

# BAWSCA

Bay Area Water Supply & Conservation Agency

## BOARD POLICY COMMITTEE

February 8, 2023

1:30 p.m.

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

## AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
<b>1. <u>Call To Order, and Roll Call</u></b> Roster of Committee Members ( <i>Attachment</i> )	(Hardy)	Pg 3
<b>2. <u>Comments by Chair</u></b>	(Hardy)	
<b>3. <u>Consent Calendar</u></b> A. Approval of Minutes from the December 14, 2022 meeting ( <i>Attachment</i> )	(Hardy)	Pg 5
<b>4. <u>Public Comment</u></b> <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>	(Hardy)	
<b>5. <u>Action Calendar</u></b> A. Proposed Fiscal Year 2023-24 Bond Surcharges ( <i>Attachment</i> ) <u>Issue:</u> How much will the bond surcharges be for FY 2023-24? <u>Information to Committee:</u> Staff memo and oral report. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the proposed FY 2023-24 bond surcharges as presented in the staff memorandum. B. Adjustments to Staff Top Step Position Compensation ( <i>Attachment</i> ) <u>Issue:</u> Is compensation for BAWSCA staff positions consistent with comparable positions in the Bay Area market? <u>Information to Committee:</u> Memorandum presenting results of a recent compensation survey by Koff and Associates, comparing current top step compensation to comparable positions in other Bay Area agencies. <u>Committee Action Requested:</u> Recommendation that the Board of Directors approve adjustments to the top step compensation for specified positions.	(Tang)           (Sandkulla)	Pg 15           Pg 21
<b>6. <u>Reports and Discussion Items</u></b> A. Preliminary Fiscal Year 2023-24 Work Plan and Results to be Achieved ( <i>Attachment</i> ) <u>Issue:</u> What critical results must be achieved in FY 2023-24 to accomplish BAWSCA's goals and water reliability objectives?	(Sandkulla)	Pg 23

Information to Committee: Memorandum presenting Preliminary Fiscal Year 2023-24 Work Plan and Results to be Achieved.

Committee Action Requested:

- 1) Comments and suggestions concerning the preliminary Fiscal Year 2023-24 Work Plan and results to be achieved;
- 2) Feedback on presented responses from January 19<sup>th</sup> work plan and budget preparation planning session; and
- 3) Suggestions concerning presentation of the preliminary Work Plan and Operating Budget to the Board of Directors in March.

- B. Potential Process for Consideration of Adjustment to Board Member Stipends (Larsson)  
Issue: Should the Board Member stipend be increased as suggested at the November Board Meeting?

Information to Committee: Oral Report

Committee Action Requested: Feedback and input on desire to consider potential adjustment and process for doing so.

**7. CEO Reports**

**(Sandkulla)**

- A. Water Supply and Demand Update
- B. Bay Delta Plan/FERC Update
- C. CEO's Letter (*Attachment*)
- D. Board Policy Committee Calendar (*Attachment*)
- E. Correspondence Packet ([Under Separate Cover](#))

Pg 49

Pg 53

**8. Closed Session**

**(Schutte)**

- A. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002.
- B. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 State Water Board Cases (Sacramento County Superior Court Case No. 5013).

**9. Report from Closed Session**

**(Schutte)**

**10. Comments by Committee Members**

**(Hardy)**

**11. Adjournment to the Next Meeting**

**(Hardy)**

April 12, 2023 at 1:30pm

**Accessibility for Individuals with Disabilities**

Upon request, BAWSCA will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to [bawsca@bawsca.org](mailto:bawsca@bawsca.org) or submitted by phone at 650-349-3000. Requests will be granted whenever possible and resolved in favor of accessibility.



**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**2023 Committee Roster:**

Karen Hardy, City of Santa Clara (Chair)  
Louis Vella, Mid-Peninsula Water District (Vice Chair)  
Thomas Chambers, Westborough Water District (BAWSCA Vice Chair)  
Alison Cormack, City of Palo Alto  
Maria Doerr, City of Menlo Park  
Gustav Larsson, City of Sunnyvale (BAWSCA Chair)  
Barbara Pierce, City of Redwood City  
Ann Schneider, City of Millbrae  
Tom Smegal, California Water Service Company  
Tom Zigterman, Stanford University

(This page was intentionally left blank)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY****BOARD POLICY COMMITTEE****December 14, 2022 – 1:30 p.m.**

<b>MINUTES</b>
----------------

- 1.
2. **Call to Order:** Committee Chair, Randy Breault, 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 (2), and other attendees is attached.

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

3. **Comments by Committee Chair:** Chair Breault welcomed the Committee members and proceeded with the meeting.
4. **Consent Calendar:** Chair Breault invited comments or changes to the draft minutes of October 12, 2022 under the consent calendar. There were none.

**Director Cormack made a motion, seconded by Director Hardy, that the Committee approve the Minutes of the October 12, 2022 Board Policy Committee meeting.**

**The motion passed 6:1. Chair Breault abstained.**

5. **Public Comments:** There were no public comments.
6. **Action Calendar:**
  - A. **Mid-Year Work Plan, Budget, and General Reserve Review:** Ms. Sandkulla reported that a mid-year review of the work plan, budget, and general reserve proposes adjustments to three work plan items to ensure continued emphasis on a reliable supply of high-quality water at a fair price. Two of the three items include budget and funding changes that require board action. The current status of work plan efforts is summarized in a staff report included in the agenda packet.

Impacts to the current work plan resulted from conditions that developed after the adoption of the work plan and operating budget in May 2022. Those conditions include increased efforts for the ongoing drought that is more than anticipated, the need for additional consultant support for the negotiation of a new Tier 2 Plan, and a staff leave of absence by a key senior staff assigned to the Strategy effort.

The proposed changes fall under the work plan areas for ensuring reliable water supply:

- 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) For 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.

A table listing the key efforts of the work plan and its current status was presented to the Committee with an overview of the progress achieved to date.

Ms. Sandkulla reported that BAWSCA’s efforts in monitoring the SFPUC’s work on completing the WSIP and facility reliability is ongoing, and is starting to get back to normal following the pandemic. Work under this area includes engagement with the SFPUC in its mid-year update to its 10-year Capital Improvement Program and Asset Management Program. BAWSCA’s recent correspondence with the SFPUC regarding its meter testing and calibration is a specific example of this ongoing work.

Under the work plan area of Long-term Supply Solutions, Ms. Sandkulla was pleased to report that the update to the 2020 Demand Study, was completed on time and on budget for the use of the member agencies.

A staff-led scoping of the activities needed to update BAWSCA’s Long-term Water Supply Strategy (Strategy), is the first area of change. Given a staff leave of absence, the proposed change is to seek outside consultant support to write the scope, at a cost of not-to-exceed \$30K, to be funded through a transfer from the General Reserve. This change would increase the operating budget by \$30K.

Ms. Sandkulla noted that the rest of the efforts under the area of Long-Term Supply Solutions are moving along as scheduled, and is providing the support needed for the Strategy efforts. In particular, the reliability roundtable has been effective in identifying projects being implemented in the service area, their status, and their potential relevance for the service area. This kind of information can assist in the scoping activity for the Strategy.

Under the work plan area of Near-Term Supply Solutions, Ms. Sandkulla reported BAWSCA’s efforts on a statewide requirement that stemmed from the drought of 2015; “Making Water Conservation A California Way Of Life”.

BAWSCA has been in the process of helping member agencies determine how to meet the State’s water use efficiency objectives that continues to be in a development stage. This year, the plan is to develop a framework that will help member agencies understand how they can best meet state compliance for Commercial, Industrial, Institutional (CII) accounts. Because Valley Water was interested in this effort and supports BAWSCA’s lead, BAWSCA and Valley Water entered into a cost-share agreement which brings down the costs for the efforts, as well as greater benefit for the region. While the efforts are moving along, development of the framework has not been initiated due to the State’s slow

progress in developing the guidelines, and the ongoing negotiations with Valley Water. All indications, however, are that the effort should be completed by the end of the fiscal year as expected.

In response to Director Jordan, Ms. Sandkulla explained that the “Making Water Conservation a California Way of Life” is the State’s effort to come up with a water budget for every water provider’s customer class. Budgets have been developed for residential use and landscape use, and now the State is focusing on CII accounts. BAWSCA’s efforts are to help member agencies develop a framework for meeting the CII requirements. Meeting the requirements will not necessarily be a numeric number, but a set of compliance actions since there are significant differences between types of CII accounts. For example, an office building is not the same as a chip manufacturer, nor is that chip manufacturer in San Mateo the same as one in Milpitas. This is why the agencies are looking to BAWSCA for assistance in identifying how to best comply. BAWSCA is working with Maddaus Water Management on this effort as they are acquainted with the member agencies and are familiar with existing information and data.

Director Jordan stated that Purissima Hills Water District (PHWD) has had customers who hold approved building permits for water use that is more than the average water customer in the region. Based on PHWD’s experience, the State guidelines are excessive compared to what PHWD allows. For PHWD, their top 20 residential customers use more than the district’s institutional customers, which is a concern. He asked if BAWSCA’s guidelines can be tighter than the State requirements.

Ms. Sandkulla acknowledged that BAWSCA can aim at being tighter than the State. She explained that the State intends to come up with a water budget that agencies have to comply with as a total number and report to the State on an annual basis. It is the overall agency allocation and its activities that will matter most as opposed to the allocation among the agencies’ customers.

The second change to the work plan is on the development of a leak repair and training certification program for implementation in FY 2023-24.

The change is to “**continue**” the development of the program for “**implementation in FY 2024-25**”. As part of the State water use efficiency guidelines, agencies are required to reduce “unaccounted for/non-revenue” water (which includes leaks) and they are looking to BAWSCA for assistance on how to best achieve that. Currently, there are limited resources for water customers to access experts that can detect and fix water leaks. BAWSCA’s leak repair and training certification program will help create such experts in the field. BAWSCA has been engaged with California Water Efficiency Partnership (CalWEP) at the state level because they have experience with these types of certifications. BAWSCA is also working with Valley Water in developing the program. During the development process this year, it became clear that another step was needed in between the current status and the program launch. That step is to hire an expert specific in curriculum development, including training materials, to ensure successful program structure and implementation. The proposed change extends the development of the program for implementation in FY 2024-25.

The third change to the work plan proposes a contract amendment with Woodard & Curran for an additional \$60K to be funded by using \$55K of budgeted contingency funds and a \$5K reallocation from the current approved FY 2022-23 operating budget. This requires approval of the Board.

The negotiation efforts to update the Tier 2 plan had a slow start in 2021 given its complexities combined with conducting negotiations in a remote environment as a result of the pandemic. Current efforts are making improved progress with monthly in-person workshops taking place in addition to discussions during the monthly Water Management Representatives (WMR) meetings, forcing conversations and engagement among the agencies to address and identify their positions on the current issues.

In response to Director Hardy, Ms. Sandkulla explained that the current status of the negotiation is still a long ways from the final step of adoption by each agency's governing body. She explained that negotiations are among member agency technical staff appointed by their executive heads to be the negotiators for their respective agencies. They are expected to carry their agency into the room, and stay connected with their executive and governing bodies; providing their opinions as the key point of contact. Eventually, that group will have to have 100% agreement and unanimously support their individual agencies to adopt the plan. The adoption process requires approval by each of the 26-member agencies' governing bodies.

Barring unanimity at the staff level or agency level, the WSA does allow the BAWSCA Board to make a decision to adopt an alternative plan for allocating drought supplies from the Regional Water System. If the decision has to come to the BAWSCA Board, Ms. Sandkulla explained that the Board operates under one agency/one-vote during the normal course of business, with items passed by majority vote. She added that the agency's enabling legislation also allows for any individual board member to call for a weighted vote. The vote is weighted by the amount of each individual agency's purchases from San Francisco at the time the legislation was passed, which was 2002-2003, and once a weighted vote is called for, the item must pass both the one agency/one vote and the weighted vote. Ms. Sandkulla noted that the board, since its existence, has yet to conduct a weighted vote.

Committee Chair Breault, who was part of the initial Tier 2 negotiation, stated that the process is incredibly challenging because of the differences among the agencies' profiles, sources, and operation. BAWSCA's work in gathering 26 agencies' concerns and rolling them in a comprehensive package that is agreeable to everyone at the agency staff, executive, and policy level, requires a lot of analysis, patience and perseverance. He understands how it can take some time and appreciates the Board's patience and support for allowing the discussions to continue. He is hopeful that the agencies will reach unanimity.

Ms. Sandkulla explained that given the likelihood for having strong opinions during the negotiation process, it is critical for the agencies to have steady and consistent representation; hence the importance of the negotiators being appointed by the agency executive heads. Danielle McPherson, BAWSCA's Sr. Water Resources Analyst, is playing the role of neutral facilitator between the member agency negotiators and BAWSCA and its consultants, while Ms. Sandkulla pushes and



prods so that difficult conversations occur. It is the only way to address the issues and move the negotiation forward.

Director Cormack asked if the current plan can be extended in perpetuity, and whether the Board, in the event that an agreement on an updated Tier 2 plan cannot be reached at the staff or agency level, have the authority to not extend the existing Tier 2 Plan and thus, not establish a new Tier 2 plan?

Ms. Sandkulla said yes, the Board can take up the conversation and decide not to extend the existing Tier 2 Plan.

Director Cormack expressed her concern with the risks of a scenario in which 26 agencies cannot reach unanimity because it is a difficult topic as well as complex in which not everyone is well-versed in.

Ms. Sandkulla noted that the existing Tier 2 Plan was developed under BAWSCA's predecessor agency, the Bay Area Water Users Association. There was no prior experience or formula to go by, but the technical staff of the member agencies came to an agreement because the alternative was there would be no plan for how drought allocation would occur. The process for adoption did involve multiple visits with some of the agencies' executive and governing body members, which she expects to do when the time comes. Ms. Sandkulla pointed out that because the Tier 2 Plan is very technical and complex, the biggest benefit is to have the staff level in agreement so that that the executives and council can feel comfortable to support it.

Director Cormack suggested the consideration, when the right time comes, of a study session to introduce and acquaint the agencies' executives and members of the governing body on the topic, therefore allowing a progression of understanding on such a complex matter.

In response to Director Wood, Ms. Sandkulla explained that adoption of the Tier 2 Plan needs to be unanimous among the agencies because the Tier 2 Plan is an implementation of the Water Supply Agreement between the wholesale customers and the City and County of San Francisco. While BAWSCA is a regional body, under the WSA, no agency can take away another agency's Individual Supply Guarantee (ISG); no other agency can act on another agency's, or the City of Brisbane's, behalf. Each agency's ISG is solely under the discretion of that agency's governing body taking action. Chair Breault encouraged reaching out to the CEO for further explanation of this provision under the WSA.

There being no further comments and questions from committee members on Tier 2, Ms. Sandkulla summarized the proposed changes to the work plan; re-stating that 2 of the 3 work plan scope changes require a budget adjustment that the board needs to authorize. She noted that the General Reserve will remain within the policy guidelines due to the budget action the Board took last year to raise assessments.

Director Jordan commented on the Leak Detection Program effort, emphasizing that infrastructure leaks can equally be, if not larger than residential leaks. For example, San Jose Water, which is larger than any BAWSCA agency, estimates 7% of their water savings by catching leaks earlier than with their monitoring program. 7% is a

significant number and while he recognizes that San Francisco is in front of leak detection efforts, he feels BAWSCA agencies can make further commitments.

Ms. Sandkulla noted that BAWSCA has a water loss detection program with a consulting firm, E-Source. BAWSCA works with E-Source in briefing member agencies on leak detection best practices and in regularly discussing the agencies' leak issues. The agencies have access to E-Source's technical expertise in evaluating their individual systems through a subscription program. Both programs have been highly successful, and Ms. Sandkulla noted that E-Source is scheduled to provide a report to the Board at its January meeting.

Director Jordan was not sure if leak detection experts and desk analyses are the answer. He stated that deploying active leak sensing technology is what San Jose found helpful in identifying their 7% savings in addition to doing their state reports. There are easy solutions already available, and there is no need for consultants.

Ms. Sandkulla is open to expanding the program and stated that the report from E-Source at the January Board meeting can provide information on what has been done with member agencies, and the opportunity to take into consideration additional efforts that could be included.

There being no further comments from members of the committee or the public, Chair Breault called for a motion.

**Director Hardy made a motion, seconded by Director Wood, 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. For 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.**

**The motion carried unanimously.**

**7. CEO Reports:**

- A. Water Supply and Demand Update: Ms. Sandkulla reported that while the Regional Water System's overall storage remains consistent, a highlight for the system is the Calaveras storage which increased by three thousand acre feet (TAF). This is significant because this is the first time the reservoir has increased in storage since the project was completed in 2020. It never achieved its last hold target for the State, and the hope is it continues to receive inflow and achieve a full Calaveras Reservoir this water year.

In response to Director Jordan, Ms. Sandkulla stated that Calaveras Reservoir is not completely out of the State's control, as the State could curtail water rights out of the Alameda Creek if they choose to. Currently, all the water rights that San Francisco has are not being curtailed, which means that San Francisco can store water.

Ms. Sandkulla reported that despite the recent storm, Hetch Hetchy precipitation, Upcountry 6-Station, and Bay Area 7-station is consistent with last year's and is slightly above the median; however, it is too early in the water year to tell. The hope is for more rain.

Snowpack is looking better than 2022 with a bonus of a cool trend. The recent storm provided water available to the city, which was partly released to water bank.

Director Cormack asked if San Francisco could add a new column in the Reservoir Storage report that compares values over a period of 6 months or a year for a better evaluation of the changing conditions. She also noted that presenting current data in terms of the average would be more understandable for a person that is not a water-expert. For example, if Hetch Hetchy precipitation averages 34-35 inches in the water year (October – April), and it is at 12-inches, it can be read as being a 1/3 of the way to the average. The translation of the information being presented in such a way can be interpreted as "much more is needed" instead of "precipitation provided water". She noted that while the Board needs to understand this level of detail, it also needs to be able to explain it intuitively.

Ms. Sandkulla reported that total deliveries by the Regional Water System to both the San Francisco retail and wholesale customers remain low, as it should be. SFPUC and BAWSCA will monitor the trend particularly if a wet and cold weather pattern continues.

BAWSCA agencies' total use as of October 2022 is 18% less than that of 2019. While the monthly water-use reduction has been met, the cumulative savings of 15% between July 2022 through December 2022 has not been achieved by the member agencies as a whole.

Director Hardy commented that the message was slow to get out, as well as the State's delayed emphasis on the drought caused mixed messages.

Ms. Sandkulla agreed that the mixed messages need to be addressed, and reported that BAWSCA has been in conversation with the SFPUC since October in evaluating future actions should dry conditions persist. There are concerns with the slow customer response to the call for conservation, the region's ability to achieve the

target, what it means to achieve the target, and whether a mandatory cutback can be avoided.

- B. Member Agency Drought Response Efforts: As part of the conversation process with the SFPUC, BAWSCA surveyed the member agencies on their drought response actions and water management implementations. Ms. Sandkulla presented the results of the survey in a table that summarizes the various actions member agencies have implemented and are in the process of implementing. For example, are agencies contacting their highest users, have they adopted a Stage 2 Water Shortage Contingency Plan, and at what level have agencies implemented automated metering infrastructure (AMI)?

It has been a helpful exercise for BAWSCA and the agencies in identifying what efforts can be done collectively as a region, and how much more impact can efforts make. BAWSCA will continue to update the list to initiate discussion and prompt potential actions that can be considered.

Director Jordan noted that infrastructure leak efforts, even though it may not be reflected in any agency efforts, should be included on the list.

In response to Director Hardy, Ms. Sandkulla explained that Waterfluence is a consulting service that works with BAWSCA to implement the subscription program on large landscape budgets. This program helps institutional sites and homeowners associations to manage their large landscape water use.

Ms. Sandkulla stated that because agencies have different characteristics, BAWSCA also looked at efforts agencies are doing that are unique to their operations:

- Daly City has a recycled water program for outdoor irrigation and they are looking for ways to increase its use because they have the capability of producing more than they are currently using;
- North Coast County Water District has a rain barrel purchase program that is well received by their customers;
- Cal Water has a drought advertising campaign on social media that is triggered and customized by weather conditions;
- Menlo Park implemented its drought surcharge;
- Alameda County Water District deployed a Rapid Action Notification System which alerts customers about drought information;
- Milpitas offers a full-service lawn conversion to homeowners; and
- San Jose prohibits turf, high water-use plants, and overhead sprinkler system in new constructions.

This will be a developing set of information that Ms. Sandkulla will be presenting to the Commission in January and engaging in conversations with SFPUC staff.

- C. Bay Delta Plan/FERC Update: As previously reported, the SFPUC, Districts and State agencies signed an addendum to the March 2022 Memorandum of Understanding (MOU) related to the Bay Delta Plan to provide greater flows to the Tuolumne River to benefit native fish species above the required flows while

providing reliable supply of water for the region. The signatories are now working out the implementation details of the Bay Delta wide voluntary agreement for evaluation by the State Board. Working groups to address technical issues and legal matters have been put in place, and the SFPUC and Districts are participating in those work groups.

Ms. Sandkulla stated that from her perspective, it is unclear what the schedule for completion is or what the deadline is.

In response to Director Cormack, Ms. Sandkulla stated that increasing flows to the Tuolumne River and implementation of the \$64M in habitat projects over the 8-year MOU term is currently on hold. The SFPUC and the Districts have entered into an MOU with Fish and Game that provides support for some projects in the river.

There being no further questions and comments from members of the Committee and the public, Chair Breault adjourned to closed session.

8. **Closed Session:** The Committee adjourned to Closed Session at 2:39 pm.
9. **Report from Closed Session:** The Committee reconvened to Open Session at 2:53 pm. Ms. Schutte reported that no reportable action was taken during Closed Session.
10. **Comments by Committee Members:** Director Hardy commented that clear and consistent messaging about the ongoing drought, despite the rain, is critical.
11. **Adjournment:** The meeting was adjourned at 2:54 pm. The next meeting is February 8, 2023 in Sequoia Room of Burlingame Community Center

Respectfully submitted,

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	Dec. 14, 2022	Oct. 12, 2022	Aug. 10, 2022	Jun. 8, 2022	Apr. 13, 2022	Feb. 9, 2022
GVMID	Breault, Randy	✓		Meeting Cancelled	✓	✓	✓
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

### December 14, 2022 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		
Christina Tang	Finance Manager		
Lourdes Enriquez	Assistant to the CEO/GM		
Deborah Grimes	Office Manager		

#### Public Attendees:

Rebecca Oliver	City of Palo Alto
Gary Welling	City of Santa Clara
Alison Kastama	SFPUC

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE MEETING**

**Agenda Title:**           **Proposed Fiscal Year 2023-24 Bond Surcharges**

**Summary:**

This memorandum presents the proposed FY 2023-24 bond surcharge for each BAWSCA agency. The surcharge would take effect on July 1, 2023. This surcharge setting conforms to BAWSCA's Revenue Bond Indenture (Indenture) and reflects the savings generated from the settlement of the 2023A bonds to refund the 2013A bonds executed on January 5, 2023.

**Recommendation:**

**That the Committee recommend Board approval of the proposed FY 2023-24 bond surcharges as presented in Table 1 in this memorandum.**

**Discussion:**

The bond surcharge for each BAWSCA agency is typically a fixed amount each fiscal year as adopted by the Board to ensure collection of necessary revenue to pay that year's obligated debt service. The bond surcharges are calculated in total to meet the requirements of the Bond Indenture entered into in connection with the 2013 and 2023 bond transactions to prepay the capital payments that BAWSCA agencies owed to SFPUC under the Water Supply Agreement between San Francisco and its Wholesale Customers (WSA).

On January 5, 2023, BAWSCA completed the settlement of the 2023A refunding bonds based on a tax-exempt forward delivery. This refunding transaction will generate approximately \$27.1 million in net present value savings over the term of the bonds. The refunding does not change the methodology for levying and allocating the surcharges which is set by BAWSCA's Bond Indenture, other than the mid-year adjustment in FY 2022-23 to reflect the savings from the refunding in FY 2022-23, which couldn't be implemented until the 2023 transaction settled. Continuing to allocate debt service proportionately based on actual water use is consistent with the collection of the Wholesale Revenue Requirement under the WSA, is a transparent collection method easily conveyed to rating agencies and investors, and is reflected in BAWSCA's official statements.

The annual surcharges for FY 2023-24 are calculated by multiplying the obligated debt service in 2024 by each agency's percentage of total wholesale customer purchases in FY 2021-22 and adding a "true up" adjustment for the FY 2021-22 surcharges. One-twelfth of the annual surcharge, or the monthly surcharge, will be included in the first water bill from San Francisco sent to the BAWSCA agencies each month. The reason FY 2021-22's purchases are used for the FY 2023-24 surcharge calculations is because they represent the latest annual purchases data available as of today. For the same reason, the FY 2021-22 surcharges were calculated based on the latest annual purchases data available at that time, not FY 2021-22's. The "true up" adjustment is used to reflect each agency's actual percentage of water purchases in FY 2021-22 and to reimburse BAWSCA for some expenses incurred in FY 2021-22 in connection with the bond administration that were paid through BAWSCA's FY 2021-22 Operating Budget.

Per the Indenture, the Stabilization Fund at the Trustee has been reviewed and no replenishment amount is determined necessary at this time. In fact, an excess Stabilization Fund balance of approximately \$1.9 million was used to reduce the principal amount of the 2023A refunding bonds due to the reduced Stabilization Fund requirements.

In addition, at the time of settlement, an additional \$1.6 million in excess funds resulted from the investment of the escrow funds. About 9% of this excess will remain in the Stabilization Fund as a buffer for potential market value fluctuations in the future and about 46% will remain with the trustee pending confirmation from the rebate consultant that this portion of the escrow fund earnings will not be subject to rebate to the federal government. Starting FY 2023-24, BAWSCA suggests a gradual draw down of the remainder of the excess funds (45%) over the remaining life of the bonds by crediting a portion of the excess to the surcharges each year. The credit for FY 2023-24 is \$65,522 and is reflected in the proposed FY 2023-24 bond surcharges presented below in Table 1. Credits may vary in future years depending on the actual excess at the time of the annual surcharge setting. Spreading out credits over time will reduce fluctuations in surcharge which would result from one time or occasional credits.

The proposed FY 2023-24 bond surcharge for each BAWSCA agency is shown in Table 1.

**Table 1. Proposed BAWSCA FY2023-24 Bond Surcharges**

Agency	Annual Bond Surcharge	Monthly Bond Surcharge	Agency	Annual Bond Surcharge	Monthly Bond Surcharge
Alameda County WD	\$1,953,084	\$162,757	Mid Pen WD	\$382,716	\$31,893
Brisbane Water	\$88,836	\$7,403	Millbrae	\$259,068	\$21,589
Burlingame	\$535,692	\$44,641	Milpitas	\$603,300	\$50,275
Coastside County WD	\$200,844	\$16,737	Mountain View	\$1,259,184	\$104,932
CWS - Bear Gulch	\$1,741,944	\$145,162	North Coast WD	\$384,468	\$32,039
CWS - Mid Peninsula	\$2,117,772	\$176,481	Palo Alto	\$1,681,620	\$140,135
CWS - South SF	\$1,254,756	\$104,563	Purissima Hills WD	\$284,196	\$23,683
Daly City	\$611,436	\$50,953	Redwood City	\$1,238,604	\$103,217
East Palo Alto WD	\$227,640	\$18,970	San Bruno	\$243,912	\$20,326
Estero Municipal ID	\$594,012	\$49,501	San Jose (North)	\$678,312	\$56,526
Guadalupe Valley	\$13,908	\$1,159	Santa Clara	\$534,180	\$44,515
Hayward	\$2,445,576	\$203,798	Stanford University	\$263,520	\$21,960
Hillsborough	\$382,572	\$31,881	Sunnyvale	\$1,463,484	\$121,957
Menlo Park	\$408,612	\$34,051	Westborough WD	\$64,524	\$5,377
<b>Total</b>				<b>\$21,917,772</b>	<b>\$1,826,481</b>

**Background:**

In 2013, BAWSCA issued Revenue Bond Series 2013A and Series 2013B (Taxable and non-callable) to prepay the remaining capital cost recovery payments that the BAWSCA agencies owed San Francisco as of June 30, 2013, when the payments were paid off. The total bonds were issued in par amount of \$335.8 million, including the callable portion of Series 2013A tax-exempt bonds that can be redeemed starting on April 1, 2023, the call date. The bond transaction and the prepayment program resulted in approximately \$62.3 million in net present value savings over the term of the bonds until 2034.

On January 5, 2023, BAWSCA completed the settlement of the 2023A bonds to refund the 2013A bonds based on a tax-exempt forward delivery. The total principal amount of the 2023A bonds issued were \$134.310 million at an all-in true interest rate of 2.06%. This refunding bond transaction will generate approximately \$27.1 million in net present value savings over the term of the bonds, or an average of approximately \$2.5 million of savings per year, starting in FY 2022-23. The combined net present value savings from recent refunding, along with the savings from the original 2013 bond issuance, will be approximately \$89.4 million to the water



customers that BAWSCA represents from 2013 to 2034, or an annual average savings of \$6 million from 2023 to 2034 when the bonds will be paid off.

BAWSCA has been collecting the bond surcharge from member agencies since July 2013 through the SFPUC as a separate item on SFPUC's monthly water bills to member agencies. FY 2023-24 will be the eleventh year for BAWSCA to collect the bond surcharge payments that are used to make debt service payments on BAWSCA's revenue bonds.

**Calculating the "True Up" Adjustment**

The FY 2023-24 bond surcharge setting includes a "true up" adjustment included in the calculation. This "true up" adjustment is used to reflect each agency's actual percentage of water purchases in FY 2021-22 and to reimburse BAWSCA for some expenses incurred in FY 2021-22 in connection with the bond administration that were paid through BAWSCA's FY 2021-22 Operating Budget. Those expenses include the fees to Bank of New York for its Trustee services and the costs of legal, financial advisor, investment advisor, and arbitrage rebate consultant. A "true up" adjustment is anticipated every year as part of the calculation of the Annual Bond Surcharge.

The annual surcharges collected from the BAWSCA agencies in FY 2021-22 were calculated by multiplying the obligated debt service in 2022 by each agency's percentage of total wholesale customer purchases in FY 2019-20. FY 2019-20 purchases were used as a surrogate for FY 2021-22 purchases, which were not known when the FY 2021-22 bond surcharges were adopted.

Now that the actual wholesale customer purchases for FY 2021-22 and the actual expenses incurred in FY 2021-22 in connection with the bond administration are available, the actual surcharges for FY 2021-22 are calculated again by multiplying a sum of the obligated debt service in 2022 and the actual expenses incurred in FY 2021-22 by each agency's percentage of total wholesale customer purchases in FY 2021-22. The difference between the surcharges that were actually collected in FY 2021-22, which were based on the surrogate purchase values, and the actual surcharges for FY 2021-22, which are based on actual FY 2021-22 purchases, are one component of the "true up" adjustments to be included in the annual surcharge setting for FY 2023-24.

The second component of the "true up" adjustment is inclusion of \$12,225 of actual expenses incurred by BAWSCA in FY 2021-22 in connection with the bond administration, which represents 0.06% of the annual debt service of the bonds in 2024. In addition, pursuant to the Prepayment and Collection Agreement between BAWSCA and San Francisco, BAWSCA shall reimburse San Francisco for specific expenses incurred for compliance with tax-exempt regulations. BAWSCA didn't receive any relevant bill from San Francisco in FY 2021-22. A "true up" adjustment for FY 2023-24 will be included in the surcharge setting for FY 2025-26.

Table 2 shows how the "true up" adjustment for each BAWSCA agency is determined and included in the proposed FY 2023-24 surcharge amount. The true up adjustments for 2021-22 water purchases are not impacted by the recent refunding transaction. Table 3 indicates how much the capital recovery payment cost would have been in FY 2021-22 (column A) if BAWSCA didn't issue the bonds to prepay the capital debt that the agencies owed to San Francisco. The actual savings to each agency in FY 2021-22 (column E) from the original 2013 refunding are calculated accordingly.

**Table 2. Impact of FY 2021-22 True-up Adjustment on  
FY 2023-24 Proposed Surcharges**

Agency	FY 2021-22			FY 2023-24	
	Surcharge Collected (Based on FY 2019-20 Purchase)	Surcharge Obligation (Based on FY 2021-22 Purchase)	Difference: True-up Amount	Surcharge To Be Collected (Based on FY 2021-22 Purchase)	Proposed Surcharge Incl. True-up Amount for FY 2020-21
Alameda County WD	\$1,449,815	\$1,802,989	\$353,173	\$1,599,917	\$1,953,084
Brisbane Water	\$69,800	\$84,049	\$14,249	\$74,583	\$88,836
Burlingame	\$650,688	\$628,587	(\$22,101)	\$557,789	\$535,692
Coastside County WD	\$164,538	\$193,593	\$29,055	\$171,789	\$200,844
CWS - Bear Gulch	\$2,134,759	\$2,054,024	(\$80,734)	\$1,822,678	\$1,741,944
CWS - Mid Peninsula	\$2,400,158	\$2,393,769	(\$6,389)	\$2,124,157	\$2,117,772
CWS - South SF	\$883,770	\$1,133,073	\$249,303	\$1,005,454	\$1,254,756
Daly City	\$731,773	\$711,684	(\$20,089)	\$631,527	\$611,436
East Palo Alto WD	\$292,405	\$275,542	(\$16,863)	\$244,507	\$227,640
Estero Municipal ID	\$809,664	\$743,721	(\$65,943)	\$659,955	\$594,012
Guadalupe Valley	\$48,715	\$33,178	(\$15,537)	\$29,441	\$13,908
Hayward	\$2,652,176	\$2,700,980	\$48,804	\$2,396,767	\$2,445,576
Hillsborough	\$479,125	\$456,561	(\$22,564)	\$405,138	\$382,572
Menlo Park	\$527,515	\$495,997	(\$31,518)	\$440,132	\$408,612
Mid Pen WD	\$495,974	\$465,561	(\$30,413)	\$413,124	\$382,716
Millbrae	\$355,131	\$325,427	(\$29,704)	\$288,774	\$259,068
Milpitas	\$1,131,330	\$919,070	(\$212,260)	\$815,555	\$603,300
Mountain View	\$1,418,551	\$1,418,763	\$212	\$1,258,967	\$1,259,184
North Coast WD	\$426,644	\$429,758	\$3,114	\$381,354	\$384,468
Palo Alto	\$1,820,627	\$1,855,623	\$34,996	\$1,646,623	\$1,681,620
Purissima Hills WD	\$319,036	\$319,616	\$580	\$283,618	\$284,196
Redwood City	\$1,634,083	\$1,522,061	(\$112,021)	\$1,350,631	\$1,238,604
San Bruno	\$180,191	\$224,709	\$44,518	\$199,400	\$243,912
San Jose (North)	\$790,538	\$778,251	(\$12,287)	\$690,596	\$678,312
Santa Clara	\$614,551	\$608,644	(\$5,907)	\$540,092	\$534,180
Stanford University	\$267,649	\$281,435	\$13,786	\$249,737	\$263,520
Sunnyvale	\$1,761,338	\$1,708,634	(\$52,704)	\$1,516,190	\$1,463,484
Westborough WD	\$163,170	\$120,639	(\$42,532)	\$107,051	\$64,524
<b>Totals</b>	<b>\$24,673,712</b>	<b>\$24,685,937</b>	<b>\$12,225</b>	<b>\$21,905,545</b>	<b>\$21,917,772</b>

**Table 3. Actual Savings to Each Agency for FY 2021-22 Resulting from  
BAWSCA 2013A and 2013B Bond Issuance**

Agency	SFPUC Capital Recovery Payment	Annual Surcharge Collected in FY 2021-22	True-ups To Be Collected or Refunded in FY 2023-24	BAWSCA Annual Surcharge Plus True-ups	Actual Savings*
	A	B	C	D = B + C	E = A - D
Alameda County WD	\$2,059,645	\$1,449,815	\$353,173	\$1,802,989	\$256,657
Brisbane Water	\$96,014	\$69,800	\$14,249	\$84,049	\$11,964
Burlingame	\$718,067	\$650,688	(\$22,101)	\$628,587	\$89,480
Coastside County WD	\$221,151	\$164,538	\$29,055	\$193,593	\$27,558
CWS - Bear Gulch	\$2,346,417	\$2,134,759	(\$80,734)	\$2,054,024	\$292,392
CWS - Mid Peninsula	\$2,734,523	\$2,400,158	(\$6,389)	\$2,393,769	\$340,755
CWS - South SF	\$1,294,367	\$883,770	\$249,303	\$1,133,073	\$161,294
Daly City	\$812,993	\$731,773	(\$20,089)	\$711,684	\$101,309
East Palo Alto WD	\$314,766	\$292,405	(\$16,863)	\$275,542	\$39,224
Estero Municipal ID	\$849,590	\$809,664	(\$65,943)	\$743,721	\$105,869
Guadalupe Valley	\$37,901	\$48,715	(\$15,537)	\$33,178	\$4,723
Hayward	\$3,085,466	\$2,652,176	\$48,804	\$2,700,980	\$384,487
Hillsborough	\$521,553	\$479,125	(\$22,564)	\$456,561	\$64,992
Menlo Park	\$566,602	\$527,515	(\$31,518)	\$495,997	\$70,606
Mid Pen WD	\$531,834	\$495,974	(\$30,413)	\$465,561	\$66,273
Millbrae	\$371,751	\$355,131	(\$29,704)	\$325,427	\$46,325
Milpitas	\$1,049,900	\$1,131,330	(\$212,260)	\$919,070	\$130,830
Mountain View	\$1,620,725	\$1,418,551	\$212	\$1,418,763	\$201,962
North Coast WD	\$490,934	\$426,644	\$3,114	\$429,758	\$61,176
Palo Alto	\$2,119,772	\$1,820,627	\$34,996	\$1,855,623	\$264,149
Purissima Hills WD	\$365,114	\$319,036	\$580	\$319,616	\$45,498
Redwood City	\$1,738,728	\$1,634,083	(\$112,021)	\$1,522,061	\$216,667
San Bruno	\$256,697	\$180,191	\$44,518	\$224,709	\$31,988
San Jose (North)	\$889,036	\$790,538	(\$12,287)	\$778,251	\$110,785
Santa Clara	\$695,285	\$614,551	(\$5,907)	\$608,644	\$86,641
Stanford University	\$321,498	\$267,649	\$13,786	\$281,435	\$40,063
Sunnyvale	\$1,951,860	\$1,761,338	(\$52,704)	\$1,708,634	\$243,225
Westborough WD	\$137,812	\$163,170	(\$42,532)	\$120,639	\$17,173
<b>Totals</b>	\$28,200,000	\$24,673,712	\$12,225	\$24,685,937	\$3,514,063

\* The savings do not include the savings generated from the 2023A refunding bonds

(This page was intentionally left blank)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**Agenda Title:**        **Adjustments to Staff Position Top-Step Compensation**

**Summary:**

A compensation survey was performed to determine whether top-step compensation for BAWSCA staff positions remain consistent with comparable positions in the Bay Area market.

**Fiscal Impact:**

There is no fiscal impact to the current FY 2022-23 Operating Budget.

**Recommendation:**

**That the Board Policy Committee recommend that the board approve adjustments to top-step compensation for all BAWSCA positions.**

**Discussion:**

Each year BAWSCA adjusts top step compensation by a factor approved by the Board of Directors as part of the annual budget process. These adjustments are made in an effort to maintain compensation ranges that are competitive with comparable positions in the Bay Area market.

Every two years a compensation survey is performed to ensure that comparability is in fact maintained. Historically, BAWSCA has used the median of the market to define the desired compensation level for its staff positions. The two previous compensation survey results were minimal resulting in no recommended actions for the Board. However, during this same time period, several desk audits were completed with recommended results brought to the Board for subsequent action.

In November 2022, Koff and Associates completed a review of BAWSCA's position descriptions, the comparability of the positions with similar positions at other Bay Area agencies, and provided data on top-step compensation in the form of salaries or hourly rates for exempt and non-exempt positions, respectively.

**Results:**

The current survey showed that the current top-step compensation for BAWSCA staff positions is between 7.7 and 1.1 percent below the market median.

The survey results appear in Table 1, together with the recommended adjustments.

**Table 1. Comparison of FY 2022-23 Top Step Compensation for Each Staff Position to Survey Results Based on the Median of the Market for Comparable Positions\***

Position Title	Current top step compensation (FY 2022-23), dollars per yr.	Market median (FY 2022-23), dollars per yr.	Difference, percent	Recommended change, percent
Assistant to the CEO/GM	143,112	144,900	-1.2	+1.2
Office Manager	135,468	137,844	-1.8	+1.8
Finance Manager	199,500	205,428	-3.0	+3.0
Sr. Water Resources Specialist	176,460	178,920	-1.4	+1.4
Water Resources Manager	228,036	230,568	-1.1	+1.1
Water Resource Specialist	135,247	145,716	-7.7	+7.7
Office Assistant	83,664	89,340	-6.8	+6.8

*\*For exempt positions, "top step compensation" is equivalent to annual salary. For non-exempt positions, "top step compensation" is equivalent to one year of hourly wages without overtime.*

Total compensation was also evaluated as part of the compensation survey. The results show BAWSCA's total compensation is in line with total compensation for the other comparator agencies.

### **Application of Results**

If approved by the Board, the recommended adjustments would be made to the top-step compensation for each position.

The salaries shown in the survey represent currently paid compensation and are compared to BAWSCA's current top-step compensation. For FY 2023-24 budgeting purposes, any Board approved Cost-of-Living (COLA) adjustment would be applied to the newly adjusted top-step compensation, if approved. The COLA adjustment maintains compensation in line with the market that will exist next year. The resulting approved compensation values would go into effect as of July 1, 2023.

Any adjustments to compensation paid to incumbent employees would be determined separately by the CEO following annual performance appraisals, but would necessarily remain at or below the approved top-step, including any approved COLA adjustment, for each position.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE MEETING**

**Agenda Title:**        **Preliminary Fiscal Year 2023-24 Work Plan and Results to be Achieved**

**Summary:**

This memorandum presents the preliminary Fiscal Year 2023-24 Work Plan and results to be achieved. Comments received from the Board at the January 19, 2023 Work Plan and Budget Planning Session have been reviewed and addressed. The preliminary Work Plan includes the CEO's recommendations for addressing comments received during the Budget Planning Session. As was discussed with the Board in January, this memorandum does not present a preliminary Operating Budget. Initial Operating Budget considerations will be included in the staff presentation. The Board will be presented with a preliminary Work Plan and Operating Budget at its March meeting.

The preliminary Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high-quality water at a fair price. Major work areas include review of SFPUC's 10-year Capital Plan and Asset Management Program; complete scoping and initiate development for an update to BAWSCA's 2009 Long Term Reliable Water Supply Strategy (Strategy); provide drought support to members and their customers; provide assistance to members in meeting new State water efficiency mandates; implement BAWSCA's core and subscription conservation programs including a new grant support program; take action necessary to ensure that the SFPUC meets its legal and contractual water supply reliability obligations to its Wholesale Customers; review and comment on SFPUC's Alternative Water Supply (AWS) Plan; facilitate negotiations of a new Tier 2 Drought Allocation Plan (Tier 2 Plan); participate in the State Water Resources Control Board (SWRCB) Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented; participate as an intervenor on Federal Energy Regulatory Commission (FERC) proceedings associated with the licensing of New Don Pedro Reservoir; administer the Water Supply Agreement (WSA) with San Francisco to protect financial interests of the members; administer BAWSCA's revenue bonds; implement Board policy directives for management of BAWSCA's unfunded pension liability obligations; implement BAWSCA's student internship program, and maintain a motivated, trained and effective workforce; and prepare a plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.

**Recommendation:**

**That the Committee provide:**

- 1. Comments and suggestions concerning the preliminary Fiscal Year 2023-24 Work Plan and results to be achieved;**
- 2. Feedback on presented results from January 19, 2023 Work Plan and Budget Planning Session; and**
- 3. Suggestions concerning presentation of the preliminary Work Plan and Operating Budget to the Board of Directors in March.**

**Discussion:**

**Preliminary Work Plan**

Next year's Work Plan addresses all of the anticipated issues and results to be achieved discussed with the Board Policy Committee in December and with the Board in January.

The Preliminary FY 2023-24 Work Plan includes the following major efforts:

- Oversight of the SFPUC's WSIP, 10-Year Capital Plan Program (Capital Plan), Regional Water System (RWS) Asset Management Program, and Emergency Response.
- Implement BAWSCA's 2009 Strategy, including the following actions:
  - Complete scoping and initiate development for an update to BAWSCA's 2009 Strategy;
  - Participate in the Bay Area Regional Reliability Partnership (BARR);
  - Complete Basis of Design Report (BODR) for the San Francisco-Peninsula Regional Pure Water Project (Sf-PRP);
  - Facilitate development of other local water supply options by members; and
  - Host BAWSCA Regional Water Supply Reliability Roundtable to inform regional planning efforts and partnership opportunities.
- Support near term water supply solutions for members including:
  - Provide staff-level drought support to members and their customers, assuming dry conditions in FY 2023-24;
  - Prepare a drought summary report following drought conclusion;
  - Represent members' interests in discussion on development of and compliance with California's "Making Water Conservation a California Way of Life" requirements including a possible new subscription program related to new performance measure requirements for Commercial, Institutional and Industrial (CII) accounts;
  - Provide regional coordination to support Advanced Metering Infrastructure (AMI) implementation and data management; and
  - Implement regional core and subscription conservation programs to support members and their customers.
- Take actions to protect members' water supply interests in administration of the WSA including the following:
  - Review and comment on SFPUC's AWS Plan, anticipated for Commission consideration in Summer 2023;
  - Monitor SFPUC's development of new supplies through its AWS Program and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations to its Wholesale Customers;
  - Facilitate negotiations of an updated Tier 2 Plan;
  - Monitor SFPUC's unfunded pension and OPEB liabilities;
  - Ensure correct implementation of asset classification adjustments associated with the 2018 WSA amendment; and,
  - Ensure correct implementation of the recent WSA amendment allowing for transfer of a portion of minimum purchase obligation.



- Participate in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented.
- Participate in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies.
- Develop and implement a new BAWSCA Grant Support Program with both a core and subscription component.
- Support members in receiving reliable communication of water quality issues including:
  - Coordinating member participation in Joint Water Quality Committee; and
  - Relaying important water quality information to members and SFPUC as necessary.
- Administer the WSA.
- Administer BAWSCA's revenue bonds issued to retire capital debt owed by Wholesale Customers to San Francisco.
- Implement BAWSCA's Student Internship Program.
- Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.
- Maintain a motivated, trained, and effective workforce.
- Prepare a staff-led plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.

Table 1 presents the draft preliminary FY 2023-24 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the items that are not included in the preliminary Work Plan. Any of these items could be added to the work plan at a later date, if needed, following further discussion with the Board concerning available resources and priorities.

**New or Significantly Re-scoped Activities for FY 2023-24**

There are three new or significantly rescoped, or expanded activities included in the preliminary FY 2023-24 Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA members.

**1. Work Plan Item 3a: Prepare a Drought Summary Report Following the Conclusion of the 2021-23 Drought.  
Estimated FY 2023-24 Cost: \$40k**

The SFPUC declared a water shortage (i.e., drought) emergency in November of 2021, asking its customers (both retail and wholesale) to reduce system-wide water use by 10 percent and later, in May 2022, 11 percent system-wide. The State of California, through executive orders issued by Governor Newsom, in 2021 and in 2022, also called for water use reduction by all Californians. Through January 2023, drought conditions in California have improved, yet drought persists in portions of the State and the Governor's executive orders remain in effect at this time. Rain and snow accumulation with the SFPUC's upcountry watershed has been considerable to date. Water supply conditions are better than what was present in calendar year 2022, and it is possible that

SFPUC will rescind its drought declaration by April 15, removing the requirement for voluntarily water use reduction.

During calendar year 2022, a significant portion of BAWSCA's conservation support to members focused on assisting them on drought response. In addition, BAWSCA collected data from members in an effort to understand what drought actions were taken. When the SFPUC made its water shortage declaration in November 2021, and its modified declaration in May of 2022, BAWSCA used the Tier 2 formula to determine the allocation of supply made available by the SFPUC in accordance with the WSA Tier 1 formula. The SFPUC tracked how each agency responded to the call for water use reduction, and BAWSCA tracked that effort as well.

Following the conclusion of the 2014-17 drought, BAWSCA prepared a drought report, published in August of 2017 and made it available to the public. In FY 2023-24, BAWSCA envisions preparing a similar drought report that will detail drought actions taken by the State, SFPUC, and member agencies. BAWSCA also proposes one additional component of the work that will use consultant expertise to better quantify the impact that particular drought actions had on actual water use reductions. Having a better understanding of which actions resulted in the most savings, and moreover how the timing of action implementation influences savings, will prove useful when responding to future droughts.

The draft preliminary budget includes an estimated \$40,000 for this task.

**2. Work Plan Item 6c: Develop and Implement a New BAWSCA Grant Support Program with Both a Core and Subscription Component.  
Estimated FY 2023-24 Cost: \$55k**

In recent fiscal years, BAWSCA's members have indicated interest in having BAWSCA provide support in tracking state and federal funding opportunities for water resources related work. In FY 2022-23, as part of BAWSCA's Water Supply Reliability Roundtable, a summary of current grant opportunities was prepared and well received by Roundtable participants.

For FY 2023-24, BAWSCA proposes to continue the effort to track grant opportunities and provide regular updates regarding those opportunities to the members. In addition, many members desire BAWSCA's support to prepare grant applications. To address that desire, BAWSCA proposes a new subscription program that would enable individual members to access consultant support to assist in grant applications.

The preliminary budget includes an estimated \$55k for this task and assumes that a consultant would be hired, through a competitive Request for Proposal (RFP) process, to develop BAWSCA's grant support program. Aside from determining the components of that program (i.e., grant tracking, analysis of programs most likely to be of interest to members, methods to keep members current, etc.) the selected consultant will be tasked with the development of the subscription program. The budget also includes a modest funding allocation for legal counsel assistance. It is anticipated that the program will be developed and ready to implement in the latter portion of FY 2023-24. Modest ongoing consultant support for the core portion of the program is anticipated each fiscal year moving forward.

**3. Work Plan Item 11d: Prepare a Staff-led Plan to Address BAWSCA's Long-Term Policy and Operations Resilience**  
**Estimated FY 2023-24 Cost: \$5K**

During its first year, BAWSCA adopted and implemented necessary operational practices and policies that created a structure that has enabled the agency, the Board, and the staff to be successful in its first 20 years. Given BAWSCA's 20-year anniversary this year, it is timely for a review of the actions that may need to be taken or policies to be adopted to ensure the agency remains strong and resilient for its next 20 years so that it can meet its goals for the water customers that BAWSCA represents.

The draft preliminary budget includes an estimated \$5,000 for legal counsel support for this task.

**Preliminary FY 2023-24 Work Plan Includes Continuation of Previously Approved Multi-Year Projects**

There are three major multi-year projects included in the preliminary FY 2023-24 Work Plan that were previously approved or anticipated by the Board. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA members.

**1. Work Plan Item 2a: Complete Scoping for an Update of BAWSCA's 2009 Strategy**  
**Estimated FY 2023-24 Cost: \$35K**

The work of developing a scope for the update of BAWSCA's 2009 Strategy is scheduled to begin in Spring 2023 as part of BAWSCA's FY 2022-23 Work Plan. Consultant procurement, via an RFP process, is taking place. BAWSCA anticipates that an additional technical consultant budget of \$30K and \$5K budget for legal counsel will be necessary to cover the remaining scoping costs in FY 2023-24. Following scoping, BAWSCA will begin the work to update the 2009 strategy. Consultant support for the update will be considerable, yet its exact budget is unknown at this time. BAWSCA anticipates that the funding for the Strategy update will be via a special assessment to members, the Water Management Charge as provided for in the WSA, versus through the standard agency assessments. This would be consistent with how the 2009 Strategy was funded.

In 2009, BAWSCA initiated the development of its Strategy to provide a comprehensive, regional assessment of the BAWSCA members' water supply reliability needs, complete an evaluation of potential water management actions that could be implemented to meet these needs, and identify potential actions for consideration by the Board to achieve an increased level of regional reliability. The 2009 Strategy effort spanned several fiscal years and was completed in 2015. The total technical cost for the 2009 Strategy was \$1.9M, including \$117K for scoping.

Implementation of the 2009 Strategy recommendations has been incorporated into the adopted work plan annually since FY 2015-16. BAWSCA efforts to develop new sources of water supply, as well as BAWSCA's efforts to engage and promote the development of new alternative water supplies by the SFPUC were performed in accordance with the Strategy. For example, BAWSCA's participation in the Los Vaqueros Reservoir Expansion Project, the Pilot Water Transfer, and the current participation in the PREP Project, all resulted from the direction given in the 2009 Strategy.

Since the completion of the 2009 Strategy in 2015, there have been significant changes that impact the region's long-term water supply planning efforts. For example, the region has weathered the 2014-17 drought and the current drought of 2021-23, new Urban Water Management Plans have been prepared, COVID-19 has impacted the region, customer behavior has changed as a result of conservation measures being adopted and embraced, SFPUC has made progress toward completing the WSIP, BAWSCA completed its 2020 Demand Study, and there have been profound regulatory actions at the State and Federal level that have an impact on water supply reliability.

Given all that has transpired since the completion of the 2009 Strategy, it is appropriate to consider preparing an update. For FY 2023-24, the preliminary Work Plan reflects this scoping activity being led by BAWSCA staff with support of a consultant. Engagement of the Board and the Water Management Representatives is proposed throughout the work effort.

The draft preliminary budget includes an estimated \$30K for consultant support as well as \$5K for legal support during the scoping efforts.

**2. Work Plan Item 3b: Support Members with Water Use Efficiency Legislation CII Performance Measure Requirements**  
**Estimated FY 2023-24 Cost: \$65K**

In 2018, the California State Legislature passed SB 606 and AB 1668, commonly referred to as the water use efficiency legislation to support California's "Making Water Conservation a California Way of Life." The legislation directed the Department of Water Resources (DWR) and the SWRCB to conduct studies and adopt long-term standards for water use efficiency and performance measures for CII water use. BAWSCA has closely followed development of the efficiency standards and CII performance measures and represented members in discussions with DWR and the SWRCB.

In 2022, DWR released recommendations for both the water use efficiency standards and CII performance measures that the SWRCB will consider for adoption. The CII performance measures will require a significant new work effort for most members.

For FY 2022-23, BAWSCA proposed to support members by developing an approach to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance with implementation and reporting. BAWSCA entered into a consultant agreement with Maddaus Water Management, Inc. (MWM) on August 18, 2022 for \$80k to support that work.

The SWRCB is behind schedule on this work and has yet to start the rulemaking process for the required measures. There remains uncertainty as to what will be required of water agencies. BAWSCA's regional and subscription water conservation programs must be prepared to support members to meet those yet to be adopted new water use efficiency standards.

Due to above detailed uncertainty, little work has been performed on this effort to date. The result is that much of the required work currently planned will need to be performed in FY 2023-24 assuming more certainty will be available from the State.

The draft preliminary budget includes an estimated \$65K for this task, which assumes that the majority of the identified work for this fiscal year will need to be performed in FY 2023-24.

**3. Work Plan Item 4e: Facilitate Development of an Updated Tier 2 Plan  
Estimated FY 2023-24 Cost: \$107K**

As part of both the FY 2021-22 and the FY 2022-23 Work Plans, the Board directed BAWSCA to facilitate a renegotiation and update to the existing Tier 2 Plan. At its January 20, 2022 meeting, the Board authorized a professional services contract with Woodard & Curran to support BAWSCA's facilitation of negotiations among the members for a new Tier 2 Plan. While significant progress has been made in FY 2022-23, BAWSCA anticipates that Woodard & Curran's work will continue into FY 2023-24 and therefore, an additional \$72K budget for support from Woodard & Curran is proposed for FY 2023-24. A \$20K budget allocation with Hazen & Sawyer is also proposed to enable the BAWSCA water system model to be updated to include the new Tier 2 Plan as well as a budget allocation of \$15K for legal counsel to support the member agency adoption process.

The draft preliminary budget includes an estimated \$107K for this task, which assumes that the renegotiation and update will be completed by December 31, 2023.

**Preliminary FY 2023-24 Work Plan Lists Several New Items Previously Discussed with Board**

There are three newly listed Work Plan items that relate to direction provided by the Board or authority given to BAWSCA through amendments to the WSA. In each case, these are staff led activities that relate directly to ensuring water supply reliability for the customers served by the BAWSCA members.

**1. Work Plan Item 4g: Monitor SFPUC's Unfunded Pension and OPEB Liabilities**

At its March 18, 2021 meeting, the Board directed BAWSCA to monitor and report back annually to the Board on the status of SFPUC's unfunded pension and OPEB liabilities as part of BAWSCA's annual pension and OPEB liability funded status report to the Board.

**2. Work Plan Item 4i: Ensure Correct Implementation of Asset Classification**

In 2018, BAWSCA negotiated, and the Wholesale Customers and SFPUC adopted, an amendment to the WSA that documented and fixed the classification of all significant "upcountry" existing capital assets of the RWS and limited the changes from historical classifications for seven specific projects and known projects on five assets. As part of its role in ongoing administration of the WSA, BAWSCA is also charged with ensuring that the SFPUC correctly implements these agreed upon asset classifications.

**3. Work Plan Item 4i: Ensure Correct Implementation of the Recent WSA Amendment**

In 2023, BAWSCA negotiated, and the Wholesale Customers adopted, an amendment to the WSA that allows for the paired permanent transfer of a portion of an agency's Individual Supply Guarantee (ISG) and a portion of its Minimum Purchase Quantity to Wholesale Customers with an ISG. The Commission is scheduled to take the final action in February 2023. As part of its role in ongoing administration of the WSA, BAWSCA is charged with ensuring correct implementation of any subsequent transfer through pre-determined steps and documentation.

**Results of January 19, 2023 Work Plan and Budget Preparation Planning Session:**

During BAWSCA's January 19, 2023 meeting, the Work Plan and Budget Preparation Planning Session was held with the Board as part of its regular meeting agenda. The focus of the planning session was to receive input from Board members on possible work plan items for the coming fiscal year. Table 3 presents the detailed comments provided by Board members during the planning session and the staff response that was subsequently prepared. These comments and responses are reflected in the preliminary FY 2023-24 Work Plan and results to be achieved.

**Background:**

BAWSCA's Work Plan development process begins by reviewing and updating the major activities and long-term future challenges. These long-term activities require coordinated action by BAWSCA and its members to ensure a reliable supply of high-quality water at a fair price.

Table 5 lists these activities updated as part of the FY 2023-24 preliminary Work Plan development through 2060. In each case, the results identified in Table 5 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

**Table 1. Draft Preliminary FY 2023-24 Work Plan and Results to Be Achieved**  
*(New/Expanded Items Shown in Blue Italic Font)*

BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
<p><b>RELIABLE WATER SUPPLY</b></p> <p><b>1. Facility Reliability: Monitor SFPUC's WSIP, 10-Year Capital Plan, Asset Mgmt. Program, and Emergency Response</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b. Review and monitor SFPUC's Regional 10-Year Capital Plan to ensure that identified projects and programs meet the needs of the members in a cost-effective and appropriate manner.</li> <li>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.</li> <li>d. Provide assistance to members and help facilitate engagement with the SFPUC regarding emergency response matters.</li> <li>e. <i>Review and comment on SFPUC's current and long-term labor capacity to maintain and operate the RWS.</i></li> </ul> <p><b>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</b></p> <ul style="list-style-type: none"> <li>a. Complete scoping activity for an update to BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy) <i>and initiate Strategy development.</i></li> <li>b. Participate in the Bay Area Regional Reliability (BARR) Partnership.</li> <li>c. Complete Basis of Design Report (BODR) for the San Francisco-Peninsula Regional Pure Water Project (Sf-PRP).</li> <li>d. 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.</li> <li>e. Use the BAWSCA Reliability Model (Model) to evaluate 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.</li> <li>f. Facilitate use of the BAWSCA Model by members via Subscription Program.</li> <li>g. Host quarterly meetings of BAWSCA 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.</li> </ul> <p><b>3. Near-term Supply Solutions: Water Conservation and Drought Response</b></p> <ul style="list-style-type: none"> <li>a. Provide staff-only drought support to members &amp; their customers, assuming dry conditions in FY 2023-24 <i>and prepare a drought summary report following drought conclusion.</i></li> <li>b. Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a California Way of Life" requirements, including developing an approach for members to meet the</li> </ul>

**BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM**

new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance.

- c. Provide regional coordination to support members' Advanced Metering Infrastructure (AMI) implementation and data management and utilization.
- d. Administer and implement BAWSCA's core water conservation programs.
- e. Administer BAWSCA's subscription conservation rebate programs that benefit and are paid for by participating members.
- f. Continue development of a leak repair and training certification program for implementation in FY 2024-25.
- g. Pursue partnership opportunities with San Mateo County's C/CAG related to a potential greywater pilot program.
- h. Represent members in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible.

**4. Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration**

- a. Review and comment on SFPUC's Alternative Water Supply (AWS) Plan, anticipated for Commission consideration in Summer 2023.
- b. Monitor SFPUC implementation of new supplies through its AWS Program and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations at a fair price to its Wholesale Customers.
- c. 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.
- d. Adopt a temporary extension of the existing Tier 2 Plan that expires Dec. 2024 if necessary.
- e. Facilitate negotiations of an updated Tier 2 Plan.
- f. Protect members' water supply and financial interests in the SFPUC's required 2028 decisions.
- g. *Monitor SFPUC's unfunded pension and OPEB liabilities.*
- h. *Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.*
- i. *Ensure correct implementation of the recent WSA amendment allowing for the paired transfer of a portion of an agency's ISG and minimum purchase obligation.*

**5. Protect Members' Interests in a Reliable Water Supply**

- a. Participate in SWRCB Bay Delta Plan Update to ensure members' interests are represented, including ongoing legal intervention.
- 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.

**6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**

- 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.
- b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability.



**BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM**

- c. *Develop and implement new BAWSCA Grant Support Program with both a core and subscription component.*
- d. Investigate potential for grant funds to support the implementation of BAWSCA's Strategy.

**7. Reporting and Tracking of Water Supply and Conservation Activities**

- a. Complete BAWSCA FY 2022-23 Annual Survey.
- b. Complete BAWSCA FY 2022-23 Annual Water Conservation Report.
- c. In partnership with members, operate and maintain BAWSCA's updated WCDB.

**HIGH QUALITY WATER**

**8. Support Members in Receiving Reliable Communication of Water Quality Issues**

- a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs.
- 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).
- c. Review and act on, if necessary, State legislation affecting water quality regulations.

**FAIR PRICE**

**9. Perform Matters that Members Agencies Delegated to BAWSCA in the WSA**

- a. Administer the WSA with San Francisco to protect the financial interests of members.
- b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco.

**AGENCY EFFECTIVENESS**

**10. Maintain Community Allies and Contacts with Environmental Interests**

- 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.
- 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.
- c. Maintain effective communications with members, customers, and others to achieve results and support goals.
- d. In conjunction with San Francisco, conduct or co-sponsor tours of the Regional Water System for selected participants.

**11. Manage the Activities of the Agency Professionally and Efficiently**

- a. Implement BAWSCA's Student Internship Program.
- b. Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.
- c. Maintain a motivated, *trained*, and effective Workforce.
- d. *Prepare a staff-led plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.*

(This page was intentionally left blank)

**Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2023-24**

<p><b>RELIABLE SUPPLY</b></p> <ol style="list-style-type: none"><li>1. Engage in extended or complex applications for State or Federal grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Water Efficiency Partnership (CalWEP) (formerly the California Urban Water Conservation Council), or other agencies.</li><li>2. Introduce major new legislation or support/oppose legislation initiated by others including legislation related to the Bay-Delta and California Water Fix. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.</li><li>3. Initiate new unanticipated litigation or support/oppose new unanticipated litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.</li><li>4. Secure outside technical expertise (i.e., geotechnical, hydrogeologic, water treatment, biological/fisheries professional services) to potentially assist in review of SFPUC's capital projects or Bay Delta Plan.</li></ol>
<p><b>FAIR PRICE</b></p> <ol style="list-style-type: none"><li>5. Develop alternative wholesale rate structures that the SFPUC might consider. Actions will be limited to facilitating communication with SFPUC, developing goals and objectives relevant to the Wholesale Customers, and addressing the potential relationship to alternative retail rate structures members might consider to stabilize water rates and water revenues.</li><li>6. Arbitrate issues related to the Water Supply Agreement.</li><li>7. Possible BAWSCA action to address the Board's concerns regarding SFPUC's unfunded pension and OPEB liabilities.</li></ol>
<p><b>HIGH WATER QUALITY</b></p> <ol style="list-style-type: none"><li>8. Perform technical studies of water quality or San Francisco's treatment of the water it delivers to the BAWSCA members.</li><li>9. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.</li></ol>
<p><b>AGENCY EFFICIENCY</b></p> <ol style="list-style-type: none"><li>10. Add resources to support additional Board, Board committee, or technical committee meetings.</li><li>11. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, other than tours done in coordination with San Francisco.</li></ol>

(This page was intentionally left blank)

**Table 3. FY 2023-24 Work Plan and Budget Planning Session – Comments and Suggested Work Plan Items for Further Consideration**

#	Board Member	Board Member Comment/Question	Staff Response
1	Hardy	Considers BAWSCA staff the agency's brain trust; encourages the Board and agency to take care of staff, including competitive compensation and professional training to ensure staff continuity and agency success.	<p>To ensure maintenance of competitive salary range by employee category, the following actions are regularly included in the work plan and budget action: 1) consideration of adjustment to the top step compensation by a factor approved by the Board as part of the annual budget process; and 2) completion of a compensation survey every two years to ensure that market comparability is maintained. If necessary, action by the Board following the compensation survey will be recommended. In fact, such an action is scheduled for consideration by the BPC at its February 8, 2023 meeting.</p> <p>Preliminary FY 2023-24 Work Plan Item 11c: BAWSCA budgets both time and money to support regular professional training for staff, which generally takes the form of attendance at professional development seminars and trade conferences. The wording for this work plan item has been modified slightly to call out "training".</p>
2	Hamilton	Interest in having staff explore the concept of stormwater capture and groundwater recharge.	Preliminary FY 2023-24 Work Plan Item 2a: Investigation of the potential for stormwater capture and groundwater recharge will be incorporated in the upcoming Strategy scoping and Strategy update included in the preliminary FY 2023-24 Work Plan.
3	López	As part of the long-term goal, create enthusiasm among the next generation of professionals by expanding the Internship Program to include opportunities for interns to present to the Board, as well as have staff engage with youth outside of the office through a youth summit.	Preliminary FY 2023-24 Work Plan Item 11a: Under the CEO/GM discretionary spending authority, a 5-year contract has just been signed with Eastside College Preparatory School to continue the partnership in implementing BAWSCA's internship program. BAWSCA will look for an opportunity to have the new Summer 2023 Intern present to the Board as part of their work with BAWSCA. BAWSCA will also continue to explore opportunities for engagement with the region's youth on water related topics that would prove educational and beneficial for the community.
4	Weed	Interested in BAWSCA coordinating a contingency response training for the agencies, including establishing a budget, water rate structure, facility capability and other areas where BAWSCA can assist member agencies prepare for responding to catastrophes (i.e., FEMA reimbursement)	<p>Over the last several years, BAWSCA has been taking on a greater role in helping member agencies meet their contingency / emergency response training needs. BAWSCA works with the SFPUC staff to hold a yearly emergency response exercise where agency participation is encouraged. In addition, and most recently, on March 10, 2023, BAWSCA will be hosting a workshop for our member agencies on the topic of cyber security.</p> <p>Preliminary FY 2023-24 Work Plan Item 1d: As part of this work plan item, BAWSCA will schedule discussion with the Water Management Representatives in FY 2023-24 to receive input on possible options for BAWSCA's role in contingency/emergency.</p>

			response assistance for the member agencies. This information will be used to support future Work Plan and budget discussions.
5	Doerr	Interested in understanding ways that BAWSCA or others can address and/or implement protection for the watersheds that we rely on as they are the key to water quality and water supply protection.	SFPUC is responsible for; and therefore, has a robust watershed protection program for the watersheds that the Regional Water System relies upon, and that BAWSCA supports. CEO Sandkulla will work with Chair Larsson to consider a future presentation by the SFPUC to the Board by the SFPUC on this topic as an information item.
6	Manalo	Supports continuation of the internship program and expanding youth opportunities to engage with BAWSCA.	Preliminary FY 2023-24 Work Plan Item 11a: Under the CEO/GM discretionary spending authority, a 5-year contract has just been signed with Eastside College Preparatory School to continue the partnership in implementing BAWSCA's internship program. BAWSCA will look for an opportunity to have the new Summer 2023 Intern present to the Board as well as other expanded opportunities for engagement with youth.
7	Manalo	Supports further education about the source of our water supply and the importance of the Regional Water System to this region.	<p>SFPUC has an active outreach and educational program that provides information about the Regional Water System and the source of our water supply. SFPUC's new Alameda Creek Watershed Center is scheduled to open in 2023. The facility will include both an interpretive center and outdoor discovery trail designed to complement the existing natural habitat, and built environment with education about the overall Regional Water System and the important role of the Alameda Creek watershed.</p> <p>Preliminary FY 2023-24 Work Plan Item 10c: BAWSCA staff is regularly invited to speak throughout the region to community groups, business groups, city councils and others about our water supply including drought conditions, the Regional Water System, long-term water supply planning efforts to ensure reliability, and the importance of water conservation.</p>
8	Schneider	Wondered if SFPUC has ever considered raising San Andreas.	SFPUC has provided the following response to this questions: <i>Given that San Andreas is primarily operated as a forebay for the Harry Tracy Water Treatment Plant and not as a significant water storage reservoir, a raise of San Andreas Dam has not been considered. San Andreas receives water from Lower Crystal Springs Reservoir prior to its treatment at the Harry Tracy Plant.</i>
9	Schneider	Emphasized the importance of more proactive public outreach and training regarding cities' potable water systems,	Preliminary FY 2023-24 Work Plan Item 10c: BAWSCA staff is regularly invited to speak throughout the region to community groups, business groups, city councils and others about our water supply including drought conditions, the Regional Water System,

		potable reuse and stormwater capture, including cisterns.	long term water supply planning efforts to ensure reliability including water reuse, and the importance of water conservation.
10	Smegal	Supports collaborative efforts with the SFPUC on projects proposed in its upcoming Alternative Water Supply (AWS) Program.	Preliminary FY 2023-24 Work Plan Item 4b: BAWSCA staff is actively engaged with the SFPUC in the development and implementation of its AWS Program including attending monthly update meetings, participating in technical teams assembled to advance engagement in the planning and design of specific projects, assisting with the outreach to the public and key decision makers as needed to keep interested parties informed of projects or program status, and further action as needed to address any developing issues.
11	Wood	Suggested consideration of BAWSCA staff presenting outdoor water use reduction information to City Councils to share their knowledge and expertise.	Preliminary FY 2023-24 Work Plan Item 10c: BAWSCA staff is regularly invited to speak throughout the region to community groups, business groups, city councils and others about our water supply including drought conditions, the Regional Water System, long term water supply planning efforts, and the importance of water conservation including specific water conservation opportunities.
12	Wood	Asked BAWSCA to revisit the practice of renewing contracts with the same consultants and consider the alternative of issuing RFPs for consulting services with a goal of having more variety / expanding the use of new consultants, and opening consulting opportunities to women and minorities. Doerr concurred in a follow up comment.	The Board last adopted the “Policies and Procedures for the Purchase of Equipment and Supplies and the Award of Contracts” in November 2016, a copy of which is attached. BAWSCA secures its contracts for the purchase of equipment and supplies and for professional services in accordance with this policy. For new engagements, BAWSCA conducts a qualifications-based competitive proposal process. BAWSCA also regularly performs a review of rates against the market to confirm rate competitiveness. Table 4 provides information for BAWSCA’s current professional services contracts related to the most recent rate review and competitive proposal solicitation process. Additionally, in FY 2023-24, BAWSCA could work with legal counsel to collect, track, and report to the Board equity and other diversity information that is voluntarily provided by its consultants.
13	Pierce	Regarding the challenge of ensuring long term agency resiliency, she inquired if additional staff is needed to achieve that. Consider cross training and ways to convey the deep institutional knowledge that can be useful for the future in terms of what has been successful in the past. Also, as part of employee retention and training, consider developing a package of Board	<b><u>NEW</u></b> preliminary FY 2023-24 Work Plan item 11d: In order to facilitate and inform future decisions, the work plan proposes staff develop a plan to address BAWSCA’s long-term policy and operational resilience. As BAWSCA nears its 20-year anniversary it is appropriate for staff to revisit, evaluate, and identify what steps should be taken by the agency to successfully continue to deliver results for the water users. Such a plan would guide upcoming discussions with the Board. Board direction following those discussions will be used by staff to consider future policy actions and develop appropriate budgets. All items mentioned by Board Member Pierce would be included for consideration.

		Policies regarding training and recruitment.	
--	--	--	--



**Table 4: FY 2022-23 Annual Professional Services Funded Through Operating Budget**

<b>Consultants (Services Provided) *</b>	<b>Rate Comparison Performed in FY 2021-22 **</b>	<b>Most Recent Competitive Bid Process if Applicable</b>
1. BLX (Arbitrage Rebate Compliance Services)	✓	April 2013
2. Burr Pilger Mayer (Auditing/Accounting Services)	✓	Currently underway
3. Droplet Technologies (Online Rebate System)		Feb. 2020
4. East Side College Preparatory School (Internship)		Oct. 2021
5. EKI (Water Mgmt./Reliability Roundtable)		March 2022
6. E Source (Water Loss Management Program)	✓	July 2018
7. Hanson Bridgett (Legal Counsel)	✓	***
8. Harlan P. Wendell (Strategic Counsel)	✓	***
9. Hazen & Sawyer (Engineering/Water Mgmt.)	✓	June 2017
10. Immersiv (Website)		July 2015
11. KNN Public Finance (Financial Advisor)	✓	Jan. 2003
12. Maddaus Water Management (WUE Support)		August 2022
13. Orrick LLP (Bond Documents, Legal Services)	✓	April 2012
14. Public Trust Advisors (Investment Advisor)	✓	May 2013
15. Richard Sykes (WSIP, 10-Year CIP)	✓	June 2021
16. Stetson Engineering (Water Analyses, WSA)	✓	**
17. West Yost (Asset Mgmt.)	✓	July 2019
18. Woodard & Curran (Water Mgmt./Tier 2 Plan)		Nov. 2021
19. Woodard & Curran (WCDB)		Sept. 2022

\* List of consultants funded via BAWSCA's Operating Budget. Consultants supporting BAWSCA's subscription conservation programs are not included in this table at this time.

\*\*Rate comparisons performed every few years. A rate comparison was not performed in FY 2022-23 as consultants were generally held to a zero rate increase due to ongoing financial impacts from COVID.

\*\*\*Original contract secured with the Bay Area Water Users Association (BAWUA), BAWSCA's predecessor organization, prior to 2003.

(This page was intentionally left blank)

**Table 5: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2023-24)**  
**(Proposed Changes Shown in Blue Underlined Italic Font)**

BAWSCA Goal and Associated Challenges	FY 2023-24 (Near-Term)	2025-2040 (Mid-Term)	2040-2060 (Long-Term)
<b>Reliable Supply: Ensure Long-Term Water Supply Reliability</b>			
Protection of member agencies' interests in long-term water supply reliability from the SF RWS and 184 MGD Supply Assurance in light of potential areas of risk, including climate change and regulatory challenges, as presented in the Long Term Vulnerability Analysis, <u>and SFPUC's Alternative Water Supply Planning.</u>	X	X	X
<u>Protection of member agencies' interests in SFPUC development and implementation of its Alternative Water Supply Program including oversight of scope, schedule, and budget.</u>	X	X	X
Protection of BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts, including completion of Updated Demand Projections.	X	X	X
Reflection of member agencies' long-term water supply needs and investments in regional planning efforts.	X	X	X
Support member agencies in their efforts to ensure system reliability during an emergency.	X	X	X
Representation of member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability.	X	X	
Representation of member agencies in Bay Delta Plan Update to protect RWS water supply reliability.	X	X	
<u>Assist member agencies in complying with the State's expanding regulatory requirements related to water use efficiency and reliability.</u>	X	X	<u>X</u>
Protection of member agencies' interests in San Francisco's December 2028 decisions including deciding whether to make San Jose and Santa Clara permanent customers.	X	X	
Development of a new Tier 2 Drought Implementation Plan.	X	X	
<b>Reliable Supply: Ensure SF RWS Facility Reliability</b>			
Protection of water supply and financial interests of water customers in SFPUC's development and implementation of its 10-Year CIP.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.	X	X	X
Promote emergency resiliency of the SF RWS to protect interests of water customers.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's WSIP implementation, <u>including extension of State oversight (exp. 12/2026) and RFA capability (exp. 1/2030).</u>	X	X	
<b>High Quality Supply &amp; Fair Price: Enforce 2009 Water Supply Agreement (WSA)</b>			
Enforcement and amendment as necessary, of the WSA to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations.	X	X	X
Protection of member agencies' water supply reliability interests against threats by outside forces including efforts by others to drain Hetch Hetchy that disregard their interests in reliability, quality and cost.	X	X	X
Protection of water customers interests in ensuring SF maintains its Tuolumne River water rights.	X	X	X
Extension or renegotiation of the WSA before it expires in 2034. The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.		X	X
Management of BAWSCA's revenue bonds in accordance with Bond Indenture and other applicable laws to ensure accountability and ultimately to reduce overall cost to regional water customers (thru 2034).	X	X	
<b>Management of Agency</b>			
BAWSCA CalPERS pension & OPEB liability management			X
<u>Ensure Agency's near-term and long-term resiliency</u>	<u>X</u>	<u>X</u>	<u>X</u>

(This page was intentionally left blank)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**  
**POLICIES AND PROCEDURES FOR THE PURCHASE OF EQUIPMENT AND**  
**SUPPLIES AND THE AWARD OF CONTRACTS**

**I. PURCHASE OF EQUIPMENT AND SUPPLIES**

**A. Purchases Under \$25,000**

When the estimated cost of equipment or supplies is below \$25,000, the CEO/General Manager may award the contract or purchase order. If the estimated cost is less than \$5,000, the CEO/General Manager shall attempt to secure the best value for the Agency, but need not solicit quotes or bids. If the estimated cost is between \$5,000 and \$10,000, the CEO/General Manager shall solicit informal quotes from at least two vendors. If the estimated cost exceeds \$10,000, but is less than \$25,000, the CEO/General Manager shall solicit formal written quotes from at least three vendors, but need not formally advertise for the solicitation of bids.

**B. Purchases of \$25,000 or More**

All contracts in the amount of \$25,000 or more shall be submitted to the Board of Directors for approval. When the estimated cost of equipment or supplies is \$25,000 or more, the CEO/General Manager shall solicit formal written bids/proposals through means and methods which he or she determines to be most cost-effective, which may include advertisement in a newspaper of general circulation in the Agency.

**C. Leasing of Equipment**

Leasing or renting of equipment is permitted if advantageous to BAWSCA. If the total rental payments due under a lease are below \$25,000, the CEO/General Manager shall follow the procedure in Section I.A. If the total rental payments due under a lease are \$25,000 or more, the CEO/General Manager shall follow the procedure in Section I.B.

**D. Reporting**

The CEO/General Manager shall report to the Board of Directors on (1) all contracts or leases entered into under Section I.A or I.C and (2) all change orders or amendments entered into under Section V.B. at the next meeting of the Board.

**E. General**

1. Board approval is required for extension of contracts or purchase orders beyond one (1) year where the cost of the extension is estimated to exceed \$25,000.

2. The CEO/General Manager is authorized to purchase equipment and supplies through the State of California cooperative purchasing program authorized by Public Contract Code Section 10298, California Multiple Awards Schedule (CMAS). If the cost of such purchase is expected to exceed \$25,000, the CEO/General Manager shall obtain Board approval before participating in the CMAS procurement.

## **II. PURCHASE OR LEASE OF REAL PROPERTY**

Any contract for the purchase of real property must be submitted to and approved by the Board of Directors.

Any lease or sublease of real property, including any renewal or extension of an existing lease or sublease, must be submitted to and approved by the Board of Directors.

## **III. CONTRACTS FOR SERVICES**

Contracts for services in which the maximum compensation payable does not exceed \$25,000 may be entered into by the CEO/General Manager. All other contracts shall be submitted to and approved by the Board of Directors.

With the exception of contracts for services described in the paragraph below, all services contracts shall be awarded to the proposer(s) that offer the best value to BAWSCA, which is defined as the overall combination of quality, price and other elements of a proposal that, when considered together, provide the greatest overall benefit to BAWSCA in response to the requirements described in the solicitation documents.

Pursuant to California Government Code Section 4525 et seq., BAWSCA shall use qualifications-based competitive proposal procedures for the procurement of architectural, landscape architectural, engineering, environmental (but, not where the scope of work consists of planning services), land surveying or construction project management services. Under this method, proposals shall not contain a cost proposal and shall be evaluated based upon qualifications and demonstrated competence.

Negotiations shall be conducted with the proposer deemed most qualified. If the parties are unable to negotiate fair and reasonable contract terms, including compensation, then the negotiations will be closed and staff will commence negotiations with the second most qualified proposer. This process will be followed until an agreement is reached or the determination is made to recommend rejection of all proposals.

## **IV. CONTRACTS FOR CONSTRUCTION**

Any contract for construction (other than a leasehold improvement costing less than \$10,000) shall require approval of the Board of Directors.

## **V. CEO/GENERAL MANAGER AUTHORITY**

- A. The CEO/General Manager is authorized to expend funds, issue purchase orders and sign contracts for procurements and activities as follows: (1) up to \$25,000 for equipment and supplies; and (2) up to \$25,000 for professional or other services.

- B. The CEO/General Manager is authorized to administer all contracts on behalf of BAWSCA. The CEO/General Manager is authorized to issue change orders or amendments up to \$25,000 without further Board approval.

## **VI. WAIVER**

The Board of Directors may suspend or waive the requirements of this Policy in any instance when the Board deems it in the best interest of BAWSCA to do so.

(This page was intentionally left blank)





---

155 Bovet Road, Suite 650  
San Mateo, California 94402  
(650) 349-3000 tel. (650) 349-8395 fax

**MEMORANDUM**

**TO:** BAWSCA Board of Directors  
**FROM:** Nicole Sandkulla, CEO/General Manager  
**DATE:** February 3, 2023  
**SUBJECT:** Chief Executive Officer/General Manager's Letter

---

**Request for Proposals for Specialized Consultant Support to Assist with BAWSCA's Annual WRR Review Process**

BAWSCA recently distributed a Request for Proposal (RFP) for consulting services in connection with BAWSCA's review of the annual Wholesale Revenue Requirement (WRR) calculations due to the retirement of its prior consultant, Mr. Jeff Pearson of Burr, Pilger and Mayer (BPM). Proposals were received in January 2023 and the selected firms will be invited for interviews in February. BAWSCA plans to present a recommended firm for consideration by the BPC at its meeting in April and by the Board at its meeting in May.

**Pacific Institute's Guide for Developing Onsite Water Systems to Support Regional Water Resilience**

The Pacific Institute (PI) recently published a new guide to support developers in the planning, design, and operation of onsite water systems. Building on the body of existing guidance related to onsite water systems, this guide specifically focuses on how these systems can provide benefits beyond site boundaries to surrounding communities, ecosystems, and water systems.

The guide emphasizes the importance of managing onsite water systems in support of four outcomes: advancing water resilience, supporting social equity, supporting the environment, and protecting public health. For each outcome, the guide captures sample questions for developers to consider, stakeholders to engage with, resources to examine, and analyses to perform while planning and designing onsite water systems. Additionally, the guide includes several examples and case studies from onsite water systems across the United States.

PI, with support from their consultant, Ross Strategic, convened four virtual meetings with regional stakeholders (i.e., companies, municipalities, local water utilities, regulators, and environmental and community groups) to foster dialogue and develop a shared understanding of challenges and opportunities around onsite water systems in Silicon Valley. Those stakeholders were termed by PI as their "workgroup" to assist on guide development. BAWSCA was an invited member of the workgroup and participated in all four virtual meetings.

The guide can be found on PI's website at this link:  
<https://pacinst.org/publication/onsiteguide/>

**Bay Area One Water Network - Paths for Equitable Advancing Water Conservation in the San Francisco Bay Area**

The Bay Area One Water Network (BAOWN) was formed to assess options for advancing water system sustainability, resilience and security in the San Francisco Bay Area (Bay Area). BAWSCA has been a supporter and participant with BAOWN since its inception. BAOWN's premise is that by sharing lessons learned, showcasing successes and identifying best practices, decision makers will have additional tools by which they can better meet the Bay Area's future water needs.

BAOWN recently published a report, *Paths for Equitable Advancing Water Conservation in the San Francisco Bay Area*, that presents the findings from a two-day workshop focused on equitably advancing water conservation in the Bay Area, held virtually and in person on June 28 – 29, 2022. BAWSCA was an invited workshop participant and was present in person.

At the workshop, participants discussed strategies, opportunities, and challenges for advancing water conservation in ways that reduce existing or potential inequities in water access, quality, and affordability in the Bay Area. The report describes the history and current state of water conservation in the Bay Area, delineates values to guide water conservation investments, and describes key water conservation challenges and solutions. The report also specifies areas of research needed to understand opportunities for equitably advancing water conservation in the Bay Area. The report is available on BAOWN's website at this link: <https://www.bayareawater.org/reports>

**SFPUC's Midcycle 10-Year Capital Program Update**

The SFPUC updates its 10-Year Capital Plan (Capital Plan) every two years with the last update being approved by the Commission on February 8, 2022. As part of that approval, SFPUC staff noted that a significant midcycle update would be necessary to address funding deficiencies present at the time. SFPUC initiated this midcycle update in Spring 2022 and completed it in early January 2023. A key issue identified to be addressed as part of the midcycle update was the SFPUC's recent practice of not spending the funds appropriated in the early years of the 10-year cycle, due to various roadblocks and bottlenecks associated with staffing availability and consultant procurement stresses at the SFPUC and within the City of San Francisco government.

The SFPUC held a budget hearing on January 30, 2023. BAWSCA was provided presentation materials prepared by SFPUC for that hearing on January 23, 2023. BAWSCA reviewed the information provided and issued a letter to the Commission on January 27, 2023, in advance of the hearing. BAWSCA's letter is included in the correspondence packet. BAWSCA's CEO/General Manager was present at the hearing to provide oral comment.

In the terms of the Water Supply Agreement between San Francisco and its Wholesale Customers, BAWSCA should have been provided budget documents 14 days in advance of any hearing. The delay by the SFPUC created a hardship in terms of limiting BAWSCA's time to perform a thorough review of the budget. This point was included in BAWSCA's comment letter, which also identified other key concerns regarding the budget proposed. BAWSCA intends to issue a second comment letter in advance of the Commission's proposed adoption date of the Capital Plan, currently scheduled for February 14, 2023. It is anticipated that that second letter could identify any other outstanding concerns BAWSCA may have with the proposed update.

**San Mateo County City/County Association of Governments' (C/CAG) Resource Management and Climate Protection Committee (RMCP)**

The San Mateo County C/CAG RMCP seats seven elected officials and six representatives from each of the following stakeholder areas: energy, water utility, nonprofit, business/chamber of commerce, and environmental organization. Originally called the Utilities Sustainability Task Force (USTF), it developed a San Mateo County Energy Strategy for the county, which was adopted by every city in San Mateo County in 2009.

The RMCP Committee provides information and recommendations to the C/CAG Board on items related to resource conservation and climate action. The Committee also tracks the progress of two main C/CAG programs: the San Mateo County Energy Watch (SMCEW) and the Regionally Integrated Climate Action Planning Suite (RICAPS). The Committee also seeks to integrate equity into resource conservation and climate actions, including workforce development, access by constituents, and inclusion of community-based organizations.

Since RMCP's inception, a staff person from BAWSCA has held a seat on the RMCP Committee to represent water utilities. Tom Francis, BAWSCA's Water Resources Manager, is the current committee member.

Each January, the RMCP elects a new Chair and Vice Chair. At its January 18, 2023 meeting, Tom Francis was elected to serve as the Vice Chair of the RMCP. RMCP meetings are held monthly in the afternoon of the third Wednesday of the month.

**SFPUC's Alternative Water Supply Program – Project Updates**

Los Vaqueros Reservoir Expansion (LVE) Project: SFPUC's technical staff have been evaluating options available to secure a long-term water supply that would serve as the source for water stored by the SFPUC in LVE. Contra Costa Water District (CCWD) and its consultant have helped the SFPUC in that effort. Options include securing a long-term water transfer, and toward that regard the SFPUC has held preliminary discussions with potential transfer partners. SFPUC technical staff have also held internal discussions with the SFPUC Infrastructure Division to better understand and plan for any necessary RWS facility upgrades that may be needed to take delivery of water from LVE.

Daly City Recycled Water Expansion Project: SFPUC staff are working on the development of a term sheet that will outline the partnership structure, including necessary project operations responsibilities, between SFPUC, Daly City and Cal Water. Concurrently, the SFPUC is having follow-up conversations with Colma cemeteries. The cemeteries would be the primary customer for recycled water and would pursue what rates they would be charged for the supply. The SFPUC's current schedule envisions finalizing all institutional agreements by the end of calendar year 2023.

SF-Peninsula Regional PureWater Project: Meetings over the last month were held with project partners where a discussion of SFPUC transmission system connection options took place. Direct connection is needed under a "Direct Potable Reuse" project alternative. Technical analysis has also continued for the Basis of Design Report (BODR) that is currently in development.

South Bay Purified Water Project: A Memorandum of Agreement (MOA) for sharing the cost of the project's Feasibility Study between San Jose, Santa Clara, and SFPUC was fully executed on January 20, 2023. The feasibility study is underway and is expected to be completed by June of 2023.

**Tier 2 Plan Update**

BAWSCA continues to facilitate negotiations for an updated Tier 2 Plan. The WMR have narrowed in on a methodology for deeper analysis. The next phase anticipates further refinement and evaluation of the proposed methodology.

Given the anticipated progress over the next three to four months, BAWSCA anticipates providing a presentation to the BPC in June followed by a presentation to the Board in July. More detailed written updates will be provided as part of future agenda materials moving forward.

# Board Policy Committee

## Policy Calendar Through September 2023

Meeting Date	Purpose	Issue or Topic
February 2023	D&A D&A R&D R&D	Consideration of BAWSCA Bond Surcharges for FY 2023-24 Consideration of Adjustments to Staff Top Step Position Compensation Presentation of Preliminary FY 2023-24 Work Plan and Budget 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 R&D	Discussion and Possible Action on CEO/GM Evaluation Procedure Review of Agency Personnel Handbook Update on SFPUC Alternative Water Supply Program Update on Tier 2 Plan Negotiations
August 2023	R&D	Update on Tier 2 Plan Negotiations
October 2023	D&A D&A	Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy