

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

February 8, 2023 – 1:30 p.m.

MINUTES

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:32 pm. CEO/General Manager, Nicole Sandkulla called the roll. Seven (7) members were present. A list of Committee members who were present (7), absent (3), and other attendees is attached.

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

2. **Comments by Committee Chair:** Chair Hardy welcomed the Committee members and conveyed Vice-Chair Vella's regret for being absent due to a previous commitment.
3. **Consent Calendar:** Director Pierce noted that the minutes should be corrected to reflect her absence from the December 14th meeting.

Director Cormack made a motion, seconded by Director Larsson, that the Committee approve the Minutes of the December 14, 2022 Board Policy Committee meeting with the corrections.

The motion passed unanimously.

4. **Public Comments:** There were no public comments.
5. **Action Calendar:**
 - A. **Proposed Fiscal Year 2023-24 Bond Surcharges:** BAWSCA Finance Manager, Christina Tang, reported that BAWSCA's surcharge setting is an annual process to meet the financial obligation associated with the revenue bonds issued by BAWSCA. In 2013, BAWSCA issued revenue bonds to prepay the remaining capital debt that member agencies owed San Francisco as of June 30, 2013. The surcharges collected are used to pay for debt service payments, bond administration payments, and to replenish the stabilization fund as necessary.

Based on the recent review of the stabilization fund, no replenishment is needed at this time

On January 5, 2023, BAWSCA completed the settlement of the 2023A refunding bonds based on the tax-exempt forward delivery. The refunding will provide a net present value savings of approximately \$2.5 million per year from 2023 to 2034. FY 2023-24 will be the second year to realize the refunding savings.

The surcharges are calculated based on BAWSCA's Revenue Bond Indenture (Indenture), and the methodology used is the same as FY 2022-23.

The total bond surcharge for FY 2023-24 is \$21,917,772. It is equivalent to \$0.37/ccf or \$162/AF; assuming SFPUC's preliminary wholesale water consumption projection of 121.2 mgd.

Ms. Tang reported that the prefunding program through the original 2013 bond issuance along with the recent refunding will generate a total savings of approximately \$6 M for the water customers that BAWSCA represents from 2023 through 2034, when the bonds are paid off.

The Committee is asked to recommend Board approval of the proposed FY 2023-24 bond surcharges.

Director Cormack noted that she spent some time deciphering the data provided in Table 2 and Table 3. Essentially Table 2 shows the true up adjustments and the surcharge savings resulting from the restructured bonds. Table 3 shows the true up, but not the savings from the refunding of the bonds. It only shows the savings from the original 2013 bond issuance. She suggested that, if possible, include a column that shows the savings resulting from refunding the bonds, perhaps highlighting what was paid last year, what will be paid this year, and putting the details of the true up calculation on the side.

Ms. Tang explained that Table 3 only shows the actual savings occurred in FY 2021-22 from the original 2013 bond issuance because FY 2022-23 is the first year when the savings from the refunding are realized.

Ms. Sandkulla added that the surcharges are based on projected purchases. Table 3 is intended to show the savings based on the actual purchases made 2 years back (FY2021-22), which provides the data for the true up calculations. For next year's process and memo, Table 3 will have the savings associated with the 2023 refunding because data for the actual purchases in FY 2022-23 would be available.

Director Pierce can appreciate tables that are less confusing, but noted that there are members of the board that look for the level of details that show how we got from point A to point B.

In response to Director Smegal's question on Table 2's data for ACWD and CWS SSF, which shows an increase instead of a decrease, Ms. Tang explained that the increase is because the agencies' actual water purchases in FY 2021-22, as a percent of the total wholesale water purchases, is higher than the percentage assumed when the FY 2021-22 surcharge was calculated.

Ms. Sandkulla added that in this calculation, ACWD's and CWS SSF's water purchases are relative to others. It is important to note that CWS SSF may not have been able to lower its usage as much as others because its per capita water use is already low, and ACWD's water source shifted to the SFPUC in 2021-22. Hence, the relative difference between the member agencies is a contributing factor.

Ms. Tang noted that page 3 of the staff report provides an explanation of how the true up adjustments are calculated.

Director Cormack suggested to include Ms. Sandkulla's explanation that data can vary from year to year based on the member agencies' relative purchases.

There was no further discussion. There were no public comments.

Director Cormack made a motion, seconded by Director Chambers, to recommend Board approval of the proposed FY 2023-24 bond surcharges.

The motion passed unanimously.

- B. Adjustments to Staff Top Step Position Compensation: Ms. Sandkulla reported that BAWSCA performs a periodic review of top-step compensation for staff positions to ensure that BAWSCA is aligned and remains competitive with the market.

BAWSCA works with an outside consultant, Koff and Associates, to conduct the review among identified comparator agencies. Comparator agencies include Alameda County Water District, Contra Costa Water District, East Bay Municipal Water District, Hayward, Palo Alto, Santa Clara Valley Water District and SFPUC. They are a combination of cities and water districts that have comparable positions to BAWSCA which is a key component of the survey.

The survey was initially performed in November 2021, but due to the inflationary period occurring at that time, Koff and Associates recommended to defer the survey by one year to avoid skewed results. Koff & Associates updated the survey in November 2022 and provided the results presented in the staff report.

The results indicate adjustments be made to the current top-step compensation for all staff because they are all below the market median. The differences range from 1.1% to 7.7 dependent on staff category.

Ms. Sandkulla noted that unlike water districts and cities, BAWSCA staff are not represented by a union. Regular review of staff compensation and modification by the Board is necessary to ensure BAWSCA's staff compensations are aligned with the market.

With the recommended action, there is no impact to the current budget or next year's budget because there are no employees that are at the top of their respective category step. The adjustment is to literally put BAWSCA's salary range in par with the market and not behind.

The budget for FY 2023-24 will include an allowance for salary adjustments that the Board will be asked to approve at the May Board meeting. If approved, salary range adjustments would be applied to all staff positions effective FY 2023-24, except for the CEO/General Manager.

Director Cormack suggested San Francisquito Creek Authority as a comparator agency for future consideration because of its comparable total staff size to BAWSCA, as well as other agencies that have staff with similar skillsets and assignments to those of BAWSCA.

In response to Director Smegal's question about other compensation adjustments that are under the CEO/General Manager's purview, Ms. Sandkulla explained that in the budget process, the Board will approve a COLA adjustment to the approved top-step salary, and a budget allowance for salary adjustments including merit. The

budget allowance for staff compensation that the Board approves is then allocated under the CEO/General Manager's authority.

Ms. Sandkulla noted that the proposed budget that the Committee will see in April will include an estimated allowance for the CEO/General Manager position that is in the Board's discretion.

Director Hardy expressed her surprise to see that there were select positions within BAWSCA whose current salary mid points fell much below the median of comparator agencies.

Ms. Sandkulla explained that the results are reflective of the desk audits done over the last several years for the positions of Finance Manager, Assistant to the CEO, and Sr. Water Resources Engineer. The other positions have only been adjusted by COLA every year and did not get a desk audit to catch them up.

In response to Director Smegal's inquiry about the comparable definitions of BAWSCA's positions with the comparator agencies, Ms. Sandkulla stated that the position definitions are extensively analyzed. For example, the Office Manager for BAWSCA performs duties that overlapped what two people provide for the comparator agencies. For estimation purposes, the salaries for those two people are blended, such that a proper comparison for BAWSCA's position can be made.

Ms. Sandkulla added that any significant changes to the job descriptions for staff require Board approval.

Director Cormack noted that the adjustments are not double-digit and therefore are not too far out of the market. Given the volatile environment we are currently in with COVID and inflation, it is reassuring that the change is at this level.

In response to Director Pierce, Ms. Sandkulla explained that other smaller agencies were not included as comparator agencies because of the kind of work that BAWSCA's job positions require. For example, other smaller agencies do not have positions directly equivalent to the duties that BAWSCA's Water Resources Manager performs.

Director Pierce stated that it is helpful to emphasize that component needed in a comparator agency to clarify that BAWSCA's position descriptions are more similar to the bigger agencies than smaller ones.

There were no further discussions. There were no public comments.

Director Smegal made a motion, seconded by Director Pierce, to recommend Board approval of the adjustments to top-step compensation for all BAWSCA staff positions.

The motion carried unanimously.

6. Reports and Discussion Item:

- A. Preliminary Fiscal Year 2023-24 work Plan and Results to be Achieved: Ms. Sandkulla reported that as always, BAWSCA builds a work plan for the next fiscal

year based on the long-range challenges and what is needed to address those anticipated challenges. The work plan is aligned with BAWSCA's legislative authority and its goal of ensuring a reliable supply of high-quality water at a fair price.

Table 1 in the staff report provides the details for each area of the preliminary work plan that is proposed for FY 2023-24. Table 2 lists the activities that are not included in the workplan. Ms. Sandkulla noted that Table 2 documents the activities that the Board has decided not to do. It serves as a helpful guide in managing expectations and clarifying the work that is not in BAWSCA's proposed scope. The BAWSCA Board determines whether to add or remove items on Table 2.

The preliminary workplan addresses the critical issues identified between now and 2060. Ms. Sandkulla emphasized the additional program activities in the work plan including preparation of a Drought Summary Report for the conclusion of the current drought that, based on the wet year to date, is hoped and projected to end in FY 2023-24, development and implementation of a Grant Support Program, with both a core and subscription component, that would serve to assist BAWSCA and its member agencies in tracking and securing future grants, and preparation of a staff-led plan to address BAWSCA's long-term policy and operational resiliency.

Because BAWSCA's budget is approved on an annual basis, Ms. Sandkulla also emphasized that the preliminary work plan includes continuation of previously approved multi-year projects. Those activities include developing the scope of work for updating the Long-Term Reliable Water Supply Strategy (Strategy), supporting members with water use efficiency legislation on Commercial, Industrial, Institutional (CII) performance measure requirements, and facilitating the development of a new Tier 2 Plan.

The preliminary work plan and budget reflects the input received from the Board at the January Board meeting, where a work plan and budget planning session took place. Table 3 in the staff report provides responses to the thirteen comments provided by the Board. Twelve of the comments have been addressed directly in the preliminary work plan.

Ms. Sandkulla stated that her response to Director Doerr's comment encouraging BAWSCA to include work efforts that helps protect the watersheds relied upon by the region for water supply is to work with the SFPUC in providing a presentation to the Board on SFPUC's efforts aimed at watershed protection. She added that Director Chambers further suggested to ask the SFPUC to do a local watershed tour, which she believes would be timely given the numerous projects in the Peninsula.

The major tasks in the preliminary work plan under the areas of water supply reliability, water quality, fair price and agency effectiveness were presented and discussed.

Water Supply Reliability:

- Ensuring the Regional Water System's (RWS) facility reliability by monitoring SFPUC's WSIP, 10-year Capital Plan, Asset Management Plan and Emergency Response Plan. SFPUC's current and long-term labor capacity to maintain and operate the Regional Water System is a developing activity in which BAWSCA has recently elevated its engagement by providing written comments on the SFPUC Capital Plan, which identified BAWSCA's concerns with labor capacity.

- BAWSCA's long-term supply solutions include implementation of the Strategy. Ms. Sandkulla noted that the Strategy was initiated in 2009 and, through multiple phases, completed in 2015. BAWSCA's water resources activities such as the modeling effort and participation in the Bay Area Regional Reliability (BARR) Partnership are efforts that stem from the Strategy.

In FY 2023-24, the scoping activity for an update to the Strategy, called Strategy 2045, will be completed and the development of Strategy 2045 will be initiated.

Ms. Sandkulla noted that the work to develop Strategy 2045 will be a multi-year effort and funding will be separate from the operating budget adoption. She further explained that the development of the scope of work for Strategy 2045 will be included in the operating budget, however, the work involved to prepare Strategy 2045 will have a separate funding source for the Board to consider. This is consistent with the process done in 2009. Ms. Sandkulla mentioned that the Water Supply Agreement (WSA) with San Francisco has an alternative funding mechanism for water resources work called the Water Management Charge that the BAWSCA Board has the authority to utilize. It is set up to fund water supply projects by the member agencies. It was a successful funding process for the member agencies in developing the Strategy in 2009, and the same process to fund the development of Strategy 2045 is highly recommended. For that prior effort, it was a one-time charge of \$1.2 M collected monthly over an 18-month period.

In response to Director Schneider's question about the Strategy's scope related to facilitating development of local water supply options, Ms. Sandkulla explained that currently, BAWSCA serves as a field expert for agencies that need support for their local projects. For example, BAWSCA provides agencies with support letters and/or facilitates the connection between member agencies and other partner agencies.

Moving forward, the scoping and development of Strategy 2045 will look at what role is most effective for BAWSCA to have in supporting individual local projects. Ms. Sandkulla noted that the member agencies' collective water supply needs has significantly changed from 2009. Back then, BAWSCA as a region, was looking at bigger investments. Today, looking at local supplies and identifying the role BAWSCA has in those efforts will be a big part of the Strategy 2045 development.

- BAWSCA's near-term supply solutions involve implementation of water conservation efforts as well as drought response.

BAWSCA will continue to support member agencies with their efforts to address the drought as it continues. But given the improved conditions, the preliminary work plan includes the preparation of a Drought Summary Report should the current drought conclude in FY 2023-24.

A Drought Summary Report was prepared following the drought of 2014-2017 which served the member agencies well during the current drought. It

documented the actions taken by the State, SFPUC, Valley Water and the member agencies in detail. The proposed report for the drought of 2021 will include an analysis of the drought actions agencies implemented to examine its correlation with the actual water reductions experienced. That component will require an outside consultant and will have an estimated cost of \$40,000. Ms. Sandkulla emphasized the critical lessons learned from drought experiences and it is important to document them as they become invaluable information for the next time around.

BAWSCA will continue its robust conservation efforts including development of a LEAK repair and training certification program, and the partnership with C/CAG on potential greywater pilot programs. Existing and planned programs include 13 core conservation programs which are paid for through the overall operating budget and provides a benefit to the BAWSCA region. There are 15 existing and planned subscription conservation programs which are paid for by member agencies who choose to participate.

Ms. Sandkulla reported that a Grant Support Program will be added to both the core and subscription program in FY 2023-24. This is in response to member agencies' interests in tracking state and federal funding opportunities for water resources work. The core program will bring a consultant to help BAWSCA stay informed of current and upcoming grant opportunities on a regular basis. The subscription component of the program provides member agencies access to the consultant to help write their grant applications.

She explained that the costs incurred for the first-year administration of a new conservation program is typically absorbed by BAWSCA. A consultant is hired to help develop the program. Agencies then pay for their participation in a subscription program moving forward. The cost for the Grant Support Program is estimated at \$55K.

In response to Director Schneider, Ms. Sandkulla stated that the EPA's Water Infrastructure Finance and Innovation Act (WIFIA) grant and loan opportunities will be included in the Grant Support Program.

Director Hardy was pleased to see that the work plan continues to include efforts to address alternative water supply and conservation efforts.

- Protecting the member agencies' water supply interests in the administration of the WSA includes efforts such as BAWSCA's engagement with the SFPUC's Alternative Water Supply Plan to ensure SFPUC meets its water supply obligation to member agencies. BAWSCA's facilitation of updating the Tier 2 Plan with the member agencies also fall under this area of work, as well as tasks the Board and member agencies have asked BAWSCA to perform. Such tasks include monitoring SFPUC's unfunded pension and OPEB liability, and ensuring the correct implementation of the WSA in accordance with the 2018 amendment, and the 2023 amendment.

From a private corporation's point of view, Director Smegal was curious how BAWSCA, SFPUC, other state agencies, and CalPERS are doing on their OPEB, as Cal Water's discount rate has gone up.

Ms. Sandkulla stated that information for 2023 is not available yet to do the analysis. The next report regarding pension and OPEB obligations to the Board will be in November 2023. From the last report provided to the Board in September 2022, Ms. Sandkulla noted that BAWSCA's numbers look good and stated that the Board is very good about managing the time horizon for a pay-off, and sticking with the plan. BAWSCA's OPEB and unfunded liabilities are included in the budget process and adoption every year.

Director Cormack expressed her appreciation for including the unfunded pension and OPEB liability as an item in the work plan.

Director Pierce recalled the Board's concern with the impacts of SFPUC's OPEB and unfunded liability to BAWSCA. She suggested to consider including a reference statement that explains BAWSCA's financial responsibility for the SFPUC's unfunded liability and OPEB is no more than the two-thirds obligation that member agencies pay for in accordance with the WSA.

In response to Director Chambers, Ms. Sandkulla explained that wholesale customers pay two-thirds of the costs SFPUC incurs to operate the RWS and that actual costs incurred each year, including the SFPUC's annual costs for pension and OPEB are rolled into the rate base. If a project was built in 2007, and there's a cost for that project in FY 2022-23, member agencies will pay two-thirds of that cost this year.

Christina Tang's revenue requirement process monitors the charges billed to the wholesale customers to ensure that they only pay for the costs that they benefit from.

- Protecting the member agencies' water supply reliability from threats stemming from the Bay Delta Plan and FERC relicensing process.
- Pursuing grant opportunities including ongoing administration of the existing Prop 1 grant for Integrated Regional Water Management, as well as investigating new opportunities through the new Grant Support Program.
- Reporting and tracking water supply and conservation activities through the Annual Survey, Water Conservation Report, and Water Conservation Database that serve as an informational data bank for member agencies as well as other agencies in the region.
- Supporting member agencies in receiving reliable communication on, and addressing, water quality issues. BAWSCA coordinates the member agencies' engagement in the Joint Water Quality Committee that was formed in accordance with the WSA and is chaired by SFPUC and BAWSCA alternatively. The Committee addresses water quality issues that informs the SFPUC's Capital Planning process. BAWSCA relays water quality information to member agencies, as well as review and act on legislation affecting water quality as needed.

Fair Price:

- Protecting the member agencies' financial interests involves the administration of the WSA and administration of the revenue bonds issued to pay the capital debt the wholesale customers owe San Francisco. This is the work that the Financial Manager, Christina Tang, does in monitoring two-thirds of the costs that are charged to the member agencies, and the strategic administration of the bonds.

Director Smegal suggested that the area of Fair Price might be a better place for the OPEB and unfunded liability efforts in the work plan.

Agency Effectiveness:

- Maintaining relationships with local legislators and allies to safeguard the health, safety and economic well-being of the region, as well as maintaining dialogue with member agencies, environmental groups and others in the region to achieve results and goals.
- Ms. Sandkulla appreciated the Board's interest and support for the staff's professional development as it is important in maintaining stability in BAWSCA's workforce. BAWSCA will continue to support a motivated, trained and effective workforce to sustain the resiliency BAWSCA has developed over the years.

Ms. Sandkulla noted the new effort to prepare a staff-led plan to address BAWSCA's long term policy and operational resilience to support future policy decision making. This September, BAWSCA will celebrate its 20th year anniversary. This effort will identify what has made the agency as effective as it is today, as well as what is needed or should be improved to continue the agency's success representing the interests of its member agencies.

Ms. Sandkulla will come to the Board with a plan for how the agency's resiliency can be maintained and improved to continue success in the years to come. Some support from legal counsel will be needed and the estimated cost for the effort is \$20K.

Directors Cormack and Hardy were supportive and suggested reaching out to colleagues and other agencies about their "lessons learned", as well as recognizing the mistakes so as to avoid repeating them.

Director Larsson commented that part of BAWSCA's success since its inception is due to the great staff that has stayed over the years. But looking forward 20-years, how do we ensure continuity and capture the institutional knowledge to set up the agency for success moving forward. It is so easy to focus on the issues that are right in front of us, but it is important to step back and take a good look at how we can maintain the effectiveness of the agency.

Director Schneider noted the City of Millbrae's interest in having BAWSCA present to the council such that they to gain a better understanding and appreciation of the work and role of BAWSCA, as well as to educate the

public in attendance to better inform them that there is an associated BAWSCA cost to provide its services. In light of the 20th Anniversary, Millbrae council welcomes a presentation from BAWSCA.

Ms. Sandkulla agreed and stated that it is important to have the member agencies' governing body connect with BAWSCA, particularly her as the CEO/General Manager. She anticipates addressing Councils and Boards in the near future as BAWSCA delves closer toward the completion of the Tier 2 update.

Director Cormack noted that addressing member agencies' governing bodies can help set the stage for the individual agency actions needed for the adoption of the updated Tier 2 plan, and is appropriate given BAWSCA's upcoming 20th Anniversary and transition to post-COVID setting operations.

Ms. Sandkulla noted the continuation of previously approved multi-year projects that were discussed and acted on by the Board as part of the Mid-Year budget review. She mentioned that the Tier 2 efforts in FY 2023-24 will have additional costs beyond those anticipated to be required to pay for Woodard & Curran's work. Ms. Sandkulla explained that once the Tier 2 plan is developed, it will be incorporated in BAWSCA's water resources modeling system; therefore, the budget will include an allocation for Hazen and Sawyer, as well as legal counsel time to help with documents including writing resolutions.

The operating budget for FY 2023-24 will reflect efforts for the Strategy implementation and Strategy 2045 scoping and development, Regional Water System Reliability, Conservation and Drought Response, and Bay Delta Plan and FERC process.

Ms. Sandkulla will examine forecast for end of year spending to understand its impact on year-end General Reserve balance.

The preliminary operating budget along with funding considerations will be presented to the Board in March. BAWSCA's primary source of funding continues to be member agency assessments as provided in the enabling legislation, AB2058.

Ms. Sandkulla noted that for the first time in 10-years, the Board's approval in May of 2022 of a 25% increase in assessments fully funded the FY 2022-23 Operating Budget of \$4,720,885. It also replenished the General Reserve to the lower end of the budgetary guideline. The FY 2022-23 BAWSCA assessments were \$4,838,897.

She reiterated that development of the Strategy 2045 is one item that will not be included in the Operating Budget, as it will be a separate funding action by the Board in FY 2023-24.

Ms. Sandkulla will incorporate the Committee's feedback received in the preliminary work plan that will be presented to the Board in March.

In April, the Committee will discuss a proposed work plan and operating budget developed based on the Board's feedback received in March. Tom Francis and

Christina Tang will present the work plan and operating budget to the Committee in April.

In May, the Board will consider the proposed work plan and operating budget, and a separate item on the consultant contracts needed for FY 2023-34.

In response to Director Chambers, Ms. Sandkulla stated that the consideration of the Water Management Charge anticipated to fund Strategy 2045 can be expected at the end of calendar year 2023 or beginning of calendar year 2024.

In response to Director Cormack, Ms. Sandkulla stated that there is nothing on Table 2 that is a concern.

There were no further discussions. There were no public comments.

B. Potential Process for Consideration of Adjustments to Board Member Stipends:

BAWSCA Chair Larsson reported that it was recently raised that BAWSCA's Board Member stipend remains the same as it was set 20 years ago at \$100 per meeting.

This item is not intended to discuss the merits to change the stipend or by how much, but rather to discuss the process that the Board must follow in order to move forward a proposed stipend change.

Chair Larsson noted that the enabling legislation does include a possibility to make adjustments. He also noted that there is a stipend to RFA Board members, only if they are not elected officials or employees of their home agencies. The discussion would; therefore, be for both BAWSCA and RFA stipends.

If the Committee is interested in pursuing development of a process, legal counsel would draft a report identifying the parameters to look at, findings, amounts, and further details.

This agenda item provides the Committee the opportunity to either dismiss the item, or further discuss what elements should be included in Legal counsel's report should it decide to move forward. When the report is completed, it will come back to the Committee for further informed discussion.

Committee members made the following points:

- It is a struggle to discuss stipends, particularly for those who are passionate about public service. However, being able to serve and make informed decisions involves time to read materials and attend meetings that can take several hours. Additionally, members travel to the meetings, expending time and cost, which perhaps should be considered in deciding whether or not to move forward.
- Part of BAWSCA's rationale to having a stipend, given the 26-member Board, is to help obtain a quorum at meetings.
- The stipend was set in 2002. It has been 20-years since the stipend was set and perhaps it is time to revisit.

- Presumably, for those directors who are employees of their agencies, the stipend is not a meaningful distinction to serve.
- Former electeds who are BAWSCA/RFA members are serving as volunteers. If the Committee chooses to have legal counsel develop a process, it should look at:
 - How much are current electeds paid by their agencies
 - Was there a problem that surfaced? What is the issue that needs to be solved? Is it a hardship?
 - Consider the possibility of having regular increases such that future, detailed revisiting of stipend amounts is not needed.
 - This stipend amount could be financially meaningful for some, and to that extent, it should be an appropriate number in terms of reflecting the investment of time to be prepared for the meeting.
 - Is it legal and reasonable to have the stipend amount assessed in the current market environment?
- To the extent that someone who is paid by the hour is foregoing their income by their participation in the meetings, it might be worth pursuing.
- Travel time has gotten longer as traffic has increased.
- Having a stipend amount commensurate with expectations of current and future Board members can contribute to the agency's Resiliency.

Legal Counsel noted the following:

- A \$100 stipend per meeting remains standard at many Bay Area agencies. BAWSCA adopted a compensation policy in 2003 through an ordinance. BAWSCA also has a reimbursement policy, as required by AB 1234. Board members can avail themselves of reimbursement for travel.
- Some districts in the region have revisited their stipends and have implemented an increase. Some agencies have also expanded the list of reimbursable activities. BAWSCA has a shortlist which includes attendance at meetings and conferences that are pre-approved by the Chair.
- Limitation on BAWSCA's ordinance is up to 4 meetings each month at \$100/meeting. Some agencies have taken the approach of increasing the number of meetings per month while keeping their stipend the same, with 10 meetings being the legal maximum.
- The law allows BAWSCA to increase up to 5% per year from the last time the Board visited the policy. For example, right now, there is 20 years of 5% increases available. If the Board decides to increase the number of meeting days per month, and kept the stipend at \$100 for 2023, that would be the new starting time for the policy. Meaning, the board would only be able to increase the stipend by 5% in 2024.

- It is reasonable for the Board to look at its Board Member compensation policy.

In response to committee member questions, Ms. Sandkulla noted that:

- Stipends are applied to Board Policy Committee attendance.
- Getting a quorum for meetings has not been an issue.
- BAWSCA spends approximately \$22K/year on stipends, not including the RFA.
- There are 26 members of the BAWSCA Board. Part of the justification as to why the reimbursement policy is so narrowly defined is because of the size of the Board. For example, BAWSCA covers the cost of having the Board Chair attend ACWA while other agencies are able to send their full board. Due to the large number of BAWSCA Board members, if one were to assume that BAWSCA would cover the attendance costs of less than a quorum of Board members (e.g. twelve Directors), that cost would be considerable.

The Committee further noted:

- Look at other regional agencies including cities for comparison as some have not raised their compensation since 2000.
- Conduct a survey among the 26 Board members to identify how critical this is to their service as a Board member, to assess if addressing this issue is worth the time.
- Consider the current makeup of governing bodies in the regions which seems to show that the average age has gone down, and the household/family dynamics can contribute to the challenges of serving the public.
- If we are truly trying for equity within our councils, then the income for serving does become an issue.
- Take caution against consideration of specific situations, stay within the legal boundaries and have a universal perspective.
- From an equity point of view, it is important to support opportunities for others to be able to serve on BAWSCA and other governmental organizations. This is part of supporting people for whom a greater stipend might make a difference so we can achieve broader participation.
- Develop long-range strategies such as reviewing the stipend every 5-years to maintain a norm.
- If the stipend is increased, have a broad message that emphasizes the time-lapse of 20-years since the \$100 value was set, the intent to balance the demand of the service with the time committed, and more importantly equity.

- Provide data that would help determine what the appropriate number is should the Board decide to raise the stipend.

Ms. Schutte explained that if the Board decides to raise the stipend, there is a legal process including conducting a noticed hearing, which must be public and allow public participation. Additionally, as mentioned, the increase will be limited to the 5% per year accrued from the time the policy was last visited.

Ms. Schutte also noted that Board compensation is separate from expense reimbursement. Should the Board decide to expand the reimbursement policy, it will have to be a separate process.

Ms. Schutte will further research and come back to the BPC with more information about what the parameters look like for an option that can be brought back to the Board. She clarified that the efforts will only focus on BAWSCA and not RFA.

Ms. Sandkulla commented that the Board can decide to apply, or not, what, if anything, is implemented for BAWSCA to the RFA.

There were no public comments.

7. CEO Reports:

- A. **Water Supply and Demand Update:** Ms. Sandkulla reported that as of February 6th, the state of the system is good with total system storage at 91%. The State's drought picture has improved with most reservoirs at the level of where they normally should be at this time of year. Many areas of the state have been upgraded from extreme and severe drought to moderate drought conditions.

Hetch Hetchy precipitation is tracking with the wettest year of 1983. As of now, from a precipitation level, the region has reached average conditions. Ms. Sandkulla commented that Hetch Hetchy, being in the Central Sierras, seems to get benefits from the residuals of systems from the Northern and Southern Sierras.

Year-to-date upcountry precipitation is at 37.41 inches in comparison to the average annual total of 36.68 inches. Year-to-date Bay Area precipitation is at 29.45 inches in comparison to the average annual total of 22.80 inches. Snowpack is well above the median for this time of year. The challenge is for temperature to remain cold so the snow stays intact for as long as possible, prolonging the snowmelt period which in turn results in supply increase vs. reservoir spillage in the late Spring. Water available to the San Francisco is at approximately 514 TAF.

In response to Director Cormack, Ms. Sandkulla explained that when Hetch Hetchy is vacated, water is released downstream to Don Pedro which is located in the lower reaches of the Tuolumne River. With the snowpack level in the watershed upstream of Hetch Hetchy, it is projected that Hetch Hetchy will fill this year. But the question is when will the reservoir fill and how long will it remain full due to the continued snowmelt.

Total deliveries are extremely low at 146 mgd. It reflects the wet conditions in January which impacted irrigation. BAWSCA's total potable water use reported to

the State as of December is 24% less than that of December 2013, and 17% less than December of 2020.

Ms. Sandkulla noted that if we were to think about this period as a 10-year drought, our water demand is 24% less than where we were in the beginning of the 10-year drought (2013).

- B. Bay Delta Plan/FERC Update: Ms. Sandkulla reported that the State Board held a workshop on January 19th where details of an aggressive schedule were provided for a voluntary agreement (VA) and the Bay Delta Plan with deadlines in Fall 2023 and Winter/Spring 2024.

BAWSCA will remain engaged with the SFPUC and others in support of a Tuolumne River VA as an alternative to the adopted Plan.

- C. Correspondence Packet: Director Cormack commented that the SFPUC's continuing request for water use reduction seems hard to defend and is difficult to communicate to water customers given the improved conditions.

Ms. Sandkulla stated that the Governor's Executive Orders, which require every agency to have their Stage 2 Drought Contingency Plans in place, continues. The SFPUC's actions are coordinated with the Governor's orders.

She explained that drought conditions have improved as a result of 9 atmospheric rivers. Having 9 such events occur within the wet season is unusual, in that in prior years the number of events have been smaller. The State's water supply predictive models are not in alignment with more recent conditions that have been present within the State's watersheds over the past few years. Specifically, while there is substantial snow in the Sierras, there is also the potential that warm spring weather, ground / soil moisture conditions, and lands impacted by past fire damage all negatively affect the quantity of resulting springtime runoff. Before agencies and the State can make a determination about whether or not to continue drought declarations, the State and local agencies need to better track and understand what is happening with runoff. Despite conditions looking very good regarding water supply available statewide, it is too early for the State and in turn for the SFPUC to make any decision because of the various unknowns in our current climate impacted environment.

Ms. Sandkulla stated that BAWSCA is applying pressure on the SFPUC to get clarity on what actions the SFPUC will take in the event that the Governor lifts his Executive Order regarding the drought and associated mandates.

Director Cormack suggested making that information available along with the water supply conditions data.

In response to Director Schneider's question about conservation messaging and tree care and maintenance, Ms. Sandkulla explained that specific messaging is agency dependent. BAWSCA supports any such agency-specific approach, however, BAWSCA's messaging regarding the drought to date has been general in nature and focuses on wise and efficient use of water.

There were no public comments.

8. **Closed Session**: The Committee adjourned to Closed Session at 3:38 pm.
9. **Report from Closed Session**: The Committee reconvened to Open Session at 3:49 pm. Ms. Schutte reported that no reportable action was taken during Closed Session.
10. **Comments by Committee Members**: There were no comments from members of the Committee.
11. **Adjournment**: The meeting was adjourned at 3:51 pm. The next meeting is April 12, 2023 in Sequoia Room of Burlingame Community Center.

Respectfully submitted,

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

Nicole Sandkulla, CEO/General Manager

NS/le

Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Feb. 8, 2023	Dec. 14, 2022	Oct. 12, 2022	Aug. 10, 2022	Jun. 8, 2022	Apr. 13, 2022	Feb. 9, 2022
Santa Clara	Hardy, Karen (C)	✓	✓	✓		✓		✓
MPWD	Vella, Lou (VC)		n/a	n/a		n/a	n/a	n/a
Westborough	Chambers, Tom	✓	✓	✓		✓	✓	✓
Palo Alto	Cormack, Alison	✓	✓	✓		✓	✓	✓
Menlo Park	Doerr, Maria		n/a	n/a		n/a	n/a	n/a
Sunnyvale	Larsson, Gustav	✓	✓	✓		✓	✓	✓
Redwood City	Pierce, Barbara	✓		✓		✓	✓	✓
Millbrae	Schneider, Ann	✓	n/a	n/a		n/a	n/a	n/a
CalWater	Smegal, Tom	✓	n/a	n/a		n/a	n/a	n/a
Stanford	Zigterman, Tom			✓		✓	✓	✓

✓: present

☎: Teleconference

February 8, 2023 Meeting Attendance (*In-Person*)

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
Kyle Ramey	Water Resources Specialist		
Danielle McPherson	Sr. Water Resources Specialist		
Christina Tang	Finance Manager		

Public Attendees:

Alison Kastama	SFPUC
Julia Nussbaum	Stanford University