

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

June 14, 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>
1. <u>Call To Order, and Roll Call</u> Roster of Committee Members (<i>Attachment</i>)	(Hardy)	Pg 3
2. <u>Comments by Chair</u>	(Hardy)	
3. <u>Consent Calendar</u> A. Approval of Minutes from the April 12, 2023 meeting (<i>Attachment</i>)	(Hardy)	Pg 5
4. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Hardy)	
5. <u>SFPUC Special Report</u> A. SFPUC Alternative Water Supply Program	(Kothari)	
6. <u>Action Item</u> A. Update of Authorized Banks for BAWSCA Deposit Accounts (<i>Attachment</i>) <u>Issue:</u> What Board actions are needed for the update of BAWSCA's current deposit accounts? <u>Information to Committee:</u> Memorandum and oral report. <u>Committee Action Requested:</u> Comments and Questions	(Sandkulla)	Pg 23
7. <u>Reports and Discussions</u> A. Update on Negotiations of a New Tier 2 Plan (<i>Attachment</i>) <u>Issue:</u> What are the developments regarding the new Tier 2 Plan negotiations? <u>Information to Committee:</u> Memorandum and oral report. <u>Committee Action Requested:</u> Comments and Questions B. BAWSCA's Long-Term Reliable Water Supply Strategy 2045 (<i>Attachment</i>) <u>Issue:</u> What can we learn from the 2015 Strategy to inform the efforts of Strategy 2045? <u>Information to Committee:</u> Oral Report and copy of informational memo attached to the CEO Letter of the May 18 th Board meeting packet. <u>Committee Action Requested:</u> Comments and Questions	(Sandkulla)	Pg 29 Pg 33

- C. CEO/General Manager Performance Evaluation Process (Larsson)

Issue: Are there any changes to the evaluation process?

Information to Committee: Oral Report

Committee Action Requested: Comments and Questions

- D. Discussion of Board Member Compensation, Board Diversity, and the Board Member Expense Reimbursement (*Attachment*) (Schutte) Pg 37

Issue: Should the Board consider changing the Board member compensation?

Information to Committee: Memorandum and Oral Report

Committee Action Requested: Comments and Questions.

8. CEO Reports (Sandkulla)

A. BAWSCA Regional Reliability Roundtable

B. FERC/Bay Delta Plan Update

C. CEO/General Manager's Letter (*Attachment*)

Pg 49

D. Board Policy Committee Calendar (*Attachment*)

Pg 51

E. Correspondence Packet ([Under Separate Cover](#))

9. 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).

10. Report from Closed Session (Schutte)

11. Comments by Committee Members (Hardy)

12. Adjournment to the Next Meeting (Hardy)

October 11, 2023

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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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**BOARD POLICY COMMITTEE****April 12, 2023 – 1:30 p.m.**

MINUTES

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:30 pm. Acting CEO/General Manager, Tom Francis called the roll. Ten (10) members were present. A list of Committee members who were present (10) and other attendees is attached.

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

2. **Comments by Committee Chair:** Chair Hardy welcomed the Committee members and attendees. She announced that because all Committee members are physically present and no members are participating via teleconference, the meeting will be conducted in an in-person format and no roll-call vote is necessary.

3. **Consent Calendar:** There were no public comments.

Director Pierce made a motion, seconded by Director Vella, that the Committee approve the Minutes of the February 8, 2023 Board Policy Committee meeting.

The motion passed unanimously by a show of hands.

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

5. **Action Calendar:**

- A. **Proposed Fiscal Year 2023-24 Work Plan, Results to be Achieved, and Operating Budget:** Acting CEO/General Manager, Tom Francis and Finance Manager Christina Tang presented the item.

Mr. Francis noted that the proposed work plan, results to be achieved and operating budget is developed around BAWSCA's goal of ensuring a reliable supply of high-quality water at a fair price. The work plan and operating budget addresses the critical issues between now and 2060 as presented and discussed with the Board at its meeting in March. Those key issues include managing the Water Supply Agreement (WSA) with San Francisco to protect the member agencies' financial and water supply interests, administering the bonds, oversight of SFPUC's WSIP, 10-Year CIP and Asset Management Plan, participation in the Bay Delta Plan and FERC proceedings, scoping of BAWSCA's Strategy 2045, negotiation of an update to the Tier 2 Plan, preparing a drought summary report at the conclusion of the 2019-2023 drought, implementation of conservation programs and preparation of a staff-led plan to address BAWSCA's long-term policy and operational resiliency.

Mr. Francis noted that while the proposed operating budget is the same as what was presented to the Board in March, modifications to the funding options were made to reflect feedback received from the Board.

Ms. Tang reported that the proposed operating budget of \$4,814,667 is 2%, or \$64K above the approved FY 2022-23 Budget. 53.4% of the budget is applied to efforts on reliable water supply. 11.6% is applied to efforts on fair pricing, which includes administration of the financial aspects of the WSA as well as bond related work.

The proposed budget fully funds the annual OPEB expenses and includes a budget allowance for up to a 5% adjustment to existing salaries for both COLA and merit-based income.

The proposed budget represents an approximate \$0.03 increase in annual cost per person in the service area, or an estimated cost to the water customers of \$2.59 per person for FY 2023-24.

Ms. Tang noted that the primary source of funding for BAWSCA's budget are the assessments on member agencies. When considering how to fund the operating budget, BAWSCA has historically used its four principles:

1. Budget sufficient resources to achieve the desired Work Plan results.
2. Spend only what is needed to achieve the results.
3. Apply incremental and prudent increases in assessments as necessary.
4. Maintain a prudent General Reserve balance within Board guidelines.

At this time, it is assumed that there are no surplus funds to carry over from FY 2022-23 for budgeting purposes. However, BAWSCA anticipates that the FY 2022-23 budget will be 90-95% expended. Any unspent funds to be determined by the auditor later this year will be rolled in the General Reserve which is currently at the lower end of the guideline.

As a reminder, Ms. Tang stated that the Board approved a 25% increase in assessments for FY 2022-23 to fully fund the Operating Budget and bring the General Reserve to the lower end of the budgetary guideline. BAWSCA's adopted FY 2022-23 Operating Budget is \$4,720,885 and the FY 2022-23 Assessments was \$4,838,897.

Ms. Tang presented a table analysis of three funding options based on feedback received from the Board in March. In addition to Option 1, which is a 0% increase to assessments and which some members of the Board expressed preference to, a 1% and 2% increase were added as Options #2 and #3. All options provide a General Reserve balance that is within the budgetary guidelines of between 20% - 35%.

Ms. Tang stated that staff recommends Option 1 because it meets BAWSCA's four funding principles. Option 1 funds the proposed operating budget through assessments while maintaining a prudent General Reserve balance that meets BAWSCA's budgetary guidelines.

In response to Director Scheider's question, Mr. Francis stated that the budget includes sufficient funding for both core and subscription conservation programs to cover significant number of outreach efforts including instructional workshops.

Director Doerr expressed her support for efforts to address BAWSCA's long-term policy and operational resilience under work plan item #11D, but was curious about why a \$20K budget for external support is needed since 1) the effort seems to be a normal evaluation process for any organization, and 2) CEO Sandkulla's direct experience with the agency should enable her to do that evaluation with the team.

Additionally, Director Doerr asked how the professional services on water resources analysis and planning services is adding to BAWSCA's in-house water resources team.

Mr. Francis explained that the \$20K for work plan item #11d is for the legal support needed in reviewing and developing the processes and policies for BAWSCA's long-term operational resilience. Hanson Bridget, LLP is a legal consultant in which BAWSCA relies on for all of the agency's legal matters.

As for the professional services on water resources analysis and planning services, Mr. Francis explained that consultants are hired to provide specialized services to augment BAWSCA's internal staff. An example is Hazen & Sawyer, which is a consulting firm that has personnel with specific and expanded knowledge in specialized software that helped build BAWSCA's hydrologic modeling system. BAWSCA uses consultant services for their expertise and they serve as an extension to BAWSCA's staff in order to get the work done.

Director Doerr asked if there are plans to build capacity in-house by adding more personnel.

Mr. Francis stated that additional staffing can be considered if there is an appropriate need and benefit that BAWSCA and the member agencies can gain from and if the additional staff is deemed appropriate based on long-term budgetary considerations that would need to be factored in.

In response to Director Cormack, Ms. Tang stated that staff's preliminary funding options presented to the Board in March included Option 2 as 3% and Option 3 as 5% in addition to Option 1 as 0%. Options 2 and 3 were modified to reflect 2% and 3% based on feedback received from the Board in March.

Director Cormack noted that she would be inclined to recommend a 1% or 2% increase if there was any anticipation that the budget in the coming fiscal years will increase significantly, and if so an increase over time would follow a more gradual curve. She would also recommend an increase if staff foresee activities in the near or mid-term horizon that could potentially need additional funding, for example the efforts on Tier 2. Otherwise, a 0% increase is adequate.

Ms. Tang stated the staff is not aware of any need for a budget increase in the near or mid-term horizon. Staff anticipates the current budget to be 90-95% expended at year end and any surplus funds will be rolled over to the General Reserve, which can provide the funding for unexpected expenses if needed.

Director Smegal asked how the agency came to need a 25% increase in assessments last fiscal year.

Mr. Francis explained that the agency used available alternative funding sources, including the General Reserve and Balancing Account, to fund the budget in prior years. The 25% increase in FY 2022-23 brought the General Reserve within the budgetary guidelines. Overall, the operating budget year to year did not change.

Director Cormack added that it is worth noting that during COVID, the Board voted to intentionally freeze assessments given that the situation presented a lot of unknowns for the agencies. There was a slight increase in the budget for hiring one water resources staff, but in addition to COVID, there was also the drought. The Board authorized the use of the variety of alternative funding sources available, and understood that those sources will need to be replenished to where they should be when the time came.

Director Smegal noted the inflation and with respect to staff compensation and consultant fees, one can anticipate budget pressure in future years if inflation continues. He asked if the General Reserve is in an interest-bearing account.

Ms. Tang stated that the general reserve funds are deposited in LAIF and are providing interest earnings from the funds.

Director Pierce commented that while it is not BAWSCA's obligation, she is pleased to see an annual review of SFPUC's unfunded pension and OPEB liabilities included in the work plan as it can significantly impact BAWSCA's finances. It is important to provide context on how big a risk it is and how big a dollar amount it is to BAWSCA, considering all the risks that; while BAWSCA is not in control of, BAWSCA is juggling to protect the interests of the member agencies.

Director Chambers supported a 0% increase in assessments given that San Francisco's rates are going up this year. Those rates have not increased in the past several years. Additionally, San Francisco's wholesale water rate projections anticipate no rate increases in FY2024-25, which presents the opportunity for BAWSCA to consider assessment increases to replenish the general reserve if needed and if appropriate. He asked when the Water Management Charge to fund the Strategy 2045 efforts is expected to be implemented.

Mr. Francis estimates the Water Management Charge implementation in mid to late FY 2023-24. He hopes for the scoping of the work needed to develop Strategy 2045 to be completed by the end of FY 2023-24 so that a cost for Strategy 2045 can be determined to inform the implementation of the Water Management Charge.

In response to Director Zigterman, Mr. Francis stated that the bills currently going through the legislative process regarding water right curtailments are being reviewed by Legal Counsel as part of the work they are doing for BAWSCA. He also noted that 2/3rds of the cost that member agencies pay San Francisco includes legislative efforts on the wholesale customers' behalf. BAWSCA will work with Legal and Strategic counsel in monitoring the bills, and keep the Board apprised of critical developments.

As a follow up to Director Smegal's question about the 25% increase in assessments in FY 2022-23, Director Larsson noted that there was a 24% assessment increase seven years ago following a range of 0% to 5% increases in the previous fiscal

years. While there were good reasons not to increase assessments in the intervening time, and with what seems to be a historical desire by the Board to minimize assessment increases as much as possible year to year, its effects can accumulate overtime and can result in a significant increase in some instances, as experienced twice in FY 2015-16 and FY 2022-23. For these reasons, he is cautious about a 0% increase for the coming year, but given San Francisco's projected wholesale water rate increase in FY 2023-24, he can understand the recommendation and support for Option 1. However, he would prefer to get away from the habit of having minimal increases because it can lead to a sharp increase as a result.

In response to Director Smegal's question on what percentage is the budget compared to the overall bill the SFPUC charges the wholesale customers, Ms. Tang stated that the annual wholesale revenue requirement, which is the amount the SFPUC collects from the member agencies annually is over \$300M.

With San Francisco's Alternative Water Supply (AWS) Plan which includes direct and indirect potable water reuse projects in the Peninsula, San Jose/Santa Clara service area, and ACWD service area, Director Cormack asked where in the work plan and budget does BAWSCA consider efforts to push and encourage, from a policy level with the State, such projects as an alternative source of supplies. She encouraged staff to reflect on whether there is something more that BAWSCA can do at a policy level.

Director Schneider reported that the City of Millbrae met with WIFIA regarding its local recycled water project and pointed out that 1) the project, when implemented, will not reduce water purchases from San Francisco, but instead cover the population growth that RHNA is requiring cities to do, 2) Millbrae is receiving support from local legislators, 3) it will have a budget impact of \$31-32 M, and 4) it will not go online in less than 8 years. Millbrae, however, is moving forward.

In response to Director Doerr's inquiry about the last merit increase for the CEO/General Manager and the allocation included in the budget, Mr. Francis stated that the Board considers this under the CEO Performance Evaluation that happens annually under closed session.

Director Pierce added that the line item for staff and CEO/General Manager compensation adjustments is not an expenditure, but an allocation that is rolled back in the General Reserve if and when it is not used.

Director Schneider made a motion, seconded by Director Smegal, that the Board Policy Committee recommend approval of the:

- 1. Proposed Fiscal Year 2023-24 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$4,814,667; and**
- 3. Proposed funding plan of 0% assessment increase (\$4,838,897) to fund the Operating Budget.**

The motion passed unanimously by a show of hands.

- B. Authorization of Professional Services Contract to Support the Scoping of BAWSCA's Long-Term Reliable Water Supply Strategy 2045: Acting CEO/General Manager, Tom Francis, reported that Strategy 2045 is the effort to update BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy) that was initiated in 2009 and completed in 2015. It has been eight (8) years since, and BAWSCA is seeking professional services to support BAWSCA's effort in scoping the work needed to develop Strategy 2045.

The approach is to have a 2-Phase process. Phase 1 will identify the scope of work for developing Strategy 2045. Phase 1 includes four specific tasks; Document Review, Stakeholder Engagement, Meetings and Technical support, and preparation of the Scope for Strategy 2045.

Document review will entail an analysis of existing relevant studies and projects that have been done by agencies in the BAWSCA region, as well as in the State and possibly nationwide. The consultant will conduct internal stakeholder engagement with member agencies by soliciting feedback through meetings and regular communications, as well as providing technical knowledge and expertise through analytical presentations and reports. Ultimately, the consultant's work product will be a written report of the scope of work for Phase 2, which is developing Strategy 2045. The written report will be a part of the RFP for Professional Services BAWSCA will seek to support the efforts for Phase 2.

The existing Strategy has served as a roadmap for BAWSCA's annual water supply efforts since 2015, including consideration of the Los Vaqueros Expansion Project, regional desal projects, and engaging in regional planning. Developing Strategy 2045 will include consideration of other factors, such as new regulatory requirements that have an impact on water supply reliability.

BAWSCA issued an RFP on February 21, 2023 for submittals on March 24th. The RFPs were sent directly to eleven Bay Area consultants accustomed to this level of effort and posted on the BAWSCA website. With Legal Counsel's assistance, the RFP was developed to provide BAWSCA the flexibility to allow the Consultant selected for Phase 1 to be able to be considered for Phase 2.

One proposal was received, which was submitted by a team of two firms that chose to work together. The firms that did not submit proposals indicated that their existing work with the SFPUC presented a conflict of interest. Others stated that their qualified staff are currently committed to other projects.

A total of \$65K was allocated for the scoping work that would span across FY 2022-23 and FY 2023-24. The current FY 2022-23 operating budget includes an allocation of \$30K, and the proposed FY 2023-24 budget includes \$35K, providing the funding anticipated for the professional services support needed.

Mr. Francis reported that the proposal received had a cost estimate of \$211,200 and includes optional tasks which BAWSCA may or may not view as valuable to the member agencies.

A review panel, consisting of BAWSCA staff, two member agency staff, and an external agency representative, is currently scoring the proposal based on qualifications and experience of key personnel, understanding of the project and approach, ability to meet the timeline, and the overall value provided to the member agencies. The review will be completed in mid-April and followed by a consultant interview. Based on the panel review, BAWSCA will negotiate with the consultant to address scope and cost concerns. Agreement execution is contingent upon approval by the Board.

BAWSCA's negotiations with the consultant will include a review of areas where cost reduction is possible and a thorough evaluation of whether the optional tasks and additional costs are warranted.

No changes to the proposed FY 2023-24 budget are recommended at this time. A funding proposal would be provided to the Board for its consideration once negotiations have been completed with the consultant.

The recommendation is for the Board Policy Committee recommend the Board authorize the CEO/General Manager to negotiate and execute a contract with the selected consultant, subject to legal counsel's final review, to support the scoping for BAWSCA's Long-Term Reliable Water Supply Strategy 2045.

Discussions ensued on the clarity of the work effort and the recommended action for the Board.

In response to Director Zigterman, Mr. Francis stated that the intent of developing Strategy 2045 is to determine what BAWSCA and its member agencies need to do moving forward to meet its goal of ensuring that the region continues to have reliable supply of high-quality water at a fair price by evaluating potential options; whether that may be developing supplies to augment San Francisco's supplies, or perhaps supporting the planning of projects member agencies proposes independently to develop their own local regional supplies.

Director Zigterman suspected that the gap between the budgeted amount and the cost estimated in the proposal may be due to the vague expectations from the consultant. He questioned whether the consultants are supposed to do engineering analyses or political analyses, and thought that perhaps the Committee should evaluate the water supply options through a work session. Mr. Zigterman felt that the work was more of a "role" question than a "technical" question that needed to be identified through discussions between staff, board and legal, instead of a consultant's analyses.

Mr. Francis agreed with Director Zigterman's comments that what is going to be part of Strategy 2045 is not defined, yet. He explained that this contract, within which a consultant will assist BAWSCA in developing the scope of work to develop Strategy 2045, will include engagement with the Board and member agency representatives as Director Zigterman suggested was needed.

Director Pierce referenced the 2009 Strategy which created a bucket of options for both the staff and the Board to consider as part of its annual results to achieve. Because of various factors in the water resources industry, some of those options

proved to be necessary for the region and were executed, and some were not. But out of that list came all of the efforts the agency has undertaken, and lessons learned. Much of the scoping work for the 2009 Strategy were done with the technical staff of the member agencies instead of with the Board at the policy level.

Additionally, she noted that while receiving one proposal may be concerning, she is encouraged knowing that two firms banded together instead of competed, and by the fact that firms would have submitted if they didn't have conflicting commitments with the SFPUC. Assuming that the review panel's evaluation of the consultants and their proposal is solid, she felt that the recommendation can be amended to ensure the consultant selected is suitable for the task and budget.

Director Doerr stated that approval of the recommendation without seeing the proposal is difficult to do. She agreed with Director Zigterman's comments about the "role" question and expressed interest in a study session where the Board can have conversation about the hopes for what the agency's role can be in the future.

Mr. Francis supported the amendment of the recommendation with the assistance of legal counsel and to the BPC's agreement. Mr. Francis re-iterated that study sessions or discussions, incorporated as agenda items in future BPC meetings, are an element of what the agreement with the consultant includes. Those discussions would be used to help prepare the scope of work for the development of Strategy 2045.

In response to Director Cormack, Mr. Francis stated that the proposal came from EKI and Hazen & Sawyer. Both are existing consultants of BAWSCA for its roundtable efforts and development of the reliability hydrologic model. They are consultants that BAWSCA is familiar with and who are well-acquainted with the member agencies.

Mr. Francis explained that under the state of California regulations, a firm hired to prepare a scope of work is not allowed to do the follow up work activity. The RFP was written to provide BAWSCA the flexibility to consider the Consultant selected for Phase 1 to be considered for Phase 2 because BAWSCA wanted a highly qualified consulting firm to help develop the scope of work for Strategy 2045. This contracting approach allows BAWSCA the option to continue with the firm that helped prepare the scope of work, or to issue an RFP, for the development of Strategy 2045.

Director Cormack concurred with the idea of a study session. She felt uncomfortable about the level of specificity in the recommendation. She would not vote for something without sufficient and identified budget sources, and she would be unwilling to authorize execution of a contract without seeing the source of funding.

She would approve a recommendation that omits "execution", and includes the negotiation of a contract, identifies a source of funds, and a study session.

In response to Director Larsson's question about information that would be available by the May Board meeting, Mr. Francis stated that the Board will be presented with the details of the consultant's proposal including their cost of services.

Director Larsson commented that the Strategy was developed over a period of 6 years. While staff refers to the Strategy regularly, Board members do not go through

it at the same level that staff does, and may not even realize what elements of BAWSCA's annual work plan come out of the Strategy. The Board composition has changed over the past 7-8 years, and a refresher on what has come out of the strategy in terms of BAWSCA's and the member agencies' growth and development would be helpful in understanding what the Board can expect for Strategy 2045. Additionally, he noted that the 2009 Strategy was "long-in-the-tooth" already, and It is important to update the Strategy because a lot has changed in the intervening years. He emphasized that it would be beneficial for the board to be reminded of what is in the Strategy and how it has informed a lot of BAWSCA's efforts.

Since the existing Strategy can be used as a framework for scoping the work to develop Strategy 2045, Director Larsson asked if there are critical changes to that framework anticipated.

Mr. Francis stated that having the support of the consultant for scoping the work to develop Strategy 2045 will allow BAWSCA to answer that question. The scoping work will look at the 2009 Strategy to determine what efforts remain valid and which are no longer relevant. That process, which can be in the form of a member agency workshop, will entail the engagement of the member agencies' staff for the technical perspective. Presentations to the Board for their input will add to that perspective.

Director Larsson noted that SFPUC's Alternative Water Supply Plan, the State's "Making Conservation a California Way of Life" legislation, and other developing elements are critical work that should be included in the new strategy. The scoping work in which the consultant is being sought will conduct the analyses to clarify the elements for Strategy 2045.

Director Zigterman suggested a workshop or for staff to meet directly with committee members to have further discussion. Then come back to the BPC in June with further information and consensus about what this effort is and an identified mission and directive to the consultant. He felt the recommendation is premature.

Director Smegal commented that the responding consultants seems technical and asked if they are the right consultants to address the political and organization questions about BAWSCA's future role.

Mr. Francis noted that the consultants have the necessary experience in working with similar projects and are qualified to do the work in water resource planning.

In response to Director Cormack's question, Legal Counsel, Nicole Witt, explained that the CEO does not need board authorization to negotiate a contract. The RFP generally includes the authority to negotiate, and that is part of the process in which the CEO/GM can negotiate the best value to BAWSCA and work on the key terms of the agreement during the solicitation process.

Director Cormack proposed to conduct further review, as Director Zigterman suggested, and come back to the committee in June to have a recommendation to the Board, or, amend the recommendation, which she would make a motion, for the Committee to recommend that the Board authorize the CEO/GM to:

1. Negotiate a contract with the selected consultant, subject to legal counsel's final review,
2. Identify a source of funds,
3. Consider scheduling a Board workshop to understand the components of current Strategy and gather input on the components of the future Strategy

to support the scoping for BAWSCA's Long-Term Reliable Water Supply Strategy 2045.

Director Cormack noted that while the CEO/GM already has the authority to negotiate without Board authorization, inclusion of that in the amendment is cleaner and alerts the Board that the process has occurred. If there is additional information that is brought to the Board in May, the Board action can include "and execute" should there be sufficient information provided to the board.

Director Zigterman seconded the motion.

Public Comments were provided by Steve Jordan from Purissima Hills Water District.

Legal Counsel noted that the study session would follow the traditional Brown Act requirements that applies to regular meetings, and could be a part of regular meeting.

Director Larsson shared an observation that the update to the 2009 Strategy is an effort that has been a part of BAWSCA's work plan. It is not a new item, but it seems that the solicitation for professional services brings it closer to reality. There has been other situations where contract negotiations have not been fully complete and where the BPC has had to make a recommendation to the Board without having all the details of the agreement. He supports the direction of the motion as it provides the Board with enough detail to make an informed decision. He suggested changing the word workshop as it may present some challenges with Board member schedules and securing available space. It may be more realistic to have an extended report and discussion at regularly scheduled meetings.

Director Cormack made a friendly amendment to the motion, with the seconder's concurrence to add "or study session" so that the motion is:

That the Board Policy Committee recommend the Board to authorize the CEO/General Manager to:

- 1. Negotiate a contract with the selected consultant, subject to legal counsel's final review,**
- 2. Identify a source of funds,**
- 3. Consider scheduling a Board workshop or study session to understand the components of the current Strategy and gather input on the components of the future Strategy to support the scoping for BAWSCA's Long-Term Reliable Water Supply Strategy 2045.**

Legal counsel confirmed that the motion provides additional context for staff to bring the budgetary information and additional details at the May Board meeting for the

Board's consideration, to authorize, if determined appropriate, the execution of a contract with a selected consultant to support the scoping for BAWSCA's Long-Term Reliable Water Supply Strategy 2045.

The motion passed unanimously by a show of hands.

- C. Proposed Modifications to BAWSCA's Investment Policy to Ensure Safety of Bank Deposits Over \$250,000: BAWSCA Finance Manager, Christina Tang reported that the proposed modifications to BAWSCA's investment policy is being brought to the BPC as result of staff review of the policy following the recent banking crisis. The last review occurred in November 2022 and no changes were recommended.

The current policy applies to all BAWSCA funds and investment activities and requires that:

- Funds not invested in the Local Agency Investment Fund (LAIF) to be deposited only in State or Federal savings associations with offices in California that meet the requirements and conditions of the California Government Code,
- The maximum amount of funds deposited with any bank or savings association shall be \$250,000
- It specifies permitted investments for bond funds held at the Trustee.

BAWSCA reviewed the agency's circumstances, California Government Code and Government Finance Officers Association (GFOA) best management practices, consulted with its investment advisor, and queried member agencies about their banking practices. Based on the evaluation and the feedback received, BAWSCA recommends that the Investment Policy be modified:

- To require all bank deposits over the FDIC limit be collateralized in accordance with the Government Code, and
- To eliminate the bank deposits limit of \$250,000

The modification is to safeguard bank deposits over \$250,000 and to manage fluctuating account balance more effectively. Legal counsel has confirmed that the proposed modified investment policy reflects language consistent with the State law.

Ms. Tang stated that collateralization safeguards public fund deposits, and further explained that collateralization is a process of securing a loan or bank deposit with an eligible asset, for example the securities, which is referred to as collateral. If the bank defaults on the deposits, the account owner may seize and sell the securities to offset its loss. There are no out-of-pocket costs to the agency. The bank will pay for all the costs associated with the collateralization, which may result in a reduced interest rate for the account. Given the current interest rates for the checking accounts, the cost to the agency is minimal to none.

The California Government Code Sections 53630-53687 govern the reporting and collateralization of local agency deposits. It specifies the types of securities that may be used as collateral, and requires a minimum collateral amount as a % of total deposits. For example, if the bank uses US Treasury Securities, the market value of the collateral has to be at least 110% of total deposits. If they use first mortgages,

the market value has to be at least 150% of the total deposits. The California Government Code also mandates weekly and quarterly reporting by the depository institutions.

Based on the GFOA recommendations, BAWSCA will secure a collateralization agreement as an extra layer of security to the agency's deposits. In the event of a bank failure, FDIC will honor the collateralization agreement. In addition, every year, BAWSCA will verify that deposits are properly collateralized and provide a report to the Board.

The packet includes a redlined version of the investment policy showing the proposed modifications to the policy. Specifically, Ms. Tang referred to Section 6A, Permitted Investments and Depositories, the added term is to require collateralization on all deposits over the FDIC limit. It is not referring to the current limit of \$250,000 in case that amount changes in the future.

Under Section 6B, Other Limitations, the proposed removal of the sentences is to eliminate the bank deposit limit of \$250,000 due to the mentioned reasons.

Lastly, the addition of Section 9, Annual Review of Investment Policy codifies the CEO/General Manager to annually submit a Statement of Investment Policy to the Board, and that the agency will annually verify that deposits are properly collateralized.

Director Hardy was pleased that Christina's research informed the agency of its option, as a public agency, for collateralization.

In response to Director Cormack, Ms. Tang reported that BAWSCA's current bank does not offer collateralization, but BAWSCA is in the process of setting up a new account with a different bank that offers this option to public fund accounts.

Director Smegal made a motion, seconded by Director Cormack, that the Board Policy Committee recommend Board approval of the proposed modifications to the current Statement of Investment Policy by requiring the bank deposits in excess of the FDIC limit to be collateralized with securities in accordance with State law and to eliminate the maximum deposit of \$250,000.

Public comments were provided by Steve Jordan, Purissima Hills Water District and BAWSCA Board Member, speaking as a member of the public.

The motion passed unanimously by a show of hands.

6. Reports and Discussion Item:

- A. Discussion of Board Member Compensation:** Legal Counsel, Nicole Witt reminded the Committee the legal framework of BAWSCA's Board compensation. Under its enabling legislation, BAWSCA is authorized to compensate Board members up to \$100 per day for each day's attendance at meetings of the Board, not to exceed four meetings in any calendar month.

Under the same statute, BAWSCA is authorized to avail itself to another statutory scheme under the Water Code to increase that amount above \$100 and to increase the compensable days of service;

- by no more than 5% for each year following the date of the last adjustment, and
- to no more than 10 days in a calendar year.

Currently, BAWSCA Board members are compensated at a rate of \$100 per day of service, for up to four days of service per month. That amount has not changed since 2003.

Staff is looking for the Committee's input on the approach for considering whether or not to adjust compensation for Board members. As a starting point, Ms. Witt presented data gathered from eight (8) similarly situated comparator agencies; Coastside County Water District, Mid-Peninsula Water District, North Coast County Water District, Westborough Water District, Purissima Hills Water District, Alameda County Water District, Contra Costa Water District, Santa Clara Valley Water District. The data falls in line with each other, in that BAWSCA's current Board compensation is similar to the agencies reviewed. She noted that SFPUC, which is not on the list of 8, compensates Commissioners \$100 per month, regardless of the specific number of days of service.

In the discussions by the Committee at its February meeting, what has been proposed as a way to approach the consideration of whether to adjust Board compensation is to 1) consider how compensation accommodates all of the different costs that a Board member might incur in serving, and how those impacts are felt by the board members, and 2) whether the 4 days of service really captures the number of days that the Board is working on BAWSCA's behalf in a month. The guardrails that the Committee is being mindful of is if the current level of compensation is inadequate, it may be a barrier to entry. On the other hand, if the compensation is too high, then it is arguably not fiscally prudent. Legal counsel prepared a set of survey questions designed to gather information that address those considerations.

The committee is asked to provide input on the comparator agency information and on the draft survey questions.

Key points of Committee member comments include:

- Maximum amount of increase based on the 5% per year is \$167 or \$200 if legally allowed to be compounded
- Considerations about how the composition of the BAWSCA Board can become more inclusive and ensure that the BAWSCA Board membership can be accessible is a good direction, but an increase in compensation is not where barriers to entry exist.
 - Timing of meetings in mid-day of a work week can be difficult for some;
 - Setting demographic goals and tracking diversity within the BAWSCA board are steps that help BAWSCA develop strategies for Diversity, Equity and Inclusion.

- Board members serve for the purpose of BAWSCA's goals, and not for the compensation.
- Compensation is a token of appreciation for the service provided.
- Be mindful that BAWSCA's action can set precedence.
- Gut-reaction to the comparator agency analysis provided is to remain within the same level as the other agencies.
- The 4-day per month is sufficient as BAWSCA Board only meets 6x/year. Only the BPC members meet 12/year.
- Current members of the Board are self-selected. Perhaps the survey should ask:
 - How self-selected are the member agencies that are not water districts
 - Survey questions are more fitting for members who did not chose to serve.
- Costs incurred, e.g., childcare, travel expense, lost wages:
 - Good inclusion as a survey question
 - Can be considered as reimbursable expense
 - Administrative costs for processing reimbursements can outweigh the resulting compensation.
 - Perhaps a flat-rate increase can minimize the administrative cost and cover the expenses incurred.
- Survey Questions can be helpful for:
 - Identifying the agencies that experience difficulty in finding someone to serve on BAWSCA
 - Consideration of the timing for the BPC and the Board meeting; Daytime versus Nighttime
 - Initiating a demographic tracking for efforts on DEI by incorporating a demographic question.

Public comments were provided by Steve Jordan, Purissima Hills Water District and BAWSCA Board Member, speaking as a member of the public.

Given the duration of the meeting going past 2 hours and a quarter, Committee Chair Hardy opened the floor for a motion to extend the meeting.

Director Vella made a motion, seconded by Director Chambers, that the meeting be extended to 4:15pm.

The motion passed unanimously by a show of hands.

7. CEO Reports:

- A. Water Supply and Demand Update: Acting CEO/General Manager Mr. Francis reported that February's potable water use in the BAWSCA region was 26% less

than recorded for February 2022 and 24% less than in 2013 which was the year before a drought period.

On March 24th, Governor Newsom issued Executive Order N-5_23 in light of the State's improved drought conditions, but 33 provisions under the Governor's emergency drought declaration continues, including the ban on irrigation of non-functional turf in Commercial, Industrial, Institutional (CII) properties. The Governor's Executive Order directive for Stage 2 drought contingency plans to be in place have been lifted, but the State Water Resources Control Board (State Board)'s regulations requiring implementation of Stage 2 plans are still in effect until their emergency regulations expire on June 10, 2023.

The SFPUC adopted a resolution that rescinded its drought emergency declaration on April 11th, but maintains the call for an 11% voluntary systemwide water use reduction because the State Board has not acted to lift their emergency regulations. When and if the State Board lifts its drought regulations or those regulations expire, the SFPUC's requirements under the adopted resolution will automatically be lifted. The SFPUC continues to encourage wise water use in the region.

- B. Bay Delta Plan/FERC Update: On April 11th, the State Board issued a Notice of Preparation (NOP) for the development of an Environmental Document related to the Tuolumne River Voluntary agreement (TRVA), which includes a possible amendment of the Bay-Delta Plan to incorporate the TRVA. A scoping meeting is scheduled for May 18th and written comments are due by May 25th.

Voluntary Agreements (VA) discussions and the State are continuing to move forward to produce deliverables expected for Fall 2023 and Winter/Spring 2024.

BAWSCA remains engaged with SFPUC and others in support of the TRVA as an alternative to the adopted Bay Delta Plan.

- C. Correspondence Packet: Mr. Francis provided key takeaways from the reports provided in the Correspondence packet:
- FY 2021-22 Annual Survey:
 - The drought had a significant impact on the member agencies' water demand.
 - 5% lower than in FY 2020-21
 - Member agencies' total water demand from all sources is 5.8% lower than in FY 2020-21
 - Residential per capita use continues to drop which can be tied strongly to drought actions. Average residential per capita consumption is 5% less than FY 2020-21 and 48% less than the estimated peak residential per capita consumption in 1975-76.
 - No significant changes were observed regarding water use distribution by source, or by customer class.
 - Population slightly increased in the BAWSCA service area from FY 2020-21.

- Water Supply Reliability Roundtable:
 - Roundtable meetings were an effective means of engaging NGO's, county agencies, and business groups to learn about the significant interests in developing local smaller projects to increase supply diversity and resiliency in the BAWSCA service area. A challenge for agencies in developing local water projects is finding and securing the funding needed. There is interest in having BAWSCA continue to facilitate the Roundtable Series.
- Bay Area Regional Reliability (BARR) Shared Water Access Program (SWAP)
 - Together, Bay Area water agencies can enhance water supply reliability and leverage existing infrastructure investments by facilitating water transfers during critical shortages.
 - BARR SWAP can bridge institutional and physical barriers, enable efficient sharing of water resources particularly in emergency conditions, and share lessons learned from past efforts and from exploring new ones.
 - BARR SWAP aligns and supports other relevant regional and local planning efforts and policies, including long-term water supply planning on a regional scale.

In response to Director Cormack, Mr. Francis stated that the SFPUC's drought campaign has been stopped, but messaging will continue to encourage the wise use of water.

In response to Director Smegal, Mr. Francis noted that the State Board is expected to let their drought regulation expire on June 10th.

Public comments were provided by Anwar Mirza of East Palo Alto.

8. **Closed Session:** The Committee adjourned to Closed Session at 4:16 pm.
9. **Report from Closed Session:** The Committee reconvened to Open Session at 4:24pm. Ms. Witt reported that no reportable action was taken during Closed Session.
10. **Comments by Committee Members:** There were no comments from members of the Committee.
11. **Adjournment:** The meeting was adjourned at 4:24 pm. The next meeting is June 14, 2023 in Sequoia Room of Burlingame Community Center.

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

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

✓: present

☎ : Teleconference

April 12, 2023 Meeting Attendance (*In-Person*)

BAWSCA Staff:

Tom Francis	Acting CEO/General Manager
Christina Tang	Finance Manager
Kyle Ramey	Water Resources Specialist
Danielle McPherson	Sr. Water Resources Specialist
Lourdes Enriquez	Asst. to the CEO/General Manager
Deborah Grimes	Office Manager

Nicole Witt
Nathan Metcalf
Mark Creger

Legal Counsel, Hanson Bridgett
Legal Counsel, Hanson Bridgett
Public Trust Advisors

Public Attendees:

Anwar Mirza	East Palo Alto
Steve Jordan	Purissima Hills Water District
Alison Kastama	SFPUC

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: Update of Authorized Banks for BAWSCA Deposit Accounts

Summary:

The Board is asked to rescind Resolution No. 2020-01 and to adopt Resolution No. 2023-03 in order to update the names of the authorized banks to reflect BAWSCA's current deposit accounts.

Fiscal Impact:

None

Recommendation:

That the Committee recommend Board approval of:

- a. Rescinding Resolution No. 2020-01 that indicates Borel Bank and Trust Company as the authorized bank where BAWSCA has established deposit accounts; and**
- b. Adopting a replacement Resolution No. 2023-03 that identifies both Silicon Valley Bank and JPMorgan Chase Bank as the authorized banks where BAWSCA has established deposit accounts.**

Discussion:

The current bank account signature authorization indicates that BAWSCA has established deposit accounts with Borel Bank and Trust Company, which is now Silicon Valley Bank following an acquisition in July 2021. To reflect the institution's current name, it is proposed to change the name from Borel Bank and Trust Company to Silicon Valley Bank in the authorization.

In addition, in May 2023, BAWSCA made changes to its Investment Policy requiring BAWSCA's bank deposits in excess of the FDIC limit to be collateralized with securities in accordance with State law. Since then, BAWSCA has established new deposit accounts with JPMorgan Chase Bank, which meets the requirements set in BAWSCA's recently updated Investment Policy. Therefore, the second proposed change is to add JPMorgan Chase Bank as an authorized bank in which BAWSCA has established a deposit account. BAWSCA has initiated the transition of its deposit accounts from Silicon Valley Bank to JPMorgan Chase Bank.

The two proposed changes are summarized below:

1. Change Borel Bank and Trust Company to Silicon Valley Bank; and
2. Add JPMorgan Chase Bank.

Attachment:

1. Draft Resolution 2023-03 showing changes to Resolution 2020-01
2. A clean copy of Resolution 2023-01.

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RESOLUTION NO. ~~2020-01~~2023-03

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

AUTHORIZING SIGNATURES FOR BANK ACCOUNTS

OF BAWSCA AND BAWUA

WHEREAS the Bay Area Water Supply and Conservation Agency (BAWSCA) and the Bay Area Water Users Association (BAWUA), of which BAWSCA is the sole member, have established deposit accounts with ~~Borel Bank and Trust Company in San Mateo Silicon Valley Bank and JPMorgan Chase Bank,~~ and may establish accounts at other institutions in the future.

RESOLVED that the following persons shall have signature authority for accounts of BAWSCA and BAWUA as described below;

BAWSCA Chair BAWSCA Vice-Chair BAWSCA CEO and General Manager or BAWSCA Finance Manager BAWSCA Water Resources Manager Director from City of Foster City Director from City of Burlingame Director from City of Millbrae		1) To deposit funds of the Agency in such accounts and to endorse checks, drafts, and other investments of deposit; 2) To sign checks, drafts or other orders for the payment of money, provided that any check, draft or order in the amount of \$5000.00 or more shall require two signatures, one of which shall be that of a director.
BAWSCA CEO and General Manager BAWSCA Finance Manager		1) To transfer funds between accounts as may be necessary or desired for investment purposes.

RESOLVED that the CEO and General Manager is authorized to complete each depository bank's customary blank signature card forms in order to conveniently exercise the authority granted by this resolution, and any resolutions printed on those forms shall be deemed adopted as part of this resolution.

RESOLVED FURTHER that Resolution No. ~~2006-01~~2020-01 is rescinded.

PASSED AND ADOPTED this 21st th day of ~~May, 2020~~July, 2023 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Board of Directors

ATTEST:

CEO and General Manager and Secretary

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RESOLUTION NO. 2023-03

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

AUTHORIZING SIGNATURES FOR BANK ACCOUNTS

OF BAWSCA AND BAWUA

WHEREAS the Bay Area Water Supply and Conservation Agency (BAWSCA) and the Bay Area Water Users Association (BAWUA), of which BAWSCA is the sole member, have established deposit accounts with Silicon Valley Bank and JPMorgan Chase Bank, and may establish accounts at other institutions in the future.

RESOLVED that the following persons shall have signature authority for accounts of BAWSCA and BAWUA as described below;

BAWSCA Chair BAWSCA Vice-Chair BAWSCA CEO and General Manager or BAWSCA Finance Manager BAWSCA Water Resources Manager Director from City of Foster City Director from City of Burlingame Director from City of Millbrae		1) To deposit funds of the Agency in such accounts and to endorse checks, drafts, and other investments of deposit; 2) To sign checks, drafts or other orders for the payment of money, provided that any check, draft or order in the amount of \$5000.00 or more shall require two signatures, one of which shall be that of a director.
BAWSCA CEO and General Manager BAWSCA Finance Manager		1) To transfer funds between accounts as may be necessary or desired for investment purposes.

RESOLVED that the CEO and General Manager is authorized to complete each depository bank's customary blank signature card forms in order to conveniently exercise the authority granted by this resolution, and any resolutions printed on those forms shall be deemed adopted as part of this resolution.

RESOLVED FURTHER that Resolution No. 2020-01 is rescinded.

PASSED AND ADOPTED this ___th day of July, 2023 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Board of Directors

ATTEST:
CEO and General Manager and Secretary

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: Update on Negotiations of a New Tier 2 Plan

Summary:

Since January 2022, BAWSCA has facilitated monthly meetings among the Water Management Representatives (WMR) to negotiate an updated Tier 2 Plan. To date, these meetings have been used to develop the building blocks that will be critical for the negotiations:

- The WMR developed and agreed to an updated set of policy principles that have guided the discussions.
- These policy principles helped identify a range of factors that should be incorporated into an updated Tier 2 Plan and how those factors should be weighed and calculated. For example, considerations for health and safety, non-residential and seasonal use, and Individual Supply Guarantee (ISG).
- An Excel-based spreadsheet tool to help the WMR analyze the results of different inputs under different scenarios and support negotiations has been developed (e.g., range of cutbacks and future projected years).

With these building blocks and tools to analyze results in place, the WMR developed the rough outlines of an allocation plan (i.e., a “strawperson concept”) in June that will support continuing negotiations. The WMR will finalize the major steps of this strawperson concept while confirming the inputs at monthly in-person meetings. BAWSCA anticipates these negotiations continuing through the end of 2023.

BAWSCA encourages Board members to engage with their appointing agency’s WMR for updates on the negotiations.

The existing Tier 2 Plan is set to expire December 31, 2023. At this time, it is anticipated that the Board will need to consider another one-year extension of the existing Tier 2 Plan at its November 16, 2023 meeting in order to provide the WMR more time to complete negotiations.

Fiscal Impact:

None

Recommendation:

This item is for discussion purposes only.

Discussion:

The Tier 1 Plan allocates water between the San Francisco retail customers and the Wholesale Customers collectively. The Tier 2 Drought Response Implementation Plan (Tier 2 Plan or Plan) is the method for allocating the collective Wholesale Customer share of the Regional Water System (RWS) supply made available by the San Francisco Public Utilities Commission (SFPUC) during shortages of 20 percent or less caused by drought. The Tier 2 Plan calculates the proportion of total available RWS supply made available to each Wholesale Customer.

The existing Tier 2 Plan was first adopted by each Wholesale Customers in the winter/spring of 2011 pursuant to Section 3.11.C of the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA). That Tier 2 Plan, which was initially set to expire on December 31, 2018, was extended three times in 2018, 2019, and

2020 by the Board. In 2021, the Board adopted a slightly modified Tier 2 Plan that addressed unintended consequences resulting from changed circumstances over time and extended the Plan again in anticipation of starting a comprehensive update of the Plan. The current Tier 2 Plan expires December 31, 2023.

At this time, it is anticipated that the Board will need to consider another one-year extension of the existing Tier 2 Plan. To support the Board's potential future action, monthly updates on the Tier 2 Plan negotiations will be provided moving forward.

Current Tier 2 Plan Negotiations

In January 2022, BAWSCA and the member agencies initiated an update to the Tier 2 Plan. BAWSCA is facilitating negotiations among the WMR, with technical support from the consulting firm Woodard & Curran. Early on, each agency appointed a lead negotiator to represent its agency's interests and perspectives. Notable progress to date includes agreement on a set of policy principles that are guiding development of an updated methodology; identification of the range of factors to be considered for inclusion on the potential Tier 2 formula being negotiated and how those factors should be calculated; and a strawperson concept which brings these factors together into a spreadsheet tool that can be manipulated for negotiation purposes.

In April 2022, the lead negotiators agreed to the following set of policy principles that have been used to guide the discussions:

1. Provide sufficient water for basic health and safety needs of customers.
2. Minimize economic and other adverse impacts of water shortages on customers and the BAWSCA region.
3. Provide predictability of drought allocations through consistent and predetermined rules for calculation, while allowing flexibility to respond to unforeseen circumstances.
4. Recognize benefits of, and avoid disincentives for, water use efficiency and the development of alternative water supply projects.

Using these policy principles, BAWSCA and the technical consultant identified and presented to the WMR the range of factors that could be incorporated into an updated Tier 2 Plan. For example, consideration for health and safety, non-residential and seasonal use, and ISG. The WMR have engaged in discussions about these factors, how to calculate each factor, and narrowed the potential factors down to a single strawperson concept. A high-level summary of this concept is provided below.

Strawperson Concept

Combining the policy principles and identified list of factors to be considered in a new Tier 2 formula, an Excel-based spreadsheet tool has been created that can be manipulated for illustration and negotiation purposes. Using this spreadsheet tool, a strawperson concept has been developed that reflects the following allocation priorities:

1. Provides water for health and safety needs of the agency's customers from the Regional Water System.
2. Provides water for non-residential indoor use to avoid adverse economic impacts.
3. Ensures a minimum amount of water to each agency based upon past purchases.
4. Remaining water is provided based upon 1) each agency's ISG and 2) each agency's seasonal (outdoor) demand.

The WMR continue to negotiate inputs and thresholds to this strawperson concept to ensure it achieves the policy principles. For example - What should the health and safety floor be? How much weight should be given to ISG? What should the minimum and maximum cutbacks be?

BAWSCA's Role in the Tier 2 Plan

The Tier 1 Plan identifies BAWSCA as the party to perform the Tier 2 Plan calculations. The Tier 1 Plan requires SFPUC to allocate water to each Wholesale Customer in accordance with BAWSCA's calculations. In adopting the WSA and the Tier 2 Plan, each Wholesale Customer authorized BAWSCA to perform the allocation calculations. BAWSCA interacts with both the SFPUC and the Wholesale Customers to obtain needed input data.

BAWSCA's role in developing the current Tier 2 Plan was as follows:

- Provided the structure for the discussion and analyses to support decision making;
- Facilitated negotiations on a formula that could be accepted unanimously; and
- Supporting agencies in the adoption process.

When the WMR agree to a new Tier 2 Plan, each BAWSCA member agency's governing board will need to consider whether to adopt the Plan. If the allocation method incorporated into the Plan is not unanimously adopted by the BAWSCA member agencies, the WSA provides that the BAWSCA Board has the authority to set an allocation method. If the BAWSCA Board does not set an allocation method, the SFPUC retains final authority to allocate water among the Wholesale Customers during a drought.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **BAWSCA’s Long-Term Reliable Water Supply Strategy as Completed in 2015 (2015 Strategy)**

Summary:

This memo is for informational purposes only to provide the Board with background information regarding the existing Long-Term Reliable Water Supply Strategy, which was implemented in 2015 following several years of development (2015 Strategy). BAWSCA has made significant and measurable progress implementing the 2015 Strategy.

To develop the 2015 Strategy, heavy engagement with BAWSCA’s agencies, through meetings and workshops with the Water Management Representatives (WMR) coupled with Board engagement was performed. Those interactions defined the approach, including projects and programs, to advance.

Beginning in 2015, the Strategy recommendations have served as a foundation from which BAWSCA develops its annual Work Plan and associated operating budgets to ensure a reliable supply of high-quality water at a fair price. This work has included pursuing multiple water resources related actions and projects in order to provide increased water supply reliability for its member agencies.

Recommendation:

This item is for information and discussion purposes only. No action is requested at this time.

Discussion:

In 2009, BAWSCA launched the development of a Long-Term Reliable Water Supply Strategy to provide a comprehensive, regional assessment of the BAWSCA member agencies’ 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 BAWSCA to achieve an increased level of regional reliability. That effort was completed, with the publication of a report, in February 2015. The final work product is referred to in this document as the 2015 Strategy.

2015 Strategy Scoping and Development:

The development of the 2015 Strategy began by first conducting a scoping study from 2009 through 2010. To develop the scope, BAWSCA staff engaged heavily with the Board and WMRs. That input helped shape the scope of 2015 Strategy such that it would enable BAWSCA to quantify when, where, and how much additional supply reliability and new water supplies were needed throughout the BAWSCA service area through 2035.

Beginning in 2010, following the approval of the scope of work by the Board, development of the 2015 Strategy commenced. Efforts from 2010 through 2012 focused on updating the supply need estimate, and work associated with bringing the identified projects up to a common level of understanding to facilitate comparison and identification of key data gaps. Five types of water supply projects were evaluated as a part of the Strategy analysis: non-potable recycled water, groundwater, local capture and reuse, desalination, and water transfer projects. The selection of those projects was guided through Board and WMR engagement.

From 2012 through 2015, Strategy development focused on conducting project-specific analyses to support assessment of project characteristics and their perceived feasibility. Work also included pursuing the development of a possible water transfer agreement through the implementation of a possible pilot water transfer. BAWSCA engaged with the WMR and Board through this period as well in providing updates and receiving input on interim work progress.

The multi-year work culminated with the publication of the final Strategy in February of 2015.

2015 Strategy Findings and Recommendations

The 2015 Strategy identified the following findings:

- There was no longer a normal-year supply shortfall for the BAWSCA member agencies.
- There was a drought-year supply shortfall of up to 43 million gallons per day (mgd), per the estimate in 2015.
- Water transfers scored high in a ranking of future, independent water supply source options, and represented a high priority for BAWSCA to consider in terms of work efforts to further evaluate opportunities.
- While desalination provided a potential sizable water supply yield, its high costs and extensive permitting requirements made it a poor option as a future, independent water supply source, and moreover it would require partners to make it cost effective.
- Other future, independent water supply sources identified as part of the 2015 Strategy may only provide limited regional benefits in reducing dry year shortfalls, yet were worthy of investigation. Those include not only work related to groundwater and water reuse opportunities, but also continued water conservation.

The 2015 Strategy Report identified the following recommended actions for BAWSCA:

- Lead water transfer development and implementation including identifying and evaluating water storage options;
- Facilitate desalination partnerships and pursue outside funding for related studies;
- Support agency-identified projects (i.e., recycled water and groundwater) and local capture and reuse;
- Participate in regional planning studies in cooperation with others; and
- Continue monitoring regional water supply investments and policies.

Since it was completed, the 2015 Strategy findings and recommendations have guided decisions about BAWSCA's annual work plans to ensure water supply reliability for the region.

2015 Strategy Implementation

BAWSCA has pursued multiple actions and projects in order to implement the 2015 Strategy recommendations and provide increased water supply reliability for its member agencies. Work on different projects varied during the implementation phase, as different projects required diverse types of actions, including supporting individual member agency projects and supporting regional projects being investigated by SFPUC with one or more member agencies.

The list below provides some of BAWSCA's work plan items and results related to implementation of the 2015 Strategy:

- Pilot Water Transfer I (2015)

- Pilot Water Transfer II (2020)
- BAWSCA Pilot Water Transfer Efforts Report (2022)
- Los Vaqueros Reservoir Expansion (2015 to current)
- Partnership with Cal Water on a Potential Brackish Groundwater Desalination Project (2015)
- BAWSCA Regional Groundwater Model: Development and Use (2013 to current)
- San Francisco-Peninsula Regional Purewater Project
- SF-Peninsula Purewater (Sf-PRP) Project (2016 to current)
- SFPUC-Union Sanitary District-ACWD Purified Water Project (2017 to current, engaged in support)
- South Bay Purified Water Project (2020 to current, engaged in support)
- BAWSCA Regional Water System & Supply Model: Development and Use (2017 to current)
- Bay Area Regional Reliability Partnership (2014 to current)
- Expanded Core and Subscription Conservation Programs

Next Steps:

Policy action in support of implementing the Strategy actions occurs as part of the annual work plan development and operating budget adoption, approval of expenditures associated with planning agreements with other agencies, and approval of contracts with other agencies and consultants to implement specific projects as necessary. Much has transpired since the 2015 Strategy was finalized, and it is prudent to undertake an update of the Strategy at this time.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Discussion of Board Member Compensation, Board Diversity, and the Board Member Expense Reimbursement**

Summary:

Compensation for a public agency board member is typically set by statute, which provides the compensation amount per day of service and limitations on the days of service per month. The Bay Area Water Supply and Conservation Agency (BAWSCA) Board members are compensated at the rate of \$100 per day of service, for up to four days of service per month.

This item was discussed at the April 12th Board Policy Committee (BPC) meeting. The analysis below provides further information in response to input received from the BPC, including an expanded list of agencies for the board member compensation comparison provided in Table 1. There has not been a formal outside study comparing the compensation of the BAWSCA Board with peer agencies in the Bay Area.

The memorandum also now includes information on elections by-district among BAWSCA's member agencies in Table 2. This information is intended to facilitate a discussion on the diversity of the BAWSCA Board. Lastly, this memorandum examines BAWSCA's expense reimbursement policy in light of the discussion on barriers to involvement in BAWSCA.

Recommendation:

This item is for discussion purposes only.

Discussion:

The Board has asked legal counsel and staff to prepare a short memorandum outlining the parameters and limits for any possible change to compensation for both BAWSCA and San Francisco Bay Area Regional Water System Financing Authority boards. An evaluation of Board member compensation requires consideration of various factors.

Possible variables to consider when determining the appropriate compensation per day of service are whether the wages are suitable for the amount of effort expended, travel costs, babysitting or caregiving costs, and the opportunity cost of the work. A low compensation amount may be a barrier to entry for individuals. On the other hand, too high of a compensation amount may not be necessary to incentivize interest in serving as a Board member or may incentivize Board members to unnecessarily maximize days of services, thereby harming the public financial interests.

Additionally, the Board may consider increasing the maximum number of days of service per month. The primary factor to consider here are whether four days of service per month is adequate to fulfill Board member obligations for BAWSCA.

The following information is provided to assist the Board in its understanding of this issue and discussion:

- Expanded list of agencies included in board member compensation comparison;
- Extent of by-district elections among the BAWSCA member agencies; and
- BAWSCA's Board member reimbursement policy.

Expanded Agency Board Member Compensation Comparison

To assist in the reexamination of the compensation amounts for Board members, Table 1 below has been expanded to provide compensation amounts of some of BAWSCA's member agencies that are water districts, peer water agencies, and other large, multi-county/multi-jurisdictional special districts.

Table 1: Agency Board Member Compensation Comparison

Public Agency¹	Compensation per Day of Service	Limitation on Days of Service per Month
BAWSCA	\$100/day	4 days/month
Alameda County Water District	\$290/day	10 days/month
Coastside County Water District	\$150/day	6 days/month, max of \$600/month
Contra Costa Water District	\$100/day	10 days/month
East Bay Municipal Utility District	\$1,397/month	11 days/month
Golden Gate Bridge, Highway, and Transportation District	\$50/meeting day	\$5,000/year (\$7,500/year for President)
Irvine Ranch Water District	\$315/day	10 days/month
Mid-Peninsula Water District	\$100/day	10 days/month
Marin Municipal Water District	\$200/day	10 days/month
Metropolitan Water District of Southern California	No compensation ²	N/A
North Coast County Water District	\$100/day	10 days/month
Purissima Hills Water District	\$100/day	6 days/month
San Francisco Public Utilities Commission	\$100/month	N/A
Santa Clara Valley Water District	\$331.86/day	15 days/month
Westborough Water District	\$100/day	N/A

Extent of By-District Elections Among BAWSCA Member Agencies

In accordance with BAWSCA's enabling legislation, AB 2058 (Papan, 2002), BAWSCA Board members are appointed by the governing body of each BAWSCA member agency. Appointees are typically members of the member agency's governing body, though this is not a requirement. Most appointees must be residents of, and registered voters in, the member agency's service area. For BAWSCA's two private member agencies, the only requirement is that the Board members must be officers or employees of the agency.

¹ Peninsula Clean Energy and Silicon Valley Clean Energy do not provide compensation to Board members.

² At least some members receive a per diem and have a monthly meeting limitation from their home agency.

Consequently, questions from the BPC regarding the diversity of the BAWSCA Board of Directors are appropriately directed to the member agencies' governing bodies that appoint the Board members. Since member agencies generally appoint an elected official from their respective governing bodies, it is the member agencies and therefore the voters themselves who determine the composition of BAWSCA's Board. Table 2 below provides data regarding the extent of by-district elections among BAWSCA's member agencies to facilitate further discussion of this issue, if desired.

Table 2: By-District Elections Among BAWSCA Member Agencies

BAWSCA Member Agency	Is Governing Body Elected By-District?
Alameda County Water District	Yes
Brisbane/GVMID	No
Burlingame	Yes
Cal Water	Not Applicable
Coastside	Yes
Daly City	No
East Palo Alto	No
Estero	No
Hayward	No
Hillsborough	No
Menlo Park	Yes
Mid-Peninsula	Yes
Millbrae	Yes
Milpitas	No
Mountain View	No
North Coast	Yes
Palo Alto	No
Purissima Hills	No
Redwood City	Yes
San Bruno	Yes
San Jose	Yes
Santa Clara	No
Stanford	Not Applicable
Sunnyvale	Yes
Westborough	Yes

BAWSCA's Board Member Reimbursement Policy

The BPC discussed the general issue of barriers to involvement in BAWSCA as a member of the Board and the BPC, including potential financial barriers. Given this discussion, further discussion of BAWSCA's existing policy on reimbursement of expenses seems timely.

BAWSCA's enabling legislation provides that Board members may be reimbursed for "actual, necessary, and reasonable expenses incurred in the performance of duties performed at the request of the board". (Government Code Section 81339.) BAWSCA's "Policy on

Reimbursement of Expenses Incurred by Members of the Board of Directors” (Board resolution 2006-02, a copy of which is attached) specifies the types of activities that qualify, and do not qualify, for reimbursement.

While the reimbursement policy specifies multiple types of activities eligible for reimbursement, to date, reimbursed expenses have generally been related to direct travel by the Board Chair, or designee, to a specific meeting or conference as a representative of the agency. Per Government Code Section 53232.2, any change to the reimbursement policy must be adopted by the Board in a public meeting.

Background:

BAWSCA's enabling legislation, AB 2058 (2002, Papan), establishes the compensation amount for each day of service for its Board members. California Water Code Section 81339 allows BAWSCA to compensate Board members up to \$100 per day for each day's attendance at meetings of the Board, not to exceed four meetings in any calendar month. Both the compensation per day of service and number of compensable days of service per month may be increased by Ordinance pursuant to California Water Code section 20200 *et seq.* However, the statute limits the increase to (i) the compensation per day of service to no more than 5% for each year following the date of the last adjustment, and (ii) the days of service per month to no more than 10 days in a calendar month.³

BAWSCA adopted its Board member compensation ordinance on June 17, 2004, becoming effective on September 1, 2004. If BAWSCA determines to raise the director compensation amount by the maximum allowable simple percentage increase since Ordinance 2004-1 became effective, the director compensation can be set at a maximum amount of \$190.⁴

This discussion item is intended to facilitate a discussion on the appropriate Board member compensation amounts.

Attachments:

1. Ordinance No. 2004-01 Providing for Compensation of Members of the Board of Directors
2. Resolution 2006-02 Adopting Policy on Reimbursement of Directors' Expenses

³ The statute is not clear as to whether compounding is permitted. Some agencies permit compounding, while others only choose the more conservative simple adjustment approach. In the City Council context, the Attorney General has opined that compounding the calculations for salary and benefits increases must be clearly authorized by the Legislature. (THE HONORABLE JENNY OROPEZA, 89 Ops.Cal.Atty.Gen. 159 (2006) (observing that "the compounding of interest has never been looked upon with favor in this state."))

⁴ If BAWSCA increases its Board member compensation after September 1, 2023 using a simple adjustment, the maximum compensation amount can be set at \$195.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

ORDINANCE NO. 2004-01

**PROVIDING FOR COMPENSATION
OF MEMBERS OF THE BOARD OF DIRECTORS**

THIS ORDINANCE IS ADOPTED WITH REFERENCE TO THE FOLLOWING
FACTS AND CIRCUMSTANCES:

1. Members of the Board of Directors receive compensation in the amount of \$100 per day for attendance at meetings of the Board, pursuant to Water Code Section 81339.
2. Water Code Section 20201 authorizes compensation, not to exceed \$100 per day, for “services rendered as a member of the board at the request of the board.”
3. The Board of Directors, at the recommendation of the Start Up Advisory Committee, has determined that the Agency would be well served by establishing a standing committee to meet periodically to consider matters that staff proposes to present to the full Board of Directors, as well as any other matters which members of such committee deem important to implementation of the Agency’s purposes and goals.
4. The Board of Directors believes that members who serve on this committee, or other committees, of the Board or who perform specific services for the Agency in their capacity as members of the Board and at the request of the Board, should also receive compensation for such services.
5. The Board of Directors further believes that the total amount of compensation for all such services, including attendance at meetings of the Board and any committee of the Board, should not exceed \$400 per month, as provided by Water Code Section 81339. *[Or a lower limit.]*
6. The Board of Directors has called and held a public hearing on the question of providing compensation to directors for attendance at committee meetings and for other service rendered at the request of the Board. Notice of the hearing was published by the Acting Secretary of the Agency in a newspaper of general circulation in the Agency pursuant to Government Code Section 6066.

BE IT ORDAINED by the Board of Directors of the Bay Area Water Supply & Conservation Agency as follows:

Section 1. Each director shall receive compensation in the amount of One Hundred Dollars (\$100) per day for each day's attendance at meetings of the Board, for attendance at meetings of committees of the Board, and for each day's service otherwise rendered as a director by request of the Board, commencing on the first day of September, 2004. The Board may, by resolution, determine the types of activities that constitute service rendered "by request of the Board," for purposes of eligibility for compensation pursuant to this section.

Section 2. The number of days for which any director may be compensated shall not exceed four (4) *[or fewer]* days in any calendar month.

Section 3. This ordinance shall become effective sixty (60) days from the date of its adoption.

Section 4. A summary of this ordinance shall be published in a newspaper of general circulation within the Agency.

PASSED AND ADOPTED this 17th day of June, 2004,
by the following vote:

AYES: Beecham, Cooper, Craig, Hershman, Kasperzak, Livengood, Mickelsen,
O'Mahoney, Parle, Reed, Reynolds, Risch, Seidel, Vella, Weed

NOES: Fannon, Gage, Goff, O'Connell, Panza, Ruskin, Wykoff

ABSENT: Breault, Kinney, Nelson, Piccolotti, Tissier, Woods



President, Board of Directors

ATTEST:



Acting Secretary

RESOLUTION NO. 2006-02

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

ADOPTING POLICY ON REIMBURSEMENT OF DIRECTORS' EXPENSES

WHEREAS, Water Code Section 81339 provides that BAWSCA directors may be reimbursed for actual, necessary and reasonable expenses incurred in the performance of duties performed at the request of the board; and

WHEREAS, Government Code Section 53232.2 provides that, if a local agency reimburses members of its legislative body for actual and necessary expenses incurred in the performance of official duties, the agency's governing board shall adopt a written policy, in a public meeting, specifying the types of activities that qualify for reimbursement; and

WHEREAS, the board of directors recognizes that effective and efficient conduct of the Agency's business requires directors from time to time to incur expenses for travel, meals, lodging, tuition, and ancillary costs which should, in fairness, be reimbursed by the Agency; and

WHEREAS, the board of directors is also mindful of the need to conserve Agency resources and keep expenses within community standards for public officials.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bay Area Water Supply and Conservation Agency that

1. The "Policy on Reimbursement of Expenses Incurred by Members of Board of Directors" attached hereto is adopted.

**POLICY ON REIMBURSEMENT OF EXPENSES
INCURRED BY MEMBERS OF BOARD OF DIRECTORS**

1. Background

Water Code Section 81339 provides that directors may be reimbursed for actual, necessary and reasonable expenses incurred in the performance of duties performed at the request of the board.

Government Code Section 53232.2 provides that if a local agency reimburses members of its legislative body for actual and necessary expenses incurred in the performance of official duties, then the agency's governing board shall adopt a written policy, in a public meeting, specifying the types of activities that qualify for reimbursement of expenses such as those related to travel, meals, and lodging.

2. Authorized Activities

A. The following types of activities are deemed to be official duties performed at the request of the board of directors, and expenses necessarily and reasonably incurred in connection with them are eligible for reimbursement, provided that the other provisions of this policy are met:

- Attendance at a meeting of the BAWSCA board of directors;
- Attendance at a meeting of a committee of the BAWSCA board to which the director has been appointed;
- Attendance at a meeting of a multi-agency organization (such as the CSDA Local Government Risk Management Authority) to which the director has been appointed as BAWSCA's representative;
- Attendance by the Chair or Vice Chair at a meeting held or sponsored by the San Francisco Public Utilities Commission, the California Department of Water Resources, the California Seismic Safety Commission, the California Department of Health Services, the Santa

Clara Valley Water District, a committee of the State Legislature, an agency that is a member of BAWSCA, or with a consultant or consultants under contract to BAWSCA, that in the judgment of the Chair or Vice Chair requires representation by the leadership of the BAWSCA board of directors;

- Attendance at any of the meetings identified above by any director at the specific request of the Chair or Vice Chair;
- Attendance at or participation in an event providing training in ethics required by California law, including Government Code Section 53234 *et seq.*
- Attendance at or participation in an event that the Chair (or, in the absence or unavailability of the Chair, the Vice-Chair) determines should have a representative of the Agency board of directors in attendance;

B. All other expenditures require prior approval by the Agency's board of directors.

C. Examples of expenses which the Agency will not reimburse include:

- The personal portion of any trip;
- Family expenses, including those of partners, spouses or children when accompanying a director on Agency-related business;
- Entertainment expenses, including theatre, movies, sporting events;
- Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
- Purchase of alcoholic beverages.

3. **Cost Control Guidelines**

To conserve Agency resources and to keep expenses within community standards for public officials, reimbursement of expenses will be limited to amounts within the following guidelines:

A. Travel

- Airfare: Air travel should be by coach class via the most direct route.
- Automobile: Automobile mileage is reimbursed at the Internal Revenue Service rate contained in the most recent edition of IRS Publication 463. Tolls and parking are reimbursed at cost.
- Car Rental: Rental rates that are equal to or less than those available through the State of California Department of General Services website (www.catravelsmart.com) are considered reasonable for purposes of reimbursement.

B. Lodging

Lodging will be reimbursed when travel on Agency business reasonably requires an overnight stay.

- Conferences: If lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor if such rates are available at the time the reservation is made.
- Other: Directors must request government rates when available. A list of hotels offering government rates is available at www.catravelsmart.com. Rates equal to or less than government rates are considered reasonable for reimbursement. In the event that government rates are not available at a particular time or in the particular area, rates that do not exceed \$150 per night are considered reasonable. This amount will be annually adjusted to reflect changes in Consumer Price Index, All Urban Consumers, for the San Jose-San Francisco-Oakland Metropolitan Area published by the U.S. Department of Labor, Bureau of Labor Statistics.

C. Meals.

Meal expenses, including tips, will be reimbursed up to the following amounts:

Breakfast: \$12

Lunch:	\$18
Dinner	\$35

These amounts will also be adjusted annually by the CPI index identified above.

4. Expense Reimbursement Forms

All expense reimbursement requests must be submitted to the General Manager on an expense report form provided by the Agency. Receipts documenting each expense in excess of \$10 must accompany the report. Directors must submit their expense reports within 30 days after the expenses are incurred. All expenses are subject to verification.

5. Reports to Board of Directors

Each director requesting reimbursement of expenses shall, at the following BAWSCA board meeting, briefly report on meetings and other events attended at Agency expense. If more than one director attended a meeting or event, a joint report may be made.

6. Reporting of Expenses and Reimbursement

All Agency expenditures are public records subject to disclosure under the Public Records Act. In addition, the Agency is required to compile a quarterly report showing the amount of expenses reimbursed to each director during the preceding three months and make this report available during a public meeting.

2. The activities described in Section 2 of the attached Policy shall also constitute "services rendered as a member of the board at the request of the board" for purposes of Ordinance No. 2004-01, providing for compensation of members of the board of directors pursuant to Water Code Sections 81339 and 20201.

PASSED AND ADOPTED this 16 day of March, 2006 by the following vote:

AYES: Beecham, Claire; Fannon, Fergusson, Gage, Goff, Guzzetta
Hershman, Mickelsen, O'Connell, O'Mahony, Piccolotti, Reynolds,
NOES: Risch, Seidel, Vella, Weed, Wykoff
NONE

ABSENT: Breault, Bologoff, Cooper, Craig, Kolstad, Kasperzak, Livengood,
Reed, Tissier, Woods.



President, Board of Directors

ATTEST:



Secretary of the Board



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: June 9, 2023
SUBJECT: Chief Executive Officer/General Manager's Letter

State Water Resource Control Board Drought Regulations

Governor Newsom's March 24, 2023, Executive Order (N-5-23), which reduced emergency drought requirements, prompted many water agencies, including the SFPUC to take actions to rescind their water supply emergency declarations. However, the Governors actions did not immediately terminate current State Water Board (State Board) water conservation emergency regulations. One such regulation required each water agency to enter into their Stage 2 drought requirements. Those requirements included various bans on outdoor watering as well as voluntary water rationing by their customers. That regulation expires on June 10, 2023.

On March 31, 2023, the State Board readopted its ban on using drinking water for watering decorative grass (also referred to as non-functional turf) in commercial, industrial and institutional areas throughout the state. Per the State Board, this readoption should be viewed as a signal to all Californians to continue using water wisely, and that the State Board is aligned with Gov. Gavin Newsom's March 2023 executive order affirming that the multi-year drought continues to have significant, immediate impacts on communities with vulnerable water supplies across California. In its press release, the State Board noted that while water supply conditions have improved, drought still exists in parts of California, including those with groundwater basins that are depleted.

This remaining ban applies to areas like grass in front of or next to large commercial buildings, and some common areas managed by homeowners' associations. It does not apply to grass used for recreational or other community activities, nor does it affect or prohibit watering residential lawns or trees. In fact, the state encourages people to keep watering trees because of their many environmental benefits. The ban also does not prohibit using recycled water for irrigating non-functional turf.

BAWSCA Summer Intern:

On June 5, 2022, BAWSCA welcomed its newest intern, Alondra Zamora-Olivares. Ms. Zamora-Olivares will be working with BAWSCA through the summer in support of BAWSCA's water resources and conservation work plan efforts. A May 2021 graduate of East Side Preparatory School (East Side Prep) in East Palo Alto, she is now studying for her BS in Natural Resources at UC Berkeley. CEO Sandkulla looks forward to introducing Ms. Zamora-Olivares to the Board Policy Committee in June and the Board in July at their respective meetings.

BAWSCA's internship program began in 2022 and is implemented through its partnership agreement with East Side College Prep. Through this agreement, East Side Prep assists BAWSCA in identifying intern candidate from interested alumni who are currently working towards college degrees in the fields associated with the work that BAWSCA does.

C/CAG Awarded Grant

The San Mateo City/County Association of Governments (C/CAG) was notified on June 1, 2023 that it was successful with its recent grant application submitted to the State of California's Office of Planning and Research for \$649,648 in funds to support the development of the San Mateo County OneWatershed Climate Resilience Framework. BAWSCA is a co-applicant, as are the San Mateo County Flood and Seal Level Resiliency District, the San Mateo County Office of Sustainability, the City of San Bruno, and the City of South San Francisco. Other agencies and groups are partnering on the work, but not elevated to the level of co-applicant.

As detailed in the grant application, communities in San Mateo County face severe climate change impacts: prolonged drought, extreme heat, sea level rise, and increased frequency and intensity of large storms. These challenges have the greatest impact on vulnerable communities. To proactively build adaptive capacity in response to water infrastructure-related climate change hazards and to effectively and equitably address near-term and future climate change and water resilience needs, a project team of water/stormwater/sewer infrastructure agencies in the County, in partnership with the community based organization (CBO) Climate Resilient Communities, will develop a San Mateo County OneWatershed Climate Resilience Framework.

The work effort will focus on the development of a database and its implementation on one flood-prone watershed in the County. The database will document existing infrastructure (storm drains, water lines, etc.), climate hazards (flood, sea level rise, heat, and drought), and community vulnerability factors. The database will integrate and analyze risk-reduction options; then apply a decision tool to identify opportunity areas (e.g., ways to reduce risks such as flood damage). The framework and decision tool will be applied to the San Bruno Creek watershed. The work product will be a One-Watershed Climate Resilience Plan (Plan). The Plan will serve as a roadmap demonstrating how the approach taken could be applied to other area watersheds.

This is anticipated to be a multi-year effort undertaken by C/CAG. BAWSCA's role, and that of the other co-applicants, is to provide in-lieu staff support and guidance, in accordance with the recommendations from the 2015 Strategy. No separate BAWSCA funding is committed or necessary. Updates will be provided to the WMR and Board as the effort progresses.

Board Policy Committee

Policy Calendar Through April 2024

Meeting Date	Purpose	Issue or Topic
October 2023	D&A D&A R&D	Review and Consideration of BAWSCA's General Reserve Policy Consideration of Action Regarding Tier 2 Drought Allocation Plan Water Supply Update from Water Calendar Year 2022-23
December 2023	R&D R&D	Mid-Year 2023-24 Work Plan, Budget and General Reserve Review Review of BAWSCA's Personnel Handbook
February 2024	D&A R&D	Consideration of FY 2024-25 Bond Surcharges Discussion of Preliminary FY 2024-25 Work Plan and Budget
April 2024	R&A R&D	Consideration of Proposed FY 2024-25 Work Plan and Budget Review of Water Supply Forecast