

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

February 9, 2022 – 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, Randy Breault, called the meeting to order at 1:32 pm following reminders of the protocols to conduct the virtual meeting successfully. A list of Committee members who were present (9), absent (0) and other attendees is attached.

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

2. **Comments by Committee Chair:** Chair Breault welcomed the Committee members and meeting participants. He thanked Chair Larsson for his confidence in his and Director Hardy's leadership to serve as Chair and Vice Chair of the Committee. As an original appointee on the BAWSCA Board since its inception, serving as Chair of the Board in 2015 and 2016, and having more than 30 years of professional experience in the management of water districts and municipalities for the City of Brisbane and in Ventura County, he is familiar with the issues that BAWSCA addresses on behalf of the member agencies. The agenda includes discussion of the preliminary work plan and results to be achieved, in which he emphasized the committee's thoughtful consideration of what needs to get done, as well as focusing on BAWSCA's role of ensuring a reliable supply of high-quality water at a fair price.

3. **Consent Calendar:**

Director Cormack made a motion, seconded by Director Wood, that the Committee adopt Resolution #2022-03, declaring that the Committee will continue to meet via teleconference, in accordance with AB 361 and the provisions of Government Code Section 54953(e), and approve the Minutes of the December 8, 2021 Board Policy Committee meeting.

The motion passed by roll call vote. Director Breault abstained from item 3B; Approval of the Minutes from the December 8, 2021 meeting.

4. **Public Comments:** Public comments were provided by Dave Warner and John Weed.

5. **Action Calendar:**

- A. **Proposed Fiscal Year 2022-23 Bond Surcharges:** BAWSCA Finance Manager, Christina Tang presented this item. Ms. Tang reported that the calculation and adoption of the Bond Surcharge is an annual process BAWSCA does to meet the financial obligations associated with the 2013 revenue bonds. The surcharges pay for the debt service payments, reimburse expenses incurred in association with the bond administration, and replenish the stabilization fund, as necessary. Based on the current review, the stabilization fund requires no replenishment at this time.

Ms. Tang reminded the Committee that in October 2021, BAWSCA completed the sale of the 2023A refunding bonds to refund the callable portion of 2013A bonds based on a tax-exempt forward delivery. The settlement date for 2023A refunding bonds is January 5, 2023. This transaction does not change the methodology for calculating the surcharges that is based on the actual water usage. This is consistent with the collection of the wholesale revenue requirement in accordance with the Water Supply Agreement (WSA)

To meet the requirements of the existing Bond Indenture and to accommodate a mid-year adjustment as a result of the bond refunding, there are two actions needed for the approval of the FY 2022-23 bond surcharges.

First is to approve the proposed surcharges effective July 2022 based on the existing 2013 bonds' debt service obligations.

After the settlement of the 2023A refunding bonds in January 2023, BAWSCA will revise the monthly surcharge amount to be effective March 2023 to reflect the reduced debt service associated with the refunding bonds.

To avoid going back to the Board for approval of the mid-year adjustment, the second action is to seek advanced Board authorization to implement the reduced surcharge immediately following the settlement of the 2023A bonds.

Ms. Tang presented a table that shows the proposed surcharges by agency under the existing bond indenture. The same table was included as Table 1 in the staff report of the agenda packet.

These surcharges, if collected for the full FY 2022-23, would be sufficient to cover the debt service obligations of 2013A and 2013B bonds. The total proposed bond surcharges of \$24,694,272 is approximately \$1,700 greater than last fiscal year's.

Assuming that the settlement of the 2023A refunding is completed on January 5, 2023, the debt service to be funded by the FY 2022-23 surcharges will be reduced by approximately \$2.5M. The reduced monthly surcharges would be applied to the March through June 2023 billings.

Ms. Tang presented a table that shows the proposed surcharges following the 2023A refunding bond settlement. The same table was included as Table 2 in the staff report of the agenda packet.

The proposed adjusted annual surcharges for 2023 is \$22,179,324.

Ms. Tang presented the recommended committee action.

There being no questions from the Board or comments from members of the public, Chair Breault asked for a motion.

Director Hardy made a motion, seconded by Director Zigterman, that the Committee recommend the Board approve the following two actions:

1. **Approve the proposed FY 2022-23 bond surcharges as presented in Table 1; and**
2. **Authorize the CEO/General Manager to implement the revised FY 2022-23 bond surcharges as presented in Table 2, immediately following the settlement of the 2023A refunding bonds.**

The motion carried unanimously by roll call vote.

- B. Agreement with Outfront Media for Digital Billboard Advertisements Associated with a drought Messaging Campaign: BAWSCA Water Resources Manager, Tom Francis presented this item. Mr. Francis reported that the billboard advertisements are a part of a larger media campaign developed by the SFPUC to address the current drought conditions.

For contractual and procurement reasons, SFPUC is unable to pay for billboard placements outside of San Francisco. As proposed by the SFPUC to address this issue, BAWSCA has engaged directly with SFPUC's billboard advertisement vendor, Outfront Media, for electronic billboard placements in the BAWSCA service area. The contract is under review, and is anticipated to be ready for execution pending Board approval in March.

Draft images for the digital billboard advertisements have been prepared by the SFPUC. Both the SFPUC and BAWSCA logos will appear on the billboard advertisements. BAWSCA will have final review and approval of the images.

Multiple images will cycle during a 24-hour period at an 8 second duration every 64 seconds. Two examples of the draft images were shown to the Committee. BAWSCA can adjust the cycles and images as needed in coordination with Outfront Media.

The advertisement period will be March 21st through July 15th 2022. There will be a total of 14 billboards throughout the three counties of the BAWSCA service area; San Mateo, Alameda, and Santa Clara counties. Locations focus on major highways including 880, 101, and 92. The billboards are double-sided so that the messages are seen from both directions of the traffic.

The total cost is \$71,750 which must be paid as an upfront charge. Because funds are currently not available in BAWSCA's adopted FY 2021-22 budget, staff is recommending a transfer from the Balancing Account as a source of funds.

Mr. Francis noted that had the SFPUC been able to pay for billboard ads in the BAWSCA service area through its media contract, BAWSCA agencies would have the same financial responsibilities and would pay it through the wholesale water rates.

Chair Breault opened the floor for Committee member questions and comments at the conclusion of Mr. Francis' presentation.

In response to Director Hardy, Mr. Francis stated that the advertising images will run during a 24-hour period every 64 seconds. BAWSCA will be able to coordinate with

Outfront Media to make adjustments to the cycle, if necessary, to increase the exposure during peak traffic hours, provided that the cost will not be affected.

Director Cormack asked if the cost of San Francisco's advertising is embedded in the wholesale water rates. She requested confirmation that BAWSCA will not be paying for 2/3rds of the cost of the advertising within San Francisco.

Ms. Sandkulla noted that during the last drought, because there were distinct costs associated with developing a drought outreach campaign, the SFPUC categorized these costs so that the Wholesale Revenue Requirement process could distinguish the retail customer costs from the wholesale customer costs. She expects the same administration for this drought. What SFPUC and BAWSCA would share are the costs of the marketing and creative services that are applicable to both San Francisco retail and wholesale customers.

Director Cormack noted that 2 billboard locations are in East Palo Alto as opposed to Palo Alto, and provided comments on the draft images.

Director Wood concurred with Director Cormack's request to look into San Francisco's in-city costs being passed down to the wholesale customers. She supports the advertising effort and finds the costs to BAWSCA as reasonable.

Director Jordan echoed concerns about costs being passed down to wholesale customers in addition to the costs member agencies are paying on their own.

In response to Director Jordan's questions, Mr. Francis stated that the billboards will be placed in San Mateo, Santa Clara, and Alameda Counties to reach member agencies' water users. The billboards will not include percentages of cutbacks.

Ms. Sandkulla added that the media buy is for digital billboards, which are more cost-effective than print billboards. Staff will provide that clarity in the memo that goes to the Board, along with clarification, to address the Committee's concern, that the wholesale customers will only pay their share of the costs for the drought campaign. Ms. Sandkulla emphasized that ensuring fair pricing is what BAWSCA does for its member agencies and staff takes this role very seriously.

Director Chambers supported Ms. Sandkulla's comments, and noted that if charges were applied to the wholesale customers, he trusts that Ms. Tang's meticulous efforts with the wholesale revenue requirement review process would identify those charges. Additionally, the proposed billboard locations along the major highways, particularly the 101 corridor, are traveled by water users from across the BAWSCA region and should provide sufficient coverage.

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

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

- 1. Approve the agreement with Outfront Media for billboard advertisements at a total cost of \$71,750;**

2. **Authorize a request for a transfer of \$71,750 from the Balancing Account in accordance with BAWSCA's Balancing Account Policy Resolution #2020-02.**

The motion carried unanimously by roll call vote.

6. Reports and Discussion

- A. Preliminary Fiscal Year 2022-23 Work Plan and Results to be Achieved:
CEO/General Manager, Nicole Sandkulla presented this item. Ms. Sandkulla noted that the preliminary work plan is aligned with BAWSCA's legislated authority and its three goals of ensuring a reliable supply of high-quality water at a fair price. The staff report in the agenda packet includes Table 1, which presents the draft Preliminary Work Plan, and Table 2, which presents activities not included in the work plan.

The preliminary work plan addresses the critical issues identified between now and 2050 that were discussed at the budget planning session during the January Board meeting. Among the major efforts for FY 2022-23, the preliminary work plan puts focus on five key efforts:

1. Providing staff-led drought support for member agencies
2. Scoping for an update to BAWSCA's 2009 Long-Term Reliable Water Supply Strategy (Strategy)
3. Participation in the next steps for the Potable Reuse Exploratory Plan (PREP)
4. Supporting member agencies with meeting water use efficiency legislation standards for Commercial, Industrial, Institutional (CII) performance measure requirements
5. Updating BAWSCA's Water Conservation Database (WCDB)

The preliminary work plan also includes the continuation of two previously approved multi-year efforts which includes the refreshing and updating of the 2020 Demand Study, and facilitating the update of the Tier 2 Drought Allocation Plan. Ms. Sandkulla noted that unlike many public agencies, BAWSCA does not generally appropriate funds for multi-year projects, therefore, these two efforts will be presented to the Board over multiple years.

Comments received from the Board at the January budget planning session are reflected in the preliminary work plan. Responses to the eight comments received are provided in Table 3 of the staff report. Ms. Sandkulla elaborated on her responses to three particular comments.

With regards to SFPUC's OPEB Liability, Ms. Sandkulla is proposing a task for staff to perform a limited analysis of available data to BAWSCA and report the findings as part of the regular OPEB and pension report provided to the Board. The analysis will stay within the scope of BAWSCA's staff, auditors, and legal counsel to take the next steps in understanding the issues of concern.

For the comments regarding steps needed for the General Reserve balance to be in compliance with its budgetary guidelines, Ms. Sandkulla was forthcoming in stating

that it will be an issue that the Board will need to be heavily engaged in. There will be two opportunities for the Board to discuss the General Reserve. The Board will be presented with a preliminary work plan and budget funding options at its meeting in March, in which it can provide further guidance to the CEO in developing the budget and funding alternatives. The proposed work plan and budget will be presented to the Board in May, along with budget funding alternatives that the Board can consider.

In response to the comment regarding staff retention and development, the CEO added a work plan item "Maintain a Motivated and Effective Workforce" to highlight this issue and capture the ongoing efforts. Ms. Sandkulla stated that this has always been a part of BAWSCA's annual work plan but have never been discussed with the Board. She expressed her appreciation for the comment and the opportunity to present BAWSCA's efforts in maintaining a strong and effective workforce.

Ms. Sandkulla reported that BAWSCA does cross training to support staff development and succession planning. As needed, desk audits by a third party independent consultant are performed to analyze position classification and make adjustments as necessary. Recommendations to Title and/or Salary range are presented to and approved by the Board. Additionally, BAWSCA does bi-annual salary surveys to maintain overall market parity as its employees are not represented by a union. Similarly to desk audits, adjustments are presented to, and approved by, the Board. Lastly, a budget allowance for salary and merit increases is included in the budget process every year. The allowance includes a combined COLA adjustment to the top step, and a merit increase of up to 5% or top salary step, whichever is less. The board acts on this as part of its approval process of the proposed budget. This process has created an environment that supports long-standing staff that brings value to the agency, and speaks to the successes that the agency has achieved.

Ms. Sandkulla presented the preliminary work plan highlighting major tasks under each component of BAWSCA's goal; Water supply reliability, water quality, and fair price.

Under water supply reliability, BAWSCA will continue to monitor the Regional Water System's facility reliability by actively staying engaged with SFPUC's completion of the WSIP, and implementation of the 10-year CIP, Asset Management Program, and Emergency Response.

BAWSCA's efforts on long-term water supply solutions is mainly its implementation of the Long-Term Reliable Water Supply Strategy (Strategy). This involves the update and refresh of the demand study and use of the Reliability Model to support water resources planning efforts. Additionally, BAWSCA will continue to participate in the Bay Area Regional Reliability efforts in developing regional planning studies that has been effective in securing USBR grant funds that promote regional projects. A project example is the Shared Water Access Program (SWAP) which is a study of water transfers in the region that is aimed at identifying the barriers and institutional issues and ways to best resolve them. BAWSCA has an active role in this effort given its relationships with Alameda County Water District (ACWD) and San Francisco, who are involved in the effort, and its knowledge of the WSA. The final report will serve as a helpful tool to inform future efforts.

A new effort for water reliability in FY 2022-23 is BAWSCA's quarterly meetings of a Regional Water Supply Reliability Roundtable. This is a stakeholder group facilitated by BAWSCA that will look into and provide input on alternative water supply development, options, and potential collaborations. Ms. Sandkulla hopes that the effort can lead to greater relationships that can be rolled into BAWSCA's long-term planning.

Key efforts under water reliability includes the scoping activity to update the Strategy and participation in the next steps for the Potable Reuse Exploratory Plan (PREP) project.

BAWSCA's Strategy was initiated in 2009 and completed in 2015. It was a significant effort and a success for BAWSCA in developing its first comprehensive regional assessment of the member agencies' water supply reliability needs. It identified recommended actions to increase regional reliability, and BAWSCA's implementation of those recommended actions has been a part of BAWSCA's annual work plan since then. These activities include the Pilot Water Transfer effort, engagement in the Los Vaqueros Expansion Project, PREP, BARR, and development of BAWSCA's regional reliability model. They are efforts that have put BAWSCA in a better position to see a regional picture for long-term water supply planning for the region.

But since then, there has been changes to the region's water supply projections, SFPUC's anticipated actions, the Regional Water System reliability, and State efficiency requirements. The combined changes indicate an appropriate time to update the Strategy.

This effort was included in the FY 2021-22 work plan with a \$50K budget allocation. But given the ongoing drought conditions, it was deferred to FY 2022-23 during the mid-year review of the work plan and budget.

Ms. Sandkulla reported that the FY2022-23 work plan proposes a staff-led effort for the scoping of the update to the Strategy. This speaks to the staff's expertise in the field, and its understanding of the conversations taking place in the industry. She looks forward to a strong scoping document that will be instrumental in finding the right consultant to assist BAWSCA in the development of an update to the Strategy.

This effort will require a significant staff time, but a minimal cost allocation of \$5K to cover the necessary support, mainly for legal guidance.

Another key effort in the FY 2022-23 work plan is BAWSCA's continued participation in the next steps of the PREP project. It is a purified water project that could provide 6-12 mgd of water supply through reservoir water augmentation at Crystal Springs Reservoir. It is a multi-party project in which BAWSCA, along with San Mateo, Foster City, Silicon Valley Clean Water, several BAWSCA member agencies, and San Francisco are engaged in.

Ms. Sandkulla noted that BAWSCA's active and independent participation in PREP since the beginning has contributed to the project's development. BAWSCA has pushed the feasibility investigations of this project to address San Francisco's potential reliability issues resulting from implementation of the adopted Bay Delta

Plan, and to bring potential partners to the table to consider the best configuration for this project. For example, Mid-Peninsula Water District recently identified its potential interest to become a project partner because the existing infrastructure runs through its service area. Continued participation in this effort will enable BAWSCA to directly affect the project's development to benefit member agencies regardless of whether it becomes a San Francisco project only or if it becomes a joint project with San Francisco and others.

Phase 3 of the project development is scheduled for completion in Spring 2022. The effort will include the preparation of a Basis of Design Report (BODR) which will bring the project components to a 10% design level, and can be used to support state and federal grant applications. This effort is estimated at \$1M, with BAWSCA's potential share of the cost at 5% or \$50K.

BAWSCA's efforts on near-term water supply solutions include drought response and water conservation. A key effort in FY 2022-23 is providing the necessary drought support to member agencies and their customers as the drought persists.

BAWSCA will continue its efforts with its twelve core and fourteen subscription conservation programs, coordination of the AMI implementation and data management, and development of a leak repair and training certification program for execution in FY 2023-24.

Additionally, BAWSCA will pursue opportunities to partner with San Mateo County City/County Association of Governments (C/CAG) related to a potential Greywater Pilot Program. C/CAG is responsible for San Mateo County's storm water management. They have had an existing partnership with BAWSCA on a rain barrel rebate program which has been successful. The opportunity to partner will meet the member agencies', as well as their water customers' growing interests in the use of greywater as dry conditions continue to occur more often. A review of greywater efforts in the region and documenting the findings in a report will be done as part of BAWSCA's summer internship program under the direction of the water conservation team. This report will help in understanding the state of current efforts and where the opportunities exist.

A key effort under near-term water supply solutions is supporting member agencies with meeting water use efficiency legislation standards for Commercial, Industrial, Institutional (CII) performance measure requirements. This is part of the implementation of the State's water use efficiency legislation adopted in 2018 to support California's "Making Water Conservation a Way of Life." To date, BAWSCA has provided support to member agencies to comply with residential efficiency requirements and outdoor irrigation efficiency by providing the tools to achieve the requirements as well as data management for calculation.

The Department of Water Resources (DWR) recently released preliminary recommendations for CII efficiency and performance measures which the State Water Resources Control Board will consider for adoption. Conservation in the CII customer class has been a very difficult to measure for the BAWSCA region because of the variations within this customer class among the member agencies.

The preliminary FY 2022-23 work plan includes a proposal to support member agencies in this area by developing an approach to meet the new State requirements as well as a subscription program that offers additional consultant support to agencies who need them. The estimated cost is \$80K.

Administration of the 2009 Water Supply Agreement protects the member agencies' water supply reliability interests. BAWSCA will continue to monitor SFPUC's development of new water supplies through its Alternative Water Supply Planning program, ensure the SFPUC meets its legal and contractual obligations to its wholesale customers, and protect the member agencies' supply and financial interests in the SFPUC's 2028 decision on whether to make San Jose and Santa Clara permanent customers. BAWSCA will facilitate negotiations on an updated Tier 2 drought allocation plan, and continue to protect the member agencies' water supply interests by staying engaged with activities related to the Bay Delta Plan and FERC relicensing process.

BAWSCA will continue its practice to pursue grant opportunities with regional partners to support member agencies' conservation programs and strategy implementation.

Ms. Sandkulla noted that reporting and tracking water supply and conservation activities is a critical activity for BAWSCA. The Annual Survey, which is a huge repository of historical data that is relied upon for information, has been done since the formation of BAWSCA's predecessor agency, Bay Area Water Users Association (BAWUA). Similarly, the Annual Conservation Report provides information on conservation activities within the service area.

A compilation of all this data and information on water use and conservation activities is contained in BAWSCA's Water Conservation Database (WCDB), which is used to collect conservation activity data, annual survey data and support for demand projections and modeling. It was initially developed in 2010 at a cost of \$261K, and updated in FY 2016-17 for \$39K. The existing platform is old and needs to be updated before it becomes inoperative. It is a critical tool in BAWSCA's work on behalf of the member agencies, and the scoping, development and implementation of an update to the WCDB at an estimated cost of \$120K is included in the preliminary FY 2022-23 work plan and budget.

Efforts under the area of water quality involves supporting member agencies in receiving critical communication on water quality issues. BAWSCA facilitates member agencies' participation in the Joint Water Quality Committee, in accordance with the WSA, to ensure it addresses the wholesale customers' needs in the communication and resolution of water quality issues. It is an area of work that is of high priority.

Under fair price, Ms. Sandkulla noted that BAWSCA is delegated to administer the WSA to protect the financial interests of the member agencies, as well as administer the bonds issued by BAWSCA to pay off the capital debt owed to San Francisco including completion of the settlement of 2023A refunding bonds.

The preliminary FY 2022-23 work plan includes efforts to maintain the agency's effectiveness. Activities in this area of work involve keeping close relationships with

local legislators and allies to safeguard the health, safety and economic well-being of residents and communities in the BAWSCA region; continuing dialogue with responsible environmental and other stakeholder groups for support of maintaining reliability of the Regional Water System; and working with San Francisco in conducting water system tours for members of the Board and member agency officials and staff members.

Additionally, BAWSCA will continue to maintain a professional and effective workforce. For FY 2022-23, BAWSCA will execute the Board approved Student Internship Program in Summer 2022, implement the Board's directive for management of BAWSCA's unfunded OPEB and pension liability obligations, and maintain a motivated and effective workforce.

Ms. Sandkulla re-iterated the two previously approved multi-year projects in the work plan. Because BAWSCA does not appropriate funds for multi-year projects, they will be brought to the board for consideration on a yearly basis.

The first is the update to BAWSCA's Demand Study that was included in the adopted FY 2021-22 Work Plan and Budget. In September 2021, the Board approved the use of the Balancing Account as the funding plan to complete this project in December 2023 at a total cost of \$350K. The estimated cost for this effort in FY 2022-23 is \$75K.

The second project is the development of an updated Tier 2 Drought Allocation Plan. This was included in the FY 2021-22 work plan and budget. As part of the Mid-Year Work Plan and Budget review process, the Board acted to approve Phase 1 of the project at a cost of \$98K during FY 2021-22. As planned and discussed with Board, FY 2022-23 will include Phase 2 of the project at an estimated cost of \$72K.

In summary, Ms. Sandkulla reported that the preliminary work plan is responsive to the identified results that need to be achieved between now and 2050, the feedback received from the Board at the January Budget planning session, and in continuing to meet BAWSCA's goals.

The budget development will be based on the work plan which reflects the implementation of the Strategy, ensuring reliability from the Regional Water System, supporting member agencies during the ongoing drought, and keeping engaged in the Bay Delta Plan and FERC processes. Ms. Sandkulla will examine the forecast for end of year spending as it impacts the year-end General Reserve balance. The Board will be provided with this information for its consideration in the budget funding discussion at its meeting in March, along with options for bringing the General Reserve back within the budgetary guidelines.

Ms. Sandkulla noted that BAWSCA's enabling legislation, AB 2058, identifies the assessments as the agency's primary source of funding. BAWSCA has relied heavily on its General Reserve to fund a portion of the budget and moderate the need for assessment increases since FY 2007-08, with the exception of FY 2015-16. The Water Supply Agreement Balancing Account has also been used to fund qualifying special projects.

Currently, assessments fund 81% of the current adopted budget for FY 2021-22. As a result, there is a significant gap between the assessment and the operating budget which the Board will need to address in assessing the budget for FY 2022-23. The funding considerations that will be presented to the Board at the March meeting will likely include assessment increases given the current level of the General Reserve balance and SFPUC's plan to use the Balancing Account to offset wholesale water rate increases in the next 2 years.

The committee is asked to provide feedback that will be incorporated in the preliminary work plan and operating budget that will be presented to the Board in March. The Board's feedback will be incorporated in the proposed work plan and operating budget that will be presented to the Committee in April for further discussion. The Board will act on a recommended action at its meeting in May.

Director Hardy asked about the challenges in water transfer efforts, the substantial difference in costs for scoping the Strategy, and the potential for greywater and its implications to the region's true groundwater.

In response, Ms. Sandkulla stated that a combination of infrastructure, policy, and legal contractual issues make water transfers challenging. The Shared Water Access Program (SWAP) is a table-top exercise - a water transfer on paper - that looks into using existing infrastructure and agreements between ACWD, the State Water Project, San Francisco and BAWSCA. BAWSCA is knowledgeable of the infrastructure, policy, and contractual pieces from its experience with two pilot water transfer efforts between 2012 and 2020, and its involvement can be instrumental in finding resolution to the challenges. The SWAP effort is also looking into the Enlarged Los Vaqueros Reservoir project and how it can assist in moving water in the region.

Ms. Sandkulla explained that the initial estimate of \$50K to scope the update to the Strategy was not based on historical information but rather the anticipated level of consultant support needed to complete the effort. Additionally, it was estimated during a time when half of BAWSCA's water resources team were new hires. Since then, staff has proven to have the expertise and capabilities to scope the work needed to update the Strategy. Given the budgetary issues expected for FY 2022-23, the estimate cost of 5K is at minimum to cover outside support that may be required.

Ms. Sandkulla stated that the results from the Pilot Greywater Program remains to be seen. The effort is about taking advantage of BAWSCA as a regional agency and its strong partnership with C/CAG to address the increasing interests of the water customers on greywater as well as C/CAG's interest in improving stormwater management. The effort can also inform development of future ordinances, BAWSCA's efforts to the Strategy update, and potential for a subscription conservation program opportunity.

Director Zigterman supported the thoughtful development of the work plan, particularly the efforts in hosting roundtables to identify alternative supplies and alternative modes of operating water systems. He looks forward to the results of the effort.

Director Pierce noted that with increasing desires for conservation, SFPUC's anticipation for rate increases, and the given fact that the less water used-the higher the rates, it would be helpful to hear Ms. Sandkulla's perspectives; as she looks at the various factors that influence the development of the FY 2022-23 budget, on how a long-range view is developed to manage these various factors. This can help Board members better understand the link between conservation requirements, water projections, and SFPUC's rate settings, and feel comfortable with the implications of the efforts the agency has to include in its work plan.

Public comments were provided by John Weed and Janine Zacharia.

7. Reports:

- A. Water Supply Conditions: Using data from the SFPUC as of February 7, 2022, Ms. Sandkulla reported that total system storage is at nearly 75% of maximum capacity. While this is a decent level given ongoing dry conditions, it remains lower than the 81% of normal maximum capacity. Ms. Sandkulla was pleased to report that Calaveras reservoir, completed during the last drought, is slowly increasing its storage capacity. The curtailment remains lifted as of February 8th and this provides inflows into Hetch Hetchy water bank, which is at 61% of maximum storage level. Curtailment orders will remain as a week-by-week decision by the State.

The December storms has brought California reservoirs to a better state in comparison to last year, but they remain below historical average. The California drought monitor has also improved, but conditions remain at moderate, severe, and extreme drought levels, indicating that the drought continues.

Hetchy Hetchy precipitation is at the historical median level while upcountry snowpack is slightly below historical median.

Water available to the San Francisco has improved to 127 TAF from the December storms. However, Ms. Sandkulla noted that while the numbers does not yet include the inflow from the Spring runoff, the system will need 598 TAF to achieve full storage by July 1, 2022.

Upcountry and local precipitation index have improved but highlights the dry conditions of January and February.

In comparison to a 5-year average and from calendar year 2021, the Regional Water System total deliveries show January's water use at a record low following very wet conditions, and rising up as the weather continues to be warmer and drier.

For the period of July 1, 2021 through January 28, 2022 and in comparison to FY 2019-2020, SFPUC's water use tracker show that San Francisco's retail customers have achieved a 14.9% water use reduction, and the wholesale customers a 6.2% reduction. Ms. Sandkulla noted that San Francisco has been impacted significantly by the pandemic and the reduction can be attributed to the reduced economic activity due to COVID. The wholesale customers, on the other hand, did not see as significant of a reduction and instead experienced an increase in water use during COVID due to water customers staying home. In total, a 9% water use reduction has been achieved regionally, coming very close to the regional 10% reduction target for

a 12-month period. Ms. Sandkulla noted that the 9% achieved has just been from a 6-month period.

Using BAWSCA's data, total potable water use in December 2021 is 20% less than the predrought period of December 2013, and 13.6% less than in December 2021.

Ms. Sandkulla presented a new slide that shows the percent change in BAWSCA service area population and water demand from 1990 to present. She noted that since 1990 there has been a 30% growth in population, a 12% reduction in total water use and a 30% reduction in residential water use on a per capita basis.

Ms. Sandkulla pointed to areas of the graph that represents drought years and how water use rebounds in the years following the drought. She noted that the demand study update will focus on the question about the region's sensitivity with droughts now occurring almost back to back.

- B. Bay Delta Plan/FERC Update: Ms. Sandkulla reported that in response to the SFPUC's January 14th 2022 letter to Secretaries Blumenfeld and Crowfoot, her recent statement to the Commission at its January 25th meeting called for a strategic and results driven leadership from the SFPUC. The statement expressed that BAWSCA is pleased with the Commission and General Manager's direct and full involvement to ensure greater Tuolumne River fish and environment protection, as well as the assurance of water supply needed by the BAWSCA agencies, and called for SFPUC's leadership to participate promptly in VA negotiations.

BAWSCA will continue to provide its leadership in forming and providing strong support for the SFPUC to ensure reliable water supply in the region. Ms. Sandkulla noted that the statement emphasized that success requires action and responsibility at the highest levels of the Commission, the State, and other suppliers who have water rights on the Tuolumne River, and that the SFPUC's high-level leadership by its Commission and General Manager to produce results, is encouraging.

Ms. Sandkulla's remarks to the Commission on January 25th also included her comments on San Francisco's Long-Term Vulnerability Assessment (LTVA). San Francisco received a letter from non-governmental organizations regarding the LTVA, and it was important for BAWSCA to emphasize its importance and value. The LTVA provides a science-based, robust framework and analytical tools that supports long-term planning for the Regional Water System. Any changes to the SFPUC's planning assumptions, including key parameters such as the design drought, must be based on the best available scientific and analytical data including the LTVA, not extrapolations and casual calculations. BAWSCA is excited that the LTVA has been published and looks forward to working with SFPUC in using its information to ensure water reliability for BAWSCA's constituents.

Ms. Sandkulla reported that there has been no further developments at the State level or by the SFPUC in the last month on voluntary agreement negotiations. Given the State's schedule to implement the Bay Delta Plan in the spring BAWSCA provides a narrowing opportunity for successful negotiations, therefore BAWSCA is continuing to press the SFPUC of their responsibility to resolve this issue given their obligations to BAWSCA agencies and the environment.

BAWSCA remains focused on protecting the interests of the water users and will continue its efforts to stay engaged with legislative and other allies.

Public comments were provided by Dave Warner.

8. **Closed Session:** The Committee adjourned to Closed Session at 3:10 pm.

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

9. **Report from Closed Session:** The Committee reconvened to Open Session at 3:18 pm. Ms. Schutte reported that no action was taken during Closed Session.

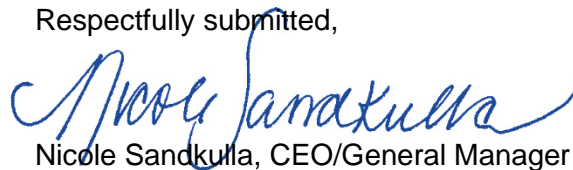
10. **Comments by Committee Members:** Director Jordan commended Director Cormack for her efforts in bringing consideration of a potential transfer of its Individual Supply Guarantee before the Palo Alto City Council.

Director Wood concurred and thanked the staff and committee members for their continued efficiency.

Director Pierce expressed her appreciation for a thoughtful preliminary work plan, and echoed the appreciation for Director Cormack's efforts.

11. **Adjournment:** The meeting was adjourned at 3:20 pm. The next meeting is April 13, 2022 with the location and format to be announced.

Respectfully submitted,

A handwritten signature in blue ink that reads "Nicole Sandkulla". The signature is fluid and cursive, with the first name being particularly prominent.

Nicole Sandkulla, CEO/General Manager

NS/le

Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

**Board Policy Committee Meeting
Attendance Roster**

Agency	Director	Feb. 9, 2022	Dec. 8, 2021	Oct. 13, 2021	Sept. 7, 2021	Aug. 11, 2021	Jun. 9, 2021	Apr. 14, 2021	Feb. 10 2021	Dec. 9 2020
GVMID	Breault, Randy	✓	n/a	n/a	n/a	Meeting Cancelled	n/a	n/a	n/a	n/a
Santa Clara	Hardy, Karen	✓	✓		✓		n/a	n/a	n/a	n/a
Westborough	Chambers, Tom	✓	✓	✓	✓		✓	✓	✓	✓
Palo Alto	Cormack, Alison	✓	✓	✓	✓		✓	✓	✓	
Purissima	Jordan, Steve	✓	✓	✓	✓		✓	✓	✓	✓
Sunnyvale	Larsson, Gustav	✓	✓	✓	✓		✓	✓	✓	✓
Redwood City	Pierce, Barbara	✓	✓	✓	✓		✓	✓	✓	✓
Brisbane	Wood, Sepi	✓	✓	✓	✓		✓	✓	✓	✓
Stanford	Zigterman, Tom	✓	✓	✓	✓		✓	✓	✓	✓

✓: present

☎ : Teleconference

February 9, 2022 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	Bud Wendell	Strategic Communications
Danielle McPherson	Sr. Water Resources Specialist		
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	Cade Cannedy	Self
John Weed	ACWD	Dave Warner	Self
Cheryl Munoz	Hayward	Janine Zacharai	Self
Lisa Bilir	Palo Alto		
Alison Kastama	SFPUC		
Julia Nussbaum	Stanford		