reuse on site. It might be an opportunity for BAWSCA to take leadership in looking at expanding water reuse, not just in a municipal level, but also at a residential level.

Ms. Sandkulla acknowledged the comment and stated that it can be fitting into BAWSCA's next steps on the Long-Term Water Reliable Strategy.

Director Zigterman expressed his appreciation for the Committee members' engagement, questions and prompts on the issues the agency continues to face.

- 12. Adjournment:** The meeting was adjourned at 3:46 pm. The next meeting is December 8, 2021 with the location and format to be announced.

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Oct. 13, 2021	Sept. 7, 2021	Aug. 11, 2021	Jun. 9, 2021	Apr. 14, 2021	Feb. 10, 2021	Dec. 9, 2020	Oct. 14, 2020
Stanford	Zigterman, Tom	✓	✓	Meeting Cancelled	✓	✓	✓	✓	✓
Daly City	Manalo, Juslyn					✓	✓	n/a	n/a
Westborough	Chambers, Tom	✓	✓		✓	✓	✓	✓	✓
Palo Alto	Cormack, Alison	✓	✓		✓	✓	✓		✓
Santa Clara	Hardy, Karen		✓		n/a	n/a	n/a	n/a	n/a
Purissima	Jordan, Steve	✓	✓		✓	✓	✓	✓	✓
Sunnyvale	Larsson, Gustav	✓	✓		✓	✓	✓	✓	✓
Hayward	Mendall, Al	✓	✓		✓	✓	✓	✓	✓
Redwood City	Pierce, Barbara	✓	✓		✓	✓	✓	✓	✓
Brisbane	Wood, Sepi	✓	✓		✓	✓	✓	✓	✓

✓: present

☎: Teleconference

October 13, 2021 Special Meeting Attendance (Via Zoom pursuant to provisions of Gov. Code Section 54953(e))

BAWSCA Staff:

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

Public Attendees:

Leonard Ash	ACWD	Dave Warner	Self
John Weed	ACWD	Anand R.	Self
Cheryl Munoz	Hayward	Peter Drekmeier	Tuolumne River Trust
Lisa Bilir	Palo Alto		
Alison Kastama	SFPUC		
Steve Ritchie	SFPUC		

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Declaring that Board Policy Committee Meetings Will Continue to be Held via Teleconference**

Summary:

On October 13, 2021, the Board Policy Committee adopted Resolution #2021-02 following the passage of Assembly Bill (AB) 361 which allowed the BPC to continue meeting via teleconference. Pursuant to Government Code § 54953(e), Resolution #2021-02 is only valid for 30 days. The attached resolution matches the prior Resolution #2021-02 and once again declares the BPC's intent to continue meeting via teleconference under AB 361.

Fiscal Impact:

This item has no impact on BAWSCA's annual operating budget.

Recommendation:

That the Committee adopt Resolution #2021-06 declaring that it will continue to meet via teleconference, in accordance with AB 361 and the provisions of Government Code Section 54953(e).

Discussion:

On March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19. On March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act in order to allow local legislative bodies to conduct meetings electronically without a physical meeting place.

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which among other things, rescinded his prior Executive Order N-29-20, effective October 1, 2021. At that point, agencies would have transitioned back to public meetings held in full compliance with the preexisting Brown Act teleconference rules. Since the Governor issued Executive Order N-08-21, the Delta variant has emerged, causing a spike in cases throughout the state. As a result, the Governor's proclaimed State of Emergency remains in effect, and state and local officials, including the San Mateo County Health Officer, the California Department of Public Health and the Department of Industrial Relations, have imposed or recommended measures to promote social distancing.

On September 16, 2021, the Governor signed Assembly Bill (AB) 361 into law, effective October 1, 2021, to allow agencies to use teleconferencing for public meetings during proclaimed state of emergencies without requiring the teleconference locations to be accessible to the public or a quorum of the members of the legislative body of the agency to participate from locations within the boundaries of the agency's jurisdiction. AB 361 will sunset on January 31, 2024.

Under AB 361, a local agency will be allowed to meet remotely without complying with prior Brown Act teleconference requirements when:

1. The local agency holds a meeting during a state of emergency declared by the Governor, and either
 - State or local health officials have imposed or recommended measures to promote social distancing, or
 - The legislative body finds that meeting in person would present imminent risks to the health or safety of attendees.

As discussed above, state and local officials continue to recommend social distancing. Therefore, the Committee can continue to conduct meetings via teleconference, as long as it adheres to the following emergency requirements under Government Code Section 54953(e)(2), added by AB 361:

1. The legislative body gives notice and posts agendas as otherwise required by the Brown Act, including directions for how the public can access the meeting.
2. The legislative body does not take formal action on any item whenever there is a disruption in the meeting broadcast.
3. The public is allowed to provide comment in real time.
4. The legislative body allows time during a public comment period for members of the public to register with any internet website required to submit public comment.

Once a local agency passes an AB 361 resolution, the agency can meet under the emergency teleconference requirements for 30 days, at which point the resolution will expire. The agency can either make certain ongoing findings prior to the 30-day expiration to continue under its first resolution, or the agency can allow the first resolution to expire and pass a new resolution at a later date.

On October 13, 2021, the Board Policy Committee passed its initial AB 361 resolution, Resolution #2021 – 02, which has since expired. Because the Committee meets only every other month, this will continue to be the case. Therefore, the Committee will pass a new AB 361 resolution via the consent calendar at each meeting, provided that the State of Emergency and social distancing recommendations remain in effect.

Attachment:

1. Resolution # 2021-06, Declaring that the Board Policy Committee meetings will continue to be held via Teleconference

**RESOLUTION NO. 2021 – 06
BY THE BOARD POLICY COMMITTEE OF THE
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**DECLARING THAT BOARD POLICY COMMITTEE MEETINGS WILL CONTINUE TO BE
HELD VIA TELECONFERENCE**

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19; and

WHEREAS, on March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act in order to allow legislative bodies to conduct meetings electronically without a physical meeting place; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21, which specified that Executive Order N-29-20 would remain in effect through September 30, 2021, at which point it would expire; and

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill 361 into law as urgency legislation that goes into effect on October 1, 2021, amending Government Code Section 54953 of the Brown Act to allow legislative bodies to continue to meet remotely during a proclaimed state of emergency where state or local officials have recommended measures to promote social distancing; and

WHEREAS, the Governor's proclaimed State of Emergency remains in effect, and State and local officials, including the California Department of Public Health and the Department of Industrial Relations, have imposed or recommended measures to promote social distancing.

NOW, THEREFORE, BE IT RESOLVED that, in order to ensure the health and safety of the public, meetings of the Board Policy Committee of the Bay Area Water Supply and

Conservation Authority will continue to be held via teleconference in accordance with Assembly Bill 361 and the provisions of Government Code Section 54953(e).

Regularly passed and adopted this 8th day of December, 2021 by the following vote:

AYES:

NOES:

ABSENT:

CHAIR, BOARD OF DIRECTORS

ATTEST:

Board Secretary

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: Mid-Year 2021-22 Work Plan, Budget and General Reserve Review

Summary:

A review of the FY 2021-22 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 four items in the adopted FY 2021-22 Work Plan are recommended for adjustment. The proposed modifications are: (1) delay scoping for an update to BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy) to FY 2022-23; (2) increase the level of staff-led drought support provided to members and their customers; (3) add a new Work Plan item to facilitate negotiations and adoption of a Water Supply Agreement (WSA) amendment related to the transfer of minimum purchase obligations; and (4) delay scoping for an update to BAWSCA's Water Conservation Database (WCDB) to FY 2022-23.

For all other Work Plan items, expenses are tracking within the currently approved Operating Budget for FY 2021-22 of \$4,783,794.

This memorandum presents: (1) the proposed modifications to the FY 2021-22 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.

Recommendation:

That the Committee recommend Board approval of the modifications to Work Plan items 2b, 3a, 4f, and 7c for a revised FY 2021-22 Work Plan.

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

On May 20, 2021, the Board approved the following:

1. Proposed FY 2021-22 Work Plan and Results to be Achieved;
2. Proposed Operating Budget of \$4,783,794; and
3. Proposed funding plan of a 5% assessment increase, a transfer of \$281,676 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds for funding the Operating Budget.

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 the need for any new Work Plan items.

Implementation of the Work Plan is on schedule as of November 29, 2021. Four changes to the Work Plan are proposed below. Following the Work Plan review, a budget review was performed, which confirmed that the FY 2021-22 Work Plan can be completed within the approved budget.

Proposed FY 2021-22 Work Plan Modifications and Budget Implications

Table 1 presents the Board-approved Work Plan for FY 2021-22 modified to show recommended revisions to the Work Plan. Explanations for the four recommended revisions are discussed below.

1. Scope Deletion: Delay scoping for an update to Strategy to FY 2022-23. Work Plan Item 2b. This delay to FY 2022-23 is recommended to enable more staff resources to be allocated to drought support in FY 2021-22 in light of the increasing drought conditions. This modification will make available \$20,000 of allocated budget funds for use in the new Tier 2 Drought Plan Technical Assistance consultant contract.
2. Scope Addition: Increase level of staff-led drought support provided to members and their customers. Work Plan Item 3a. In developing the FY 2021-22 Work Plan, it was assumed that a lower level of support would be needed for the drought conditions given the level of shortages that were anticipated at that time. In light of the increasing drought conditions, including the significant impacts of water rights curtailment on the available water supplies, it is recommended that more staff resources be redirected to support this Work Plan item. This addition has no financial impact.
3. Scope Addition: Facilitate negotiation and adoption of a WSA amendment related to the transfer of minimum purchase obligations. Work Plan Item 4f. BAWSCA has been working with the member agencies on this WSA amendment for a few years and it was anticipated to be completed in FY 2020-21. However, adoption was held pending resolution of a side-agreement between two member agencies. The negotiations of the WSA amendment and the side-agreement are complete, and adoption by the member agencies will proceed beginning in January 2022. This addition has a small impact on legal counsel's expenses that can be accommodated within the existing budget.
4. Scope Deletion: Delay scoping for an update to WCDB to FY 2022-23. Work Plan Item 7c. This delay to FY 2022-23 is recommended to enable more staff resources to be allocated to drought support in FY 2021-22 in light of the increasing drought conditions. This modification will make available \$44,000 of allocated budget fund for use in the new Tier 2 Drought Plan Technical Assistance consultant contract.

Capacity to Accommodate Potential or Unanticipated Issues

This year has continued to be challenging given the ongoing global pandemic, continuation of working offsite, and the addition of a significant State-wide drought and associated impacts. 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 2022, 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 2021-22:

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 are tracking within the currently approved Operating Budget for FY 2021-22 of \$4,783,794.

For legal counsel, the level of effort associated with two key areas in the Work Plan has been anticipated for the first six month this fiscal year: the Bay Delta Plan and the New Don Pedro FERC proceeding. No budget modification is recommended at this time and 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 \$758,794 reflects the approved withdrawal and transfer of \$281,676 to BAWSCA's Operating Fund to fund the FY 2021-22 approved budget, and the deposit of \$43,727 of FY 2020-21 unspent funds, which was \$200,000 less than the estimated amount to be included in the funding plans for the current fiscal year.

During the fiscal year ending June 30, 2021, BAWSCA's operating expenses of \$3,860,044 were \$499,085 under its final budget of \$4,359,129. While the BAWSCA was well under budget during the fiscal year, the amount available to transfer to the General Reserve is based on the "actual" revenue of \$3,903,771, including interest income of \$22,191, in excess of the "actual" expenses totaling \$3,860,044. The net difference of \$43,727 is considered excess revenues available to be transferred to the general reserve.

This level of General Reserve represents 16% of the approved Operating Budget, which is outside the current guideline for 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 outside of the budgetary guidelines, the CEO will continue to monitor agency spending and potential risk areas and update the Chair and Board on a regular basis regarding any need for further action. This issue will also need to be addressed as part of the FY 2022-23 Work Plan, budget and funding discussions.

Attachments:

1. Table 1. Work Plan and Results to be Achieved in FY 2021-22: Progress and Proposed Changes
2. Table 2. Historical Annual Assessments and Year-End Reserves







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Table 1. Mid-Year Review Status FY 2021-22 Work Plan and Results to Be Achieved
(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 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
	RELIABLE WATER SUPPLY	
	1. <u>Facility Reliability: Monitor SFPUC's WSIP, 10-Year CIP, Asset Mgmt. Program, and Emergency Response</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. Track WSIP projects designated as critical drought water supply components to verify they have been completed in such a fashion that they can meet their intended Level of Service (LOS) goals.	<ul style="list-style-type: none"> Completed review of the FY 2020-21 WSIP Annual Report and provided formal comments to the State of California and to SFPUC. Completed the review of two quarterly WSIP reports, compiled comments and questions, and met with SFPUC to review and address concerns.
✓	b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the members in a cost-effective and appropriate manner.	<ul style="list-style-type: none"> Completed review of four quarterly reports (both Water Enterprise and Hetch Hetchy), compiled comments and questions, and met with SFPUC to review and address concerns. Completed review and provided formal comments on SFPUC's Annual Report for Water Enterprise-Managed Projects (e.g., projects with budgets less than \$5M)
●	c. Review and monitor SFPUC's Asset Management Program to ensure ongoing long-term maintenance and protection of RWS assets, including performing tasks or deeper reviews identified in the audit of SFPUC's asset management practices per WSA Section 3.10.c. including participation in SFPUC's roll out of their recently adopted Asset Mgmt. Policy.	<ul style="list-style-type: none"> SFPUC is currently preparing an implementation plan for its Asset Management Policy. As of December 2021, the SFPUC has yet to engage BAWSCA on the implementation plan, although BAWSCA continues to press the SFPUC to make progress and provide updates on the status of the implementation plan
✓	d. Provide assistance to members and help facilitate engagement with the SFPUC regarding emergency response matters.	<ul style="list-style-type: none"> On-going. Emergency Response Training Exercises have been delayed due to the current COVID situation.

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
	2. 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	
	a. Refresh & update BAWSCA's Regional Water Demand and Conservation Projections Study.	<ul style="list-style-type: none"> Entered into a contract with Maddaus Water Management in October 2021 and commenced work on the Update and Refresh of BAWSCA's 2020 Demand Study.
	b. Complete scoping activity for an update to BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy). <u>Proposed Scope Change: Delay Strategy update scoping to FY 2022-23.</u>	<ul style="list-style-type: none"> BAWSCA Pilot Water Transfer Report on schedule for completion in Winter 2021/22. BAWSCA's Water Supply Reliability Roundtable will begin in January 2022 and offer initial scoping opportunity with NGOs and others for Strategy. <u>Delay further scoping for Strategy to FY 2022-23.</u>
	c. Participate in development of Bay Area Regional Reliability (BARR) Phase 2 (Water Marketing Strategy) in partnership with other Bay Area water agencies.	<ul style="list-style-type: none"> Leading BARR Partner Agencies in preparing the report summarizing the pilot water transfer (note that the pilot is a paper study vs. an actual water exchange) for BARR. This report will be incorporated into the final BARR report, which is anticipated to be complete in Fall 2022.
	d. Complete Potable Reuse Exploratory Plan (PREP) Phase 3 pre-feasibility study with SFPUC and Silicon Valley Clean Water.	<ul style="list-style-type: none"> Participated in monthly meetings to discuss the work associated with PREP Phase 3. Phase 3 work is anticipated to be complete in March 2022.
	e. Promote the continued use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability thru the Basin Partnership, including providing CASGEM support to San Mateo County as necessary	<ul style="list-style-type: none"> On-going. No significant efforts during the first half of FY 2021-22.
	f. Facilitate development of other local water supply options including tracking and reporting to the Board on members efforts, identifying potential grant funding, monitoring of related policy development, etc.	<ul style="list-style-type: none"> Reviewed and commented on Environmental Impact Report for Plan Bay Area 2050 and provided information to members. Engaged with members on their respective efforts to develop alternative water supplies, including support of grant funding efforts on the part of members, such as Burlingame and Millbrae, to develop a recycled water project.

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
✓	g. Utilize the BAWSCA Reliability Model to evaluate climate change impacts on water supply, Bay Delta Plan Voluntary Agreement impacts on reliability, the prospective benefits that new alternative water supplies may provide, and to estimate the corresponding need to ration during droughts. Facilitate the use of the Reliability Model by members via a new Subscription Program.	<ul style="list-style-type: none"> Updated Model with the most recent data from the BAWSCA's 2020 Demand Study. Worked with SFPUC, Valley Water, and ACWD to obtain further updated information related to their water supply operations to update Model.
	3. Near-term Supply Solutions: Water Conservation and Drought Response	
✓ !	a. Provide staff-only drought support to members and their customers (assuming dry conditions in FY 2021-22).	<ul style="list-style-type: none"> <u>Providing significant support to members given increasing drought conditions beyond what was anticipated or scheduled for FY 2021-22.</u> Developed amended and restated Tier 2 drought allocations and coordinating closely with members on calculation and implementation in FY2021-22. Enhanced BAWSCA's web page to incorporate drought related information as needed to keep members and the public updated on drought conditions as well as to alert the public as to the many rebate and educational opportunities provided by BAWSCA. Secured drought message placement on billboards as well as run ads in local newspapers to make the public aware of the need to conserve water. Coordinated with members, the SFPUC, Valley Water, as well as other regional water providers to develop and assure consistent drought messaging. Presented at numerous public meetings, including town halls hosted by two assembly members that serve parts of the BAWSCA service area.
✓	b. Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a Way of Life" requirements, including new Water Efficiency Targets in development by the State.	<ul style="list-style-type: none"> Attended State hosted virtual meetings on the water efficiency standards, a key component of the "Making Water Conservation a Way of Life". Preparing to provide support to members as needed to comment on said water efficiency standards when released to members

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
✓	c. Provide regional coordination to support members Advanced Metering Infrastructure (AMI) implementation and data mgmt.	<ul style="list-style-type: none"> Continuing to stay current on AMI matters. Following up with members on comments and action items that were generated during BAWSCA's AMI workshop held in the prior fiscal year (June 2021).
✓	d. Administer and implement BAWSCA's core water conservation programs.	<ul style="list-style-type: none"> On-going. <u>Delay offering new Qualified Water Efficient Landscape (QWEL) classes given difficulties in offering in a remote environment</u>
✓	e. Administer BAWSCA's subscription conservation rebate programs that benefit and are paid for by participating members.	<ul style="list-style-type: none"> Actively promoting rebate opportunities to the public, in light of the current drought. Encouraging increased participation by members given drought conditions
✓	f. Administer an irrigation hardware rebate program – a new subscription program for FY 2021-22.	<ul style="list-style-type: none"> Program launched July 2021 and is available to members to participate
✓	g. Administer a residential self-audit tool – a new subscription program for FY 2021-22.	<ul style="list-style-type: none"> Program launched July 2021 and is available to members to participate.
	h. Develop a leak repair and training certification program for implementation in FY 2022-23.	<ul style="list-style-type: none"> Entered into an MOU with Valley Water and CalWEP to develop the coursework / instructions associated with a proposed training program in the Fall 2021. Work is progressing and scheduled for implementation in FY 2023/24.
✓	i. Represent agencies in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible	<ul style="list-style-type: none"> On-going.
	<u>4. Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration</u>	
✓	a. Monitor SFPUC's development of new supplies through its Alternative Water Supply Planning Program and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations to its Wholesale Customers.	<ul style="list-style-type: none"> Engaged in several projects included in SFPUC's AWSP, including the Los Vaqueros Expansion Project and the PREP Project. Reviewed two AWSP quarterly reports and address comments/questions in follow up meetings with SFPUC. Provided public comment at Commission's September 17, 2021 Workshop where AWSP was discussed.

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
✓	b. Protect members' 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"> On-going.
✓	c. Adopt a temporary extension of the existing Tier 2 drought allocation plan that expires Dec. 2021.	<ul style="list-style-type: none"> Amended and Restated Tier 2 Plan adopted by Board on November 18, 2021. Provided Tier 2 allocation factor results to SFPUC on December 1, 2021 in response to the Commission's November 23, 2021 declaration of a water shortage emergency.
✓	d. Initiate development of an updated Tier 2 drought implementation plan.	<ul style="list-style-type: none"> A recommendation for consultant selection and agreement will be considered by the BPC at its December 8, 2021 meeting. Work will begin in late-January 2021, provided Board approval in January 2021.
✓	e. Protect members' water supply and financial interests in the SFPUC's required 2028 decisions.	<ul style="list-style-type: none"> On-going. Organized monthly meetings with SFPUC, Santa Clara, San Jose and BAWSCA to discuss potential projects, that if implemented, could address Santa Clara's and San Jose's interest in becoming permanent customers.
✓ !	f. <u>Proposed Scope Addition: Facilitate negotiation and member adoption of a WSA amendment related to the transfer of minimum purchase obligations.</u>	<ul style="list-style-type: none"> <u>On-track. Proposed amendment mailed in early December to members for their consideration and action.</u>
	5. <u>Protect Members' Interests in a Reliable Water Supply</u>	
✓	a. Participate in SWRCB Bay Delta Plan Update to ensure members' interests are represented, including ongoing legal intervention.	<ul style="list-style-type: none"> Actively engaged in State Board proceedings including ongoing legal intervention, 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"> Actively engaged in FERC relicensing efforts including ongoing legal intervention.
	6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u>	




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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
✓	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"> Actively working with other Bay Area water agencies to finalize an agreement with DWR as needed to formally secure a Prop 1 Grant funding award.
✓	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"> On-going.
✓	c. Investigate potential for grant funds to support the implementation of the LTRWS Strategy.	<ul style="list-style-type: none"> On-going.
	7. <u>Reporting and Tracking of Water Supply and Conservation Activities</u>	
✓	a. Complete BAWSCA FY 2020-21 Annual Survey.	<ul style="list-style-type: none"> Data collection efforts ongoing; on schedule for report completion by March 2022.
✓	b. Complete BAWSCA FY 2020-21 Annual Water Conservation Report.	<ul style="list-style-type: none"> Data collection efforts ongoing; on schedule for report completion by late-Spring 2022.
!	c. In partnership with members, operate and maintain BAWSCA's Water Conservation Database (WCDB). In FY 2021-22, review the WCDB and scope a possible update to the WCDB. <u>Proposed Scope Change: Delay scoping for WCDB update to FY 2022-23.</u>	<ul style="list-style-type: none"> On-going use of existing WCDB to support Annual Survey and Annual Water Conservation Report completion. <u>Delay scoping for WCDB update to FY 2022-23.</u>
	HIGH QUALITY WATER	
	8. <u>Support Members in Receiving Reliable Communication of Water Quality Issues</u>	
✓	a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs.	<ul style="list-style-type: none"> Onboarded a new Water Quality Committee Chair from the City of San Jose. Participation in the Committee including two regular Committee.
✓	b. Relay important water quality information (notices as received from SFPUC) to members 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"> On-going. No significant water quality events have taken place to date in FY 2021-22.
✓	c. Review and act on, if necessary, State legislation	<ul style="list-style-type: none"> On-going.

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
	affecting water quality regulations.	
	FAIR PRICE	
	<u>9. Perform Matters that Members Agencies Delegated to BAWSCA in the WSA</u>	
✓	a. Administer the WSA with SF to protect the financial interests of members.	<ul style="list-style-type: none"> Completed review of the SFPUC's calculation of the annual Wholesale Revenue Requirement and changes in the Balancing Account for FY 2019-20, and sent resulting questions to the SFPUC on November 11, 2021. Reached an agreement with the SFPUC related to its costs allocated to Wholesale Customers in FY 2018-19 on November 19, 2021. The results from the agreement were reported to the BPC on December 8, 2021. Ongoing effort to ensure that SFPUC meets its financial reporting obligations required by the WSA.
✓	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 Members 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 November 2021. Based on the findings, the current permitted investment instruments were believed to be consistent with the agency's risk tolerances and primary investment objectives.

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
		<ul style="list-style-type: none"> Reviewed the investment strategy for the bond proceeds and determined that the current 0-5 year ladder portfolio strategy remains appropriate. Established a Debt Management Policy on September 16, 2021 to promote sound and uniform practices for issuing and managing bonds and other forms of indebtedness, to provide guidance to decision makers regarding the appropriate use of debt and other repayment obligations of BAWSCA, and to comply with Government Code section 8855(i).
	c. Work on the authorization and execution of the refunding of a portion of those bonds to achieve additional interest savings in the future to the members.	<ul style="list-style-type: none"> Proposed the issuance of Refunding Revenue Bonds to refund the callable portion of BAWSCA's 2013A bonds and recommended a tax-exempt forward delivery. The Board authorized the proposed refunding in September 2021, subject to the satisfaction of specified criteria. Completed the refunding bond sale on October 21, 2021 and anticipated a net present value savings of approximately \$25.1 million over the term of the bonds. The settlement will occur on January 5, 2023.
	AGENCY EFFECTIVENESS	
	<u>10. 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 impacts of the State Board's Bay-Delta Plan on members and their water customers. Engagement with elected officials and others regarding current drought including participation in assembly member workshops and town halls.
	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"> Engagement with several non-governmental organizations (NGOs) as part of efforts to update and refresh BAWSCA's 2020 Demand Study. Engagement with NGOs seeking their participation in an upcoming Water Supply Reliability Roundtable that will commence in early 2022.

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

Status	BAWSCA OBJECTIVE & FY 2021-22 WORK PLAN ITEM	STATUS of FY 2021-22 RESULTS DELIVERED TO DATE
✓	c. Maintain effective communications with members, customers, and others to achieve results and support goals.	<ul style="list-style-type: none"> On-going
✓	d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.	<ul style="list-style-type: none"> In August 2021, the SFPUC hosted a two-day virtual tour of the SF RWS attended by Board Members, staff and others.
	11. <u>Manage the Activities of the Agency Professionally and Efficiently</u>	
✓	a. Initiate an Student Internship Program.	<ul style="list-style-type: none"> Contracts have been entered into such that the internship program is now active. It is anticipated that the first intern will be on board in May/June 2022 for the summer.
✓	b. Implement Board policy directives for management of BAWSCA's unfunded pension liability obligations.	<ul style="list-style-type: none"> Ongoing. Report to Board scheduled for January 2021 meeting.

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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	\$758,794	\$4,359,129	17%
2021-22	\$3,871,118	\$758,794*	\$4,783,794	16%

**Preliminary projection is same as the reserve balance as of November 30, 2021*

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Professional Services Contract with Woodard & Curran, Inc. to Provide Technical Assistance as BAWSCA Facilitates a Comprehensive Update to the Tier 2 Drought Response Implementation Plan (Tier 2 Plan)**

Summary:

The Board and Wholesale Customers have directed BAWSCA to facilitate a renegotiation and update to the Tier 2 Plan. This update is included in the adopted FY 2021-22 Work Plan. BAWSCA issued a Request for Proposals (RFP) on October 22, 2021 seeking technical assistance from a qualified firm to support this effort. The RFP was posted on the BAWSCA website and sent directly to eight firms with experience in drought supply allocation plan development, water shortage planning and modeling, and other applicable qualifications. One proposal, submitted by Woodard & Curran, was received by the deadline on November 12, 2021.

BAWSCA convened a proposal review and selection panel consisting of three BAWSCA staff members and two external experts. The panel conducted a thorough and rigorous review and unanimously agreed that the proposal was robust, that the scope meets BAWSCA's needs, and that the Woodard & Curran team possesses the necessary skills and experience to support BAWSCA as it updates the Tier 2 Plan. BAWSCA interviewed Woodard & Curran on November 23, 2021 to discuss the scope, timeline, and questions raised by the review panel.

This work is anticipated to extend well into FY 2022-23. Work that will be conducted in FY 2021-22 is termed as Phase 1 of the Tier 2 Plan Update. During the above referenced November 23rd discussion, Woodard & Curran was asked to prepare a scope, schedule, and cost estimate for that Phase 1 work, with the understanding that work will continue into FY 2022-23 through a subsequent contract amendment to cover the scope, schedule, and cost for that Phase 2 effort.

Based on the results of the proposal review and interview, it is recommended that BAWSCA enter into a contract with Woodard & Curran for Phase I of the Tier 2 Plan Update. Pending BPC approval at its December 8, 2021 meeting and Board approval at its January 20, 2022 meeting, work is anticipated to begin in late-January 2022 and extend into FY 2022-23.

Fiscal Impact:

The cost of services proposed by Woodard & Curran for Phase 1 of the Tier 2 Plan Update is \$98,000. The adopted FY 2021-22 budget allocated \$75,000 for the Tier 2 Plan Update and there are available funds within the adopted FY 2021-22 budget that can be reallocated to cover the additional monies required. Phase 2 of the update will be performed in FY 2022-23, and the cost and scope of that work will be included in the proposed FY 2022-23 Work Plan and budget to be considered by the Board in May of 2022.

Recommendation:

That the BPC recommend the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Woodard & Curran subject to legal counsel's final review, for an amount not to exceed \$98,000 to provide technical services toward the Tier 2 Plan Update.

Discussion:

The 2018 Amended and Restated Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA) includes a Water Shortage Allocation Plan to allocate water from the Regional Water System (RWS) to SFPUC Retail and Wholesale Customers during system-wide shortages of 20 percent or less (Tier 1 Plan). The WSA also authorizes the Wholesale Customers to adopt a methodology for allocating RWS water which is collectively available to the 26 Wholesale Customers among themselves (Tier 2 Plan). The WSA commits the SFPUC to honor allocations of water unanimously agreed to by the Wholesale Customers or adopted by the BAWSCA Board of Directors. If BAWSCA or all Wholesale Customers do not provide the SFPUC with Tier 2 Allocations, SFPUC may make a final allocation decision.

The Wholesale Customers unanimously adopted a Tier 2 Plan in 2011 with a December 31, 2018 term end date. This was intended to coincide with SFPUC's planned 2018 decision on whether to make interruptible customers permanent customers. However, that decision was subsequently delayed until 2028. Between 2018-2021, the Board has adopted the 2011 Plan, extending it through the end of the successive calendar year. On November 18, 2021, the BAWSCA Board adopted the 2021 Amended and Restated Tier 2 Plan, extending it to the end of calendar year 2022.

The Board and Water Management Representatives (WMR) have determined that the current Tier 2 Plan is no longer sufficient to meet the Wholesale Customers' water supply planning needs and an update is necessary to account for changes in water use and supplies since it was developed and adopted in 2011.

Proposal Solicitation and Consultant Selection

An RFP was released on October 22, 2021, for technical consulting services to support development of a new Tier 2 Plan. The RFP was posted on the BAWSCA website and sent directly to eight consulting firms. Responses to the RFP were due on November 12, 2021. Although BAWSCA had several conversations with prospective consultants, only one proposal was received.

Those prospective consultants that did not submit a proposal were contacted to understand their reasons for making such a decision. Some expressed concern regarding their ability to commit the necessary resources to successfully complete the work given their existing projects. Some believed other firms were more uniquely qualified for the work. One firm, Hazen & Sawyer, indicated that they preferred to be a subconsultant to Woodard & Curran, rather than being the prime leading a work effort.

A proposal review panel was assembled, consisting of staff together with a WMR member and a Principal Water Resources Specialist with the San Diego County Water Authority. Both were involved in similar water allocation approaches and hence appropriate as review panel members. The review panel found that the proposal from Woodard & Curran scored well and that the proposed scope was well detailed and highly appropriate.

Discussions between staff and Woodard & Curran have continued through late-November 2021, resulting in a proposed contract that is ready to be finalized.

In those discussions, BAWSCA requested that Woodard & Curran break its proposal into two phases in recognition that the work will continue over two fiscal years. In response, Woodard &

Current prepared a scope of work and cost estimate for efforts to be performed during FY 2021-22 as Phase 1 of the Tier 2 Plan Update. BAWSCA will work with Woodard & Curran to finalize a scope, schedule and budget for the Phase 2 efforts as part of the FY 2022-23 Work Plan and budget effort.

Woodard & Curran's proposal submitted on November 12, 2021, prior to BAWSCA's request to provide a phased approach, identified a total cost of proposed services as \$168,753. In the late winter / early spring of 2022, once Phase 1 work is underway, BAWSCA will re-evaluate the level of continued engagement with BAWSCA member agencies needed in FY 2022-23 to complete the Tier 2 Plan Update and use this information to inform the FY 2022-23 Work Plan and associated budget requirements that will be proposed to the Board for its consideration in May 2022.

Schedule:

The proposed schedule for the Phase 1 work effort is as follows:

- BPC recommendation to authorize an Agreement with Woodard & Curran: Dec. 8, 2021
- Board approval authorizing an Agreement with Woodard & Curran: Jan 20, 2022
- Project Kick-off: Late January 2022
- Background Research and Data Review (Task 2): February 2022
- Establish Policy Objectives (Task 3): March – April 2022
- Develop Draft Tier 2 Plan Options (Task 4): May – June 2022

Regular meetings with the WMR will be held throughout the Phase 1 work effort.

BAWSCA anticipates that in FY 2022-23, draft Tier 2 Plan options will continue to be refined, and additional analysis required prior to reaching member agency consensus.

Scope of Services and Billing Rates:

The Tier 2 Plan Update will be an iterative process requiring significant engagement with, and input from, the Wholesale Customers primarily through the WMR. BAWSCA will be responsible for facilitating meetings and leading negotiations among the Wholesale Customers. Woodard & Curran will provide support to BAWSCA with the technical aspects of updating the Tier 2 Plan, documenting the process, and developing final presentation and adoption materials. Successful completion of this project will facilitate approval of the Tier 2 Plan Update.

The draft scope of services and billing rates are shown in Exhibit A.

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EXHIBIT A

**SCOPE OF SERVICES WITH WOODARD & CURRAN
FOR TIER 2 PLAN UPDATE TECHNICAL ASSISTANCE SERVICES – PHASE 1**

DRAFT

The Tier 2 Plan Update will be an iterative process with significant engagement with, and input from, the Wholesale Customers primarily through the WMR. BAWSCA will be responsible for facilitating meetings and leading negotiations among the Wholesale Customers. Woodard & Curran will provide support to BAWSCA with the technical aspects of updating the Tier 2 Plan, documenting the process, and developing final presentation and adoption materials (Project). Successful completion of this Project will facilitate approval of the Tier 2 Plan Update. This scope is developed for Phase 1 of the Tier 2 Plan Update. An amendment to the agreement with Woodard & Curran will be developed to address the additional work in FY 2022-23 that will be required to complete the update. That additional work will be termed Phase 2 of the Tier 2 Plan Update.

Scope of Services Description

The scope of work proposed for technical services as provided by Woodard & Curran for Phase 1 is divided into four distinct tasks.

Task 1 – Project Management

Task 2 – Background Research and Data Review

2A: Conduct Background Research on Existing Tier 2 Plan

Woodard & Curran will review and evaluate the existing Tier 2 Plan methodology and supporting documentation provided by BAWSCA, including reports and memoranda prepared related to the existing Tier 2 Plan, the Tier 2 Plan calculation spreadsheet, relevant sections of WSA, and other relevant information.

2B: Evaluation of Potential Data Sources

Woodard & Curran will identify and evaluate potential data sources and additional data needs to support development of the new Tier 2 Plan. Woodard & Curran will meet with the BAWSCA project team to review data availability and mapping to potential allocation plan methodologies. Incorporating input and guidance from BAWSCA, Woodard & Curran will prepare a technical memorandum identifying and recommending data parameters for the new Tier 2 Plan development and outlining an approach for collecting and/or developing desired data that are not readily available.

Deliverables:

- BAWSCA Data Request
- BAWSCA Meeting Presentation and Notes
- Data Review TM (TM-1)

Task 3 – Establish Tier 2 Plan Policy Objectives

Woodard & Curran will provide technical support for the Wholesale Customer kick off meeting, which will initiate the update process and establish a list of objectives and principles that will guide the development of the specific formulas for calculating supply allocations and the key implementation elements needed for administering an allocation should a shortage be declared.

The Wholesale Customers will be asked to comment on the principles and reach an agreement prior to moving forward. BAWSCA will work with the Wholesale Customers to gain such concurrence and will engage with Woodard & Curran as these discussions unfold.

Two (2) meetings with the Wholesale Customers are assumed.

Deliverables:

- Meeting Notes (2)
- Summary of Policy Objectives

Task 4 - Develop Draft Tier 2 Plan

4A: Preliminary Model Development

Based on the objectives established by the Wholesale Customers during Task 3 and at BAWSCA's direction, Woodard & Curran will develop a preliminary MS-Excel spreadsheet model that allocates RWS supplies during system-wide shortages up to 50%. The preliminary model will be developed with the purpose of achieving consistency in the model structure and interface across future iterations of the methodology.

Deliverables:

- Preliminary Allocation Model
- Documentation of Model Methodology, updated for each iteration (up to 6 iterations)

4B: Regional Reliability Hydraulic Model (BAWSCA Model) Data Integration

The Woodard & Curran team will utilize BAWSCA's existing Regional Reliability Hydraulic Model (BAWSCA Model) as part of this task effort. The Woodard & Curran team will incorporate local water supply and demand outputs from the BAWSCA Model into the allocation model. These outputs, specifically the availability of water supply from non-RWS sources across varying historical hydrology (e.g., including drought years), will be used evaluate overall reliability of each agency within the allocation model.

The Woodard & Curran team will analyze the effects to individual Wholesale Customers of changes in water demands and local supply shortages. With BAWSCA's direction, Woodard & Curran will develop a set of up to three reliability scenarios that will be used across each iteration of the allocation model development. Results from the BAWSCA Model will be used to examine performance of Tier 2 Plan alternatives given varying hydrology and non-RWS supply availability, informing development of the allocation model. Woodard & Curran will prepare a technical memorandum documenting the reliability scenarios.

Deliverables:

- Reliability Scenarios TM (TM-2)

4C: Presentations of Proposed Model to Wholesale Customers

BAWSCA and Woodard & Curran will convene several meetings to present the proposed Tier 2 Plan calculations and gather feedback from the Wholesale Customers. BAWSCA's project manager and management will lead the meetings and facilitate discussions. Woodard & Curran will assist in preparing meeting presentation and will be prepared to answer questions as may be raised at the meetings regarding the calculations performed. Amendments to the model inputs and assumptions will be made by Woodard & Curran between meetings and with engagement from BAWSCA staff.

Deliverables:

- Meeting Presentations (6)
- Meeting Notes (6)

Budget

The total not to exceed budget for the above-detailed scope of work is \$98,000.

Billing Rates

The billing rates for the staff assigned to the project are provided below for both Woodard & Curran as well as for their subconsultant, Hazen & Sawyer.

Woodard & Curran

- Persephene St. Charles, Principal in Charge - \$330/hr.
- Andree Johnson, Project Manager - \$281/hr.
- Warren Greco, Model Development - \$249/hr.
- Nolan Meyer, Staff Support - \$171/hr.
- Chris Hewes, Data Source Integration - \$249/hr.
- Administrative Support - \$116/hr.

Hazen & Sawyer

- Marc Soloman, Principal in Charge - \$300/hr.
- Luke Wang, Modeling Manager - \$210/hr.
- Kinsey Hoffman, Senior Modeler - \$179/hr.
- Leah Bensching, Model Support - \$150/hr.

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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: December 3, 2021
SUBJECT: Chief Executive Officer/General Manager's Letter

Fiscal Year 2018-19 Wholesale Revenue Requirement – Update:

Pursuant to Section 7.06A of the Water Supply Agreement (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. On November 17, 2021, BAWSCA reached an agreement with the SFPUC pertaining to BAWSCA's concerns related to SFPUC costs allocated to the Wholesale Customers. This agreement resulted in a total Balancing Account adjustment of \$95,127, including interest, as a credit to the Wholesale Customers.

In addition, BAWSCA recently completed its review of SFPUC's calculation of the annual WRR for FY 2019-20. As a result of the review, BAWSCA sent some questions to the SFPUC on November 11, 2021. BAWSCA is waiting for the SFPUC's response. The deadline for the parties to enter into a settlement agreement for FY 2019-20 or for the Wholesale Customers to file a demand for arbitration on any unsolved issues is August 25, 2022.

Bay Area Regional Reliability Partnership (BARR) MOA Amendment:

On September 28, 2015, a number of Bay Area water agencies entered into a Memorandum of Agreement to Participate in the Bay Area Regional Reliability (BARR) Plan (MOA) relative to development of a Bay Area Regional Reliability Drought Contingency Plan, a framework for the BARR agencies to address water supply reliability concerns and drought preparedness on a mutually beneficial and regionally focused basis. Parties to the MOA were the Alameda County Water District, the Alameda County Flood Control and Water Conservation District - Zone 7, BAWSCA, Contra Costa Water District, East Bay Municipal Utility District (EBMUD), Marin Municipal Water District (MMWD), Santa Clara Valley Water District and SFPUC. The Drought Contingency Plan was completed in 2017.

The BARR Partners remained committed to seeking other cooperative efforts and in September 2018, the Bureau of Reclamation executed a grant assistance agreement with EBMUD, on behalf of the BARR Partners, to support the development of a Bay Area Shared Water Access Program (SWAP). The SWAP focused on the implementation of several pilot water transfers and development of a longer-term framework and roadmap that draws on lessons learned from past transfers and exchanges. Initially, MMWD did not participate in this work. The 2015 MOA was amended to reflect this new work effort.

Work on SWAP has continued into 2021 and a Strategy Report is being prepared that will outline the implementation plans for the transfers. The Strategy Report will be submitted to the

Bureau of Reclamation in Fall 2022. A second amendment to the MOA is currently needed to extend the term of the MOA, update the various signatory authorities and delegated contacts, and include the addition of MMWD as a Participating Partner to work collaboratively to develop the SWAP.

BAWSCA and the other BARR partners are not providing a direct financial contribution toward the BARR work effort as outside consultant costs are funded via the grant monies provided by the Bureau of Reclamation. Instead, BAWSCA and the other partners are providing in-kind staff services and expertise to support the BARR effort.

The second amendment to the MOA is now ready for signature and will be signed by the BAWSCA's CEO accordingly.

BARR Pilot 1a Project:

As part of the above-detailed BARR SWAP, BAWSCA, ACWD, and the SFPUC have been evaluating a potential water transfer and exchange option that considers how SFPUC's future participation in the Los Vaqueros Reservoir Expansion Project (LVE) would operate. More specifically, the pilot provides a desktop simulation of the LVE Project transfer to ACWD via the South Bay Aqueduct and making this water available to exchange with other BAWSCA agencies. This particular pilot is referred to as "BARR Pilot 1a" in the context of the work being performed under the Bureau of Reclamation funded effort.

All elements of a potential transfer and exchange for the BARR Pilot 1a (e.g., financial, contractual, operational, etc.) have been evaluated. The draft report is under review and a final report is anticipated to be complete in Spring 2022.

A broader report is also being prepared that includes the additional topics associated with potential water markets and folds in the details of the BARR Pilot 1a Project. This broader report is anticipated to be complete in Fall 2022.

SFPUC 10-Year CIP:

As detailed in Section 6.09 of the Amended and Restated WSA, the Commission annually reviews, updates, and adopts a 10-Year CIP pursuant to Section 8B.123 of the San Francisco Charter. At two-year intervals, the Commission holds two budget meetings concerning the 10-Year CIP during the month of February. Over the course of the two budget meetings, the SFPUC reviews its budget priorities, potential changes to projects in the previously adopted 10-Year CIP, and the potential financial implications of such changes. In the event that Charter amendments are placed on the ballot that could alter or amend the City's budget preparation and adoption efforts, BAWSCA is to be notified in advance of any proposed change that could result in a less robust CIP development effort, and the SFPUC is required to meet with BAWSCA to consider BAWSCA's comments on maintaining a robust CIP development effort.

The SFPUC's CIP projects generally fall into three categories: defined projects, placeholder concepts that could become projects, and programmatic spending for expenses likely to be made but for which there is no schedule. Projects in the near-term years of the 10-Year CIP have more definition than those in the outer years, and as a result more detailed information is available for them.

With the adoption of the 2018 Amended and Restated WSA, the SFPUC is required, within at least 30 days before the first budget meeting, to provide BAWSCA and the Wholesale Customers with written notice of the dates of the two budget meetings. At least 30

days before the first budget meeting, the SFPUC is also required to provide BAWSCA and the Wholesale Customers with a draft of the 10-Year CIP and meet with those same parties to review potential candidate projects that it is considering for inclusion in the 10-Year CIP. BAWSCA has had initial conversations with SFPUC to determine the progress of their 10-year CIP development efforts. It is BAWSCA's understanding that there may be some cuts, in the neighborhood of 5%, to the 10-year CIP budget, as compared with the current 10-year CIP, however the details of how and where those cuts are to be proposed have yet to be shared with BAWSCA. In December 2021, on a date yet to be set, SFPUC intends to meet with BAWSCA to share details of their draft CIP and get initial BAWSCA input. BAWSCA will keep the Board and Water Management Representatives apprised of the status and particular details in the development of the effort, as more is learned.

SFPUC Alternative Water Supply Program Update:

Los Vaqueros Reservoir Expansion (LVE) Project: Important milestones for the LVE Project were reached in October 2021. The LVE Joint Powers Authority (JPA) was formally established and registered with the State. The SFPUC is a signatory and participant for the RWS. The California Water Commission unanimously approved the project feasibility, bringing the LVE project another step closer to receiving state funding. There is also significant progress on the federal funding side. JPA agencies have entered into Multi-Party Agreement Amendment No. 3, providing monies need that enable the project team to continue moving ahead on planning through the end of 2022.

Daly City Recycled Water Expansion Project: The project partners (SFPUC, Daly City and Cal Water) are developing revised capital and O&M cost estimates for the project. Partners are also meeting to discuss the potential to share costs based on relative benefits. Meanwhile, additional engagement with the owners and operators of cemeteries in Colma is taking place to determine interest and willingness to switch from groundwater to recycled water as an irrigation source.

Crystal Springs Purified Water Project (PREP Project): Phase 3 efforts are nearing completion, anticipated in March 2022. Phase 3 looks at potential implementation scenarios for either an Indirect Potable Reuse (IPR) project, a Direct Potable Reuse (DPR) project, or some combination of IPR and DPR. The project size could be between 6 mgd to 12 mgd. Initial cost estimates have been prepared for the alternatives being considered. Both BAWSCA and the SFPUC are partners in the work.

The revised workplan for the ACWD-USD Purified Water Project has been finalized and the consultant team has resumed technical analysis of project alternatives. The SFPUC expects that work will continue through the end of 2021. BAWSCA is not a partner on this work effort.

Following recent conversations between the SFPUC and the cities of San Jose and Santa Clara, the SFPUC has shared examples of purified water scopes of work with San Jose. The SFPUC has also joined its planning efforts to help guide an evaluation of a purified water project concept that can provide a water supply benefit for both the cities as well as other customers of the RWS. The SFPUC has offered to lead the analysis through its contracting vehicles if it is helpful. San Jose is also considering contracting options.

Long-Term Vulnerability Assessment: On Friday October 29, 2021, the Commission held a Special Meeting on Climate Change and the RWS. The SFPUC is now in the process of considering how best to use the results of a Long-Term Vulnerability Assessment in future feasibility studies for Alternative Water Supply Projects such that they can evaluate their effectiveness under various demand and climate scenarios.

San Francisco Drought Outreach:

With the declaration of a water supply emergency by the Commission, the SFPUC intends to implement a significant drought outreach campaign to educate the public about the importance of water conservation during the drought.

The SFPUC will coordinate this outreach campaign with BAWSCA to ensure that the message reaches the Wholesale Customers, including extending media efforts throughout the BAWSCA service area.

At this time, the SFPUC has indicated plans for a comprehensive outreach campaign that includes print, television, social media, radio, and signage / billboards. In support of this campaign, SFPUC has requested an interest in BAWSCA taking the lead in contracting with digital billboard media companies to secure billboard space in the BAWSCA service area. Given the timing, this item will be discussed with the BPC further and potentially brought to the Board at its January meeting for action.

Board Policy Committee

Policy Calendar Through June 2022

Meeting Date	Purpose	Issue or Topic
December 2021	D&A D&A R R	FY 2021-22 Mid-Year Work Plan, Budget, & General Reserve Balance Review Professional Services Contract for Tier 2 Plan Update Review of FY 2022-23 Work Plan and Operating Budget Preparation Process BAWSCA Internship
February 2022	D&A R&D R&D R	Consideration of BAWSCA Bond Surcharges for FY 2022-23 Presentation of Preliminary FY 2022-23 Work Plan and Budget Review of Agency Personnel Handbook Review of Water Supply Forecast
April 2022	D&A D&A R	Consideration of Proposed FY 2022-23 Work Plan and Budget Consideration of Annual Consultant Contracts Review of Water Supply Forecast
June 2022	D&A R&D	Discussion and Possible Action on CEO/GM Evaluation Procedure Update on Long-Term Reliable Water Supply Strategy Implementation