



BOARD OF DIRECTORS MEETING

Thursday, January 18, 2024

6:30pm

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

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Larsson)	
2. Special Order of Business – Election of Officers for Calendar Year 2024 <i>(Attachment)</i> <ul style="list-style-type: none">• Election of Chair• Election of Vice Chair <i>(The terms of the new Chair and Vice-Chair commence at the end of the meeting at which they are elected)</i>	(Larsson)	Pg 3
3. Break for the San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(Larsson)	
4. Reconvene following San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(Larsson)	
5. Comments by the Chair	(Larsson)	
6. Board Policy Committee Report <i>(Attachment)</i>	(Hardy)	Pg 5
7. SFPUC Report	(Ritchie)	
8. Public Comments <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Larson)	
9. Consent Calendar <i>(Attachments)</i>	(Larsson)	
A. Approve Minutes of the November 16, 2023 Meeting		Pg 23
B. Receive and File Budget Status Report – As of November 30, 2023		Pg 29
C. Receive and File Investment Report – as of December 31, 2023		Pg 31
D. Receive and File Directors' Reimbursement Report – As of December 31, 2023		Pg 33
E. Receive and File Employee Reimbursement Report – As of December 31, 2023		Pg 35
F. Approval of the Proposed FY 2024-25 Bond Surcharges		Pg 37
<i>The Board Policy Committee voted unanimously to recommend the proposed Board action for item 9F.</i>		

10. Action Calendar

- A. Mid-Year 2023-24 Work Plan, Budget, and General Reserve Review and Recommended Changes (*Attachment*) (Sandkulla) Pg 43
The Board Policy Committee voted unanimously to recommend the proposed Board action.

11. Special Reports

- A. BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (*Attachment*) (Sandkulla) Pg 61

12. CEO Reports

- (Sandkulla)
- A. Update on Negotiations of a new Tier 2 Plan (*Attachment*) Pg 65
B. Consultant Billing Rate Market Comparison for FY 2023-24 (*Attachment*) Pg 69
C. Bay Delta Plan/FERC Update
D. CEO Letter (*Attachment*) Pg 73
E. Board of Directors Policy Calendar (*Attachment*) Pg 77
F. Correspondence Packet ([Under Separate Cover](#))

13. 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).

14. Report from Closed Session

(Schutte)

15. Discussion Item

(Sandkulla)

- A. Fiscal Year 2024-25 Work Plan and Budget Planning Session (*Attachment*) Pg 79

16. Directors' Discussion: Comments, Questions and Agenda Requests

(Larsson)

17. Date, Time and Location of Future Meetings (See attached schedule of meetings)

(Larsson) Pg 83

18. Adjourn to next meeting scheduled for March 21, 2024 at 6:30pm

(Larsson)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Election of Officers for Calendar Year 2024**

Summary:

The State Water Code (Division 31, Section 81401) requires the Board to elect a chair and vice chair each year at the January meeting. The term of officers of the Board commences at the close of the meeting at which they are elected.

Discussion:

The suggested process for electing the chair is as follows:

1. Call for nominations for the position of chairperson.
2. Chair will close nominations once no further names are offered.
3. If there is only one nominee, call for the vote.
4. If there is more than one nominee, then proceeding alphabetically:
 - a. Ask each nominee to give a brief statement on his/her qualifications and interest in the position.
 - b. Ask if other directors would like to comment on behalf of the nominee.
 - c. Call for a vote of those in favor of each nominee, by a show of hands, or roll call vote if required due to teleconferencing.

Following the election of the chair, proceed to the election of vice chair using the same process.

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MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: January 18, 2024

SUBJECT: Summary of Board Policy Committee meeting held December 13, 2023

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:32pm. CEO/General Manager, Nicole Sandkulla called the roll. All members (9) of the Committee were present with one member participating via teleconference in accordance with the traditional Brown Act rules. A list of Committee members who were present (9) and other attendees is attached.

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

2. **Comments by Committee Chair:** Committee Chair Hardy welcomed members of the Committee. She expressed her appreciation for everyone's patience as new technology for livestreaming is tested.

3. **Consent Calendar:**

Director Doerr made a motion, seconded by Director Schneider, that the Committee approve the Minutes of the October 11, 2023 Board Policy Committee meeting.

The motion passed unanimously by roll call vote.

There were no comments from members of the public on the consent calendar.

4. **Public Comments:** There were no comments from members of the public on items not included on the agenda.
5. **Closed Session:** There were no comments from members of the public prior to adjourning to Closed Session. The Committee adjourned to Closed Session at 1:40 pm.
6. **Report from Closed Session:** The Committee reconvened to Open Session. Ms. Schutte reported that Closed Session concluded at 1:55 pm and no reportable action was taken.

Chair Hardy clarified that Director Pierce is participating in the meeting by teleconference under the traditional Brown Act rules, in which her location is noted on the agenda to allow any members of the public wishing to participate in the meeting to do so at, and make public comments from, her location.

Legal Counsel Allison Schutte added that while the meeting is being livestreamed, it is not a hybrid meeting. The meeting is being conducted under the traditional Brown Act rules, in which Committee Members, staff, and members of the public can only participate from the two locations noted on the agenda: Burlingame Community Center and 6311 N. Marina Pacifica, Long Beach.

7. Action Calendar:

- A. Proposed Fiscal Year 2024-25 Bond Surcharges: Ms. Tang reported that the bond surcharge setting is an annual process with the Board to meet the financial obligations associated with the revenue bonds issued by BAWSCA to prepay capital debt that the BAWSCA agencies owed the SFPUC under the Water Supply Agreement (WSA). The original bonds were issued in 2013 to prepay the debt balance as of June 30, 2013. A refunding of bond series 2013A was completed in January 2023 based on a tax-exempt forward delivery with an all-in true interest rate of 2.06%.

The surcharges are used to make debt service payments, reimburse bond administration expenses, and replenish the Stabilization Fund as necessary. Based on the current review, no replenishment of the Stabilization Fund is necessary at this time.

The proposed FY 2024-25 surcharges reflect savings from the prepayment program in 2013 and the refunding completed in 2023. The combined average net present value savings are approximately \$6 million per year from 2023 to 2034 when the bonds will be paid off.

The surcharges are calculated based on the Bond Indenture, and the methodology used for FY 2024-25 is the same as last year's. Ms. Tang presented Table 1 of the staff report. The total surcharges are \$21,931,224, which is equivalent to \$0.36/Ccf or \$156/acre-foot based on the latest SFPUC preliminary wholesale water consumption for FY 2024-25.

Director Smegal asked a clarifying question about what the actual charge is to the entity and whether it is shown as a monthly fee or on a per acre feet basis. Ms. Tang explained that the bond surcharge setting for FY 2024-25 includes a "true up" adjustment in the calculation. The "true-up" adjustment is used to reflect each agency's actual percentage of water purchases in FY 2022-23. Agencies are charged a fixed amount on a monthly basis by San Francisco.

In response to Director Doerr's inquiry about the "true up" amounts in the 6-digits, Ms. Sandkulla explained that those agencies, particularly ACWD, purchased significantly different amounts of water from SFPUC than normal to supplement its regular supply source during the recent drought period in FY 2022-23. Bond surcharges are calculated based on purchase projections, and any significant changes that occur with agencies' actual purchases will be reflected in the "true up" adjustments. Ms. Sandkulla noted that ACWD typically purchases 20%-22% of its water supply from San Francisco, but increased its purchase to over 50% of its water supply in FY 2022-23 due to reliability issues with its other supplies. The "true up" adjustments are strictly based on actual purchases.

With no further questions or comments from members of the Committee, Chair Hardy asked for a motion.

Director Chambers made a motion, seconded by Director Schneider, that the Committee recommend Board approval of the proposed FY 2024-25 bond surcharges.

There were no comments from members of the public.

The motion passed unanimously by roll call vote.

- B. Mid-Year 2023-24 Work Plan, Budget, and General Reserve Review and Recommended Changes: Ms. Sandkulla noted that the mid-year budget and workplan review is a critical process for the agency. When the Board adopts its Annual Budget, it includes a Work Plan that is very specific with the Board's expectations of what the agency will achieve and deliver in that fiscal year. At its meeting in May, the Board adopts a workplan with specific results, and an operating budget that is built around achieving those results. The mid-year review looks at the expenditures, the progress made to date, and evaluates any changes necessary.

Ms. Sandkulla presented her findings from the FY 2023-24 mid-year review, the recommended changes, and a status report of the work plan items.

There are six recommended changes to the adopted work plan and operating budget to ensure continued access to a reliable supply of high-quality water at a fair price. The changes include reducing the scope of three work plan items, increasing the technical and legal resources to support the Tier 2 Plan negotiations, and increasing legal resources related to some extraordinary Board and Agency administrative items.

Ms. Sandkulla noted that work plan items are set up in categories based on BAWSCA's goal of ensuring a reliable water supply, high-quality water, and fair price. Table 1 of the staff report lists the workplan items under each category, and are marked accordingly to identify the status:

- ! Needs Attention
- Experiencing Delay
- ✓ Complete/On Track
- ★ Extraordinary Result

Under the first category of Reliable Water Supply there are five areas of focus.

The first area is facility reliability which entails BAWSCA's work in monitoring SFPUC's WSIP, 10-year CIP and asset management program. Ms. Sandkulla was pleased to report that efforts are on track and are progressing as expected.

The second area is long-term supply solutions which entails BAWSCA's implementation of the current water supply strategy (2015 Strategy). This area includes, among others, work such as BAWSCA's efforts on the San Francisco Peninsula Regional Pure Water (SFPRP) Project, as well as scoping the activities for developing Strategy 2045. Progress is moving forward as anticipated for all items except for work on the Regional Water Supply Reliability Roundtable (Roundtable), item #2g. The Roundtable effort was originally anticipated to host quarterly meetings with BAWSCA member agencies and a broad network of water-impacted entities such as San Mateo County City/County Association of Governments (C/CAG) and the wastewater, stormwater and non-government organizations that are interested in discussing

the connection of water in the three counties - Alameda, San Mateo, and Santa Clara. BAWSCA's work plan included a plan to host quarterly roundtable meetings in FY 2023-24. Given the increased activities on Tier 2 Negotiations and Strategy 2045, holding quarterly meetings has proved to be overly ambitious. A Roundtable meeting, however, will be hosted in the Spring 2024 as an additional resource mechanism for scoping Strategy 2045, where feedback and input can be gathered from the regional entities.

The first recommended change to the Work Plan is changing the scope for work plan item #2g to clearly state what can and will be delivered.

Original scope:

"Host quarterly meetings of BAWSCA Regional Water Supply Reliability Roundtable to identify possible water supply options for consideration by BAWSCA and its members as well as potential local partnership opportunities".

Recommended Scope Change:

"Host a BAWSCA Regional Water Supply Reliability Roundtable meeting to discuss Strategy 2045 proposed scope and receive feedback."

The third area of focus is the Near-Term Supply Solutions which entails BAWSCA's water conservation and drought response efforts.

Ms. Sandkulla was pleased to report that interviews with prospective consultants for developing the 2020 through 2023 Drought Report just concluded and a recommendation for a selected consultant will be brought to the Committee in February, and to the Board for consideration at its meeting in March.

The report will document the drought of 2020 through 2023, and will include a new analysis on what worked and what did not work from the drought response actions taken by the agencies and their customers as part of the lessons learned from previous drought experiences. The work is behind schedule, but steady progress is being achieved at this time.

The second recommended change to the Work Plan is changing the scope for work plan item #3b.

The Board has been presented with reports and discussions on BAWSCA's work to represent the agencies on statewide discussions with the Governor's "Making Water Conservation a California Way of Life" requirements. The State's progress with developing regulations in response to the Governor's call for water conservation was significantly delayed. While draft regulations have now been released, substantial responses were received during the public comment period which indicates a potential for significant changes.

BAWSCA is recommending to change the workplan scope for work plan item 3b as follows:

Original scope:

“Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for members to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance”.

Recommended Scope Change:

“Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for meeting the new requirements as appropriate”.

The scope change scales back the efforts until more information is known. BAWSCA will continue its collaboration with Valley Water, and anticipates the effort to roll into subsequent years as agencies continue to look to BAWSCA to develop an approach on how they can best meet the new regulations.

Director Schneider asked if the State regulations and/or BAWSCA’s work plan include a list of recommended plants that are best suited for agencies that have wildland urban interface (WUI) lands.

Ms. Sandkulla stated that the draft regulations do not address plant recommendations, and that BAWSCA’s Landscape Education Program is geared to residential customers. She suggests connecting Millbrae staff with BAWSCA’s water resources team to look into resources at the state level that are geared to government entities.

Director Doerr asked about the proposed language being; “...the new requirements as appropriate”, instead of; “...the new requirements, when adopted by the State Board, mostly likely in Summer 2024”?

Ms. Sandkulla explained that the use of “...as appropriate”, in the proposed language for the scope change reflects the intention to only engage in efforts that will be valuable to the dollars and time spent. BAWSCA is having internal discussions and continuing its partnership with Valley Water on this effort to identify what efforts are worth making and what financial resources are worth investing in this fiscal year that will remain valuable despite a change the State may decide to make on the draft regulation.

She added that the effort was designed to help agencies develop a process to classify and identify their Commercial, Industrial, Institutional (CII) accounts, and track them along with the requirements set forth by the State. The work involves knowing the CII classification categories and with that information, developing a process that enables agencies to adjust their internal methods of CII classifications to align with the State. Once that step is completed, the BAWSCA team would assist member agencies in meeting other requirements of the new regulations. There remains uncertainty at the State level as to what those new CII categories will be, and moreover what additional regulatory requirements associated with CII customers will be required. It is anticipated that the State will not finalize its requirements this fiscal year.

The third recommended change to the Work Plan is changing the scope for work plan item #3f.

BAWSCA's Leak Detection and Repair Certification Training program is in partnership with Valley Water to develop a training curriculum for professionals who can be certified and put on a list that could then be provided to homeowners who ask for help with resolving property leaks that are outside the scope of a plumber. The result achieved to date is the development of a program "framework" by California Water Efficiency Partnership (CalWEP) under a Memorandum of Agreement. A detailed report was provided in the CEO letter regarding the current state of the effort.

In summary, BAWSCA and Valley Water have paused further development of the program this fiscal year to focus on seeking an organization that can fulfill the role of developing the curriculum as well as being the lead agency in conducting the training and certification of the trainees.

BAWSCA is recommending to change the workplan scope for work plan item 3f as follows:

<u><i>Original scope:</i></u> <i>"Continue development of a leak repair and training certification program for implementation in FY 2024-25".</i>	<u><i>Recommended Scope Change:</i></u> <i>"Continue development of a leak repair and training certification program for future implementation by an outside entity".</i>
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Ms. Sandkulla reported that member agencies continue to have interest in developing the program and expressed their willingness to reach out to CalWEP to support its continued engagement. The effort remains on a positive track, and the change in the scope is to reflect what is expected to get done in FY 2023-24.

The fourth area of focus is protecting the water customers interests in the administration of the WSA, which includes work that is delegated to BAWSCA in its engagement with the member agencies and their connection to the San Francisco and the Regional Water System (RWS).

This is where BAWSCA represents the member agencies' water supply and financial interests and includes efforts such as engaging with SFPUC on its development of its Alternative Water Supply (AWS) Plan, ensuring SFPUC meets its legal and contractual obligations to the wholesale customers, and facilitating negotiations of an updated Tier 2 Drought Plan.

The negotiation of an updated Tier 2 Drought Plan is a significant work item and while progress is being made, additional technical and legal resources are needed.

The fourth recommended change to the Work Plan is a budget adjustment for work plan item #4e.

- 1. Increase consultant contract with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded by reallocation of available funds within the current approved FY 2023-24 Operating Budget; and**

2. Increase consultant contract with Hanson Bridgett by an additional \$82K, funded by a transfer from the General Reserve.

The budget adjustments are to maintain the momentum of progress being made by continuing to hold half-day in-person meetings with the member agencies once a month, pre-meetings to go over technical information that support the negotiations, one-on-one meetings with agencies that are held either in person or remote, group meetings, and sub-group meetings in which technical and legal consultants are needed to be in attendance.

The fifth recommended change to the Work Plan is deleting work plan item #6c.

The adopted work plan included the development and implementation of a new core and subscription BAWSCA Grant Support Program for the member agencies. Ms. Sandkulla reported that as work on the scoping of Strategy 2045 progressed, this item became a very important issue for the member agencies, and it proved to be more appropriate to be rolled into Strategy 2045.

The recommended change is to delete it as work plan item #6c, and move it to be addressed in the development of Strategy 2045.

The sixth recommended change to the Work Plan is increasing the consultant contract budget with Hanson Bridgett by an additional \$30K funded by a transfer from the General Reserve.

Ms. Sandkulla noted that the budget for legal counsel is set very closely to what each item in the work plan needs to achieve, with a total not to exceed for the fiscal year.

The need to increase legal counsel's contract agreement by \$30K comes from unanticipated administrative issues such as the board's desire to consider meeting format changes, analysis related to a new board member appointment, and a CalPERS class action suit unrelated to BAWSCA but nevertheless, required legal support to respond.

Unplanned issues that arise and require legal support can sometimes be accommodated within the budget if the rest of the budget for legal counsel is lighter than planned. But that has not been the case this fiscal year.

In Summary, the Mid-Year Budget and Work Plan review recommends the following six (6) changes:

1. Work Plan Item 2g will change to read "Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to discuss Strategy 2045 proposed scope and receive feedback."
2. Work Plan Item 3b will change to read "Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a California Way of Life" requirements, including developing an approach for meeting the new requirements as appropriate."
3. Work Plan Item 3f will change to read "Continue development of a leak repair and training certification program for future implementation by an outside entity."

4. Work Plan Item 4e will increase consultant contract budget with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded using reallocation within the current approved FY 2023-24 Operating Budget;
5. Work Plan Item 6c, will be included in Strategy 2045; and
6. Consultant contract budget for Hanson Bridgett will increase by an additional:
 - \$82K for Work Plan Item 3e “Facilitate negotiations of an updated Tier 2 Plan” and,
 - \$30K for work plan item 11 “Manage the activities of the Agency professionally and efficiently”

for a total contract increase of \$112K and a total new contract amount of \$891,000, to be funded through a transfer from the General Reserve.

In response to Director Smegal, Ms. Sandkulla stated that Table 2 of the staff report provides the historical annual assessments and Year-End Reserves. The number for FY 2023-24 is an estimate, and will change based on Board actions in January, and transfers at year end.

Director Schnieder asked about the timeline for finding an entity for item #3F, Leak Detection Training and Certification Program, and for rolling out the program.

She suggested considering the University of California Environmental Studies as a potential partner.

Additionally, she noted that item 6C, development and implementation of a core and subscription Grant Support Program was important for Millbrae as it can provide Millbrae the leverage against larger cities and entities applying for grant funding. She asked how far this program would be pushed back as part of Strategy 2045 efforts.

Ms. Sandkulla stated that for item 3F, she estimates a minimum of 2 years and possibly a maximum of 4-5 years. BAWSCA is looking for qualified entities that can lead the effort, as well as partners that can help develop a robust curriculum and implement it.

For item 6c, she estimates needing at least 2 years, because developing and implementing a program within a year may not be feasible. She recognizes the need and is striving to fill the need without losing focus on the agencies’ primary mission of ensuring water reliability, high quality and fair price. BAWSCA will continue to provide support letters to agencies as requested in support of individual grant applications. Originally, the scope of the grant program was to have consultant support that assists agencies in identifying grant opportunities and in writing grant proposals on a subscription basis.

Director Doerr asked what changed in the work plan that caused consideration of item 6c to be moved under Strategy 2045? Given the inflation reduction act funds and with the bi-partisan infrastructure law funds that are coming down to the State, it seems like a missed opportunity if BAWSCA does not assist member agencies in accessing grant opportunities. Director Doerr expressed her interest to see this effort continued. Since this effort was just added to the work plan in May, there are months left before the year is out and she would like to see the BAWSCA staff do research, meet with potential contractors, and set up a structure for agencies to have access to consultants that can provide support for grant writing.

Second, Director Doerr shares Director Schnieder's concern with Item 3f and the 4-5 years of estimated timeline for the program to roll out. She was curious what more can BAWSCA do as it is elemental to the work of BAWSCA.

Third, she commented that for Item 2g, she was interested this year's meeting of BAWSCA's Roundtable covering additional topics beyond just Strategy 2045, which she sees as a long-term planning effort. Specifically, she is interested in this year's Roundtable covering not only long term water supply options, but also include discussions to explore potential water supply partnership opportunities, particularly if in the short term there are certain opportunities available.

In response, Ms. Sandkulla discussed that as this fiscal year has unfolded, BAWSCA staff have been committed to high priority work efforts. The ability to work on the development of a grant support program was hampered by those other commitments. Specifically, she noted that the negotiation of a new Tier 2 Plan has required more resources from both staff and consultants than anticipated, and the Board has expressed its significant interest in moving the Tier 2 efforts forward to resolution. Similarly, BAWSCA staff must focus on the Strategy 2045 work effort, which is also of great interest to the BAWSCA Board.

Additionally, Ms. Sandkulla explained that developing a program for successful implementation is not a simple or short assignment. It requires time to write and release the necessary request for proposals, consider qualified proposals, interview consultants, and methodically set up the program for the member agencies' success. Part of managing the pieces of the work plan is finding where in the work plan can items be shifted and still deliver the critical results the agency needs to achieve. If it is the Committee's interest to keep Item 6c in the work plan as it is, another way to reshuffle the work plan efforts will need to be considered.

For work plan item 3f, Ms. Sandkulla explained that Valley Water's continued interest in a partnership for the Leak Detection and Repair program is very positive, but as noted in the CEO letter, the reports released on the "framework" for how the program should be approached indicates that the development of the program is a much bigger effort than anticipated, even in partnership with Valley Water. The next step is for BAWSCA and Valley Water to find a partner that will develop a curriculum and that will implement the training and certification process. Just who that entity will be must be determined, and following that determination, BAWSCA and Valley Water will need to consider how that work will fit within the programs and projects proposed for the years ahead.

For work plan item 2g, Ms. Sandkulla and Water Resources Manager, Tom Francis, stated that the language can be modified to include broader topics that are relevant to the effort.

Director Schneider noted San Mateo County's slush fund, called Measure K, has an extra \$40M. She was curious whether BAWSCA can accept some funding from Measure K to help with developing the grant structure process of item 6c, understanding that BAWSCA staff would have program management and contract management time commitments beyond those costs.

Ms. Sandkulla stated that BAWSCA already engages with other entities to receive funding for programs, and therefore presumably can accept funding from Measure K. However, a

consideration is that BAWSCA is a three-county agency that would have to parse the funding out 3-ways. This is why rolling efforts into Strategy 2045, one large strategic plan, is helpful in determining where the Board would want to allocate the agency's resources, in both staff and funds, and among all the options presented. This also provides a better sense of what efforts are going to cost, what resources are necessary, as well as the timeline, so the Board can make informed decisions.

While BAWSCA can strive to do what the Board wants to accomplish, the agency must be aware of workload limitations. The Board will need to make tough choices, and the Strategy is going to help the Board make those decisions, thoroughly, from the recommendations that the Strategy will provide.

There are going to be efforts the Board will not want to invest in, but the Board should want to know the costs, benefits, and priorities of the region to establish a list of what it should do for the service area. This planning exercise is necessary, given the breadth of work that has to get done and to look at the longer-term issues as part of Strategy 2045. Ms. Sandkulla will need to further review the workplan to evaluate how to reshuffle the items so that item 6c (Grant Support Program) can remain as it is or perhaps be adjusted to meet a portion of what was originally envisioned when the budget and workplan was proposed.

Director Vella commented that developing a work plan is a question of prioritization. There are going to be items that will need to be on the top of the list that will push other items to the bottom. The scope of the work plan will continue to grow, and it will need resources to support it in terms of staff time and skills, funding, and consultant support.

Ms. Sandkulla referenced the results the agency has achieved in the past 20 years, which was highlighted at the 20th Anniversary acknowledgement in November. One of the critical reasons BAWSCA is able to achieve the results it has over the years is the work plan process, and the fact that the Board focuses on the results the agency needs to achieve. The Board is diligent in recognizing the critical results necessary to be achieved, and the efforts that are not within the agency's scope. The Board prioritizes the efforts wisely and does not fool itself in believing that the agency can do everything only to set the agency up for failure. A focus on implementing the work plan is an important task for the Board to continue achieving the results it sets out to achieve on behalf of the member agencies and the water customers.

Director Doerr suggested looking into other ways of supporting member agencies with how they can pursue grants and support for grant writing. Perhaps creating an organized list of potential grant funds agencies can look into as well as potential consultant grant writers agencies can reach out to for support.

Director Schneider expressed her support for the suggestion and found it a good compromise.

Ms. Sandkulla took the suggestion as the Committee's direction to look into what it will take to produce the document and report on that further.

Director Pierce appreciates the committee members' interests in maintaining additional programs in the work plan as they are important, and points to the value that BAWSCA provides its member agencies. She is pleased to see Tier 2 moving forward given the

comments received from Board members about having to extend the old formula. The effort is coming so close to a resolution and the Board needs to put focus on resources needed to resolve Tier 2. She is glad to see a compromise on a less time-intensive way to assist some of the member agencies with their search for grant opportunities and grant writing.

As a long-time Board member, she noted that it is not easy when Board members have to decide not to do something that will be a real benefit to their agency. But BAWSCA is staffed by 9 people working diligently to serve 26 member agencies. She appreciates the committee's interests in moving things forward and maintaining the work plan within budget.

There were no further comments from members of the Committee or members of the public.

Director Smegal made a motion, seconded by Director Larsson, to recommend Board approval of the recommendation, with modifications to the proposed scope change for Item 2g so that the recommendation reads as follows;

That the Committee recommend Board approval of the following FY 2023-24 Work Plan, Operating Budget and funding changes:

- 1) For Work Plan Item 2g, change description to read "Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to discuss possible near-term water supply options, demand management, and local partnership opportunities as well as to receive feedback on the Strategy 2050 proposed scope."
- 2) For Work Plan Item 3b, change description to read "Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a California Way of Life" requirements, including developing an approach for meeting the new requirements as appropriate";
- 3) For Work Plan Item 3f, change description to read "Continue development of a leak repair and training certification program for future implementation by an outside entity";
- 4) For Work Plan Item 4e, increase consultant contract budget with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded using reallocation within the current approved FY 2023-24 Operating Budget;
- 5) Work Plan Item 6c, delete work plan completely; and
- 6) For Hanson Bridgett, increase consultant contract budget by an additional \$82K for Work Plan Item 4e "Facilitate negotiations of an updated Tier 2 Plan" and by \$30K for work plan item 11 "Manage the activities of the Agency professionally and efficiently", for a total contract increase of \$112K and a total new contract amount of \$891,000, to be funded through a transfer from the General Reserve.

The motion passed unanimously by roll call vote.

6. Reports and Discussions:

- A. Update on Negotiations of a New Tier 2 Drought Allocation Plan: Ms. Sandkulla reported that the negotiations for a new Tier 2 plan continue to progress. The strawperson concept, previously discussed with the Board, has several steps with the first one being public health and safety. The last step is now the focus of discussion to decide whether the allocation should be towards base period purchases [needs] vs. Interim Supply Guarantee (ISG) [contract].

The agencies are equally on either side of the spectrum and hold strong positions on what is appropriate. BAWSCA staff has clearly indicated that there is a lot of room for compromise at the December negotiations meeting with the agencies, and they recognize that. There were good discussions on how to narrow the range of what will be acceptable. January's negotiation meetings will continue those discussions, including determining what is the minimum and maximum cutbacks.

Ms. Sandkulla added that the negotiations are at a point in which anonymity among the agencies regarding their positions no longer exists because transparency is now critical for the success of the negotiations. Polls that will be done moving forward will identify responders so that agencies can communicate and understand each other's positions and why. Negotiations will not get less complex, but Ms. Sandkulla is pleased with the developments and looks forward to reporting continued progress to the Board.

There were no comments or questions from members of the committee or members of the public.

- B. BAWSCA's Long Term Reliable Water Supply Strategy 2045: Senior Water Resources Engineer, Negin Ashoori, reported that input received in November from the Committee, the full Board, and Water Management Representatives informed the update to the proposed purpose and objective for Strategy 2045. Based on that update, preliminary key tasks were developed. The Committee is being presented with the updated proposed purpose and objectives for Strategy 2045 and the preliminary key tasks to obtain the Committee's input so that staff can be prepared to give a well-structured presentation to the Board in January.

The key change to the updated proposed purpose and objectives for Strategy 2045 is the specific reference to demand management in the language of the purpose and objectives for Strategy 2045 as opposed to it being under the umbrella of water reliability in the previous language.

The updated purpose now reads:

"To identify the water supply and demand management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience."

Ms. Ashoori went through the six objectives and highlighted the changes that specifically refer to conservation and demand management.

The updated objectives now reads:

1. *Provide a comprehensive picture of the region's supply and demand management needs and options.*
2. *Establish a framework for collectively maintaining and improving regional water supply reliability and resilience.*
3. *Elevate awareness of and support the region's interest in new and emerging regulations that impact water supply and demand management.*
4. *Expand regional dialogue and collaboration to collectively address common needs.*
5. *Close the gap on funding needed for water supply resilience and reliability.*

6. *Support availability of affordable water supplies and demand management strategies to all customers*

The updated proposed purpose and objectives for Strategy 2045 support the identification of seven tasks for the scope of work:

1. Evaluate Water Supply Reliability

An example of this is to conduct scenario planning to assess water supply during identified uncertainties, such as climate change, evolving regulations, and other uncertainties at both the local level and regional level. This would utilize BAWSCA's regional modeling tool and demand study projections to quantify the effects of these stressors on water supply to inform decision making and adaptive management in response to such stressors.

2. Assess Regulatory Setting and Collaboration Opportunities

This is to understand what the current as well as what the anticipated near and long term regulations are and how it impacts water management and project implementation. Some of the factors may include water use efficiency requirements, water quality, and potable reuse regulations. The potential risks as well as opportunities from these regulations will be assessed to identify the impacts they can have on the BAWSCA region. Impacts can include water supply availability, costs, staffing, and project implementation.

3. Evaluate Existing Project Concepts/Identify New Regional Project Opportunities

This is to establish a refined project inventory where projects identified by the member agencies through the One Water Roundtable series and other regional planning efforts can be compiled in a single and shareable database. The database can then be refined to include yield, potential benefits, capital costs, as well as Operations and Management (O&M).

4. Provide Funding Support

Ms. Ashoori discussed this task after tasks 5,6, and 7 to present the details more thoroughly. The task would include determining the level of funding support desired by the agencies. It would also clarify the proper role that BAWSCA should have given the agency's goal and purpose. Additional discussion is provided below.

5. Document Water Affordability Challenges and Opportunities

This is looking at and understanding other regional efforts and findings related to affordability that exists outside the BAWSCA service area to assess affordability programs and develop recommendations on potential programs and models that can be considered on either a local or regional scale. For example, researching rate assistance programs that other agencies have implemented.

6. Develop Method to Track and Report on Status of Strategy 2045 Implementation

This is to prepare a way to collaborate and track progress on the Strategy 2045 development and ultimately the progress toward meeting the objectives from Strategy 2045. A system of measurement for tracking the progress of projects will be formulated. The system of measurement could include level of service goals or metrics for regulatory compliance. Sub tasks could include understanding what those metrics are and creating an evaluation criteria for determining what the water supply portfolio looks like with respect to costs and what the dry-year reliability benefits are from projects.

7. Report Preparation – Including Findings, Near and Long-Term Recommendations

This would be a document presenting the task results including a path forward to achieving the purpose and objectives for Strategy 2045, both short term and long term.

Ms. Ashoori noted that the task list is preliminary and will be updated based on feedback received from the Water Management Representatives at its meeting on January 4th. It is being presented to the Committee for its input before the January 18th Board meeting.

Ms. Ashoori referred back to Task #4 - Funding Support to present, in further detail, the sub-tasks that fall under it and the anticipated outcomes and deliverables from it. She noted that each of the sub-tasks support the main objectives for Strategy 2045.

Subtask 4A is developing a Grants Tracking tool to identify existing and upcoming funding opportunities and provide ongoing updates to incorporate new ones. This aligns with the development of a project inventory (Tasks #3) to identify projects that are both eligible and competitive for funding, with an anticipated outcome of having a grant tracking tool in which agencies can access information that explains what grants exist, how to pursue them, and what support is available. This sub-task supports objectives 1,2,4, and 5 for Strategy 2045.

Subtask 4B is to establish a comprehensive regional funding strategy and advocacy approach to maximize funding in the BAWSCA region. This assesses what the funding needs are and considers the project inventory from Task #3, as well as other data collected from BAWSCA agencies, to establish a comprehensive regional funding strategy and advocacy approach to maximize funding in the BAWSCA region. The funding strategy will outline potential opportunities, coordinate messaging, and recommend next steps. The anticipated potential outcome from this subtask is a technical memo on a regional funding strategy for the BAWSCA region. This subtask supports objectives 2, 4, 5 and 6.

Subtask #4C is a development of a subscription program that provides funding application support to member agencies in pursuing funding for individual and regional projects at its various stages, including 1) project development to increase funding readiness and fundability, 2) preparation of grant applications and associated materials, and 3) grant administration services. The anticipated outcome from this subtask is the ability to track and make recommendations on potential funding opportunities and grouping, as well as funding assistance on a subscription basis.

Ms. Ashoori noted that the subtasks 4A and 4C encompass what was in the FY 2023-24 work plan as Item #6c, which is now being integrated in the scope of work for Strategy 2045. BAWSCA hopes to complete these subtasks at the beginning of FY 2024-25 because of its importance.

Progress in completing the scope of work for Strategy 2045 is on track for FY 2023-24. The next steps towards preparing a draft Scope of Work is to propose the tasks and desired outcomes to the WMR and the full Board at its respective meetings in January. Inputs and comments received will be considered prior to finalizing the draft Scope of Work, which will then be presented for discussion with the Board in early 2024. The current schedule anticipates a Board action to authorize a recommended consultant contract and associated scope of work in Spring 2024.

Director Hardy thanked Ms. Ashoori for her presentation and for the details it provided about item 6c of the work plan as part of Strategy 2045. They clearly address the concerns expressed during the prior discussions.

There were no comments and questions from members of the Committee or members of the public.

7. CEO Reports:

- A. Bay-Delta Plan and FERC Update: Ms. Sandkulla reminded the Committee that the oral arguments in the State Water Board Cases that started the week of August 28th concluded on October 24th. On October 25th, the Judge issued an Order separating the case into two phases: the “Merits” Phase, and the “Potential Remedies” Phase. The Judge indicated that he would make a ruling on the “Merits” Phase by January 22, 2024. Based upon that ruling, the Judge will move forward as appropriate with the “Potential Remedies” Phase. This development extends the timeline for the Judge’s final decision to potentially early summer.

The Bay Delta Phase 1 and Phase 2 Plan Amendments and Voluntary Agreements are moving forward on multiple fronts. Ms. Sandkulla reminded the Committee that the Tuolumne River is included in the Phase 1 Plan, and the Phase 1 Voluntary Agreement as an amendment to the adopted Bay Delta Plan is now undergoing a CEQA review by the State Board.

She noted that the Tuolumne River Scientific Basis Report Supplement for Phase 1 VA, which is the newly added scientific information to supplement the adopted Bay Delta Plan in support of the Voluntary Agreement, was anticipated in the Fall of 2023, but is now delayed and no new date for its release is known.

The staff report for evaluation of Phase 1 VA and the State Board workshop and consideration of Phase 1 VA are both expected in the Winter/Spring of 2024.

For the Phase 2 Plan, the State Board issued a draft staff report (6000 pages) for review and comment on September 28th with a deadline for written comments extended from December 15th to January 19, 2024. Stakeholders across the board feel that the document is significantly large, complex and too important to review within the given timeframe and have expressed interest for more time, but the State has indicated no further extension will be made.

BAWSCA is actively engaging with its member agencies, the SFPUC and Valley Water as part of its review of the document and will submit comments as appropriate.

The State Board has held a series of hearings, spread out within a 2 month period. The most recent was held on December 11th where Secretary Crowfoot spoke on behalf of the Natural Resources Committee that he heads. In his statement, he indicated his support of the Voluntary Agreement and provided helpful background information to the State Board members, including how the Voluntary Agreement came about, clarifying that the State Board, if it adopts the VA, have the ability to implement and control the steps in the process. As BAWSCA continues to support the VA as a resolution to the issues of the Bay Delta Plan, Ms. Sandkulla was pleased with the statement Mr. Crowfoot delivered.

Director Larsson referenced a statement that Ms. Sandkulla made to the SFPUC back in January 2021 that clarified the responsibilities of BAWSCA to its member agencies and of the SFPUC to its wholesale customers. He believes that statement helped lay the groundwork for a lot of what has come afterwards. He noted that public agencies do not operate in a vacuum, and instead have a system of assigned responsibilities and roles in which BAWSCA has a part to play by staying on task. That is what helps the system work very effectively.

Cities, for example, tend to have broad responsibilities, but BAWSCA, as a Special District set up by the State Legislature, was given specific tasks. BAWSCA is not a general-purpose watchdog for the SFPUC, but instead has very specific oversight roles with the SFPUC. An example is its oversight of SFPUC's WSIP that comes from the legislation, and oversight of the Wholesale Revenue Requirement that comes from the Water Supply Agreement (WSA). For BAWSCA's first 20 years, it has been critical that the Board has stayed on task - this has made the Board very effective in governing the agency.

In Ms. Sandkulla's January 2021 statement to the SFPUC regarding the Bay Delta Plan and Voluntary Agreement, she referenced the SFPUC's responsibility for operating the system in accordance with its adopted environmental stewardship policy. BAWSCA supports the SFPUC in that responsibility and member agencies pay their fair share of the costs for those efforts. In addition to the SFPUC's responsibilities, there are other state and federal agencies that have their own environmental responsibilities with their own respective authorities, including the State Water Board with its decision-making authority. BAWSCA has the responsibility to engage with the State Water Board in its process and to make sure that the interests of the water users are represented. Director Larsson noted the links to videos of SFPUC's workshops on the Bay Delta that Ms. Sandkulla distributed to the Board via email and encouraged Board members to review these for reference information.

Director Larsson emphasized that through its enabling state legislation, BAWSCA has been given the mission to represent the water supply interests of the member agencies' constituents for a reliable supply of high-quality water at a fair price. This has informed the agency's purpose and what it has accomplished over the past 20 years. He encouraged the Committee to stay focused on the responsibilities that BAWSCA has been given and emphasized that BAWSCA is not a general-purpose agency. It is critical to stay focused on the specific tasks it has been given.

Director Hardy appreciated Director Larsson's comments and noted that the Committee is tasked to make recommendations to the Board following discussions to help 26 board members reach consensus on critical decisions.

- B. FY 2024-25 Work Plan and Budget Preparation Process: Ms. Sandkulla reported that the development of the FY 2024-25 Work Plan and Operating Budget has begun internally. The process is started with the assessment of long-term critical issues and major challenges that BAWSCA has to deal with. The assessment involves looking at a long-term view between now and the year 2060 and identifies the critical results and the associated timeline to achieve them. BAWSCA then uses that information in developing the work plan that is presented to the Board. The January Board meeting will have a Work Plan and Budget Planning session in which a long-term view will be presented for the board to provide feedback on. A preliminary work plan will be presented to the Committee in February for discussion, and to the Board in March. Based on the feedback received from the Committee

and the Board, a proposed Work Plan and Operating Budget will be presented to the Committee in April, for the Board's consideration in May.

There were no questions or comments from members of the Committee and members of the public on the CEO reports.

8. Comments by Committee Members:

Director Schneider reported that the City of Millbrae's lobbyist is working on a legislative packet that is anticipated to be ready come January. She noted that there may be an overlap on legislation issues among the various BAWSCA jurisdictions and was open to speaking on legislation that is useful for BAWSCA.

She also appreciated the AB 1661 Training offered by BAWSCA and Legal Counsel.

Director Vella commented that both the BPC and Board have robust communications on agenda items, where important questions and comments are made and are encouraged because it is a way for Board and Committee members to support the conversation and to learn from each other. He encouraged members, however, that if there are questions that arise during board members' review of materials in the agenda packet, to address them with the CEO/General Manager prior to the meeting so that staff can ensure that full and accurate information can be made available to members of the Board.

9. Adjournment: The meeting was adjourned at 3:39pm. The next meeting is February 14, 2024 in Sequoia Room of Burlingame Community Center.

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Dec. 13, 2023	Oct. 11, 2023	Aug. 11, 2023	Jun. 14, 2023	Apr. 12, 2023	Feb. 8, 2023
Santa Clara	Hardy, Karen (C)	✓	✓	MEETING CANCELLED	✓	✓	✓
MPWD	Vella, Lou (VC)	✓	✓		✓	✓	
Westborough	Chambers, Tom	✓	✓		✓	✓	✓
Menlo Park	Doerr, Maria	✓	✓			✓	
Sunnyvale	Larsson, Gustav	✓	✓		✓	✓	✓
Redwood City	Pierce, Barbara	☎	✓		✓	✓	✓
Millbrae	Schneider, Ann	✓	✓		✓	✓	✓
CalWater	Smegal, Tom	✓	✓		✓	✓	✓
Stanford	Zigterman, Tom	✓	✓		✓	✓	

✓: present

☎ : Teleconference

December 13, 2023 Meeting Attendance (*In-Person*)

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
Christina Tang	Finance Manager		
Danielle McPherson	Sr. Water Resources Specialist		
Negin Ashoori	Sr. Water Resources Engineer		
Kyle Ramey	Water Resources Specialist		
Lourdes Enriquez	Asst. to the CEO/General Manager		
Deborah Grimes	Office Manager		
Christiane Barth	Office Assistant		

Public Attendees:

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING****November 16, 2023 – 6:30 p.m.**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 6:31pm.

BAWSCA Chair, Gustav Larsson, called the meeting to order. CEO/General Manager Nicole Sandkulla called the roll. Twenty-three (23) members of the Board were present at roll call. A list of Directors present (23) and absent (3) is attached.

2. 20th Anniversary:

Chair Larsson welcomed members of the Board, invited guests, staff and attendees to recognize BAWSCA's 20th Anniversary. For twenty years, BAWSCA has maintained focus on its goal to ensure a "Reliable Supply of High-Quality Water at a Fair Price" for the 1.8 million residents and over 40,000 businesses in Alameda, San Mateo, and Santa Clara counties whose water interests it represents under California state law.

Ms. Sandkulla presented the results achieved by BAWSCA over the past 20 years.

Comments were made by invited guests:

- Assemblymember Diane Papan
- Mario Rendon for Congressman Kevin Mullin
- Senator Jerry Hill
- Helen Wolter for Senator Josh Becker
- Leslie Bulbuk for Assemblymember Mark Berman
- SFPUC Commissioner Newsha Ajami
- SFPUC General Manager Dennis Herrera
- Former BAWSCA CEO, Art Jensen

Following a 5-minute break, the meeting re-convened at 7:32pm.

3. Comments by the Chair:

Chair Larsson noted that under his authority as Chair of the Board, he was instituting a change in the board's meeting format moving forward. Beginning with the next Board Policy Committee meeting on December 13th, BAWSCA's meetings will be moved to a live-stream format that will enable members of the public to watch the meetings in real-time. The immediate goal of live-streaming meetings is to provide more transparency to the public. Members of the public will continue to be able to participate in BAWSCA Board and Committee meetings in person. Public comments will continue to be accepted in person at meetings and in writing. Meeting videos will be available via the BAWSCA website after the meetings. Chair Larsson thanked the City of Burlingame for its assistance in securing the changes with the Burlingame Recreation Center's physical infrastructure that were necessary to accommodate BAWSCA's new meeting format. He also expressed his appreciation to the Board for its patience with the process to ensure success while continuing to focus on the

Board and agency's important business. After some time has elapsed with this new format, board member feedback to the Chair would be useful.

4. Board Policy Committee Report:

Committee Chair Hardy reported the discussions and actions taken by the Board Policy Committee at its meeting on October 11, 2023. The summary report included with the agenda provides details of the discussions.

5. SFPUC Report:

Mr. Steve Ritchie, SFPUC Asst. General Manager, Water Enterprise, provided a report on water supply conditions and the SFPUC's Alternative Water Supply Program.

There were no comments from members of the public.

6. Consent Calendar:

Director Hardy made a motion, seconded by Director Vella, that the Board approve the Minutes of the September 27, 2023 meeting; receive and file the Budget Status Report as of September 30, 2023, Annual Audit Report for BAWSCA and Compilation Report for BAWUA for Fiscal Year 2022-23, the Directors' Reimbursement Report, Employee Reimbursement Report, Bond Surcharge Collection, Account Balance and Payment Report, and Investment Report as of September 30, 2023, and Adoption of Resolution #2023-04 Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan.

The motion passed unanimously by a show of hands.

There were no comments from members of the public.

7. Public Comments on Items Not on the Agenda:

There were no comments from members of the public.

8. Reports and Discussions:

Ms. McPherson, Senior Water Resources Specialist, provided the Board with an update on negotiations of a new Tier 2 Drought Allocation Plan.

Ms. Sandkulla reported on BAWSCA's Long-Term Reliable Water Supply Strategy 2045.

Comments and questions were taken from members of the Board.

There were no comments made from members of the public.

9. CEO Reports:

Ms. Sandkulla reported on the Bay Delta Plan.

Questions and comments were taken from members of the Board.

There were no comments from members of the public.

10. Closed Session #1:

There were no public comments prior to adjourning to Closed Session #1.

The meeting adjourned to Closed Session at 8:37pm.

11. Report from Closed Session:

Chair Larsson reconvened the meeting to Open Session.

Legal Counsel, Allison Schutte, reported that the Board reconvened from Closed Session at 8:45 pm. There was no reportable action taken during Closed Session.

Chair Larsson opened the floor for a motion to extend the meeting.

Director Breault made a motion, seconded by Director Doerr, to extend the meeting until 9:30pm.

The motion passed unanimously by a show of hands.

12. Closed Session #2: Conference with Labor Negotiator

There were no public comments prior to adjourning to Closed Session #2.

The meeting adjourned to Closed Session #2 at 8:46pm

13. Report from Closed Session #2

Chair Larsson re-convened the meeting to open session

Legal Counsel, Allison Schutte, reported that Closed session #2 concluded at 9:39pm and that the Board provided direction to the Labor Negotiator.

The Labor Negotiator and Unrepresented Employee, CEO/General Manager Sandkulla, conducted negotiations outside of the Boardroom.

Chair Larsson opened the floor for a motion to extend the meeting.

Director Stevenson made a motion, seconded by Director Vella, to extend the meeting to 10pm.

The motion passed unanimously by a show of hands.

**14. Reconvene to Open Session to Take Action Following Closed Session #2:
Consider Compensation Adjustment for CEO/General Manager for FY 2023-24:**

There were no comments from members of the public.

Director Cohen made a motion, seconded by Director Vella, that the Board approve the contract amendment to the CEO/General Manager's Employment Agreement, effective September 30, 2023.

The motion passed with 21 ayes, 0 noes, and 2 abstentions.

14. Directors' Discussion: Comments, Questions and Agenda Requests:

Director Andrews reported that she toured the Pepsi-Cola facility in Hayward and asked staff to verify its claim that their recycled water goes back to the watershed.

Director Montano asked staff to look into whether permission can be requested from the SFPUC to develop a corridor between Milpitas and Fremont into a trail.

Director Schneider reported that SB 676 was signed by the Governor, enabling Millbrae to provide alternative landscape plans to its residents.

15. Date, Time and Location of Next Meeting: The next meeting is scheduled on January 18, 2023 at 6:30pm.

16. Adjournment: The meeting adjourned at 9:45 pm

Respectfully submitted,

Nicole Sandkulla
CEO/General Manager

NS/le

Attachments: 1) Roll Call & Voting Log
2) Attendance Roster

Roll Call & Voting Log - BAWSCA

Meeting Date: November 16, 2023

Agency	Director					Weighted Voting ⁽²⁾	
		Present/ Absent	Item #7 Consent	Item #14 CEO/GM Comp	Other	Weighted "Yes" Votes	Weighted "No" Votes
Hayward	Andrews, Angela	y	y	y			
Brisbane	Breault, Randy	y	y	y			
Guadalupe	Breault, Randy	y	y	y			
Westborough	Chambers, Tom	y	y	y			
San Jose	Cohen, David	y	y	y			
Menlo Park	Doerr, Maria	y	y	a			
San Bruno	Hamilton, Tom	y	y	y			
Santa Clara	Hardy, Karen	y	y	y			
Foster City	Hindi, Sam	0	0	0			
Purissima	Jordan, Steve	y	y	y			
Sunnyvale	Larsson, Gustav	y	y	y			
East Palo Alto	Lopez, Antonio	y	y	y			
Daly City	Manalo, Juslyn	0	0	0			
Mountain View	Matichak, Lisa	0	0	0			
Coastside	Mickelsen, Chris	y	y	y			
Milpitas	Montano, Carmen	y	y	y			
North Coast	Piccolotti, Tom	y	y	y			
Redwood City	Pierce, Barbara	y	y	y			
Hillsborough	Ragsdale, Leslie	y	y	y			
Millbrae	Schneider, Ann	y	y	y			
Cal Water	Smegal, Tom	y	y	y			
Burlingame	Stevenson, Peter	y	y	y			
Palo Alto	Stone, Greer	y	y	a			
Mid-Peninsula	Vella, Louis	y	y	y			
ACWD	Weed, John	y	y	y			
Stanford	Zigterman, Tom	y	y	y			

Vote Tally

				Weighted Vote Summary	
				"Yes"	"No"
Yes (y)	23	23	21		
No (n)		0	0		
Absent (0)	3	0	3		
Abstain (a)		0	2		
Item Carries by Simple Vote?					
Item Carries by Weighted Vote?					

(1) Under simple voting, item carries if it receives an affirmative vote of a majority of the total membership (15 votes)

(2) Under weighted voting, item carries if it receives the affirmative vote of directors representing both

a) A majority of the members present and voting, and

b) a majority of the number of votes represented by directors present

Bay Area Water Supply and Conservation Agency

Board of Directors Meeting Attendance Roster

Director	Agency	Nov. 16, 2023	Sept. 27, 2023	July 20, 2023	May 18, 2023	Mar. 16 2023	Jan. 19, 2023	Nov. 17, 2022
Andrews, Angela	Hayward	✓	✓	✓	✓		✓	✓
Breault, Randy	Guadalupe	✓	✓	✓			✓	✓
Breault, Randy	Brisbane	✓	✓	vacant	✓*	*	✓*	✓*
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓	✓
Cohen, David	San Jose	✓	✓			✓	✓	*
Doerr, Maria	Menlo Park	✓	✓	✓	✓	✓	✓	*
Hamilton, Tom	San Bruno	✓	✓	✓	✓	✓	✓	✓
Hardy, Karen	Santa Clara	✓		✓	✓	✓	✓	✓
Hindi, Sam	Foster City		✓		✓	✓		✓
Jordan, Steve	Purissima	✓	✓	✓	✓	✓	✓	✓
Larsson, Gustav	Sunnyvale	✓	✓	✓	✓	✓	✓	✓
Lopez, Antonio	East Palo Alto	✓	✓				✓	✓
Manalo, Juslyn	Daly City				✓	✓	✓	✓
Matichak, Lisa	Mountain View		✓	✓	✓	✓	✓	
Mickelsen, Chris	Coastside	✓			✓	✓	✓	✓
Montano, Carmen	Milpitas	✓		✓		✓		
Piccolotti, Tom	North Coast	✓	✓		✓	✓	✓	✓
Pierce, Barbara	Redwood City	✓	✓	✓	✓	✓	✓	✓
Ragsdale, Leslie	Hillsborough	✓	✓	✓	✓*	*	✓*	✓*
Schneider, Ann	Millbrae	✓	✓	✓	✓	✓	✓	*
Smegal, Tom	Cal Water	✓	✓	✓			✓	
Stone, Greer	Palo Alto	✓	✓		✓*	✓*	✓*	✓*
Stevenson, Peter	Burlingame	✓	✓	✓	✓*	✓*	✓*	✓*
Vella, Louis	Mid-Peninsula	✓	✓	✓	✓	✓	✓	✓
Weed, John	ACWD	✓	✓		✓	✓	✓	✓
Zigterman, Tom	Stanford	✓	✓	✓	✓	✓		

✓ : Present

* : Predecessor


Bay Area Water Supply & Conservation Agency

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

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: January 8, 2024

SUBJECT: Budget Status Report as of November 30, 2023

This memorandum shows fiscal year budget status for FY 2023-24. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the five-month period ending November 30, 2023, 42 percent into the fiscal year, total expenditures were \$2,084,408 or 43 percent of the total budget of \$4,871,419.

Table 1. Operating Budget Summary as of November 30, 2023

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,632,552	741,852	45%
Fair Pricing	272,500	49,578	18%
Administration	145,000	76,635	53%
Subtotal	2,050,052	868,064	42%
Administration and General			
Salary & Benefits	2,309,542	1,030,970	45%
Other Expenses			
BAWSCA	501,250	185,374	37%
BAWUA	1,050	0	0%
Subtotal	4,861,894	2,084,408	43%
Capital Expenses	5,000	0	0%
Budgeted Contingency	2,500	0	0%
Regional Financing Authority	2,025	0	0%
Grand Total	4,871,419	2,084,408	43%

Overview:

Overall expenditures for FY 2023-24 are tracking within budget.

Consultants

The \$105,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 14 percent expended. The Operating Budget allocation of \$172,500 for strategic counsel was 34 percent expended. The Operating Budget allocation of \$779,000 budget for legal counsel was 63 percent expended. The \$288,984 budget for water management and conservation-related activities was 13 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 45 percent and 37 percent respectively.

Use of CEO's Discretionary Spending Authority:

No use of CEO discretionary spending authority occurred during this period.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2022-23 were \$665,592. The General Reserve balance as of November 30, 2023 reflects the transfer of unspent balance from FY 2022-23 in accordance with BAWSCA's General Reserve Policy, and represents 34% of the adopted FY 2023-24 Operating Budget.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 09/30/23)	Account Balance (As of 11/30/23)
General Reserve	\$989,798	\$1,655,390



Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: January 9, 2024

SUBJECT: Investment Report – As of December 31, 2023

In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. As a result of the recent review of the policy, proposed modifications to the current statement of investment policy ensuring safety of bank deposits over the FDIC limit were presented and approved by the Board at its May 18, 2023 meeting.

BAWSCA funds not deposited in banks are invested in the BAWSCA's Local Agency Investment Fund (LAIF) account throughout the year to ensure compliance with BAWSCA's investment policy.

BAWSCA's prior and current period LAIF account balances are shown below:

<u>09/30/23</u>	<u>12/31/23</u>
\$3,202,755	\$3,202,755

Of the total in the BAWSCA LAIF account as of December 31, 2023, \$1,655,390 represents BAWSCA's General Reserve Fund, equivalent to approximately 34 percent of FY 2023-2024 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

Recent historical quarterly interest rates for LAIF deposits are shown below:

<u>06/30/23</u>	<u>09/30/23</u>
3.15%	3.59%

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Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: January 9, 2024

SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending
December 31, 2023

In March 2006, the board adopted a directors' expense reimbursement policy consistent with the Government Code that requires a quarterly report on the Agency's reimbursement of directors' expenses. This report shall show the amount of expenses reimbursed to each director during the preceding three months.

There were no director expenses reimbursed for the quarter ending December 31, 2023.

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BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: January 9, 2024

SUBJECT: Employees' Reimbursement Quarterly Report for the Period Ending December 31, 2023

This report is prepared pursuant to Government Code Section 53065.5: Each special district, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that district and shall be made available for public inspection.

Table 1 presents the reimbursed expenses for BAWSCA Employees during the quarter ending December 31, 2023.

Table 1. Employee Reimbursement Expenses

BAWSCA Employee	Expense Amount	Purpose
Danielle McPherson	\$326	Travel expense for American Water Works Association Conference, Oct. 2023
Danielle McPherson	\$942	Travel expense for Municipal Management Association of Northern California Conference, Oct. 2023
Danielle McPherson	\$460	Travel expenses for ACWA/JPIA Leadership Training Program, Nov. 2023
Negin Ashoori	\$553	Travel Expense for ACWA Fall Conference, Nov. 2023

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Proposed Fiscal Year 2024-25 Bond Surcharges**

Summary:

This memorandum presents the proposed FY 2024-25 bond surcharge for each BAWSCA agency. The surcharge would take effect on July 1, 2024. This surcharge setting conforms to BAWSCA's Revenue Bond Indenture (Indenture) and reflects the savings generated from the settlement of the 2023A bonds to refund the 2013A bonds executed on January 5, 2023.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action.

Recommendation:

That the Board approve the proposed FY 2024-25 bond surcharges as presented in Table 1 in this memorandum.

Discussion:

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

The annual surcharges for FY 2024-25 reflect the savings from the prepayment program and the refunding transaction in January 2023. The proposed FY 2024-25 bond surcharges are calculated by multiplying the obligated debt service in 2025, minus a credit for excess bond funds, by each agency's percentage of total wholesale customer purchases in FY 2022-23 and adding a "true up" adjustment for the FY 2022-23 surcharges. One-twelfth of the annual surcharge, or the monthly surcharge, will be included in the first water bill sent from San Francisco to the BAWSCA agencies each month. The reason FY 2022-23's purchases are used for the FY 2024-25 surcharge calculations is because they represent the latest annual purchases data available as of today. For the same reason, the FY 2022-23 surcharges were calculated based on the latest annual purchases data available at that time, not FY 2022-23's. The "true up" adjustment is used to reflect each agency's actual percentage of water purchases in FY 2022-23 and to reimburse BAWSCA for some expenses incurred in FY 2022-23 in connection with the bond administration that were paid through BAWSCA's FY 2022-23 Operating Budget.

Per the Indenture, the Stabilization Fund at the Trustee has been reviewed and no replenishment amount is determined necessary at this time.

The proposed FY 2024-25 bond surcharge for each BAWSCA agency is shown in Table 1.

Table 1. Proposed BAWSCA FY2024-25 Bond Surcharges

Agency	Annual Bond Surcharge	Monthly Bond Surcharge	Agency	Annual Bond Surcharge	Monthly Bond Surcharge
Alameda County WD	\$2,298,768	\$191,564	Mid Pen WD	\$427,236	\$35,603
Brisbane Water	\$73,536	\$6,128	Millbrae	\$221,388	\$18,449
Burlingame	\$667,968	\$55,664	Milpitas	\$791,844	\$65,987
Coastside County WD	\$38,772	\$3,231	Mountain View	\$1,209,876	\$100,823
CWS - Bear Gulch	\$1,586,292	\$132,191	North Coast WD	\$327,396	\$27,283
CWS - Mid Peninsula	\$2,045,292	\$170,441	Palo Alto	\$1,601,148	\$133,429
CWS - South SF	\$1,320,708	\$110,059	Purissima Hills WD	\$178,668	\$14,889
Daly City	\$590,628	\$49,219	Redwood City	\$1,279,584	\$106,632
East Palo Alto WD	\$263,640	\$21,970	San Bruno	\$231,384	\$19,282
Estero Municipal ID	\$601,416	\$50,118	San Jose (North)	\$721,008	\$60,084
Guadalupe Valley	\$23,916	\$1,993	Santa Clara	\$531,588	\$44,299
Hayward	\$2,297,412	\$191,451	Stanford University	\$293,916	\$24,493
Hillsborough	\$322,728	\$26,894	Sunnyvale	\$1,415,052	\$117,921
Menlo Park	\$439,428	\$36,619	Westborough WD	\$130,632	\$10,886
Total				\$21,931,224	\$1,827,602

Background:

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

On January 5, 2023, BAWSCA completed the settlement of the 2023A bonds to refund the 2013A bonds based on a tax-exempt forward delivery. The total principal amount of the 2023A bonds issued were \$134.310 million at an all-in true interest rate of 2.06%. This refunding bond transaction will generate approximately \$27.1 million in net present value savings over the term of the bonds, starting in FY 2022-23. The combined net present value savings from recent refunding, along with the savings from the original 2013 bond issuance, will be approximately \$89.4 million to the water customers that BAWSCA represents from 2013 to 2034, or an annual average savings of \$6 million from 2023 to 2034 when the bonds will be paid off.

BAWSCA has been collecting the bond surcharge from member agencies since July 2013 through the SFPUC as a separate item on SFPUC's monthly water bills to BAWSCA agencies. FY 2024-25 will be the twelfth year for BAWSCA to collect the bond surcharge payments that are used to make debt service payments on BAWSCA's revenue bonds.

Calculating the "True Up" Adjustment

The FY 2024-25 bond surcharge setting includes a "true up" adjustment included in the calculation. This "true up" adjustment is used to reflect each agency's actual percentage of water purchases in FY 2022-23 and to reimburse BAWSCA for some expenses incurred in FY 2022-23 in connection with the bond administration that were paid through BAWSCA's FY 2022-23 Operating Budget. Those expenses include the fees to Bank of New York for its Trustee services and the costs of legal, financial advisor, investment advisor, and arbitrage rebate

consultant. A “true up” adjustment is anticipated every year as part of the calculation of the Annual Bond Surcharge.

The annual surcharges collected from BAWSCA agencies in FY 2022-23 were calculated by multiplying the obligated debt service in 2023 by each agency’s percentage of total wholesale customer purchases in FY 2020-21. FY 2020-21 purchases were used as a surrogate for FY 2022-23 purchases, which were not known when the FY 2022-23 bond surcharges were adopted.

Now that the actual wholesale customer purchases for FY 2022-23 and the actual expenses incurred in FY 2022-23 in connection with the bond administration are available, the actual surcharges for FY 2022-23 are calculated again by multiplying a sum of the obligated debt service in 2023 and the actual expenses incurred in FY 2022-23 by each agency’s percentage of total wholesale customer purchases in FY 2022-23.

The difference between the surcharges that were actually collected in FY 2022-23, which were based on the surrogate purchase values, and the actual surcharges for FY 2022-23, which are based on actual FY 2022-23 purchases, are one component of the “true up” adjustments to be included in the annual surcharge setting for FY 2024-25. The second component of the “true up” adjustment is the inclusion of \$23,600 of actual expenses incurred by BAWSCA in FY 2022-23 in connection with the bond administration, which represents 0.1% of the annual debt service of the bonds in 2025. In addition, pursuant to the Prepayment and Collection Agreement between BAWSCA and San Francisco, BAWSCA shall reimburse San Francisco for specific expenses incurred for compliance with tax-exempt regulations. BAWSCA didn’t receive any relevant bill from San Francisco in FY 2022-23. A “true up” adjustment for FY 2024-25 will be included in the surcharge setting for FY 2026-27.

Table 2 shows how the “true up” adjustment for each BAWSCA agency is determined and included in the proposed FY 2024-25 surcharge amount. Table 3 indicates how much the capital recovery payment cost would have been in FY 2022-23 (column A) if BAWSCA didn’t issue the bonds to prepay the capital debt that the agencies owed to San Francisco. The actual savings to each agency in FY 2022-23 (column E) from both the original 2013 prepayment and the 2023 refunding are calculated accordingly.

**Table 2. Impact of FY 2022-23 True-up Adjustment on
FY 2024-25 Proposed Surcharges**

Agency	FY 2022-23			FY 2024-25	
	Surcharge Collected (Based on FY 2020-21 Purchase)	Surcharge Obligation (Based on FY 2022-23 Purchase)	Difference: True-up Amount	Surcharge To Be Collected (Based on FY 2022-23 Purchase)	Proposed Surcharge Incl. True-up Amount for FY 2022-23
Alameda County WD	\$1,561,085	\$1,941,987	\$380,903	\$1,917,862	\$2,298,768
Brisbane Water	\$69,101	\$71,764	\$2,663	\$70,873	\$73,536
Burlingame	\$543,109	\$609,322	\$66,213	\$601,752	\$667,968
Coastside County WD	\$240,153	\$140,334	(\$99,819)	\$138,591	\$38,772
CWS - Bear Gulch	\$1,959,316	\$1,783,887	(\$175,428)	\$1,761,726	\$1,586,292
CWS - Mid Peninsula	\$2,139,160	\$2,105,302	(\$33,858)	\$2,079,148	\$2,045,292
CWS - South SF	\$755,260	\$1,044,470	\$289,210	\$1,031,494	\$1,320,708
Daly City	\$592,460	\$595,240	\$2,780	\$587,845	\$590,628
East Palo Alto WD	\$250,109	\$258,482	\$8,373	\$255,271	\$263,640
Estero Municipal ID	\$707,095	\$658,343	(\$48,751)	\$650,165	\$601,416
Guadalupe Valley	\$32,860	\$28,565	(\$4,294)	\$28,211	\$23,916
Hayward	\$2,388,791	\$2,357,747	(\$31,044)	\$2,328,456	\$2,297,412
Hillsborough	\$446,101	\$386,819	(\$59,282)	\$382,014	\$322,728
Menlo Park	\$484,347	\$464,775	(\$19,572)	\$459,001	\$439,428
Mid Pen WD	\$428,404	\$430,491	\$2,087	\$425,143	\$427,236
Millbrae	\$304,935	\$264,809	(\$40,127)	\$261,519	\$221,388
Milpitas	\$881,101	\$841,701	(\$39,400)	\$831,245	\$791,844
Mountain View	\$1,298,218	\$1,261,887	(\$36,331)	\$1,246,210	\$1,209,876
North Coast WD	\$427,428	\$379,769	(\$47,660)	\$375,051	\$327,396
Palo Alto	\$1,610,414	\$1,615,819	\$5,405	\$1,595,746	\$1,601,148
Purissima Hills WD	\$313,745	\$247,747	(\$65,998)	\$244,670	\$178,668
Redwood City	\$1,406,796	\$1,351,588	(\$55,208)	\$1,334,797	\$1,279,584
San Bruno	\$157,434	\$195,623	\$38,190	\$193,193	\$231,384
San Jose (North)	\$690,832	\$710,333	\$19,502	\$701,509	\$721,008
Santa Clara	\$523,665	\$530,923	\$7,257	\$524,327	\$531,588
Stanford University	\$222,051	\$259,594	\$37,543	\$256,369	\$293,916
Sunnyvale	\$1,596,880	\$1,515,376	(\$81,503)	\$1,496,551	\$1,415,052
Westborough WD	<u>\$128,752</u>	<u>\$130,502</u>	<u>\$1,750</u>	<u>\$128,881</u>	<u>\$130,632</u>
Totals	\$22,159,602	\$22,183,202	\$23,600	\$21,907,621	\$21,931,224

**Table 3. Actual Savings to Each Agency for FY 2022-23 Resulting from
BAWSCA 2013 and 2023 Bond Issuance**

Agency	SFPUC Capital Recovery Payment*	Annual Surcharge Collected in FY 2022-23	True-ups To Be Collected or Refunded in FY 2024-25	BAWSCA Annual Surcharge Plus True-ups	Actual Savings
	A	B	C	D = B + C	E = A - D
Alameda County WD	\$2,468,717	\$1,561,085	\$380,903	\$1,941,987	\$526,729
Brisbane Water	\$91,229	\$69,101	\$2,663	\$71,764	\$19,465
Burlingame	\$774,590	\$543,109	\$66,213	\$609,322	\$165,268
Coastside County WD	\$178,397	\$240,153	(\$99,819)	\$140,334	\$38,063
CWS - Bear Gulch	\$2,267,735	\$1,959,316	(\$175,428)	\$1,783,887	\$483,848
CWS - Mid Peninsula	\$2,676,328	\$2,139,160	(\$33,858)	\$2,105,302	\$571,026
CWS - South SF	\$1,327,764	\$755,260	\$289,210	\$1,044,470	\$283,294
Daly City	\$756,688	\$592,460	\$2,780	\$595,240	\$161,448
East Palo Alto WD	\$328,591	\$250,109	\$8,373	\$258,482	\$70,109
Estero Municipal ID	\$836,907	\$707,095	(\$48,751)	\$658,343	\$178,564
Guadalupe Valley	\$36,313	\$32,860	(\$4,294)	\$28,565	\$7,748
Hayward	\$2,997,243	\$2,388,791	(\$31,044)	\$2,357,747	\$639,497
Hillsborough	\$491,737	\$446,101	(\$59,282)	\$386,819	\$104,918
Menlo Park	\$590,837	\$484,347	(\$19,572)	\$464,775	\$126,062
Mid Pen WD	\$547,254	\$428,404	\$2,087	\$430,491	\$116,763
Millbrae	\$336,633	\$304,935	(\$40,127)	\$264,809	\$71,825
Milpitas	\$1,069,997	\$881,101	(\$39,400)	\$841,701	\$228,296
Mountain View	\$1,604,151	\$1,298,218	(\$36,331)	\$1,261,887	\$342,264
North Coast WD	\$482,774	\$427,428	(\$47,660)	\$379,769	\$103,006
Palo Alto	\$2,054,082	\$1,610,414	\$5,405	\$1,615,819	\$438,262
Purissima Hills WD	\$314,944	\$313,745	(\$65,998)	\$247,747	\$67,197
Redwood City	\$1,718,182	\$1,406,796	(\$55,208)	\$1,351,588	\$366,594
San Bruno	\$248,683	\$157,434	\$38,190	\$195,623	\$53,059
San Jose (North)	\$902,999	\$690,832	\$19,502	\$710,333	\$192,665
Santa Clara	\$674,926	\$523,665	\$7,257	\$530,923	\$144,003
Stanford University	\$330,004	\$222,051	\$37,543	\$259,594	\$70,410
Sunnyvale	\$1,926,395	\$1,596,880	(\$81,503)	\$1,515,376	\$411,019
Westborough WD	\$165,899	\$128,752	\$1,750	\$130,502	\$35,396
Totals	\$28,200,000	\$22,159,602	\$23,600	\$22,183,202	\$6,016,798

* SFPUC Capital Recovery Payment represents the annual amount that each agency would have owed San Francisco if the obligations were not prepaid in 2013

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Mid-Year 2023-24 Work Plan, Budget and General Reserve Review and Recommended Changes**

Summary:

A review of the FY 2023-24 Work Plan has been performed, with the results presented in the attached Table 1. To ensure continued access to a reliable supply of high-quality water at a fair price, efforts on six items in the adopted FY 2023-24 Work Plan are recommended for adjustment, with one item (item 6) requiring budget and funding changes through board action:

- 1) Work Plan Item 2g “Host quarterly meetings of BAWSCA Regional Water Supply Reliability Roundtable to identify possible water supply options for consideration by BAWSCA and its members as well as potential local partnership opportunities”. Change work plan item to read “Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to **discuss possible near-term water supply options, demand management, and local partnership opportunities as well as to receive feedback on the Strategy 2050 proposed scope**”.
Note that Strategy 2050 refers to what was formerly known as Strategy 2045. The staff report for Agenda Item #11A provides further details on this change.
- 2) Work Plan Item 3b “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for members to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance”. Change work plan item to read “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for **meeting the new requirements as appropriate**”.
- 3) Work Plan Item 3f “Continue development of a leak repair and training certification program for implementation in FY 2024-25”. Change work plan item to read “Continue development of a leak repair and training certification program **for future implementation by an outside entity**”.
- 4) Work Plan Item 4e “Facilitate negotiations of an updated Tier 2 Plan”. Increase consultant contract budget with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded using reallocation within the current approved FY 2023-24 Operating Budget.
- 5) Work Plan Item 6c “Develop and Implement new BAWSCA Grant Support Program with both a core and subscription component.” Delete work plan item 6c.
- 6) Work Plan Item 4e “Facilitate negotiations of an updated Tier 2 Plan” and Work Plan Item 11 “Manage the activities of the agency professionally and efficiently”. For Hanson Bridgett, increase consultant contract budget by an additional \$82K for Work Plan Item 4e “Facilitate negotiations of an updated Tier 2 Plan” and by \$30K for work plan item 11 “Manage the activities of the Agency professionally and efficiently”, for a total contract increase of \$112K and a total new contract amount of \$891,000, to be funded through a transfer from the General Reserve.

This memorandum presents: (1) the recommended changes to the FY 2023-24 Work Plan and associated budget implications, (2) the recommended adjustments to the adopted FY 2023-24 Operating Budget to fund the recommended changes, and (3) a discussion on the management of the

General Reserve. For all other Work Plan items, expenses are tracking within the currently approved Operating Budget for FY 2023-24 of \$4,871,419.

Fiscal Impact:

Adoption of the recommended changes would result in (1) \$112K transfer from the General Reserve to fund the FY 2023-24 Operating Budget, (2) a corresponding \$112K increase to the FY 2023-24 Operating Budget to \$4,983,419, and (3) a General Reserve balance of \$1,543,390, or 31% of the modified Operating Budget.

Board Policy Committee Action:

The Committee voted unanimously to recommend Board adoption of the proposed action, with modifications to the proposed scope change for Item 2g so that it reads as follows;

“Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to discuss long term water supply options, demand management, and local partnership opportunities as well as to receive feedback on the Strategy 2050 proposed scope”.

Recommendation:

That Board approve of the following FY 2023-24 Work Plan, Operating Budget and funding changes:

- 1) For Work Plan Item 2g, change description to read “Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to discuss long term water supply options, demand management, and local partnership opportunities as well as to receive feedback on the Strategy 2050 proposed scope”.
- 2) For Work Plan Item 3b, change description to read “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for meeting the new requirements as appropriate”;
- 3) *For Work Plan Item 3f*, change description to read “Continue development of a leak repair and training certification program for future implementation by an outside entity”;
- 4) *For Work Plan Item 4e*, increase consultant contract budget with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded using reallocation within the current approved FY 2023-24 Operating Budget;
- 5) *Work Plan Item 6c*, delete work plan completely; and
- 6) For Hanson Bridgett, increase consultant contract budget by an additional \$82K for Work Plan Item 4e “Facilitate negotiations of an updated Tier 2 Plan” and by \$30K for work plan item 11 “Manage the activities of the Agency professionally and efficiently”, for a total contract increase of \$112K and a total new contract amount of \$891,000, to be funded through a transfer from the General Reserve.

Prior Board Approved Work Plan and Budget Actions for FY 2023-24:

On May 18, 2023, the Board approved the following:

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

Discussion:

The mid-year review included (1) examining progress toward completing the Work Plan as adopted, (2) considering anticipated work that should be performed during the balance of this fiscal year, and (3) reviewing the need for any new Work Plan items. This Work Plan review resulted in the six changes recommended below. Following the Work Plan review, a budget review was performed, which resulted in the associated Operating Budget and funding changes recommended below.

Recommended FY 2023-24 Work Plan Changes and Budget Implications

Table 1 presents the Board-approved Work Plan for FY 2023-24 modified to show recommended revisions to the Work Plan. Explanations for the six recommended revisions are discussed below.

- 1) Work Plan Item 2g “Host quarterly meetings of BAWSCA Regional Water Supply Reliability Roundtable to identify possible water supply options for consideration by BAWSCA and its members as well as potential local partnership opportunities”. While originally, the work plan anticipated as many as four Roundtable meetings, it is recommended to limit the number of Roundtable meetings in FY 2023-24 to one in the Spring of 2024 that is focused on Strategy 2050 for two main reasons. First, the Bay Area Clean Water Agency hosted a similar event focused on recycled water and targeted much of the same audience in Fall 2023. BAWSCA hosting such an event in Fall 2023 would have been duplicative. Second, BAWSCA is increasingly concerned with workshop fatigue by its member agencies given the large number of Tier 2 negotiation meetings and other meetings that BAWSCA is hosting this year to implement the other parts of its work plan. Focusing one Roundtable meeting on Strategy 2050 in the Spring of 2024 enables BAWSCA to best use the Roundtable to provide input on a critical work plan item.

It is recommended to change the work plan item to “Host **one meeting** of BAWSCA Regional Water Supply Reliability Roundtable to **discuss possible near-term water supply options, demand management, and local partnership opportunities as well as to receive feedback on the Strategy 2050 proposed scope**”.

- 2) Work Plan Item 3b “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for members to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance”. The State Board released its draft regulation framework for review in August. BAWSCA provided written comments and was a signatory to comments from the Association of California Water Agencies. At this time, the State Board has indicated that it will produce a final framework and rules for adoption in Summer 2024. Given the scope and magnitude of comments submitted on the draft regulations, there is a potential for significant changes to the framework. As such, BAWSCA’s anticipated further work on this item should be delayed pending further information from the State Board and following further conversation with the member agencies and BAWSCA’s partner on this effort, Santa Clara Valley Water District.

It is recommended to change the work plan item to read “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for **meeting the new requirements as appropriate**”.

- 3) Work Plan Item 3f “Continue development of a leak repair and training certification program for implementation in FY 2024-25”. In FY 2021-22, BAWSCA and Valley Water committed program development funds for an analysis of a new potential Leak Detection & Repair Certification training targeted to residential water customers and engaged California Water Efficiency Partnership (CalWEP) to assist in developing the “framework” for how this program

should be approached. The work was initiated in response to requests and the interest of BAWSCA agencies to create and have available a list of qualified professionals in this field. In FY 2023-24, following extensive research and outreach, CalWEP produced two reports: one report focused on indoor leak detection and repair certification, and a second report focused on outdoor leak detection and repair certification. Based on the results of the reports, BAWSCA, Valley Water, and CalWEP have concluded that further work is required prior to implementation, including securing the interest of a new educational entity, one experienced in conducting technical training and administering a certification program. Such an entity is central to the further development and implementation of this program. CalWEP at this time has expressed reluctance to serve as the educational entity. BAWSCA and Valley Water have paused further development of the program at this time and shifted focus on seeking this new entity.

- 4) Work Plan Item 4e “Facilitate negotiations of an updated Tier 2 Plan”: BAWSCA initiated the development of an updated Tier 2 Drought Response Implementation Plan in January 2022. Work has continued into FY 2022-23 with individual one-on-one meetings with member agencies, presentations at Water Management Representatives and Board meetings, conducting a technical workshop monthly, and facilitating monthly negotiation meetings. In all these cases, both technical and legal support is generally required to ensure that progress continues.

Significant progress is being made and it is clear that additional consultant resources will be needed to develop an updated Plan that will be acceptable to the members and ready for adoption by the governing bodies in FY 2024-25. In particular, when planning for the necessary level of effort this fiscal year, the number of meetings requiring both technical and legal support were underestimated. As such, for FY 2023-24, additional legal and technical consultant resources are needed to continue progress with the goal of an agreed upon updated Tier 2 Plan that is ready for consideration of adoption by July 1, 2024.

An additional \$80K, for a total contract amount of \$152K for FY 2023-24, is requested for BAWSCA’s technical consultant Woodard & Curran. This cost increase would be funded through reallocation of available funds within the current approved FY 2023-24 Operating Budget.

An additional \$82K contract increase is requested for BAWSCA’s legal counsel, Hanson Bridgett, to support the Tier 2 Plan negotiations. This cost increase would be funded through an approved transfer from the General Reserve.

- 5) Work Plan Item 6c “Develop and Implement new BAWSCA Grant Support Program with both a core and subscription component.”. The need for a comprehensive review and consideration of grants and a regional grant support program was recently identified through the Needs Assessment task for Strategy 2050 scoping. Given the high amount of interest expressed by the member agencies on this topic, it is recommended to include further work on this effort in Strategy 2050 so that it can be considered comprehensively as part of BAWSCA’s long term planning.

It is recommended to delete work plan item 6c.

- 6) Work Plan Item 4e “Facilitate negotiations of an update Tier 2 Plan” and Work Plan Item 11 “Manage the Activities of the Agency Professionally and Efficiently”. For Hanson Bridgett, increase consultant contract budget by an additional \$82K for Work Plan Item 3e “Facilitate negotiations of an updated Tier 2 Plan” and by \$30K for work plan item 11 “Manage the activities of the Agency professionally and efficiently”, for a total contract increase of \$112K to be funded through a transfer from the General Reserve.

As discussed in item 4, legal counsel is a critical part of the Tier 2 Plan facilitation effort and further funding is needed to ensure sufficient legal resources can be provided to this critical work effort.

As a routine matter, legal counsel provides overall support for customary agency and board operations and administration. So far this fiscal year, there have been several extraordinary items that have required unplanned legal counsel resources, including the board desire to consider changing its meeting format, an incompatible offices analysis related to a potential new board member appointment, and a CalPERS class action suit unrelated to BAWSCA but requiring legal support. As such, an additional \$30K contract increase is requested for BAWSCA's legal counsel, Hanson Bridgett, to cover these unanticipated expenses. This cost increase would be funded through an approved transfer from the General Reserve.

Budget Changes Needed to Complete Work Expected During FY 2023-24:

A preliminary budget review has been performed as part of this mid-year review and resulted in the following recommended budget changes:

- 1) \$112K transfer from the General Reserve to fund the FY 2023-24 Operating Budget, and
- 2) a corresponding \$112K increase to the FY 2023-24 Operating Budget to \$4,983,419.

All other expenses are tracking in accordance with the approved budget.

Review and Management of General Reserve:

BAWSCA's General Reserve Policy states the CEO/General Manager shall evaluate the General Reserve balance as part of each year's mid-year budget review. Based on the review, if the General Reserve balance is estimated to fall outside the guidelines established by the policy, the budget shall include a prudent and practical schedule for restoring the reserve balance to be within those guidelines. The attached Table 2 presents the history of BAWSCA's assessments, Operating Budget, and General Reserve balance.

The current General Reserve balance of \$1,655,390 reflects the deposit of \$665,592 of FY 2022-23 unspent funds.

This level of General Reserve represents 34% of the approved Operating Budget. Approval of the recommended action would result in a General Reserve balance of \$1,543,390, or 31% of the modified Operating Budget, which is within the current guideline for the General Reserve balance for budgetary purposes of 20% to 35% of the annual operating expense.

Based on results of the FY 2023-24 mid-year Work Plan and budget review, no other changes to the General Reserve are requested at this time.













Attachments:

1. Table 1. Work Plan and Results to be Achieved in FY 2023-24: Progress and Recommended Changes
2. Table 2. Historical Annual Assessments and Year-End Reserves

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Table 1. Proposed FY 2023-24 Work Plan and Results to Be Achieved: Progress and Recommended Changes
(Recommended Changes to Adopted Work Plan Identified in Underlined, Blue, Italic Font)

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ⚡ Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
	RELIABLE WATER SUPPLY	
	1. <u>Facility Reliability: Monitor SFPUC's WSIP, 10-Year Capital Plan, Asset Mgmt. Program, and Emergency Response</u>	
✓	a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through to completion. Press the SFPUC and the city's political leadership to meet the adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests. Track WSIP projects designated as critical drought water supply components to verify they have been completed in such a fashion that they can meet their intended Level of Service (LOS) goals.	<ul style="list-style-type: none"> Reviewed the FY 2022-23 WSIP Annual Report and provided formal comment letters to both the SFPUC and State oversight agencies. Completed review of two Quarterly WSIP Reports, compiled comments and questions, and met with SFPUC to review and address concerns.
✓	b. Review and monitor SFPUC's Regional 10-Year Capital Plan to ensure that identified projects and programs meet the needs of the members in a cost-effective and appropriate manner.	<ul style="list-style-type: none"> Met with SFPUC staff to discuss the first draft of a proposed 10-Year Capital Plan for FY 2024-2033. Prepared a formal comment letter, dated Nov. 22, 2023, to SFPUC staff which provided BAWSCA's project priorities, observations and suggestions as to how to approach various project budget decisions that must be made as the draft final budget is developed. BAWSCA is to be provided an opportunity to review the draft-Final 10-year CIP in mid to late December 2023. Reviewed SFPUC Annual Report on its Water Enterprise Managed CIP project (projects less than \$5M in size). A comment letter is in development and will be sent in December 2023.
✓	c. Review and monitor SFPUC's Asset Management Program to ensure ongoing long-term maintenance and protection of RWS assets, including performing tasks or deeper reviews identified in the audit of SFPUC's asset management practices per WSA.	<ul style="list-style-type: none"> Continued engagement with SFPUC regarding its lack of progress regarding the preparation of a Meter Testing Plan as required by the WSA. SFPUC has committed to providing a draft Testing Plan to BAWSCA by the end of December 2023.

(Mid-Year Status Shown in 1 st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
	d. Provide assistance to members and help facilitate engagement with the SFPUC regarding emergency response matters.	<ul style="list-style-type: none"> On-going
	e. Review and comment on SFPUC's current and long-term labor capacity to maintain and operate the RWS.	<ul style="list-style-type: none"> Reviewed September 9, 2023 SFPUC Commission memo detailing the progress of its Capital Planning Improvements Initiative. BAWSCA provided comments to the SFPUC suggesting that a formal report on this initiative and its results is needed.
	2. <u>Long-Term Supply Solutions: Implement the Long-Term Reliable Water Supply Strategy to Ensure a Reliable, High-Quality Supply of Water is Available Where and When Needed</u>	
	a. Complete scoping activity for Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050) and initiate development.	<ul style="list-style-type: none"> Secured consultant support to provide assistance in late Summer 2023. Scope in development and scheduled to be completed in Spring 2024.
	b. Participate in the Bay Area Regional Reliability (BARR) Partnership.	<ul style="list-style-type: none"> On-going. Participated in monthly BARR Partnership meetings to discuss possible future BARR work efforts.
	c. Complete Basis of Design Report (BODR) for the San Francisco-Peninsula Regional Pure Water Project.	<ul style="list-style-type: none"> BODR development continues on schedule for completion in Spring 2024.
	d. Facilitate development of other local water supply options including tracking and reporting to the Board on members' efforts, identifying potential grant funding, monitoring of related policy development, etc.	<ul style="list-style-type: none"> On-going
	e. Use the BAWSCA Reliability Model (Model) to evaluate Bay Delta Plan Voluntary Agreement impacts on reliability, the prospective benefits that new alternative water supplies may provide, and to estimate the corresponding need to ration during droughts.	<ul style="list-style-type: none"> Awaiting completion of VA review by the SWRCB, followed by information as need from the SFPUC, such that it can be included in the Model for analysis.
	f. Facilitate use of the BAWSCA Model by members via Subscription Program.	<ul style="list-style-type: none"> Subscription program renewed and available for use by agencies in Spring 2024 to support their State-required "Water Supply and Deficiency Analysis" submittals by June 30 of 2024.










(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
! ●	<p>g. Host quarterly meetings of BAWSCA Regional Water Supply Reliability Roundtable to identify possible water supply options for consideration by BAWSCA and its members as well as potential local partnership opportunities.</p> <p><u><i>Recommended Scope Change:</i></u></p> <p><u><i>Modify work plan item 2g to read “Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to discuss possible near-term water supply options, demand management, and local partnership opportunities as well as to receive feedback on the Strategy 2050 proposed scope.”</i></u></p>	<ul style="list-style-type: none"> No roundtable meetings were held in the first half of the fiscal year. At this time, hosting one roundtable meeting in Spring 2024 is proposed during which the proposed scope of the updated Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050) will be shared.
	3. <u>Near-term Supply Solutions: Water Conservation and Drought Response</u>	
●	<p>a. Provide staff-only drought support to members & their customers, assuming dry conditions in FY 2023-24 and prepare a drought summary report following drought conclusion.</p>	<ul style="list-style-type: none"> The State and SFPUC lifted drought-related water use reduction calls due to significantly improved water supply conditions that took place following the wet winter of FY 2022-23. No additional drought support was needed by member agencies for the first half of FY 2023-24. For the preparation of the drought summary report, proposals were received on November 3, 2023 from consultants and BAWSCA is in the process of consultant selection. It is anticipated that a recommended action will be brought to the Board for consideration at its March 2024 meeting. Based on proposals received, this work is anticipated to extend into Fiscal Year 2024-25 and may require additional funds in FY 2023-24.
! ●	<p>b. Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for members to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance.</p>	<ul style="list-style-type: none"> Provided written and oral comments to the State Board on its proposed regulations for Making Water Conservation a California Way of Life. The State Board continues to need additional time to develop rules, as the public opposition to elements of their proposal was significant, and likely to result in modifications to their approach. As a result, BAWSCA’s planned further work is on hold, likely into FY 2024-25, pending future developments. BAWSCA is working with

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
	<u>Recommended Scope Change:</u> <u>Modify work plan item 3b to read “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for meeting the new requirements as appropriate.”</u>	its partner, Valley Water, to identify what further tasks may appropriately be considered for completion this fiscal year.
✓	c. Provide regional coordination to support members’ Advanced Metering Infrastructure (AMI) implementation and data management.	<ul style="list-style-type: none"> • AMI survey completed in July of 2023 and results documented in corresponding report. Survey results were shared with the BPC and Board in the Fall 2023.
✓	d. Administer and implement BAWSCA’s core water conservation programs.	<ul style="list-style-type: none"> • On-going
✓	e. Administer3e BAWSCA’s subscription conservation rebate programs that benefit and are paid for by participating members.	<ul style="list-style-type: none"> • On-going
!●	f. Continue development of a leak repair and training certification program for implementation in FY 2024-25. <u>Recommended Scope Change:</u> <u>Modify work plan item 3f to read “Continue development of a leak repair and training certification program for future implementation by an outside entity.”</u>	<ul style="list-style-type: none"> • Reports were produced by the California Water Efficiency Partnership (CalWEP), which is BAWSCA’s partner on this work along with Valley Water, that detail how contractor training programs for indoor as well as outdoor leaks should be conducted, and the further work needed to continue the development of a training certification program. Moving this effort forward requires the commitment on behalf of an organization that focuses on training (such as CalWEP) to proceed. At this time, no entity has yet to agree to take on that assignment. For this reason, it is anticipated that this work would not be moved forward by BAWSCA or Valley Water unless and until a training partner is secured. • BAWSCA will continue to pursue the interest of another organization to move this program forward.
✓	g. Pursue partnership opportunities with San Mateo County’s C/CAG related to a potential greywater pilot program.	<ul style="list-style-type: none"> • On-going. While C/CAG continues to seek funding opportunities, it has yet to be successful. BAWSCA and C/CAG would partner when and if monies can be sourced.

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
✓	h. Represent members in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible.	<ul style="list-style-type: none"> On-going
	4. <u>Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration</u>	
✓	a. Review and comment on SFPUC Alternative Water Supply (AWS) Plan, anticipated for Commission consideration Summer 2023.	<ul style="list-style-type: none"> The SFPUC published the Draft AWS Plan for public review on June 28, 2023. On August 31, BAWSCA submitted a formal comment letter to the SFPUC. SFPUC has held informal discussions with BAWSCA as to how it intends to address BAWSCA's comments. A Final AWS Plan is anticipated in February 2024.
✓	b. Monitor SFPUC implementation of new supplies through its AWS Program and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations at a fair price to its Wholesale Customers.	<ul style="list-style-type: none"> On-going
✓	c. Protect members' water supply interests to ensure that the SFPUC meets its legal and contractual obligations for water supply from the Regional Water System in light of ongoing risks.	<ul style="list-style-type: none"> On-going. Reviewed the proposed Level of Service Goals update as provided to the SFPUC Commission on November 28, 2023, to ensure they are in the best interest of BAWSCA agencies and consistent with the WSA.
✓	d. Adopt a temporary extension of the existing Tier 2 Plan that expires Dec. 2024 if necessary.	<ul style="list-style-type: none"> Complete. The Tier 2 Plan was extended by the Board at its November 16, 2023 meeting.
! ✓	e. Facilitate negotiations of an updated Tier 2 Plan. <u>Recommended Budget Adjustment:</u> <u>(1) Increase consultant contract with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded by reallocation of available funds within the current approved FY 2023-24 Operating Budget; and</u>	<ul style="list-style-type: none"> BAWSCA initiated the development of an updated Tier 2 Drought Response Implementation Plan in January 2022. Work has continued into FY 2023-24 including facilitation of negotiations between members, presentations at WMR meetings as well as conducting monthly workshops on the topic. Significant progress is being made yet it is clear that additional time and consultant resources will be needed to develop an updated Plan that will be acceptable to the members and ready for adoption by the end of Fiscal Year 2023-24.

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
	<u>(2) Increase consultant contract with Hanson Bridgett by an additional \$82K, funded by a transfer from the General Reserve.</u>	<ul style="list-style-type: none"> For FY 2023-24, additional consultant resources are needed to continue progress with the goal of an agreed upon updated Tier 2 Plan ready for adoption by June 30, 2024. A proposed \$80K will be added to the Woodard & Curran contract budget for a total contract amount of \$152K to fund the consultant's continued work through the end of June 2024.
✓	f. Protect members' water supply and financial interests in the SFPUC's required 2028 decisions.	<ul style="list-style-type: none"> On-going. BAWSCA facilitates monthly meetings with SFPUC, Santa Clara, San Jose and BAWSCA to discuss potential projects, that if implemented could address Santa Clara's and San Jose's interest in becoming permanent customers. Through these meetings, a potential potable reuse project by the parties is included in SFPUC's AWS Plan. Discussions will continue thru FY 2023-24 and beyond.
✓	g. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.	<ul style="list-style-type: none"> On-going
✓	h. Ensure correct implementation of the recent WSA amendment allowing for the paired transfer of a portion of an agency's ISG and minimum purchase obligation	<ul style="list-style-type: none"> On-going
	<u>5. Protect Members' Interests in a Reliable Water Supply</u>	
✓	a. Participate in SWRCB Bay Delta Plan Update to ensure members' interests are represented, including ongoing legal intervention.	<ul style="list-style-type: none"> Actively engaged with the SFPUC on its efforts with the State Board as it performs its analysis of a voluntary agreement for the Tuolumne River as an amendment to the adopted Phase 1 Bay-Delta Plan. Actively engaged in State Board proceedings including ongoing legal intervention, settlement discussions and other SWRCB activity. Observe and track the State Board in its efforts surrounding a Phase 2 Water Quality Control Plan for the Bay-Delta, which addresses tributaries to the Sacramento River and its tributaries, and review documents associated with Phase 2.

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
✓	b. Participate in the Don Pedro Project/La Grange Project FERC licensing process to protect customers' long-term interests in Tuolumne River water supplies, including ongoing legal intervention.	<ul style="list-style-type: none"> On-going.
	6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u>	
✓	a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs, including Prop 1 Integrated Regional Water Management conservation grant.	<ul style="list-style-type: none"> On-going.
✓	b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability.	<ul style="list-style-type: none"> On-going
!●	c. Develop and implement new BAWSCA Grant Support Program with both a core and subscription component. <u>Recommended Scope Change:</u> <u>Delete work plan item 6c</u>	<ul style="list-style-type: none"> It is recommended to delete this work plan item as planning for a new grant support program has been incorporated into the scope consideration for Strategy 2050. This changed approach will better enable BAWSCA to determine the appropriate scope and scale of this potential program in concert with other programs to support BAWSCA agencies.
✓	d. Investigate potential for grant funds to support the implementation of BAWSCA's Strategy.	<ul style="list-style-type: none"> Development of a funding approach for implementation of Strategy 2050 will be included in the Strategy 2050 Scope and initiated in FY 2024-25.
	7. <u>Reporting and Tracking of Water Supply and Conservation Activities</u>	
✓	a. Complete BAWSCA FY 2022-23 Annual Survey.	<ul style="list-style-type: none"> On-going. Development commenced in November 2023 and document completion is anticipated in Spring 2024.
✓	b. Complete BAWSCA FY 2022-23 Annual Water Conservation Report.	<ul style="list-style-type: none"> Work will commence in the early Spring of 2024, with completion scheduled for June 2024.
✓	c. In partnership with members, operate and maintain BAWSCA's updated WCDB.	<ul style="list-style-type: none"> The WCDB update is complete and made available for member agency use in October 2023. Agency training on the updated WCDB was performed in September 2023. Agencies are now using the updated WCDB to provide the information that BAWSCA requires for the development of its Annual Surveys.

(Mid-Year Status Shown in 1 st Column:  Needs Attention  Experiencing Delay  Complete/On Track  Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
	HIGH QUALITY WATER 8. <u>Support Members in Receiving Reliable Communication of Water Quality Issues</u>	
	a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs.	<ul style="list-style-type: none"> Participation in the Committee including two regular Committee meetings.
	b. Relay important water quality information (notices as received from SFPUC) to members when made aware of changes that have the potential to impact water quality (e.g., taste, odor, blending).	<ul style="list-style-type: none"> Participating as a key Stakeholder in the SFPUC's update of its Water Quality Strategic Plan. Participation includes the review of various supporting documents, and attendance at nine virtual workshops to discuss elements of the Plan's update. The SFPUC intends to complete its update by the end of calendar year 2023. No significant water quality events have taken place to date this fiscal year.
	c. Review and act on, if necessary, State legislation affecting water quality regulations.	<ul style="list-style-type: none"> Provided information to member agencies regarding actions (if any) needed to opt in or opt out of two class action PFAS litigation items, including but not limited to informing them of San Francisco's planned opt-out action.
	FAIR PRICE 9. <u>Perform Matters that Members Agencies Delegated to BAWSCA in the WSA</u>	
	a. Administer the WSA with San Francisco to protect the financial interests of members.	<ul style="list-style-type: none"> Completed review of the SFPUC's calculation of the annual Wholesale Revenue Requirement and changes in the Balancing Account for FY 2020-21, and waiting for the SFPUC's response to the questions raised. Ongoing effort to ensure that SFPUC meets its financial reporting obligations required by the WSA.
	b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco.	<ul style="list-style-type: none"> Ongoing administration of bond surcharge collection from members each month and proper fund allocation at the Trustee according to the Bond Indenture to ensure sufficient fund for on time debt service payments. Performed account reconciliation based on the SFPUC's surcharge collection report and Trustee's account

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
		<p>statements at the end of each month.</p> <ul style="list-style-type: none"> • Ongoing maintenance of proper records to ensure on time annual continuing disclosure filing to the Municipal Securities Rulemaking Board. • Prepared Quarterly Bond Surcharge Collection Report for the Board that presents the status of surcharge
✓	c. Monitor SFPUC's unfunded pension and OPEB liabilities, which is not a BAWSCA obligation.	<ul style="list-style-type: none"> • Provided a status update of BAWSCA's unfunded OPEB and pension liabilities, including the SFPUC's OPEB and pension liability funded status, to the Board in September 2023. • Consulted and confirmed with BAWSCA auditor that SFPUC's unfunded liabilities are not liabilities of BAWSCA or its member agencies. • Consulted with the legal counsel, who agreed with BAWSCA auditor's opinion as stated above.
	AGENCY EFFECTIVENESS 10. <u>Maintain Community Allies and Contacts with Environmental Interests</u>	
✓	a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them, if necessary, to safeguard the health, safety, and economic well-being of residents and communities.	<ul style="list-style-type: none"> • Actively engaged with elected officials, business and labor representatives and others on matters related to the potential negative impacts of the State Board's Bay-Delta Plan on members and their water customers and to support inclusion of the Tuolumne River in a Voluntary Agreement. • Supported local elected official participation in BAWSCA's 20th anniversary event, held in conjunction with the November 16, 2023 Board meeting.
✓	b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.	<ul style="list-style-type: none"> • Participation in the Bay Area Water Stewards (BAWS) group that is regularly convened by the SFPUC to provide input in ongoing SFPUC water policy discussions.
✓	c. Maintain effective communications with members, customers, and others to achieve results and support goals.	<ul style="list-style-type: none"> • On-going.

(Mid-Year Status Shown in 1 st Column: ! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result)		
STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM	
✓	d. In conjunction with San Francisco, conduct or co-sponsor tours of the Regional Water System for selected participants.	<ul style="list-style-type: none"> In coordination with the SFPUC, organized two tours of the Regional Water System for Board Members and Water Management Representatives. Tour 1, held on October 19, 2023, was focused on the Sunol Watershed facilities. Tour 2, held on October 25, 2023, was focused on the Peninsula Watershed facilities.
	11. <u>Manage the Activities of the Agency Professionally and Efficiently</u>	
	<u>Recommended Budget Adjustment:</u> <u>Increase consultant contract with Hanson Bridgett by an additional \$30K, funded by a transfer from the General Reserve.</u>	<ul style="list-style-type: none"> To date, work this fiscal year has included several extraordinary items that have required legal counsel resources to assist in addressing: (1) the board desire to consider changing its meeting format have required assistance from legal counsel; (2) an incompatible offices analysis related to a potential new board member appointment; and (3) a CalPERS class action suite unrelated to BAWSCA but requiring legal support. This works has resulted in unanticipated expenses that require additional funding given the overall anticipated high-level of legal counsel support this year.
✓	a. Implement BAWSCA's Student Internship Program.	<ul style="list-style-type: none"> BAWSCA's 2nd intern started in the Summer of 2023 and continued on through the end of December 2023. The selection of BAWSCA's 3rd intern will commence in early 2024, with a planned start date of June 2024.
✓	b. Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.	<ul style="list-style-type: none"> On-going
✓	c. Maintain a motivated, trained, and effective Workforce.	<ul style="list-style-type: none"> On-going
✓	d. Prepare a staff-led plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.	<ul style="list-style-type: none"> A kickoff meeting to discuss resiliency was held on August 30, 2023. Follow-up work, such as having each staff member document their recurring work activities and responsibilities, is on-going. A status report will be provided to the Board in early 2024.

Table 2. Historical Annual Assessments and Year-End Reserves

Fiscal Year	Assessments	Year-End Reserves	Operating Budget	Reserve as a % of Budget
2003-04	\$1,668,550	\$276,480	\$1,821,350	15%
2004-05	\$1,641,995	\$246,882	\$1,838,490	13%
2005-06	\$1,953,998	\$240,000	\$2,099,975	11%
2006-07	\$2,117,904	\$654,000	\$2,291,904	29%
2007-08	\$2,117,904	\$691,474	\$2,508,967	28%
2008-09	\$2,309,000	\$507,474	\$2,763,196	18%
2009-10	\$2,517,000	\$407,192	\$2,766,945	15%
2010-11	\$2,517,000	\$653,763	\$2,680,394	24%
2011-12	\$2,517,000	\$916,897	\$2,619,705	35%
2012-13	\$2,517,000	\$985,897	\$2,780,504	35%
2013-14	\$2,516,812	\$521,897	\$3,280,189	16%
2014-15	\$2,642,653	\$225,461	\$2,939,286	8%
2015-16	\$3,276,889	\$776,620	\$3,201,679	24%
2016-17	\$3,440,734	\$1,202,592	\$3,468,008	35%
2017-18	\$3,543,957	\$1,561,144	\$3,704,572	42%
2018-19	\$3,579,397	\$1,115,848	\$4,278,585	26%
2019-20	\$3,686,779	\$1,037,877	\$4,569,750	23%
2020-21	\$3,686,779	\$758,794	\$4,359,129	17%
2021-22	\$3,871,118	\$951,806	\$4,783,794	16%
2022-23	\$4,838,897	\$1,076,550	\$4,720,885	23%
2023-24	\$4,838,897	\$1,655,390*	\$4,814,667	34%

*As of November 30, 2023

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OR DIRECTORS MEETING

Agenda Title: **BAWSCA's Long-Term Reliable Water Supply Strategy 2050**

Summary:

This memo is for informational purposes to provide the Board with an update on the current work related to the scoping of a new Long-Term Reliable Water Supply Strategy, now referred to as the Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050).

BAWSCA has extended the planning horizon of the Long-Term Reliable Water Supply Strategy from 2045 to 2050 to better align it with other planning horizons. For example, the 2025 Urban Water Management Plans (UWMPs), which are due in July 2026 and will be informed by the Strategy, will have a 2050 planning horizon. BAWSCA is currently making this change before finalizing the development of the (SOW).

An updated proposed Strategy 2050 purpose and objectives have been prepared in response to feedback from the Board and Water Management Representatives (WMR). Next, as part of this scoping effort, BAWSCA must develop the tasks of Strategy 2050. The proposed updated purpose and objectives, as well as an update on the status of development of tasks of Strategy 2050, will be presented to the Board. Continued Committee and Board feedback is critical to this effort.

BAWSCA will finalize the scope of work this fiscal year. The development of Strategy 2050 will begin in FY 2024-25.

Board Policy Committee Action:

This item was brought to the Committee at its December 13, 2023 meeting for information and discussion purposes only with no action requested. The Committee was presented with the updated proposed purpose and objectives for Strategy 2050, as well as the preliminary tasks. The Committee responded favorably to the changes made to the purpose and objectives of the Strategy.

Recommendation:

This item is for information and discussion purposes only. No action is requested at this time. Feedback from the Board regarding the development of tasks of Strategy 2050 are welcome.

Discussion:

BAWSCA recently completed a draft Needs Assessment as the next step in the scoping of Strategy 2050. The goal of the Needs Assessment was to define the draft proposed purpose for Strategy 2050 and the objectives to be addressed through Strategy 2050.

The draft proposed purpose and water management objectives for Strategy 2050 were reviewed with the member agencies at the November 2nd WMR workshop and the Board at its November 16th meeting. Input received at the WMR workshop and Board meeting assisted in updating the purpose and objectives of Strategy 2050.

In consideration of this input, the updated proposed **purpose of Strategy 2050** is:

To identify the water supply and demand management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience.

Six proposed objectives for the BAWSCA region have been identified to achieve the updated proposed Strategy 2050 purpose. These six proposed objectives are in addition to BAWSCA's work to oversee the WSA and align with BAWSCA's goal of a reliable supply of high-quality water at a fair price.

Updated Proposed Strategy 2050 Regional Water Supply Management Objectives:

- *Provide a comprehensive picture of the region's supply and demand management needs and options.*
- *Establish a framework for collectively maintaining and improving regional water supply reliability and resilience.*
- *Elevate awareness of and support the region's interest in new and emerging regulations that impact water supply and demand management.*
- *Expand regional dialogue and collaboration to collectively address common needs.*
- *Close the gap on funding needed for water supply resilience and reliability.*
- *Support availability of affordable water supplies and demand management strategies to all customers.*

The purpose and objectives of strategy 2050 supports the identification of 7 preliminary tasks for the scope of work:

- *Evaluate water supply and demand management reliability.*
- *Assess regulatory setting and collaboration opportunities.*
- *Evaluate existing project concepts and identify new regional project opportunities.*
- *Provide support to member agencies in their efforts to obtain external funding.*
- *Document water affordability challenges and opportunities.*
- *Develop method to track and report on status of Strategy 2050 implementation.*
- *Report preparation – including findings, near and long-term recommendations.*

The details for each task can be seen in Attachment A and presents further information about the potential outcomes of Strategy 2050 and what to include in the scope of work.

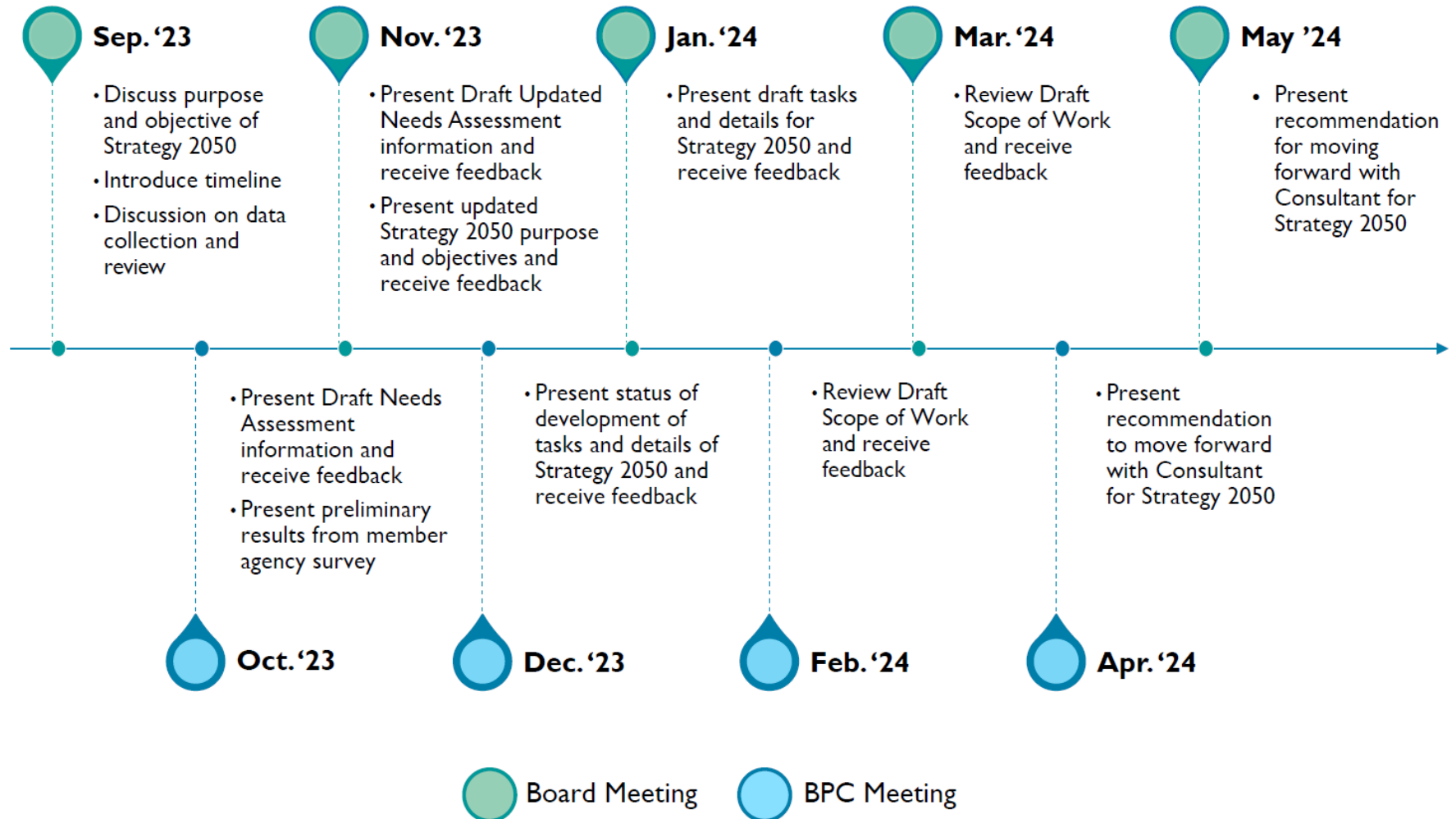
Preliminary details related to the development of Strategy 2050 tasks will be presented to the Board at its January 18th meeting with the goal of receiving insights from the Board in moving forward with the development of the SOW.

Progress in completing the scope of work for Strategy 2050 is on track for FY 2023-24. The current schedule, as seen in Attachment B, anticipates a Board action to authorize a recommended consultant contract and associated scope of work in Spring 2024.

Attachment A: BAWSCA's Long-Term Reliable Water Supply Strategy 2050 Tasks and Details

Tasks		Details
1	Evaluate water supply and demand management reliability	<ul style="list-style-type: none"> • Conduct a Risk Assessment of Water Reliability • Develop Preliminary Water Demand, Supply, and Reliability Assessment for 2025 UWMPs • Assess Existing Risks and Emergency Framework • Assess Regional Emergency Resilience Programs
2	Assess regulatory setting and collaboration opportunities	<ul style="list-style-type: none"> • Identify Regulatory Setting • Assess Framework for Future Regulatory Collaboration
3	Evaluate existing project concepts and identify new regional project opportunities	<ul style="list-style-type: none"> • Establish and Refine Project Inventory • Develop Additional Water Supply and Demand Management Project Concepts • Develop Comparative Metrics • Develop Project Portfolios • Provide Individual Reliability Planning Services (Subscription Program)
4	Provide support to member agencies in their efforts to obtain external funding.	<ul style="list-style-type: none"> • Develop Grant Tracking Tool • Establish Regional Funding Strategy and Advocacy Approach • Provide Funding Application Support (Subscription Program)
5	Document water affordability challenges and opportunities	<ul style="list-style-type: none"> • Evaluate Affordability and Identify Affordability Challenges • Assess Affordability Programs
6	Develop method to track and report on status of Strategy 2050 implementation	<ul style="list-style-type: none"> • Develop Strategy 2050 Dashboard • Develop Strategy 2050 Decision Support Tool • Develop Metrics for Progress Tracking • Develop Initial Strategy 2050 Progress Report and Action Plan
7	Report preparation – including findings, near and long-term recommendations	<ul style="list-style-type: none"> • Develop Strategy 2050 Report • Develop Strategy 2050 Communication Materials

Attachment B: Current BPC and Board Schedule for Developing Scope of Strategy 2050



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

December and January Tier 2 Plan negotiation meetings were very productive with the lead negotiators narrowing in on certain key parameters and coming to agreement on others. As previously presented to the Board, the strawperson concept first allocates water based on needs (e.g., basic health and safety needs of customers, including businesses) with the remaining water allocated based on seasonal use (i.e., indoor use) and a combination of SFPUC purchase and each agency's individual supply guarantee (ISG). The lead negotiators have been working to find agreement on how much weight should be given to each of these factors when allocating water. While the agencies started out at opposite ends of the spectrum, through thoughtful discussions and listening to each other, they have narrowed the range within which they are willing to compromise. BAWSCA believes they will be able to find agreement in the coming months.

Two additional parameters that have been part of recent negotiations are the minimum and maximum cutbacks (i.e., the lower and upper bounds within which each agency will need to reduce water use). In January, the lead negotiators came to an agreement on the maximum cutback and made significant progress towards finding a compromise on the minimum cutback. Generally, the agencies that are at the minimum cutback are those that have very low residential and gross per capita water use and whose customers' water use has not rebounded to pre-2014-2017 drought water use. As a result, these agencies argue that it is difficult to find new opportunities to conserve water given demand hardening in the respective service areas. Despite these differences, BAWSCA believes the negotiators will also find agreement on the minimum cutback in the coming months.

The lead negotiators are working towards a goal of finalizing the updated Tier 2 Plan by the end of this fiscal year so that each agency's governing body can adopt it by the end of calendar year 2024 (approximately a six-month process). If the lead negotiators keep to this schedule, the BAWSCA Board will not need to extend the existing Tier 2 Plan again in November 2024. If by April it appears that the updated Plan will not be unanimously adopted by the end of 2024, BAWSCA will ramp up updates to the BPC and BAWSCA Board such that it has the information necessary to decide whether to extend the existing Tier 2 Plan or adopt a new one.

BAWSCA encourages Board members to engage with their appointing agency's lead negotiator for updates on the negotiations. A list of each agency's lead negotiator and attendance at meetings to date is provided as an attachment.

Fiscal Impact:

None

Recommendation:

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

Discussion:

The Tier 1 Plan allocates water between the San Francisco retail customers and the Wholesale Customers collectively. The Tier 2 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 up to 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 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.

The lead negotiators are working towards a goal of finalizing the updated Tier 2 Plan by the end of this fiscal year so that each agency's governing body can adopt it by the end of calendar year 2024 (approximately a six-month process). If the lead negotiators keep to this schedule, the BAWSCA Board will not need to extend the existing Tier 2 Plan again in November 2024. If by April it appears that the updated Plan will not be unanimously adopted by the end of 2024, BAWSCA will ramp up updates to the BPC and BAWSCA Board such that it has the information necessary to decide whether to extend the exiting Tier 2 Plan or adopt a new one.

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.

ATTACHMENT A: Tier 2 Plan Update Lead Negotiators and Meeting Attendance*

Agency	Lead Negotiator	Sep-2022	Sep-2022	Oct-2022	Nov-2022	Dec-2022	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024
ACWD	Leonard Ash	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brisbane/GVMID	Randy Breault	✓			✓	✓			✓			✓		✓		✓	✓	✓
Burlingame	Kevin Okada	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Coastside	Mary Rogren	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CWS	Scott Wagner	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daly City	Thomas Piccolotti	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
East Palo Alto	Humza Javed	✓	✓	✓	✓	✓			✓		✓	✓	✓	✓	✓		✓	✓
Estero	Louis Sun	✓	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓	✓		✓
Hayward	Cheryl Muñoz	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hillsborough	Paul Willis		✓	✓		✓	✓	✓		✓	✓		✓	✓	✓		✓	✓
Menlo Park	Pam Lowe	✓	✓		✓	✓	✓	✓		✓			✓	✓	✓		✓	✓
Mid-Peninsula	Rene Ramirez	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Millbrae	Bill Giang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Milpitas	Elaine Marshall	✓	✓	✓					✓		✓	✓		✓		✓	✓	✓
Mountain View	Elizabeth Flegel	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
North Coast	Adrianne Carr	✓	✓			✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓
Palo Alto	Lisa Bilir	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Purissima Hills	Phil Witt	✓		✓					✓		✓	✓	✓	✓	✓	✓		✓
Redwood City	Justin Chapel	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓		✓
San Bruno	Steven Salazar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
San Jose	Jeff Provenzano				✓	✓		✓		✓	✓	✓		✓	✓	✓	✓	✓
Santa Clara	Shilpa Mehta	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stanford	Julia Nussbaum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sunnyvale	Mansour Nasser	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Westborough	Patricia Mairena			✓	✓										✓			

* Meeting attendance includes in-person meetings only starting September 2022. Additional meetings were held via Zoom and at Water Management Representative meetings in the first half of 2022.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Consultant Billing Rate Market Comparison for FY 2023-24**

Summary:

This memorandum summarizes the results of BAWSCA's recent review of consultant billing rates that are currently in place for FY 2023-24. This review compared the current rates paid by BAWSCA with the rates paid by other public agencies in the Bay Area for similar consultant services. In all cases, the market comparison indicates that BAWSCA's current consultant billing rates are within an acceptable range.

Recommendation:

This item is for informational purposes only. No Board action is requested at this time.

Discussion:

In May of each fiscal year, the Board is asked to adopt a work plan and budget for the coming fiscal year starting July 1. As part of that work plan, consultant support is identified and the necessary consultant agreements to provide that support are also considered by the Board for approval.

To access the necessary consulting services in an efficient and cost-effective manner and depending upon the specific work plan task, BAWSCA relies on a combination of annual contracts with the same consultants (i.e., Hazen & Sawyer for hydrologic modeling services), continuing support for a specific multi-year project (i.e., Woodard & Curran for Tier 2 negotiations), legal support as needed (i.e. Orrick for legal interpretation of the BAWSCA bond documents), and procuring additional, specific expertise for one-time or limited support in accordance with BAWSCA's procurement policy. This process of both annual consultant contracts and specific, one-time contracts is a well-established practice at BAWSCA. At the same time, the need to review, on a regular basis, a consultant's billing rates is also recognized.

Such a billing rate review and market comparison allows BAWSCA to verify that the agency is continuing to access the necessary consultant services in an efficient and cost-effective manner. If the review indicates that a consultant's rates are not in line with what could be viewed as reasonable, BAWSCA has the ability to take further action, including seeking rate adjustments or initiating a formal proposal solicitation process.

Consultant Billing Rate Market Comparison – Contracts in Place for FY 2023-24

BAWSCA staff conducted a review of the billing rates established for FY 2023-24 for agreements in place with consultants under contract. This review effort considered the service-type provided, the consultant staff assigned and their associated billing category, and the degree that consultant continuity is required for the particular work effort where support is provided. The review was completed in January 2024.

BAWSCA's recent Request for Proposals (RFPs) during the first half of this current fiscal year, which resulted in multiple submittals, in addition to BAWSCA's participation in a proposal review panel at the request of an outside agency to assist in their consultant selection process, enabled

BAWSCA to compare the rates it is currently being charged against those proposed by competing firms and for other clients.

Exhibit A presents the results of the billing rate review for FY 2023-24. In all cases, rates that BAWSCA is being charged are within an acceptable range.

While BAWSCA was not able to obtain new proposal solicitations by other water agencies for Strategic Counsel and Legal Counsel service categories in this analysis, BAWSCA's rate comparison analysis in FY 2021-22 showed that BAWSCA was being charged a reasonable rate for both service categories.

In addition, BAWSCA's legal consultant has not proposed a rate increase during the succeeding fiscal years that was beyond an acceptable level. For Strategic Counsel, the Board approved a rate increase for FY 2023-24 given the documented history of no rate increase for Mr. Wendell since FY 2007-08. Given those findings, rates for the two service categories were not compared as part of this analysis.

BAWSCA performs a market comparison on a regular, but not annual, basis. The review can prove time consuming and requires significant input and willingness from both internal and external agencies to collect the required information, which plays a factor into the schedule of rate reviews.

Any new work effort included in future work plans that does not reasonably fall within an existing consultant's scope of work will follow the agency's adopted procurement policy.

Attachment:

1. Exhibit A – BAWSCA Consultant Billing Rate Market Comparison for FY 2023-24 Contracts

EXHIBIT A

BAWSCA Consultant Billing Rate Market Comparison for FY 2023-24 Agreements

Work Effort Category	Work Effort Subcategory	BAWSCA Consultants	Hourly Rate Charged by Senior Staff for FY 2023-24	Market Comparison for Comparable Position
Water Resources, Water Conservation, and CIP Work Efforts	Water Resources (e.g., Hydrologic Modeling, WSIP Phase 2, and Strategy 2050)	Hazen & Sawyer Woodard & Curran EKI	\$160 - \$338	\$190 - \$358
	Water Conservation (e.g., Drought Report)	EKI	\$157 - \$332	\$190 - \$340
	CIP Development and Review	Richard Sykes	\$220	\$300
Fair Pricing Work Efforts	Arbitrage Rebate Compliance	BLX Group	\$2,000	\$2,000 - \$6,000 (depending on complexity of scope)
	Cost Allocation Review	IGService	\$210	\$200-300
	Financial Advisory	KNN Public Finance	\$285 - \$360	\$275 - \$395
	Bond Counsel	Orrick, Herrington & Sutcliffe	\$950	\$1,050 (top tier bond counsels)
	Investment Advisory	Public Trust Advisors	8 basis points	10 basis points
	Water Usage Analysis	Stetson Engineering	\$106-\$244	\$190-\$358

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MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: January 12, 2024
SUBJECT: Chief Executive Officer/General Manager's Letter

SFPUC's Water Meter Maintenance and Testing Procedures Manual:

The SFPUC provided BAWSCA with its Final Water Meter Maintenance and Testing Procedures Manual on December 28, 2023 (Manual). This document is required under the 2021 Amended and Restated Water Supply Agreement (WSA), Section 3.14G, page 22. Meter maintenance and accuracy testing is especially important to BAWSCA agencies for two main reasons: 1.) Wholesale Customer meter reads directly inform billing and therefore Wholesale Customer meter accuracy has direct financial consequences for each agency; and 2) Wholesale Customer meter reads are used by each agency to perform State required annual water loss performance audit and associated reporting.

Accurate measurements of water deliveries and meter testing and calibration records are necessary under the WSA. The purpose of the Manual is to describe water meter maintenance, testing and calibration procedures for the Regional Water System (RWS). The Manual will also serve as a reference by SFPUC personnel and any other parties interested in the maintenance, testing and calibration procedures employed by the SFPUC.

BAWSCA and the member agencies are currently reviewing the Manual. BAWSCA will provide formal comments to the SFPUC and schedule additional follow-up meetings as necessary. Member agencies are encouraged to share the Manual with their respective operational staff.

BAWSCA Drought Report - Update:

Given that the 2021-2023 drought is now over, BAWSCA intends to prepare a report summarizing the drought, including actions taken by governing bodies as well as a review of the effectiveness of the various conservation measures employed by our agencies. The preparation of a drought report was included in BAWSCA's FY 2023-24 workplan. A similar report was prepared for the drought of 2014-17 that proved to be a useful tool in documenting the drought as well as in helping guide our agencies as they planned for the next drought.

On October 23, 2023, BAWSCA issued a Request for Proposals (RFP) for professional services to assist with the report preparation and drought data analysis. Three proposals were received. A review panel, consisting of representatives from one BAWSCA agency (Alameda County Water District) and one outside water agency (Santa Clara Valley Water District) together with BAWSCA staff, performed a review of the of the written proposals followed by consultant

interview with the top two scoring firms. Staff selection was completed in mid-December 2023. BAWSCA is now working with the selected consultant to finalize a scope of work and cost.

The current schedule anticipates BPC consideration of the recommended action at its February 14, 2024 meeting. That agreement would be for the portion of the work that would be performed in FY 2023-24. Since the work effort will extend into Fall 2024, a subsequent agreement with the selected firm would be included as part of the BAWSCA FY 2024-25 work plan and budget that the Board will consider at its May 16, 2024 meeting.

Demand Study Request for Proposals - Update:

BAWSCA is initiating an update to the Regional Demand and Conservation Projections Study (Demand Study). As a reminder, BAWSCA prepares a Demand Study every five years in order to provide BAWSCA agencies with the information they need to develop their respective state required Urban Water Management Plans (UWMPs). 2025 UWMPs must be provided to the State of California by June 30, 2026. The updated Demand Study is also needed to support BAWSCA's Strategy 2050 efforts.

BAWSCA requires professional services to update the Demand Study. A Request for Proposals (RFP) to secure the necessary professional services was issued on January 3, 2024. Proposals are due by February 16, 2024. A review panel will be formed consisting of BAWSCA staff and agency representatives (from both BAWSCA agencies as well as outside water agencies). BAWSCA anticipates that consultant interviews will also be conducted. The current schedule anticipates that a selected consultant will be identified such that a recommended action will be presented to the BPC at its April 10, 2024 meeting. Assuming the BPC recommends the matter moves forward, the full Board will be asked to approve an agreement with the selected consultant at its May 16, 2023 meeting.

Grant Tracking Support Development – Update:

BAWSCA's adopted FY 2023-24 budget and workplan included the development of a grant support program. However, based on the Strategy 2050 Needs Assessment, BAWSCA identified that it would be preferable to instead develop the grant support program in concert with the development of the Strategy. While this delay is preferable from a work approach perspective, it nevertheless does represent a delay. The approach was shared with the BPC at its December 13, 2023, meeting as part of the Mid-Year Review. BPC discussion of the topic is included in the BPC meeting minutes that are included as part of this agenda packet.

While the BPC appreciated the merits of modifying the Work Plan to include the envisioned grant support program as part of the development of Strategy 2050, concerns were expressed that delaying grant assistance to BAWSCA agencies would be unfortunate. BAWSCA staff were asked to identify interim solutions that could offer some grant support to the agencies that could be implemented between now and when Strategy 2050 is completed. Grant opportunity tracking was identified as such an interim solution.

To address the BPC's request, BAWSCA met with three of its existing professional service providers that are most aware of the various grant opportunities that exist. Those three were asked to provide BAWSCA with information on products or services they had available in house that could be easily shared with BAWSCA and its agencies to support grant opportunity tracking. From those discussions, BAWSCA has identified one firm that could provide services quickly, and at a low cost. That firm has developed a grant tracker that is updated monthly, which could be quickly tailored to meet BAWSCA's needs during this interim period. Grants tracked would focus on funding opportunities for water supply projects or water demand reduction projects or programs. The tailored tracking tool would be made available to all BAWSCA member agencies. BAWSCA envisions that the grant support program developed in

concert with Strategy 2050 would likely include a grant tracking tool, but also would include other support services, hence a future grant support program will look different from this interim approach.

In order to contract with the identified consulting firm for this service, an amendment to an existing contract with the consulting firm is required. BAWSCA will keep the Board and the BPC informed as this matter moves forward with a goal of having a grant tracking tool available by March of 2024.

SFPUC 10-Year CIP:

A primary role of BAWSCA is to monitor the SFPUC's operation and long-term maintenance of the Hetch Hetchy Regional Water System (RWS) that provides two-thirds of the water supply delivered by BAWSCA's 26 member agencies. The SFPUC's 10-year Capital Improvement Program (10-year CIP) presents the critical projects necessary to ensure long-term water supply reliability for the BAWSCA service area. BAWSCA's interest is that the necessary projects and programs to ensure that the SFPUC can meet its contractual and legal obligations to the BAWSCA Agencies are included in the 10-year CIP. Further, it is important that those projects have an appropriate implementation schedule, accurate cost estimates and secured budgets. Per the WSA, the SFPUC is contractually obligated to engage with BAWSCA in its CIP development.

The SFPUC adopts a 10-year CIP every two years. The SFPUC also adopts a mid-cycle update if there are significant changes to the CIP following year one. The SFPUC is currently preparing its FY 2024-2033 10-year CIP. In the development of this latest 10-year CIP, the SFPUC committed to deeper consideration of project deliverability and affordability factors. Importantly, the SFPUC indicated it would utilize the results of an internal assessment of its financial and project management systems, its policies and the processes governing capital delivery and budgeting, which revealed ways to improve its approach to capital planning. BAWSCA will be reviewing this new CIP closely to identify how this latest CIP factors in this changed approach.

The SFPUC held its first meeting with BAWSCA staff on October 31, 2023, to provide an initial summary of the projects that would be included in the 10-year CIP and the associated costs. Since that date, the SFPUC has further developed the proposed CIP. BAWSCA staff were provided a draft final of the SFPUC's 10-year CIP for both the water enterprise and Hetch Hetchy programs on December 28, 2023. This package was provided 30 days in advance of the SFPUC's budget hearing (scheduled to take place on January 29, 2024).

BAWSCA is currently reviewing the SFPUC's draft final 10-year CIP. BAWSCA will compile comments and questions, and present those in a formal letter to the SFPUC to be provided in advance of the January 29, 2024 hearing. BAWSCA also anticipates that it will make public comments at the hearing itself. Those comments would reference BAWSCA's letter and include any suggested alterations to the proposed 10-CIP prior to adoption by the Commission. BAWSCA will inform the Board of comments or concerns raised to the SFPUC following its review.

Wholesale Revenue Requirement Review for FY 2021-22:

On January 3, 2024, BAWSCA received the Compliance Auditors' report on the SFPUC's calculation of the annual Wholesale Revenue Requirement (WRR) and changes in the balancing account for the fiscal year ended June 30, 2022. Pursuant to Section 7.06 of the Water Supply Agreement (WSA), BAWSCA will conduct a WRR review and expects to complete its review by March 3, 2024.

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Board of Directors

Policy Calendar Through September 2024

Meeting Date	Purpose	Issue or Topic
March 2024	R&D R&D R&D R&D R	Discussion of Preliminary FY 2024-25 Work Plan and Budget Tier 2 Drought Allocation Plan Negotiations Strategy 2050 Review of Water Supply Forecast Annual WSA Balancing Account Update
May 2024	D&A R&D R&D R&D	Consideration of Proposed FY 2024-25 Work Plan and Budget Tier 2 Drought Allocation Plan Negotiations Strategy 2050 Review of Water Supply Forecast
July 2024	R&D R&D R&D R&D	Review of CEO/GM Evaluation Procedure Tier 2 Drought Allocation Plan Negotiations Strategy 2050 SFPUC Alternative Water Supply Program Update
September 2024	D&A R&D R&D	CEO/General Manager Performance Evaluation Tier 2 Drought Allocation Plan Negotiations Strategy 2050

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Fiscal Year 2024-25 Work Plan and Budget Planning Session**

Summary:

Each year, the BAWSCA budget is prepared to meet a specific work plan and identified results to be achieved. The development of the preliminary work plan begins by compiling a list of major challenges that BAWSCA, its member agencies, and their water customers will face next fiscal year, and between now and 2065. This long-term perspective helps anticipate and identify the results that must be achieved during FY 2024-25. A preliminary list of challenges as updated for the FY 2024-25 budget process appears in Table 1.

As has been done in the past several years, the work plan and budget preparation will be initiated with a planning session with the Board, providing an early opportunity for input on near-, mid- and long-term issues for consideration as part of the work plan development.

Recommendation:

This item is for Board discussion only. Board feedback and input on the near-, mid- and long-term issues for consideration as part of the work plan development are requested at this time.

Discussion:

The FY 2024-25 Work Plan and Budget development process is being initiated with a Board planning session. The goal of the planning session is to receive Board input on near-, mid- and long-term issues for BAWSCA to consider in developing its FY 2024-25 Work Plan.

The preliminary budget will be developed to provide the resources needed to achieve necessary results. Emphasis is placed on the most vital results that need to be achieved in order to provide a reliable and high-quality water supply at a fair price. Activities that are secondary to those goals may be noted but are not incorporated into the budget.

A preliminary list of challenges appears in Table 1. Some of the challenges may affect BAWSCA or its members directly. Other challenges will have indirect, but nonetheless important consequences, and require action by BAWSCA to protect the interests of its member agencies and their customers. In each case, the challenges relate directly to BAWSCA's goal of ensuring a reliable supply of high-quality water at a fair price for the water customers.

Input received from the Board will be reviewed and addressed by the CEO in developing the Preliminary FY 2024-25 Work Plan and Budget, which will be presented to the BPC in February and the Board in March. Following further Board input, a recommended Work Plan and Budget will be presented to the BPC in April for its review, and presented to the Board for recommended adoption in May.

Attachment:

- Table 1. Future Challenges Facing BAWSCA, Member Agencies and Their Customers (Preliminary FY 2024-25)

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Table 1: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2024-25)

BAWSCA Goal and Associated Challenges	FY 2024-25 (Near-Term)	2025-2040 (Mid-Term)	2040-2065 (Long-Term)
Reliable Supply: Ensure Long-Term Water Supply Reliability			
Protection of member agencies' interests in long-term water supply reliability from the SF RWS and 184 MGD Supply Assurance in light of potential areas of risk, including climate change and regulatory challenges, as presented in the Long Term Vulnerability Analysis.	X	X	X
Protection of member agencies' interests in SFPUC development and implementation of its Alternative Water Supply Program including oversight of scope, schedule, and budget.	X	X	X
Protection of BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts, including completion of Updated Demand Projections.	X	X	X
Reflection of member agencies' long-term water supply needs and investments in regional planning efforts.	X	X	X
Support member agencies in their efforts to ensure system reliability during an emergency.	X	X	X
Representation of member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability.	X	X	
Representation of member agencies in Bay Delta Plan Update to protect RWS water supply reliability.	X	X	
Assist member agencies in complying with the State's expanding regulatory requirements related to water use efficiency and reliability.	X	X	X
Protection of member agencies' interests in San Francisco's December 2028 decisions including deciding whether to make San Jose and Santa Clara permanent customers.	X	X	
Development of a new Tier 2 Drought Allocation Plan.	X		
Reliable Supply: Ensure Regional Water System Facility Reliability			
Protection of water supply and financial interests of water customers in SFPUC's development and implementation of its 10-Year CIP.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.	X	X	X
Promote emergency resiliency of the SF RWS to protect interests of water customers.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's WSIP implementation, including extension of State oversight (exp. 12/2026) and RFA capability (exp. 1/2030).	X	X	
High Quality Supply & Fair Price: Enforce Water Supply Agreement (WSA)			
Enforcement and amendment as necessary, of the WSA to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations.	X	X	X
Protection of member agencies' water supply reliability interests against threats by outside forces including efforts by others to drain Hetch Hetchy that disregard their interests in reliability, quality and cost.	X	X	X
Protection of water customers interests in ensuring SF maintains its Tuolumne River water rights.	X	X	X
Extension or renegotiation of the WSA before it expires in 2034. The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.		X	X
Management of BAWSCA's revenue bonds in accordance with Bond Indenture and other applicable laws to ensure accountability and ultimately to reduce overall cost to regional water customers (thru 2034).	X	X	
Management of Agency			
BAWSCA CalPERS pension & OPEB liability management			X
Ensure Agency's near-term and long-term resiliency	X	X	X

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**Bay Area Water Supply and Conservation Agency
and Regional Financing Authority**

Meeting Schedule through June 2025

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – March 21, 2024	Burlingame Community Center – Sequoia Room
Thursday – May 16, 2024	Burlingame Community Center – Sequoia Room
Thursday – July 18, 2024	Burlingame Community Center – Sequoia Room
Thursday – September 19, 2024	Burlingame Community Center – Sequoia Room
Thursday – November 21, 2024	Burlingame Community Center – Sequoia Room
Thursday – January 16, 2025	Burlingame Community Center – Sequoia Room
Thursday – March 20, 2025	Burlingame Community Center – Sequoia Room
Thursday – May 15, 2025	Burlingame Community Center – Sequoia Room

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – January 16, 2025	Burlingame Community Center – Sequoia Room

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
<u>Date</u>	<u>Location</u>
Wednesday, February 14, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, April 10, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, June 12, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, August 14, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, October 9, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, December 11, 2024	Burlingame Community Center – Sequoia Room B
Wednesday, February 12, 2025	Burlingame Community Center – Sequoia Room B
Wednesday, April 9, 2025	Burlingame Community Center – Sequoia Room B
Wednesday, June 11, 2025	Burlingame Community Center – Sequoia Room B

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