

# BAWSCA

Bay Area Water Supply & Conservation Agency

## BOARD POLICY COMMITTEE

December 14, 2022

1:30 p.m.

Burlingame Community Center – Sequoia Room  
[850 Burlingame Ave., Burlingame](#)

## AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u> Roster of Committee Members ( <i>Attachment</i> )	(Breault)	Pg 3
2. <u>Comments by Chair</u>	(Breault)	
3. <u>Consent Calendar</u> A. Approval of Minutes from the October 12, 2022 meeting ( <i>Attachment</i> )	(Breault)	Pg 5
4. <u>Public Comment</u> <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>	(Breault)	
5. <u>Action Calendar</u> A. Mid-Year 2022-23 Work Plan, Budget and General Reserve Review ( <i>Attachment</i> ) <u>Issue:</u> What resources are needed to address new work items and potential significant scope modifications 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.	(Sandkulla)	Pg 21
6. <u>CEO Reports</u> A. Water Supply and Demand Update B. Member Agency Drought Response Efforts C. Bay Delta Plan/FERC Update D. Review of FY 2023-24 Work Plan and Operating Budget Preparation Process E. CEO's Letter ( <i>Attachment</i> ) F. Board Policy Committee Calendar ( <i>Attachment</i> ) G. Correspondence Packet ( <a href="#">Under Separate Cover</a> )	(Sandkulla/Francis)	Pg 39 Pg 41

**7. 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).

**8. Report from Closed Session**

**(Schutte)**

**9. Comments by Committee Members**

**(Breault)**

**10. Adjournment to the Next Meeting**

**(Breault)**

**Unless otherwise noticed:**  
February 8, 2023 at 1:30pm

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**2022 Committee Roster:**

Randy Breault, Guadalupe Valley Municipal Improvement District (Chair)

Karen Hardy, City of Santa Clara (Vice Chair)

Thomas Chambers, Westborough Water District (BAWSCA Vice Chair)

Alison Cormack, City of Palo Alto

Steve Jordan, Purissima Hills Water District

Gustav Larsson, City of Sunnyvale (BAWSCA Chair)

Barbara Pierce, City of Redwood City

Sepi Wood, City of Brisbane

Tom Zigterman, Stanford University

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY****BOARD POLICY COMMITTEE****October 12, 2022 – 1:30 p.m.**

<b>MINUTES</b>
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1. **Call to Order:** Committee Vice-Chair, Karen Hardy, called the meeting to order at 1:33 pm. CEO/General Manager, Nicole Sandkulla called the roll. Eight (8) members were present at roll call with one member participating via teleconference. A list of Committee members who were present (8), absent (1), and other attendees is attached.

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

2. **Comments by Committee Chair:** Vice-Chair Hardy announced that Chair Breault is unable to attend the meeting due to a medical schedule conflict. She welcomed the Committee members and meeting participants to the Committee's first in-person meeting since the call for emergency shelter-in-place in March 2020. She noted the value of being able to visit with each other before and after the meetings and appreciates the ability to do that again.
3. **Consent Calendar:** Vice-Chair Hardy called for a motion to approve the consent calendar.

**Director Wood made a motion, seconded by Director Chambers, that the Committee approve the Minutes of the June 8, 2022 Board Policy Committee meeting.**

**The motion passed by roll call vote.**

4. **Public Comments:** There were no public comments.

5. **Action Calendar:**

- A. **Annual Review and Consideration of BAWSCA's Statement of Investment Policy:** Finance Manager, Christina Tang, reported that BAWSCA's investment policy requires an annual review of the Statement of Investment Policy (Policy), which applies to all investment activities under the direction of the agency. The primary objectives of the Policy are safety, liquidity, and yield, in priority order. The last review took place in November 2021 and resulted in no changes.

Both agency funds and bond funds are invested in accordance with BAWSCA's Policy. Ms. Tang noted that because most agencies' investment policy governs operating funds and not bond funds, the staff report provides discussions for BAWSCA's investment of agency funds separate from the bond funds

Based on the recent review of the agency's current circumstances, BAWSCA's permitted investments are consistent with the agency's risk tolerance and primary investment objectives. Legal Counsel has also confirmed that the Policy reflect language that is consistent with current State Law; therefore, no changes are recommended at this time.

Ms. Tang provided an overview of the investment strategy for BAWSCA's Bond Stabilization Fund, which is funded by the bond proceeds and held by Bank of New York

as the bond trustee. Despite the Federal Reserves' continued increases in interest rates since the beginning of 2022, BAWSCA's longer-term portfolio strategy is performing well. It continues to provide important yield curve diversification against both market price and reinvestment rate risks.

Total bond funds held by the bond trustee as of October 5, 2022 were \$16,722,247. It includes \$3,795,109 in bond surcharges deposited in the Money Market Fund that have been collected from the member agencies to pay the next semi-annual debt service payment, and \$12,977,138 invested in US Treasury Securities, which functions as a reserve to cover debt service payments in the event of potential shortfalls in the surcharge revenue received from BAWSCA agencies. Based on the recent evaluation, the current 0-5 year ladder maturity investment strategy is determined appropriate.

Ms. Tang presented a chart to illustrate the current portfolio maturity distribution for the stabilization fund. The funds invested in US Treasury Securities will mature in 6-month intervals throughout the next 5 years.

Ms. Tang explained that BAWSCA has scheduled \$2.2 M in US Treasury Securities to mature on December 31, 2022 to coincide with the settlement of BAWSCA's refunding of Bonds 2013A on January 5, 2023. The funds will be used to pay down the principal amount of the refunding bonds as planned. In light of the recent market developments, BAWSCA and its investment advisor believe that the current strategy remains appropriate because such a longer-maturity strategy has historically provided greater investment returns over time while protecting the agency against the reinvestment rate risks.

In response to Vice-Chair Hardy, Ms. Tang confirmed that the ladder approach does mean a step to each maturity in 6-month increments. Each "step" is intended to have approximately the same amount of US Treasury Securities invested in 6-month intervals throughout a period of 5 years with the exception of the deviation between 3.5 – 4.5 years because of the \$2.2M to be used to pay down the principal of the refunding bonds on January 5, 2023.

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

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

**The motion passed by roll call vote.**

- B. Adoption of Resolution #2022-11 Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan. Ms. McPherson, Sr. Water Resources Analyst, presented this item. She noted that drought shortages on the Regional Water System are governed by two plans. First is the Tier 1 Plan, which allocates water between SFPUC retail customers and the collective wholesale customers. Second is the Tier 2 Plan, which allocates water among the wholesale customers. Both plans apply during system-wide shortages of up to 20%.

The Tier 2 Plan was adopted by the governing body of each member agency in Winter/Spring of 2011.

The Water Supply Agreement (WSA) Section 3.11(c)(3) states that the “SFPUC will honor Tier 2 allocations among the Wholesale Customers provided by BAWSCA or unanimously agreed to by all the Wholesale Customers”.

The term of the Tier 2 Plan was set to expire on December 31, 2018, to coincide with SFPUC’s decision by 2018, in accordance with the WSA, whether to make the cities of San Jose and Santa Clara as permanent customers of the RWS. Since 2018, the Board has extended the Tier 2 Plan each year in anticipation of the member agencies’ negotiation and adoption of a new Tier 2 Plan.

BAWSCA, together with the Water Management Representatives (WMR), recognized the need to update the existing Tier 2 Plan, given that factors, such as the new water use legislation being implemented by the State of California, should be woven into a new Tier 2 Plan. Efforts to develop a new Tier 2 Plan started in FY 2021-22 beginning with each member agency appointing a lead negotiator to represent their agency’s interests and perspectives. At the direction of the board and invitation from the member agencies, BAWSCA is facilitating these negotiations. To date, agencies have agreed to a set of policy principles to guide model development, monthly negotiations have been held through the WMR meetings, and in-person meetings started in September to supplement discussions at the monthly WMR meeting. While progress achieved so far has been encouraging, the work that remains to be done cannot be completed by the end of calendar year 2022.

In addition, SFPUC’s declaration of a water shortage emergency in November 2021 triggered the implementation of both Tier 1 and Tier 2 Plans for the first time. Ms. McPherson noted that during the 2015-17 drought, then Governor Jerry Brown’s call for water use reductions across the state superseded the Tier 1 and 2 Plans.

The Committee is asked to recommend Board adoption of Resolution 2022-11 to extend the current Tier 2 Plan through December 2023.

Discussions ensued following Ms. McPherson’s presentation.

In response to Director Jordan, Ms. Sandkulla explained that if the SFPUC declares a systemwide water shortage greater than 20%, the Tier 1 and Tier 2 Plans will not apply. There is language in the WSA that requires San Francisco to “Meet and Confer” with BAWSCA, on behalf of the member agencies, to come to an agreement on how supply allocations for the wholesale customers can occur. San Francisco will maintain the decision-making authority if agreement cannot be reached.

Director Cormack inquired about staff’s perspective on the implementation of the Tier 2 Plan and what lessons have been learned, if any, to hopefully inform decisions for the new Tier 2 Plan.

Ms. Sandkulla stated that while it was painful to have to implement the existing plan, it has been a very valuable learning process. It became evident that the plan is very rigid in its formulas, with unintended consequences, that are now under discussions and

analysis by the WMR. Whether the new Tier 2 Plan retains or changes this level of rigidity will be up to the WMR on how rigid they want to make the plan moving forward.

Director Pierce noted that the actual implementation of the Tier 2 Plan now places BAWSCA and the member agencies in a real world situation, as opposed to a theoretical situation. She asked about the group's consistency in opinion on the existing plan, and impacts to San Jose and Santa Clara.

Ms. Sandkulla stated that there remains multiple differences of opinions and sides to every issue among the group. She emphasized that there are 26 agencies; cities, water districts, with multiple sizes and multiple circumstances for growth, no growth, and everything in between. The WMR are having highly respectful conversations, as evident by the prior reports provided to the Board by Leonard Ash from ACWD and Julia Nussbaum from Stanford. But the differences are a real issue and the group has to come to a unified resolution.

The situation with San Jose and Santa Clara is among the issues that is yet to be resolved.

Director Larsson noted that there are some distinctions that he has found helpful to think about as he gained a better understanding of the Tier 2 Plan. There is a difference between implementing the plan's calculations for an occurring drought, versus negotiating a Tier 2 Plan for the future. While the Board has a role in both, they are separate activities and the board's authorities for each activity comes from different places.

With regards to the calculations, the WSA states that the BAWSCA CEO/General Manager and Board Chair will sign off and deliver those numbers to the SFPUC. The calculations, however, are in the hands of the agencies, via the WMR, to negotiate and agree upon. Once the Tier 2 plan is negotiated, it is not the Board, but the individual member agencies' governing bodies that must adopt the plan.

This is an important distinction to understand. The Board can help the agencies move through the negotiation process, but as a Board, it has no authority to force the member agencies to come to an agreement. Implementation of an adopted plan is the responsibility of the BAWSCA staff and the WMR to run the calculations.

In response to Director Larsson, Ms. McPherson explained that there is a 3-tier process to complete the new Tier 2 Plan negotiations. The WMR negotiate the calculations for a new Tier 2 Plan; once agreement is reached, the WMR's have to present it to their respective agency's executive management for support; and then, the new Tier 2 Plan will then be presented to individual governing bodies for adoption.

Director Larsson noted that the buy-in process through an agency's internal structure can take some time, which is another reason why the negotiations can take longer. He agreed with Ms. McPherson that Board members' engagement and awareness of the process can be helpful as it is a highly complicated effort that if directors understand incremental levels throughout the development, they can share the benefit of their knowledge with their fellow governing bodies.

Director Zigterman noted that he was an indirect participant of the initial Tier 2 Plan and commented that it is a complex process. The agencies have different situations with their Individual Supply Guarantee (ISG), or their contract allotment, with San Francisco. The challenge is how can those differences and the agencies' practices with respect to conservation efforts to reduce demand and development of alternative supplies be considered. How would the formula balance the agencies' efforts across the board and recognize their ISGs too. It was a long negotiation process for those facets to be recognized at some level. He supports the extension of the plan to allow for this difficult negotiation process to continue.

Director Wood asked how will this complex process, particularly when each agency have their own biases, reach agreement and how long will it take?

Ms. Sandkulla stated that addressing differences is not unusual among the BAWSCA agencies. BAWSCA agencies have a history of coming together and setting aside individual interests to put focus on the collective interests. What is necessary now is for BAWSCA to support that effort and allow for the necessary conversations to take place. With the initial Tier 2 Plan and the 2009 WSA as evidence, BAWSCA agencies has a history of successfully negotiating among themselves. Ms. Sandkulla pointed out that despite the 26 member agencies, BAWSCA has achieved what it has over a 20-plus year period because the agencies work together, provide the opportunity for conversation and build discussions to reach a collective goal. It is never easy, but BAWSCA staff, its consultants, Woodard and Curran, and the appointed agency negotiators are working diligently.

Director Zigterman added that he believes that culturally, BAWSCA has come a long way in recognizing the equity for the region while also recognizing efforts made in achieving conservation and alternative supplies, as opposed to looking at our respective agency's interests.

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

**Director Pierce made a motion, seconded by Director Zigterman, that the Board Policy Committee recommend the Board adoption of Resolution 2022-11 extending the term of the 2021 Amended and Restated Tier 2 Plan through December 31, 2023.**

**The motion passed by roll call vote.**

## **6. CEO Reports:**

- A. Long-Term Reliable Water Supply Strategy (Strategy) Scoping Status: Tom Francis, Water Resources Manager, noted that this item is being presented to the Committee to provide information in addition to what was provided in the CEO letter, as well as the opportunity for the Committee to make comments and ask questions. As an overview, he reported that BAWSCA initiated the development of the Strategy in 2009, starting with an RFP to scope the work (Phase 1 of the multi-phased project was the development of the formal Scope of the Strategy).

Phase 1 was finalized in 2010, and it provided a roadmap for developing Phase IIA. Both the Board and the WMR's were heavily engaged throughout the development of Phase IIA, which was published in 2012. It provided a summary of recommended actions for the Board's consideration to finalize the Strategy. The Board adopted some of the recommended actions which laid the groundwork for the early implementation process that then formed the Final Strategy report that was published in 2015 (Phase IIB).

The Strategy development was a 5-year effort which focused on large regional water supply projects like the Los Vaqueros Expansion project, regional desalination partnerships, and potential water transfers. BAWSCA came close to implementing a pilot water transfer in 2020. As part of the pilot, BAWSCA analyzed and identified what the region could do via transfers to improve water supply reliability and prepared a Pilot Water Transfer Efforts report in 2022 that documented the multi-year effort toward implementing the pilot.

Since the completion of the Strategy in 2015, the region has experienced the drought of 2014-2017 in addition to the current drought that is taking place, as well as changes to the Board's directions to staff on what efforts BAWSCA should focus on independently to improve water supply reliability and meet the agency's overall goal. The adopted FY 2022-23 work plan and operating budget includes the development of an updated scope of work for the Strategy, including a review and evaluation of the scoping approach established in 2009-10 to determine whether or not those scoping tasks remain appropriate for an updated Strategy.

To get a pulse of what agencies are doing and what stakeholders in the region are collectively interested in as it relates to water supply actions and activities, BAWSCA is currently engaged in work that will inform the scoping efforts.

BAWSCA initiated the Regional Water Supply Reliability Roundtable workshops which engages the WMRs and other stakeholders from non-governmental organizations and the business community in the region. Two workshops have been held to date and future ones are scheduled in November and in the December/January timeframe.

BAWSCA is also meeting with each member agency to understand the water supply projects agencies have been engaged in, are considering, or in the midst of doing. BAWSCA is interested in learning about all types of projects including expansions of recycled water, potable reuse, groundwater projects, or storm water projects.

Mr. Francis reported that a Request for Proposal (RFP) will be issued in late 2022 for support the development of the scope for an updated Strategy. The ongoing drought continues to require additional time from staff, and Ms. Ashoori, BAWSCA Sr. Water Resources Engineer, will begin her maternity leave in early December. Hence, BAWSCA requires the use of outside consultant support to help develop the scoping documents and benefit from their expertise to ensure all critical aspects, such as financing and approaches to regional projects, are considered when proposing a scope of work for updating the Strategy.

Director Cormack stated that while BAWSCA is proficient in the analysis of data from the member agencies, she acknowledged the need for expert support through a consultant given the complexity of the task. She asked how, in the scoping process, would

BAWSCA identify the “sweet spot” that is well suited for the various member agencies and the three counties in the region?

Mr. Francis stated that BAWSCA first needs to understand several factors including; what water supply projects each agency is planning and are interested in furthering; what the agencies desire of BAWSCA to support those efforts, and what they desire of BAWSCA for broader regional effort participation. A goal for the scoping effort is to determine what role *should* BAWSCA have. Should it assist with pursuing collective grants to support regional project(s); should it have an information role in unique projects that other agencies can learn from. There are various options that need to be analyzed. The list of possibilities is extensive and can include legislative, technical and funding support. Mr. Francis added that the initial Strategy included efforts for a BAWSCA-specific supply, and that will be evaluated to determine whether it continues to make sense.

Director Cormack noted that while the effort may seem amorphous, it is important to figure out, in addition to BAWSCA’s dependency on SFPUC, what other steps can the member agencies take collectively to ensure supply reliability.

Director Jordan asked why not wait to start the Strategy until the new Tier 2 Plan is complete and until the Bay Delta Plan is resolved. It would be good to have information on both the Tier 2 Plan and the Bay Delta Plan to get a better picture of what water supply projects are needed or are appropriate.

Ms. Sandkulla explained that the Tier 2 Plan is a specific negotiation on a singular supply – the water supplied by SFPUC via the Regional Water System. She reminded the Committee that the pace of those negotiations is not controlled by the Board. Alternatively, the Strategy is designed to answer the question; “How does BAWSCA achieve its goal of reliable supply of high-quality water at a fair price?” What should BAWSCA’s work plan include to achieve that goal. The initial Strategy identified the pursuit of regional projects and support for individual agency projects in which significant progress has been made. BAWSCA and its member agencies are a lot farther along in achieving the goal than they were in 2015. However, conditions are different today from when the analyses were done to develop the Strategy. There are environmental pressures on that singular supply, and there is the ongoing drought which increases the need for alternative supplies. The scoping effort to update the Strategy will inform the Board of what it will take to update the Strategy.

Updating the Strategy has been part of the workplan since FY2020-21 but has been delayed because of the drought. It is worth taking the step to start the scoping efforts and gain a sense of what it entails in addition to engaging the WMRs and the Board in the discussion of whether this is an effort worth our time.

The Bay Delta Plan has a long window until it is resolved. No matter what the answer is, the resolution of that is in San Francisco’s control. San Francisco has an obligation for 184 mgd to the wholesale customers and the question with the Strategy is what more needs to be done. While there may be some gray areas in which agencies simply do not know the answers to, waiting until those issues are resolved would put BAWSCA and its member agencies in a situation where it is operating with no information in which to engage everyone with.

Director Jordan noted that as BAWSCA enters into water supply projects, it should commit to looking at the insurability of the project before reaching a full-scale design. He cited the lesson learned from the pilot water transfer.

Ms. Sandkulla noted that the lesson was learned, and explained that the update to the Strategy is about further considerations of water supply projects that have developed since 2012, including opportunities that were not closely examined at the time. It is taking the next potential steps.

Ms. Sandkulla emphasized that when the Board was presented with recommendations from the initial strategy, the Board discussed what levels of engagement and investment BAWSCA wanted to commit to, and in what projects. The Board's support of the Strategy recommendations provided BAWSCA staff the working direction for several years.

Those kinds of conversations and level of involvement are what the Board will be engaged in as the Strategy update continues. But that remains a long way from where we are today. First, we have to scope the efforts needed to update the Strategy.

Director Zigterman stated that formulating a strategy for the next 30-40 years and making a recommendation to the Board is exactly a topic he believes the BPC needs to address and suggested that perhaps a future workshop on the topic was in order as the scope is developed.

He further indicated that simultaneously working on Tier 2 and the Strategy separately so it can inform each other is appropriate. He suggested gathering information on what the agencies are doing about water supplies and look at it in buckets. For example:

- SFPUC has a contractual obligation to meet its level of service goal to 2034. How do we ensure that SFPUC can meet that obligation given the Bay Delta Plan and other environmental realities?
- What will the region do when the water supply is outgrown or challenged and becomes limited?

This is a key opportunity to work on the immediate needs of drought allocation while we look long-term on how to formulate a strategy for, possibly, a system in which we've gotten all we can get.

Director Pierce supported the scoping effort and highlighted the benefits of having more information than less. The Board will not intend to repeat what Director Jordan alluded to regarding the pilot water transfer, but noted that BAWSCA's attempt to implement a pilot water transfer was the only way to gain the knowledge BAWSCA and the member agencies have now. Until then, water transfers were viewed as the most efficient, cost-effective, and simplest way to access alternative water supplies. She is pleased with the initiation of the efforts and that it will begin with the agencies. While efforts cannot always be perfect, it will provide the Board information on how to move forward collectively within the region.

Director Chambers supports the effort as supplies are going to get tighter and projects need long lead times. He noted that Westborough Water District does not treat its wastewater and instead sends it to North San Mateo County Sanitation District. He

emphasized that it is important to have these players in the discussion room as they can bring a lot to the table, and BAWSCA has the ability and experience to bring various groups together.

Mr. Francis confirmed that sanitation and wastewater districts have been invited to the roundtable workshops.

Director Cormack pointed out that wastewater treatment plants in the region are currently undergoing massive upgrades and are working on their new designs. Now is the time to reach out to them before they finalize their plans. It might also be that their time is consumed with their own upgrades and may benefit from a nudge by the member agencies.

Mr. Francis agreed and reported that BAWSCA and the member agencies are engaged in important conversations on the concept of OneWater with the wastewater agencies. Those conversations will continue.

- B. Water Supply Conditions: Ms. Sandkulla reported on water supply conditions and drought conditions. Total system storage is 66% of maximum storage. The region is in much better situation than most of the State and the hope is that we get some rain in the season. She reminded the Committee that the region is dependent upon the System and does not have access to large alternative imported water supplies, so BAWSCA is actively engaging in the drought management plan.

Using data from BAWSCA's Annual Survey, Ms. Sandkulla shared a series of graphs she recently presented to the SFPUC as well as the WMRs.

The first graph provides overall total water use and population in the BAWSCA region from FY 1975-76, which is the oldest reliable data, to FY 2020-21, which is the last published annual survey. It shows that the region today uses 24% less water compared to the region's peak use in 1986-87, despite a 32% population increase.

This is not unusual as most water agencies in the Bay Area have a similar trend. The overall increase in efficiency is the result of many things including federal and state regulations, plumbing code regulations, efficiency requirements, and the member agencies' local investments in water conservation, as well as the agencies' water customers' individual efforts. It also is the result of extended drought periods where water use goes down and does not quite fully recover, as well as the impacts of the pandemic.

Another way to look at the trend over the last 10 years is to see it as a single drought period versus how we have been looking at it as a sequence of droughts with short intervening wet periods. Looking at it from the two perspectives impacts how we as water managers, as well as customers, think about the water use trends, how to respond to the current drought conditions, and how to view what is normal or not normal.

Ms. Sandkulla presented a graph that shows what the regional water efficiency numbers mean on a per person basis. With the same data set, average residential use in the region decreased by 37% since 1986-87. She emphasized that the drought in FY 2015-16 decreased gross per capita use to 56 gallons per capita per day (gpcd), which, at the time, was unprecedented and very close to what was considered a public health and

safety number. Since then, water use has rebounded a bit but remains lower than prior periods.

As a regional agency, BAWSCA needs to closely examine the data and try to understand why the region is not achieving the savings it achieved in the drought of 2015-16.

Ms. Sandkulla noted that this information initiated BAWSCA's interest to look at updating the demand projections and do a sensitivity analysis. She was pleased to report that the project is moving along well and a status will be reported to the Board in November.

Director Wood asked if decreased population in California as a result of people moving to other states have recordable impact on the per capita data?

Ms. Sandkulla noted that the data is calculated based on population numbers published every year. She noted that one of the discussions in the Tier 2 effort is focused on how population is calculated.

Director Pierce asked if BAWSCA has looked into what the reasonable gallon per capita per day use is?

Ms. Sandkulla stated that based on California's climate moving towards hotter and drier conditions, pressure to reduce water use as low as possible can be anticipated. There is no going back to the water use levels from 10 years ago. The question is how far does water use reduction have to go?

BAWSCA is monitoring the water use efficiency requirements at the state level. The question is how do we keep water use low, how much of a rebound is experienced, and what does it mean for planning efforts moving forward. Water use characteristics in California in general will change dramatically, and the BAWSCA region is no exception to that.

Ms. Sandkulla presented additional graphs that were designed to show the differences between the member agencies; for example, how small Purissima Hills Water District is, and how big ACWD's service area in comparison to the amount of water they both respectively purchase from San Francisco.

Using data from FY 2012-13, the year before the series of severe droughts, and FY 2020-21, a year of dry conditions and the year of the pandemic, Ms. Sandkulla noted the following:

- In FY 2012-13:
  - No agencies used less than 48 gpcd
  - 9 agencies used 48 – 65 gpcd
  - 12 agencies used > 75 gpcd
  - San Francisco retail customers' average use was 49 gpcd
  - The average residential water use in the BAWSCA region was 71 gpcd.
- In FY 2020-21:
  - 9 agencies used < 48 gpcd

- 8 agencies used 48-65 gpcd
- 4 agencies used > 75 gpcd
- San Francisco retail customers' average use was 42 gpcd
- The average residential water use in the BAWSCA region was 66 gpcd

The committee was presented additional graphs to show residential per capita consumption compared to the cumulative percent of population served at that level. Ms. Sandkulla explained that the purpose of the graphs were to identify how much of the population is using a lot of water, or using a little water?

The same FY 2012-13 and FY 2020-21 data were used:

- In FY 2012-13:
  - 31% of the service area population used  $\leq$  70 gpcd
  - 95% of the service area population used  $\leq$  99 gpcd
- In FY 2020-21:
  - 90% of the service area population used  $\leq$  70 gpcd

Overall, the region's total potable water use in August 2022 was 27% less than in August 2013. Ms. Sandkulla noted that the service area has always responded to the need for water use efficiency, specifically in 2015 when water use immediately reduced and summer peaks were flattened and maintained.

But why is the region not achieving today's target; what do we have to do; have we achieved the maximum; are the customers overwhelmed with 10 years of drought? The region seem to be in a very different characteristics, and how should the region address that? The analysis of the data is to provide the questions to the facts presented in the graphs.

BAWSCA and the member agencies are committed to responding to the governor's and the SFPUC's call for water use reductions. Ms. Sandkulla reported that the agencies are engaged with the efforts and the customers are clearly responding because there *are* savings being achieved compared to 2021 even though the cumulative savings are not achieving the regional water system target.

BAWSCA is collecting information from the agencies on what they are individually doing to explore what more can be done to achieve the necessary savings. BAWSCA will continue conversations with the SFPUC because if conditions remain dry, San Francisco and the Governor can call for something much more, and the region will have to comply. The more prepared the service area is the better.

- C. Bay Delta Plan/FERC Update: Ms. Sandkulla reported that no changes have occurred since the September Board meeting. The State continues its efforts on the Memorandum of Understanding to develop an agreement to protect beneficial uses in the Sacramento -San Joaquin Delta.

Comments and questions from committee members followed the conclusion of the CEO reports.

Director Cormack asked if outdoor use is the problem, and commented that perhaps a fundamental change the region can collectively do is to remove lawns, much like new constructions are deterred from installing natural gas.

In response, Ms. Sandkulla reported that there were no savings achieved in the winter and the region's summer use continues to be flat. The region's water use is already low in normal years and the reduction achieved in dry years is not enough to achieve the target. A fundamental change may be needed, but the question is, what?

Director Cormack added that; *What changes do we need to make?* is a legitimate question. Discussing cut-backs by certain percentages and implementation of conservation programs by individuals does not seem to be enough. Looking at the last 10 years as a single drought period really means; *It is not about when you water your lawn, but about not having a lawn.*

Ms. Sandkulla stated that these are the types of conversations BAWSCA had in developing the initial Strategy in which building codes, including landscape and irrigation "reach" codes were looked at. BAWSCA continues to work with the SFPUC in identifying concrete actions that the region has yet to do to achieve the goal.

Legal Counsel, Allison Schutte, reminded the Committee that San Francisco and non-city member agencies do not have land-use authority. This will make it challenging to do the activities discussed, and would require such efforts to be built-in the overall solution.

Director Larsson commented on the 10-year drought and noted that it could even be looked at as a 20-year drought that is only in the beginning.

In response to Director Wood regarding the pandemic's impact on people's behaviors; moving back home or planting a garden, Ms., Sandkulla stated that the sensitivity analysis will look into the factors within the last 2 years, including the region's rebound from the drought and the pandemic.

Director Zigterman brought up water quality and nitrification which gets impacted when water use goes down and agencies that are required to flush their systems have to deal with the optics from water customers. It's another reality that agencies need to look at for improvement.

Director Jordan appreciates staff's efforts with the San Francisco Peninsula Pure Water (SPRP) Project and concerns with PFAS. He asked about the insurability of the efforts given ACWA/JPIA has reduced the maximum coverage to \$10M.

Ms. Sandkulla will include the issue of insurance as part of the project's implementation question. The project is about a year away from that point, but staff will share its experience with the pilot water transfer and raise the issue with the group.

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

There were no comments from members of the public.

**7. Closed Session:** The Committee adjourned to Closed Session at 3:18 pm.

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

8. **Report from Closed Session:** The Committee reconvened to Open Session at 3:41 pm. Ms. Schutte reported that no reportable action was taken during Closed Session.

9. **Committee Discussion:**

- A. **New Meeting Location and Resumption of In-Person Meetings:** BAWSCA Chair Larsson stated that holding the BPC's first in-person meeting in the new location provides an opportunity to assess and gather Committee members' feedback on the venue and their opinion on the resumption of in-person meeting formats for future Committee and Board meetings.

Committee Vice-Chair Hardy went around the room for comments.

Overall, the Committee was pleased with the venue and supportive of the resumption of meeting in person.

Key notes on the venue included:

- Free of charge
- Close proximity to CalTrain
- Closing time is not as rigid as previous location

Notes of caution for meeting in person included:

- Stay vigilant with developments of COVID in the winter
- Logistical details:
  - Bare glass windows during Closed Session
  - Loose wires pose safety issues
  - Large room impact to auditory range

In response to Committee members' inquiry about remote participation options in a large space and streaming capabilities, Ms. Sandkulla explained that for the Board meetings, the audio visual vendor that has been used in previous years before the pandemic will supply mics for board members, staff, and members of the public for public comments. There will be a podium in which staff presentations and public comments will be made from.

Ms. Schutte emphasized that the traditional Brown Act requirements will apply to BAWSCA's in-person meeting formats. This means that remote participation by any Board member(s):

- Will require the agenda to disclose the locale from where the Board member is teleconferencing from;
- The agenda must be posted at the teleconferencing location;
- The location must be accessible to the public and have the technical capability to allow members of the public to listen to and speak to the Board; and
- Board members must be within the service area jurisdiction to be included in the quorum.

Ms. Schutte added that there are changes coming in the law that would allow Board members' home agencies, with excellent wifi connectivity, the ability to accommodate

last minute notice for members of their governing body to dial-into a meeting. This capability will not be applicable to BAWSCA. BAWSCA does not have its own meeting room and room's that BAWSCA relies upon for its meetings do not have the technology in place to meet the standards required, which is the ability for the remote public to listen to, observe and speak. The room does not have cameras that can pan and capture the entire Board of 26 members in which a virtual participant can observe.

Chair Larsson encouraged Board and Committee members to notify Ms. Sandkulla as soon as possible if teleconferencing is needed in order to comply with the traditional Brown Act requirements. At the latest, agendas are published the Friday prior to the meeting.

Director Larsson was pleased to see both committee members and staff. In person conversations are more engaging and allows for an effective back-and-forth.

Director Wood admitted her reluctance for an in-person format mostly because of the convenience virtual formats offer, but quickly appreciated seeing her fellow Board members as soon as she arrived. The same resistance may be felt by others but she noted that it is a good time to resume the in-person meeting format.

Director Cormack noted that Palo Alto council members wear masks at their discretion and suggested BAWSCA offer the same option. She commented that steps in between can be taken to continue the ability to meet in person while keeping everyone safe and comfortable.

Director Hardy noted that Cal Train's northbound schedule can accommodate Board members who choose to use public transportation. Directors can walk together back to the station after meetings.

Additional comments included letting Board members know that the venue is in a residential area and entry to the building is through the main entrance.

#### **10. Comments by Committee Members:**

Director Larsson announced that the November 17<sup>th</sup> Board meeting will be in person in the Sequoia Room at the Burlingame Community Center.

Directors Wood and Zigterman thanked staff for their continuing efforts.

#### **11. Adjournment:** The meeting was adjourned at 4:07 pm. The next meeting is December 14, 2022 in Sequoia Room of Burlingame Community Center.

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. 12, 2022	Aug. 10, 2022	Jun. 8, 2022	Apr. 13, 2022	Feb. 9, 2022	Dec. 8, 2021
GVMID	Breault, Randy		Meeting Cancelled	✓	✓	✓	n/a
Santa Clara	Hardy, Karen	✓		✓		✓	✓
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

### October 12, 2022 Meeting Attendance (*In-Person*)

#### BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
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/GM		
Deborah Grimes	Office Manager		

#### Public Attendees:

Alison Kastam	SFPUC
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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE MEETING**

**Agenda Title:**        **Mid-Year 2022-23 Work Plan, Budget and General Reserve Review and Recommended Changes**

**Summary:**

A review of the FY 2022-23 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 three items in the adopted FY 2022-23 Work Plan are recommended for adjustment, with two items requiring budget and funding changes through a board action:

- 1) Work Plan Item 2b “Scope update to BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy)”: Change work plan item to read “**Initiate** scoping an update to Strategy to FY 2022-23”, secure outside consultant support to assist with the scoping in FY 2022-23, transfer \$30K from the General Reserve to fund the outside consultant support, and amend the FY 2022-23 Operating Budget by \$30K to reflect the associated increase.
- 2) Work Plan Item 3f “Continue development of a leak repair and training certification program for implementation in FY 2023-24”: Change work plan item to read “Continue development of a leak repair and training certification program for implementation in **FY 2024-25**”.
- 3) Work Plan Item 4d “Facilitate Negotiations of an updated Tier 2 Drought Allocation Plan”: Increase consultant contract budget with Woodard & Curran by an additional \$60K for a total contract amount of \$147K, funded by using the \$55K budgeted contingency and a \$5K reallocation within the current approved FY 2022-23 Operating Budget.

This memorandum presents: (1) the recommended changes to the FY 2022-23 Work Plan and associated budget implications, (2) the recommended adjustments to the adopted FY 2022-23 Operating Budget to fund the recommended changes, and (3) a discussion on the management of the General Reserve. For all other Work Plan items, expenses are tracking within the currently approved Operating Budget for FY 2022-23 of \$4,720,885.

**Fiscal Impact:**

Adoption of the recommended changes would result in (1) \$30K transfer from the General Reserve to fund the FY 2022-23 Operating Budget, and (2) a corresponding \$30K increase to the FY 2022-23 Operating Budget to \$4,750,885. Approval of this action would result in a General Reserve balance of \$1,046,550 and that is 22% of the modified Operating Budget.

**Recommendation:**

That the Committee recommend Board approval of the following FY 2022-23 Work Plan, Operating Budget and funding changes:

- 1) For Work Plan Item 2b “Scope update to BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy)”: Change work plan item to read “**Initiate** scoping an update to Strategy to FY 2022-23”, secure outside consultant support to assist with the scoping in FY 2022-23, transfer \$30K from the General Reserve to fund the outside consultant support, and amend the FY 2022-23 Operating Budget by \$30K to reflect the associated increase;
- 2) Work Plan Item 3f “Continue development of a leak repair and training certification program for implementation in FY 2023-24”: Change work plan item to read “Continue development of a leak repair and training certification program for implementation in **FY 2024-25**”; and,

- 3) For Work Plan Item 4d “Facilitate Negotiations of an updated Tier 2 Drought Allocation Plan”: Increase consultant contract budget with Woodard & Curran by an additional \$60K for a total contract amount of \$147K, funded by using the \$55K budgeted contingency and a \$5K reallocation within the current approved FY 2022-23 Operating Budget.

**Prior Board Approved Work Plan and Budget Actions for FY 2022-23:**

On May 19, 2022, the Board approved the following:

- 1) FY 2022-23 Work Plan and Results to be Achieved;
- 2) Operating Budget of \$4,720,885;
- 3) Funding plan of a 25% assessment increase (\$4,838,897) and a \$75,000 transfer from the Balancing Account; and
- 4) A transfer of \$193,012 to the General Reserve.

**Discussion:**

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

Implementation of the Work Plan is delayed in a few key areas resulting in three changes as recommended below. Following the Work Plan review, a budget review was performed, which resulted in the associated Operating Budget and funding changes recommended below. In general, the delayed actions are associated from a combination of increased support needed due to ongoing drought conditions that were beyond what was planned, increased effort needed to support the Tier 2 negotiations, and an upcoming planned staff leave of absence that will be occurring mid-year.

**Recommended FY 2022-23 Work Plan Changes and Budget Implications**

Table 1 presents the Board-approved Work Plan for FY 2022-23 modified to show recommended revisions to the Work Plan. Explanations for the three recommended revisions are discussed below.

- 1) Work Plan Item 2b “Scope update to BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy)”: Progress on scoping an update to BAWSCA’s Strategy has been delayed due to elevation of existing staff commitments coupled with necessary increased drought assistance and the upcoming planned staff leave of absence of a key senior staff member assigned to the work effort. The situation and the approach to use consultant assistance to support the staff led scoping effort was shared with the Board Policy Committee in October.

It is recommended to change the work plan item to “**Initiate** update to BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy)” and secure a modest level of consultant support (\$30K) to assist a staff-led effort that will continue into FY 2023-24. A draft Request for Proposals has been prepared and is under review by Legal Counsel for release following Board approval in January 2023. A transfer of \$30k from the General Reserve to fund the consultant support, and an increase to the FY 2022-23 Operating Budget to reflect the transfer is recommended for this work plan revision.

- 2) Work Plan Item 3f “Continue development of a leak repair and training certification program for implementation in FY 2023-24”: Work is progressing in accordance with the Memorandum of Understanding (MOU) with CalWEP and Valley Water, however implementation has been delayed by 1-year given the determination through the Phase 1 research and discovery activities that additional outside specialized expertise in curriculum development is needed to finalize overall program development for successful implementation. The overall schedule anticipates development of the training program in FY 2023-24, followed by implementation in FY 2024-25.

It is recommended to change the work plan item to “Continue development of a leak repair and training certification program for implementation in **FY 2024-25**”.

- 3) **Work Plan Item 4d “Facilitate Negotiations of an updated Tier 2 Drought Allocation Plan”:**  
BAWSCA initiated the development of an updated Tier 2 Drought Response Implementation Plan in January 2022. Work has continued into FY 2022-23 with the facilitation of negotiations between members, presentations at WMR meetings as well as conducting monthly workshops on the topic. Significant progress is being made and it is clear that additional time and consultant resources will be needed to develop an updated Plan that will be acceptable to the members and ready for adoption by the governing bodies by the end of calendar year 2023. For FY 2022-23, additional consultant resources are needed to continue progress with the goal of an agreed upon updated Tier 2 Plan that is ready for adoption by the end of calendar year 2023.

Under the CEO/General Manager’s discretionary authority, \$15K will be added to the Woodard & Curran contract budget this December, for a total contract amount of \$87K, to fund the consultant’s continued work through January 2023. This initial \$15K contract amendment will be funded through a budget reallocation within the existing adopted FY 2022-23 Operating Budget.

An additional \$60K increase to the contract, for a total contract amount of \$147K, is recommended to fund this work for the February 2023-June 2023 period with the proposed funding via the \$55K budgeted contingency and a \$5K reallocation within the current approved FY 2022-23 Operating Budget.

**Capacity to Accommodate Potential or Unanticipated Issues**

This year has continued to be challenging given the increasing State-wide drought and associated impacts. In addition, the extended staff leave of absence was not anticipated at the time of the work plan and budget development. The recommended work plan changes reflect these challenges. As always, if further potential or unanticipated issues arise during Spring 2023, 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 Changes Needed to Complete Work Expected During FY 2022-23:**

A preliminary budget review has been performed as part of this mid-year review and resulted in the following recommended budget changes:

- 1) \$30K transfer from the General Reserve to fund the FY 2022-23 Operating Budget, and
- 2) a corresponding \$30K increase to the FY 2022-23 Operating Budget to \$4,750,885.

All other expenses are tracking in accordance with the approved budget.

**Review and Management of General Reserve:**

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

The current General Reserve balance of \$1,076,550 reflects the approved transfer of \$193,012 to the General Reserve in May 2022, and the deposit of \$124,744 of FY 2021-22 unspent funds.

This level of General Reserve represents 23% of the approved Operating Budget, which is within the current guideline for the General Reserve balance for budgetary purposes of 20% to 35% of the annual operating expense.

Approval of this recommended action would reduce the General Reserve balance by \$30K to \$1,046,550, or 22% of the revised Operating Budget. Based on results of the FY 2022-23 mid-year Work Plan and budget review, no other changes to the General Reserve are requested at this time.

**Attachments:**

1. Table 1. Work Plan and Results to be Achieved in FY 2022-23: Progress and Recommended Changes
2. Table 2. Historical Annual Assessments and Year-End Reserves

**Table 1. Work Plan and Results to be Achieved in FY 2022-23: Progress and Recommended Changes**  
 (Recommended Changes to Adopted Work Plan Identified in Underlined, Blue, Italic Font)

(Mid-Year Status Shown in 1 <sup>st</sup> Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
	<b>RELIABLE WATER SUPPLY</b>	
	<b>1. <u>Facility Reliability: Monitor SFPUC's WSIP, 10-Year CIP, Asset Mgmt. Program, and Emergency Response</u></b>	
✓	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"> <li>Reviewed the FY 2021-22 WSIP Annual Report and discussed comments with SFPUC.</li> <li>Reviewed WSIP Notice of Change (NOC) which proposed extending the completion date from mid-2023 to February 2027 and provided comments to the SFPUC and the State. The NOC was adopted by the Commission in March 2022 and provided to State in October 2022.</li> <li>Completed review of two Quarterly WSIP Reports, compiled comments and questions, and met with SFPUC to review and address concerns.</li> </ul>
✓	b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program (CIP) 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"> <li>Met with SFPUC staff to review the preliminary changes to the proposed mid-cycle SFPUC Regional 10-Year CIP in anticipation of a draft CIP available for BAWSCA review in early (January) 2023.</li> <li>Reviewed SFPUC Annual Report on its Water Enterprise Managed CIP project (projects less than \$5M in size). A comment letter is in development and will be sent in December 2022.</li> <li>Participated in a 2-day upcountry tour of SFPUC CIP projects in September 2022.</li> <li>Reviewed and provided written comments on the bi-annual SFPUC State of the Water System Report. Comments discussed with the SFPUC on October 3, 2022.</li> </ul>
✓	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	<ul style="list-style-type: none"> <li>Submitted a formal letter to the SFPUC regarding its lack of progress regarding the preparation of a Meter Testing Plan as required by the WSA. Scheduled to meet with the SFPUC on Dec. 19<sup>th</sup> to discuss the topic.</li> </ul>

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

STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
	Section 3.10.c. including participation in SFPUC's roll out of their recently adopted Asset Mgmt. Policy.	<ul style="list-style-type: none"> <li>The SFPUC's State of the Water System Report included discussions of its Asset Management Program efforts. BAWSCA provided comments to the Report as indicated above.</li> </ul>
✓	d. Provide assistance to members and help facilitate engagement with the SFPUC regarding emergency response matters.	<ul style="list-style-type: none"> <li>Participated and helped coordinate a meeting with the SFPUC and member on August 30, 2022 with a focus on agency emergency response plans and status of emergency response activities.</li> <li>Reviewed and assessed August 2022 San Mateo Grand Jury Report that identified deficiencies in emergency response plan activities of water agencies in the County. Discussed the report and intended response with members and SFPUC.</li> </ul>
	<b><u>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</u></b>	
✓★	a. Complete Update and Refresh of BAWSCA 2020 Demand Study	<ul style="list-style-type: none"> <li>The 2022 Demand Study is complete and has been posted on the BAWSCA website. Results of the work was presented to the BAWSCA Board at their November 17, 2022 Board Meeting</li> </ul>
!●	b. Complete staff-led scoping activity for an update to BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy).  <u><b>Recommended Scope Change and Budget Adjustment: Modify work plan item to clarify "Initiate Scoping" and authorize securing assistance from outside consultant with a total cost of \$30K to be funded by a transfer from the General Reserve, and increase the FY 2022-23 Operating Budget to reflect the transfer.</b></u>	<ul style="list-style-type: none"> <li><u><b>Progress delayed due to existing staff work commitments coupled with necessary increased drought assistance and a leave of absence of the key senior staff member assigned to the work effort. The situation and the approach to use consultant assistance to support the staff led scoping effort was shared with the Board Policy Committee in October.</b></u></li> <li><u><b>A Request for Proposals for consultant support has been developed and is under review by legal counsel with RPF issuance anticipated in early 2023 following Board approval.</b></u></li> <li>As part of BAWSCA's Water Supply Reliability Roundtable efforts in the fall of 2022, staff reached out to members to identify existing and proposed water</li> </ul>

(Mid-Year Status Shown in 1 <sup>st</sup> Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
		supply projects that, if implemented, would result in new supplies of water. The information gathered has since been documented and will be used to support the update of the Strategy.
✓	c. Participate in development of Bay Area Regional Reliability (BARR) Phase 2 (Water Marketing Strategy) in partnership with other Bay Area water agencies, including completion of the BARR Shared Water Access Program (SWAP) final report.	<ul style="list-style-type: none"> <li>In July 2022, finalized a summary of a pilot water transfer (note that the pilot is a paper study vs. an actual water exchange) that BAWSCA participated in with ACWD and SFPUC. The summary is part of a broader final report that is to be completed in early 2023 and submitted to the U.S Bureau of Reclamation (who funded the work) for its review and approval in calendar year 2023.</li> </ul>
✓	d. Continue participation in the SF-Peninsula Regional Purewater Project (SPRP), formerly known as the Potable Reuse Exploratory Plan, which is currently in the midst of the development of a Basis of Design Report (BODR).	<ul style="list-style-type: none"> <li>Completed negotiations and entered into a Memorandum of Agreement associated with BAWSCA's continued participation in the development of a BODR for the SPRP.</li> <li>Ongoing participation in monthly meetings to discuss the work associated with BODR. BODR development work is anticipated to be complete in Summer 2023.</li> </ul>
✓	e. Promote the continued use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability.	<ul style="list-style-type: none"> <li>On-going. Outreach as part of BAWSCA's Water Supply Reliability Roundtable included discussions with select members, conducted in the fall of 2022, regarding the potential opportunities to invest in the development of groundwater wells as means to potentially supplement their respective water supplies.</li> </ul>
✓	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"> <li>Prepared a summary of grant and other funding opportunities as part of BAWSCA's Water Supply Reliability Roundtable efforts and shared with participants in November 2022.</li> </ul>
✓	g. Use the BAWSCA Reliability Model (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.	<ul style="list-style-type: none"> <li>Continued working with SFPUC, Valley Water, and ACWD to obtain updated information related to their water supply operations to update Model.</li> <li>Initiated efforts to expand the Model to include SFPUC's upcountry facilities.</li> </ul>

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

STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
✓	h. Facilitate use of the BAWSCA Reliability Model by members via Subscription Program.	<ul style="list-style-type: none"> <li>Continued to promote the use of the BAWSCA model subscription program. BAWSCA has received interest from both Palo Alto and ACWD regarding the potential to access the BAWSCA model.</li> </ul>
✓	i. Host quarterly meetings of BAWSCA's Regional Water Supply Reliability Roundtable to identify possible water supply options for consideration by BAWSCA and its members as well as potential local partnership opportunities.	<ul style="list-style-type: none"> <li>BAWSCA hosted the 3<sup>rd</sup> Roundtable Workshop on November 8, 2022. A 4<sup>th</sup> Roundtable meeting is proposed to take place in early 2023, where the future of the Roundtable will be discussed by participants.</li> <li>Engaged in discussions with Roundtable participants to identify projects (current and future) that, if implemented, would result in new water supplies, and document this information in draft "Project Information Forms" (PIFs) shared with Roundtable participants in November which will be included in a final Roundtable report anticipated in Spring 2023.</li> </ul>
	<b>3. <u>Near-term Supply Solutions: Water Conservation and Drought Response</u></b>	
✓	a. Provide staff-only drought support to members & their customers, assuming dry conditions in FY 2022-23.	<ul style="list-style-type: none"> <li><u><a href="#">Providing significant support to members given continuing drought conditions beyond what was anticipated for FY 2022-23.</a></u></li> <li>Conducted extensive outreach to members to lend support to their specific drought-related efforts including providing materials for use with customers (i.e., flyers, door hangers).</li> <li>Collected information from each agency to document individual members' drought response actions to share with Board, Commission and others, demonstrating the region's commitment to reducing water use.</li> <li>Reviewed SFPUC's tracking of member agencies' SFPUC water purchases as compared with their monthly Tier 2 drought allocations, and coordinated closely with members if reporting appears in error or required explanation(s).</li> <li>Continued updates to BAWSCA web page with drought related information to keep members and the public</li> </ul>

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

STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
		<p>updated on drought conditions and rebate and educational opportunities provided by BAWSCA.</p> <ul style="list-style-type: none"> <li>Coordinated with members, SFPUC, Valley Water, and other regional water providers, to develop and assure consistent drought messaging.</li> <li>In partnership with Filoli, provided information materials as well as presented / staffed a booth/table where information was provided to the public regarding the drought and water conservation opportunities that may be of interest to property owners. This outreach was conducted in the late summer thru Fall of 2022.</li> </ul>
●	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 developing an approach for members to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those agencies interested in more hands-on assistance.	<ul style="list-style-type: none"> <li>In July 2022, BAWSCA secured the necessary consulting assistance with Maddaus Water Management to support BAWSCA's efforts related to the Water Use Efficiency (WUE) legislative requirements.</li> <li>Work is starting slower than expected with this task but is anticipated to be completed on time by the end of June 2023. BAWSCA will produce guidance documents for members that will assist them in meeting new state requirements as associated with WUE.</li> </ul>
✓	c. Provide regional coordination to support members' Advanced Metering Infrastructure (AMI) implementation and data management, including preparation of a report summarizing the status of AMI in the service area.	<ul style="list-style-type: none"> <li>Currently conducting a survey of members regarding the topic of AMI to: 1) determine AMI implementation status; and 2) identify what assistance BAWSCA should provide and what role BAWSCA should play to help advance efforts. Survey results are due this month.</li> </ul>
✓	d. Administer and implement BAWSCA's core water conservation programs.	<ul style="list-style-type: none"> <li>On-going.</li> <li>Held one Water Loss Evaluation and Knowledge (LEAK) workgroup meeting on October 18, 2022 and will hold additional meetings in Spring 2023.</li> <li>Entered into a new agreement with CalWEP that will enable them to conduct one Qualified Water Efficient Landscape (QWEL) class that is tentatively proposed to be held in May of 2023.</li> </ul>

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

STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
✓	e. Administer BAWSCA's subscription conservation rebate programs that benefit and are paid for by participating members.	<ul style="list-style-type: none"> <li>Actively promoting rebate opportunities to the public, in light of the current drought.</li> <li>Encouraging increased member participation in subscription programs given drought conditions.</li> </ul>
! ●	<p>f. Continue development of a leak repair and training certification program for implementation in FY 2023-24.</p> <p><u><i>Recommended Scope Change:</i></u>  <u><i>Modify work plan item to read "Continue development of a leak repair and training certification program for implementation in FY 2024-25".</i></u></p>	<ul style="list-style-type: none"> <li>Work is progressing in accordance with the MOU with Valley Water and CalWEP to identify the approach and likely content of a training certification program.</li> <li>Implementation has been delayed by 1-year given the determination through the Phase I research and discovery activities that additional outside specialized expertise in curriculum development is needed to finalize overall program development for successful implementation. This RFP is being developed now and the new task will be reflected in the upcoming FY 2023-24 proposed work plan and budget.</li> <li>The overall schedule anticipates development of the training program in FY 2023-24, followed by implementing the training and certification courses/workshops in FY 2024-25.</li> </ul>
✓	g. Pursue partnership opportunities with San Mateo County's C/CAG related to a potential greywater pilot program.	<ul style="list-style-type: none"> <li>Prepared jointly with C/CAG a proposed approach and scope of work for a greywater pilot program. In Fall 2022, C/CAG began work to identify grant and funding opportunities as needed to cover the cost of the work effort.</li> </ul>
✓	h. Perform a review of greywater efforts within the BAWSCA region and document findings in a report.	<ul style="list-style-type: none"> <li>BAWSCA completed a review of agency greywater efforts and launched an updated webpage on the topic in August 2022.</li> <li>Through this effort, BAWSCA identified that the majority of members have not promoted the concept of greywater, indicating increased effort by BAWSCA may be warranted next fiscal year.</li> </ul>
✓	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"> <li>On-going.</li> </ul>

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STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
	<b><u>4. Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration</u></b>	
✓	a. Monitor SFPUC's development of new supplies through its Alternative Water Supply Planning Program (AWSP) 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"> <li>Engaged in several projects in SFPUC's AWSP, including the Los Vaqueros Expansion Project and the SPRP Project.</li> <li>Reviewed two AWSP quarterly reports and reviewed comments and questions in meetings with SFPUC.</li> <li>Met with the SFPUC to discuss the proposed contents of the final Alternative Water Supply Plan anticipated to be submitted to Commission in July 2023.</li> <li>Coordinated with AWSP staff regarding their presentations to WMR and Board on AWSP.</li> </ul>
✓	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"> <li>On-going.</li> </ul>
✓	c. Adopt a temporary extension of the existing Tier 2 drought allocation plan that expires Dec. 2022 if necessary.	<ul style="list-style-type: none"> <li>Complete. The Tier 2 Plan was extended by the Board at its November 17, 2022 meeting.</li> </ul>
! ●	d. Facilitate negotiations of an updated Tier 2 Drought Allocation Plan.  <u><i>Recommended Budget Adjustment: Increase consultant contract with Woodard &amp; Curran by an additional \$60K for a total contract amount of \$147K, funded by using the \$55K budgeted contingency and a \$5K reallocation within the current approved FY 2022-23 Operating Budget.</i></u>	<ul style="list-style-type: none"> <li><u><i>BAWSCA initiated the development of an updated Tier 2 Drought Response Implementation Plan in January 2022. Work has continued into FY 2022-23 including facilitation of negotiations between members, presentations at WMR meetings as well as conducting monthly workshops on the topic.</i></u></li> <li><u><i>Significant progress is being made and it is clear that additional time and consultant resources will be needed to develop an updated Plan that will be acceptable to the members and ready for adoption by the end of calendar year 2023.</i></u></li> <li><u><i>For FY 2022-23, additional consultant resources are needed to continue progress with the goal of an agreed upon updated Tier 2 Plan ready for adoption by the end of calendar year 2023. Under the CEO/GM discretionary authority, \$15K will be added to the Woodard &amp; Curran contract budget for a total</i></u></li> </ul>

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STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
		<p><u><a href="#">contract amount of \$87K to fund the consultant's continued work through January 2023.</a></u></p> <ul style="list-style-type: none"> <li><u><a href="#">An additional \$60k increase to the contract with Woodard &amp; Curran for a total contract of \$147K is recommended to fund the remainder of this work through remainder of FY 2022-23.</a></u></li> </ul>
✓	e. Protect members' water supply and financial interests in the SFPUC's required 2028 decisions.	<ul style="list-style-type: none"> <li>Held 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. Through these meetings, a feasibility study associated with a potential potable reuse project has been initiated by the parties as part of SFPUC's AWSP.</li> </ul>
	<b>5. <u>Protect Members' Interests in a Reliable Water Supply</u></b>	
★	a. Participate in SWRCB Bay Delta Plan Update to ensure members' interests are represented, including ongoing legal intervention.	<ul style="list-style-type: none"> <li>Engaged with BAWSCA's legislative representatives as well as select member agency Mayors, business leaders and labor interests to craft a support package, as provided to Governor Newsom, urging the Governor to press State Agencies to enter into a Voluntary Agreement (VA) for the Tuolumne River component of the Bay-Delta Plan</li> <li>Actively engaged with the SFPUC on their efforts to enter into an MOU with the State that would include the Tuolumne River VA.</li> <li>Actively engaged in State Board proceedings including ongoing legal intervention, settlement discussions and other SWRCB activity.</li> </ul>
✓	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"> <li>Actively engaged in FERC relicensing efforts including ongoing legal intervention</li> </ul>

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STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
	<b><u>6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u></b>	
✓	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"> <li>On-going.</li> </ul>
✓	b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability.	<ul style="list-style-type: none"> <li>On-going.</li> </ul>
✓	c. Investigate potential for grant funds to support the implementation of the LTRWS Strategy.	<ul style="list-style-type: none"> <li>On-going. As part of BAWSCA's Water Supply Reliability Roundtable, collected project information and provided members information regarding current and near-term funding opportunities.</li> </ul>
	<b><u>7. Reporting and Tracking of Water Supply and Conservation Activities</u></b>	
✓	a. Complete BAWSCA FY 2021-22 Annual Survey.	<ul style="list-style-type: none"> <li>Work initiated in October 2022 with an anticipated completion date of March 2023.</li> </ul>
	b. Complete BAWSCA FY 2021-22 Annual Water Conservation Report.	<ul style="list-style-type: none"> <li>Work to be initiated in early 2023 with completion by end of FY 2022-23+.</li> </ul>
✓	c. In partnership with members, operate and maintain BAWSCA's Water Conservation Database (WCDB). Scope, develop, and implement an update of the WCDB by June 30, 2023.	<ul style="list-style-type: none"> <li>On-going use of existing WCDB to support Annual Survey and Annual Water Conservation Report completion.</li> <li>On-track. Secured consulting services of Woodard &amp; Curran to provide assistance in project development. Work commenced in August of 2022 and the updated WCDB is scheduled to be complete by June of 2023.</li> </ul>
	<b>HIGH QUALITY WATER</b>	
	<b><u>8. Support Members in Receiving Reliable Communication of Water Quality Issues</u></b>	
✓	a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs.	<ul style="list-style-type: none"> <li>Onboarded new Joint SFPUC/BAWSCA Water Quality Committee Chair from Redwood City to replace the outgoing chair effective January 2023.</li> <li>Participation in the Committee including two regular Committee meetings.</li> </ul>

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STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
✓	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"> <li>On-going. No significant water quality events have taken place to date in FY 2022-23.</li> </ul>
✓	c. Review and act on, if necessary, State legislation affecting water quality regulations.	<ul style="list-style-type: none"> <li>Attended SFPUC's 12<sup>th</sup> Annual Water Quality and Technology Workshop on November 17, 2022. Attendees include SFPUC, members, and state regulatory staff. Topics covered included upcoming regulatory requirements related to water quality.</li> </ul>
	<b>FAIR PRICE</b>	
	<b>9. <u>Perform Matters that Members Agencies Delegated to BAWSCA in the WSA</u></b>	
✓	a. Administer the WSA with SF to protect the financial interests of members.	<ul style="list-style-type: none"> <li>Completed review of the SFPUC's calculation of the annual Wholesale Revenue Requirement and changes in the Balancing Account for FY 2019-20, and reached an agreement with the SFPUC related to its costs allocated to the Wholesale Customers on July 25, 2022. This agreement resulted in a credit of \$292,902 to the members.</li> <li>Ongoing effort to ensure that SFPUC meets its financial reporting obligations required by the WSA.</li> </ul>
✓	b. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco, including completing the settlement of 2023A refunding bonds in January 2023.	<ul style="list-style-type: none"> <li>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.</li> <li>Performed account reconciliation based on the SFPUC's surcharge collection report and Trustee's account statements at the end of each month.</li> <li>Ongoing maintenance of proper records to ensure on time annual continuing disclosure filing to the Municipal Securities Rulemaking Board.</li> <li>Prepared Quarterly Bond Surcharge Collection Report for the Board that presents the status of surcharge</li> </ul>

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STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
		<p>collection and the account balance at the Trustee.</p> <ul style="list-style-type: none"> <li>Complied with tax requirements to preserve the tax-exempt status of the 2013A bonds.</li> <li>Reviewed the investment strategy for the bond proceeds and determined that the current 0-5 year ladder portfolio strategy remains appropriate.</li> <li>Worked on the execution of the 2023A refunding bonds, which is anticipated to generate a net present value savings of approximately \$25.1 million to the members over the term of the bonds. The settlement will occur on January 5, 2023</li> </ul>
	<b>AGENCY EFFECTIVENESS</b> <b>10. <u>Maintain Community Allies and Contacts with Environmental Interests</u></b>	
★	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"> <li>Actively engaged with elected officials, business and labor representatives and others on matters related to the potential negative impacts of the State Board's Bay-Delta Plan on members and their water customers and to support inclusion of the Tuolumne River in a Voluntary Agreement.</li> </ul>
✓	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"> <li>Engagement with non-governmental organizations (NGOs) as part of BAWSCA's 2020 Demand Study Update, and in particular a Sensitivity Analysis that formed a portion of the update.</li> <li>Engagement with NGOs via BAWSCA's Water Supply Reliability Roundtable, which began in May 2022 and held its most recent Workshop on November 8, 2022.</li> <li>Participation in the Bay Area Water Stewards (BAWS) group that was recently reconvened by SFPUC to provide input in ongoing SFPUC water policy discussions.</li> </ul>
✓	c. Maintain effective communications with members, customers, and others to achieve results and support goals.	<ul style="list-style-type: none"> <li>On-going</li> </ul>

(Mid-Year Status Shown in 1 <sup>st</sup> Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2022-23 WORK PLAN ITEM	STATUS of FY 2022-23 RESULTS DELIVERED TO DATE
✓	d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.	<ul style="list-style-type: none"> <li>On September 22-23, 2022, the SFPUC hosted a two-day tour of the SF RWS's upcountry projects attended by BAWSCA staff. Information provided is being utilized by BAWSCA staff to keep the Board and members informed of both WSIP and CIP progress.</li> </ul>
	<b>11. <u>Manage the Activities of the Agency Professionally and Efficiently</u></b>	
✓	a. Implement BAWSCA's Student Internship Program.	<ul style="list-style-type: none"> <li>BAWSCA's first intern was in place at BAWSCA from mid-June 2022 through mid-August 2022 (10 weeks total).</li> <li>BAWSCA has begun the engagement with Eastside College Preparatory School (Eastside Prep), located in the City of East Palo Alto, to begin the process to select an intern for Summer 2023.</li> </ul>
✓	b. Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.	<ul style="list-style-type: none"> <li>Provided a status update of BAWSCA's unfunded OPEB and pension liabilities, including the SFPUC's OPEB and pension liability funded status, to the Board in September 2022.</li> <li>Consulted with the audit advisor BPM on the Board's concerns related to the SFPUC's unfunded liabilities and potential risk to the agencies. It is determined that San Francisco's unfunded liability is an obligation of San Francisco and is not the members' liability.</li> <li>Consulted with the legal counsel, who agreed with the results of BPM's analysis as stated above.</li> </ul>
✓	c. Maintain a Motivated and Effective Workforce	<ul style="list-style-type: none"> <li>On-going.</li> </ul>

**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	\$951,806	\$4,783,794	16%
2022-23	\$4,838,897	\$1,076,550*	\$4,720,885	23%

*\*Preliminary projection is same as the reserve balance as of November 30, 2022*

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**MEMORANDUM**

**TO:** BAWSCA Board of Directors  
**FROM:** Nicole Sandkulla, CEO/General Manager  
**DATE:** December 14, 2022  
**SUBJECT:** Chief Executive Officer/General Manager's Letter

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**Member Agency Conservation Efforts - Update:**

Beginning in October of 2022, BAWSCA worked with its member agencies to gather information on drought actions they are implementing in response to the current drought, including specific water conservation measures or programs. Through this effort, BAWSCA was also able to identify some unique actions or programs certain member agencies have implemented in their efforts to achieve the necessary water use reductions. BAWSCA has prepared a draft compilation of these results to share with the Water Management Representatives in anticipation of sharing the results with the Board and SFPUC once finalized. This information is planned to be shared with the BPC at its December 14, 2022 meeting.

**New Chair/Vice Chair Appointee to Joint BAWSCA/SFPUC Water Quality Committee**

Section 3.08C of the 2009 Water Supply Agreement between the City/County of San Francisco and Wholesale Customers (WSA) and the 2018 Amended and Restated WSA details the establishment of a Water Quality Committee (WQ Committee) that meets quarterly to collaboratively address water quality issues. The WQ Committee has been in place for over 10 years.

The SFPUC and the Wholesale Customers each designate representatives to serve on the WQ Committee as the Committee Chair and Vice Chair on a rotating annual basis. To date, the Wholesale Customers' representative has been a volunteer from one of the member agencies with the water quality expertise and knowledge required for the responsibility. BAWSCA staff and/or the CEO/General Manager regularly attends the quarterly meetings and stays engaged with the Chair and Vice Chairs.

For calendar year 2023, SFPUC will hold the Chair role and the Wholesale Customers hold the Vice Chair role. Mr. Darwin Lasat of the City of San Jose currently serves as Chair on behalf of the Wholesale Customers. In October, Mr. Lasat notified BAWSCA of his need to step down from this position at which time BAWSCA reached out to the members to fill this key role. Mr. Andres Medivil of Redwood City was identified as well suited for the position and agreed to serve. Mr. Medivil currently serves as Redwood City's representative on the WQ Committee, and possesses a sound understanding of the WQ Committee's purpose and the role he would assume as Vice Chair in January of 2023.

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# Board Policy Committee

## Policy Calendar Through June 2023

Meeting Date	Purpose	Issue or Topic
December 2022	D&A R&D R	Mid-Year 2022-23 Work Plan, Budget and General Reserve Review Water Supply Update FY 2023-24 Work Plan and Budget Development
February 2023	D&A R&D D&A R R&D	Consideration of BAWSCA Bond Surcharges for FY 2023-24 Presentation of Preliminary FY 2023-24 Work Plan and Budget Consideration of Adjustments to Staff Top Step Position Compensation Annual WSA Balancing Account Update Review of Water Supply Forecast
April 2023	R&A R&D	Consideration of Proposed FY 2022-23 Work Plan and Budget Review of Water Supply Forecast
June 2023	D&A D&A R&D	Discussion and Possible Action on CEO/GM Evaluation Procedure Review of Agency Personnel Handbook Update on Long-Term Reliable Water Supply Strategy Implementation