"A multicounty agency authorized to plan for and acquire supplemental water supplies, encourage water conservation and use of recycled water on a regional basis."

[BAWSCA Act, AB2058 (Papan-2002)]

Board Policy Committee Meeting

December 11, 2024

20 YEARS

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Call To Order/Roll Call

BAWSCA 2018

Comments by Chair

Sandkulla, 2023

Consent Calendar

- Approval of October 9, 2024 Minutes

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Public Comments on Items Not on the Agenda

Ragsdale, 2023

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Action Calendar

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FY 2025-26 Bond Surcharges Conform to BAWSCA's Bond Indenture

- BAWSCA calculates surcharges every year
  - To pay debt service payments,
  - Reimburse bond administration expenses, and
  - Replenish the Stabilization Fund as necessary
- Proposed FY 2025-26 surcharges reflect savings from the prepayment program in 2013 and the refunding completed in 2023
  - Total average NPV savings of approx. $6 million per year from 2023 to 2034
- No change in the methodology from last year

Proposed FY 2025-26 Bond Surcharges – $21,942,348

Agency	Annual Bond Surcharge	Monthly Bond Surcharge	Agency	Annual Bond Surcharge	Monthly Bond Surcharge
Alameda County WD	$1,956,336	$163,028	Mid Pen WD	$398,544	$33,212
Brisbane Water	$93,756	$7,813	Millbrae	$333,876	$27,823
Burlingame	$570,732	$47,561	Milpitas	$1,077,492	$89,791
Coastside County WD	$122,664	$10,222	Mountain View	$1,372,572	$114,381
CWS - Bear Gulch	$1,755,300	$146,275	North Coast WD	$483,156	$40,263
CWS - Mid Peninsula	$2,026,164	$168,847	Palo Alto	$1,544,484	$128,707
CWS - South SF	$517,980	$43,165	Purissima Hills WD	$214,584	$17,882
Daly City	$343,368	$28,614	Redwood City	$1,388,952	$115,746
East Palo Alto WD	$325,020	$27,085	San Bruno	$129,528	$10,794
Estero Municipal ID	$670,356	$55,863	San Jose (North)	$705,396	$58,783
Guadalupe Valley	$21,024	$1,752	Santa Clara	$436,668	$36,389
Hayward	$2,303,148	$191,929	Stanford University	$296,484	$24,707
Hillsborough	$366,300	$30,525	Sunnyvale	$1,879,656	$156,638
Menlo Park	$473,328	$39,444	Westborough WD	$135,480	$11,290
Total				**$21,942,348**	**$1,828,529**

Recommendation

That the Committee recommend Board approval of the proposed FY 2025-26 bond surcharges.

Mid-Year 2024-25 Work Plan, Budget and General Reserve Review and Recommended Changes

- A review of the FY 2024-25 Work Plan was performed, and results are presented in Table 1
- Two changes recommended as a result of this review
  - New Work Plan Item 11e "Recruit, hire, and transition to a new CEO/GM"
  - New Work Plan Item 11f "Consideration of Board policy directive for an adjustment to Board member compensation"
- Staff is not recommending a change in budget at this time
  - Both work plan items have been managed to date within legal counsel's overall budget
  - CEO will report to the Board as necessary and bring further action as required
- Current General Reserve balance is $1,356,288, approximately 24% of operating budget and in line with guidelines

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Reliable Water Supply (1 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
1. Facility Reliability: Monitor the SFPUC's WSIP, 10-Year CIP, Asset Management Program, and Emergency Response	
✓	a. Monitor WSIP scope, cost, and schedule
✓	b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program
✓	c. Review and monitor SFPUC's Asset Management Program
✓	d. Provide assistance to members and help facilitate engagement with SFPUC regarding emergency response matters
✓	e. Engage with and track the SFPUC Capital Planning Improvements Initiative Review
✓	f. Review the SFPUC 2024 State of the Regional Water System Report

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

Reliable Water Supply (2 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
2. <u>Long-Term Supply Solutions: Implement BAWSCA's Strategy</u>	
✓	a. Initiate development of BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050)
✓	b. Initiate development of updated regional water demand projections
✓	c. Participated in the Bay Area Regional Reliability (BARR) Partnership
✓	d. Participate in the continued planning of the PureWater Peninsula potable reuse project
✓	e. Facilitate development of other local water supply options
✓	f. Use BAWSCA Reliability Model to evaluate Bay Delta Plan Voluntary Agreement impacts
✓	g. Facilitate use of the BAWSCA Model by members via Subscription Program

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

Reliable Water Supply (3 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
3. <u>Near-term Supply Solutions: Demand Management, Water Conservation and Drought Response</u>	
✓	a. Prepare the BAWSCA 2021-2023 Drought Report
✓	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 as appropriate
✓	c. Provide regional coordination to support members' AMI implementation and data management and utilization
✓	d. Implement BAWSCA's core water conservation programs
✓	e. Implement BAWSCA's subscription conservation rebate programs
✓	f. Engage with CalWEP and others to promote 3rd party development and administration of a leak repair and training certification program
✓	g. Participate in San Mateo County's C/CAG OneWatershed pilot project
✓	h. Represent members in regional and State-level discussions relative to water conservation–related regulations and grant funding

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

Reliable Water Supply (4 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
4. <u>Take Actions to Protect Members' Water Supply and Financial Interests in the WSA Administration</u>	
✓	a. Monitor SFPUC implementation of AWS Program and participate as appropriate to ensure the SFPUC meet its water supply reliability obligations to its Wholesale Customers
✓	b. Protect members' water supply interests to ensure that the SFPUC meets its legal and contractual obligations for RWS supply
✓	c. Adopt a temporary extension of the existing Tier 2 Plan that expires Dec. 2024 if necessary
✓	d. Facilitate negotiations of an updated Tier 2 Drought Plan
✓	e. Protect members' water supply and financial interests in SFPUC's required 2028 decisions
✓	f. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.
✓	g. 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
✓	f. If proposed by SFPUC, support members consideration of possible WSA amendment on the minimum purchase obligations

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

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Reliable Water Supply (5 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
5.	**Protect Members' Interests in a Reliable Water Supply**
✓	a. Participate in SWRCB Bay Delta Plan Update
✓	b. Participate in the Don Pedro Project/La Grange Project FERC licensing process
6.	**Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**
✓	a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs
✓	b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability
✓	c. Implement BAWSCA grant tracking tool to support members' access to grant funds
✓	d. Investigate potential for grant funds to support the implementation of the Strategy
7.	**Reporting and Tracking of Water Supply and Conservation Activities**
✓	a. Complete BAWSCA FY 2023-24 Annual Survey
✓	b. Complete BAWSCA FY 2023-24 Annual Water Conservation Report
✓	c. In partnership with members, operate and maintain BAWSCA's updated WCDB

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

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High Quality Water (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
8.	**Support Member Agencies in Receiving Reliable Communication of Water Quality Issues**
✓	a. Coordinate members participation in Joint Water Quality Committee
✓	b. Relay important water quality information to members
✓	c. Review and act on, if necessary, State legislation affecting water quality regulations

! Needs Attention **○** Experiencing Delay **✓** Complete/On Track **★** Extraordinary Result/Effort

Fair Price and Maintain Allies (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
9. Perform Matters that Members Delegated to BAWSCA in the WSA	
✓	a. Administer the WSA with SF to protect the financial interests of member agencies.
✓	b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco
10. Maintain Community Allies and Contacts with Environmental Interests	
✓	a. Maintain close relationships with BAWSCA's local legislators and allies
✓	b. Maintain a dialogue with responsible environmental and other groups
✓	c. Maintain effective communications with member agencies, customers, & others
✓	d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

Agency Effectiveness (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2024-25 WORK PLAN ITEM
11. Manage the Activities of the Agency Professionally and Efficiently	
✓	a. Implement Board policy directives for management of BAWSCA unfunded OPEB and pension liability obligations
✓	b. Maintain a motivated and effective workforce
✓	c. Continue development of a staff-led plan to address BAWSCA's long-term policy & operational resilience
✓	d. Implement directive to make BAWSCA Board and Policy Committee meetings available to the public via livestream
!	**e. Recommended Scope Change: Add new Work Plan Item 11e "Recruit, hire, and transition to new CEO/General Manager"**
!	**f. Recommended Scope Change: Add new Work Plan Item 11f "Consideration of Board policy director for an adjustment to Board member compensation"**

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

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Recommendation

That the Committee recommend Board approval of the following FY 2024-25 Work Plan, Operating Budget and funding changes:

1) Add new work plan item 11e "Recruit, hire, and transition to new CEO/GM"; and
2) Add new work plan item 11f "Consideration of Board policy directive for an adjustment to Board member compensation."

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SWRCB Releases Draft Phase 2 Bay Delta Plan Updates Including Program of Implementation (POI)

- SWRCB has released Draft Phase 2 Bay Delta Plan Updates
  - Draft Plan includes a POI for Phase 2 of the Bay Delta Plan
  - POI references the Tuolumne River and associated requirements (albeit in no great detail)
  - Presents both Unimpaired Flow provisions and provisions for the Healthy Rivers and Landscape Proposal
  - The flow release requirements, including curtailments, are of particular interest to BAWSCA and the SFPUC
  - BAWSCA and the SFPUC are still reviewing the POI
- Draft Plan details can be found on SWRCB website here:

  https://www.waterboards.ca.gov/waterrights/water_issues/programs/bay_delta/docs/2024/drft-sacdelta-bdplan-updates.pdf

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SWRCB Workshops on POI

- SWRCB is holding 5 workshops to present and discuss the POI with the public
- To date, 3 Workshops have been held
  - Nov. 20th Workshop Topic = Draft Regulatory Provisions
  - Nov. 22nd Workshop Topic = Voluntary Agreements (aka Healthy Rivers & Landscapes)
  - Dec. 3rd Workshop Topic = VA Habitat Accounting & Tribal Engagement
- BAWSCA staff attended each Workshop
- Workshops included panel presentations by State Board Staff followed by panels made up of representatives from various interested parties (e.g., DWR, Water Agencies, NGOs, Tribes)
- A concern is whether the significant comments generated will require modification to the Plan delaying its adoption
- Two Workshops remain
  - Dec. 12, 2024, and January 23, 2025
  - These are hybrid workshops, with both in person attendance and web viewing

Tier 2 Plan Update and WSA Amendments

- BAWSCA, the Water Management Representatives (WMR), and legal counsel continue to make progress on the adoption materials to update the Tier 2 Plan and amend related topics in the WSA
- December WMR meeting will discuss this topic with legal and upper-level management from each of the member agencies
- BAWSCA anticipates finalizing the adoption materials in December 2024
- Commission expected to consider amendments to the WSA as early as January 2025
- After Commission action, Wholesale Customers will consider adoption of the updated Tier 2 Plan and amendments to the WSA

FY 2025-26 Work Plan and Operating Budget Development

- BAWSCA's budget process begins with an assessment of long-term critical issues and major challenges
- Long-term view allows identification of critical results and associated timeline between now and 2060
- This information will form basis for FY 2025-26 Work Plan and Results to be Achieved
- Timeline:
  - Work Plan and Budget Planning Session at January 16, 2025 Board Meeting
  - Preliminary Work Plan presented to BPC in February and Board in March
  - Proposed Work Plan and Operating Budget presented to BPC in April and Board in May

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Closed Session

SFPUC

Report from Closed Session

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Comments by Committee Members

L. Ash, 2017

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Next Meeting and Adjournment

Next Meeting
February 12, 2024 1:30 pm

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