

**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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