

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**December 14, 2022 – 1:30 p.m.**

<b>MINUTES</b>
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1.

2. **Call to Order:** Committee Chair, Randy Breault, called the meeting to order at 1:32 pm. CEO/General Manager, Nicole Sandkulla called the roll. Seven (7) members were present. A list of Committee members who were present (7), absent (2), and other attendees is attached.

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

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

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

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

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

6. **Action Calendar:**

- A. **Mid-Year Work Plan, Budget, and General Reserve Review:** Ms. Sandkulla reported that a mid-year review of the work plan, budget, and general reserve proposes adjustments to three work plan items to ensure continued emphasis on a reliable supply of high-quality water at a fair price. Two of the three items include budget and funding changes that require board action. The current status of work plan efforts is summarized in a staff report included in the agenda packet.

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

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

- 1) **For Work Plan Item 2b “Scope update to BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy)”:** Change work plan item to read “**Initiate** scoping an update to Strategy to FY 2022-23”, secure outside consultant support to assist with the scoping in FY 2022-23, transfer \$30K from the General Reserve to fund the outside consultant support, and amend the FY 2022-23 Operating Budget by \$30K to reflect the associated increase;

- 2) For Work Plan Item 3f “Continue development of a leak repair and training certification program for implementation in FY 2023-24”: Change work plan item to read “Continue development of a leak repair and training certification program for implementation in **FY 2024-25**”; and,
- 3) For Work Plan Item 4d “Facilitate Negotiations of an updated Tier 2 Drought Allocation Plan”: Increase consultant contract budget with Woodard & Curran by an additional \$60K for a total contract amount of \$147K, funded by using the \$55K budgeted contingency and a \$5K reallocation within the current approved FY 2022-23 Operating Budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Director Hardy made a motion, seconded by Director Wood, that the Committee recommend Board approval of the following FY 2022-23 Work Plan, Operating Budget and funding changes:**

- 1. For Work Plan Item 2b "Scope update to BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy)": Change work plan item to read "Initiate scoping an update to Strategy to FY 2022-23", secure outside consultant support to assist with the scoping in FY 2022-23, transfer \$30K from the General Reserve to fund the outside consultant support, and amend the FY 2022-23 Operating Budget by \$30K to reflect the associated increase;**
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**The motion carried unanimously.**

**7. CEO Reports:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Respectfully submitted,



Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

# Bay Area Water Supply and Conservation Agency

## Board Policy Committee Meeting Attendance Roster

Agency	Director	Dec. 14, 2022	Oct. 12, 2022	Aug. 10, 2022	Jun. 8, 2022	Apr. 13, 2022	Feb. 9, 2022
GVMID	Breault, Randy	✓		Meeting Cancelled	✓	✓	✓
Santa Clara	Hardy, Karen	✓	✓		✓		✓
Westborough	Chambers, Tom	✓	✓		✓	✓	✓
Palo Alto	Cormack, Alison	✓	✓		✓	✓	✓
Purissima	Jordan, Steve	✓	☎		✓	✓	✓
Sunnyvale	Larsson, Gustav	✓	✓		✓	✓	✓
Redwood City	Pierce, Barbara		✓		✓	✓	✓
Brisbane	Wood, Sepi	✓	✓		✓	✓	✓
Stanford	Zigterman, Tom		✓		✓	✓	✓

✓: present

☎: Teleconference

### December 14, 2022 Meeting Attendance (*In-Person*)

#### BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
Kyle Ramey	Water Resources Specialist		
Christina Tang	Finance Manager		
Lourdes Enriquez	Assistant to the CEO/GM		
Deborah Grimes	Office Manager		

#### Public Attendees:

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