



**SPECIAL MEETING OF THE
BOARD POLICY COMMITTEE**

**June 12, 2024
1:30 p.m.**

At a different location:

**San Mateo Main Library – Oak Room
[55 W 3rd Ave., San Mateo, CA 94402](#)**

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(One Member of the Committee will participate in this meeting by Teleconference. Locales shall be: 31, Spring Street Mosta Malta EU. When any member of the board participates by teleconference, all votes taken at this meeting will be by roll call vote.)

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u> Roster of Committee Members (<i>Attachment</i>)	(Hardy)	<i>Pg 3</i>
2. <u>Comments by Chair</u>	(Hardy)	
3. <u>Consent Calendar</u> A. Approval of Minutes from the April 10, 2024 meeting (<i>Attachment</i>)	(Hardy)	<i>Pg 5</i>
4. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Hardy)	
5. <u>Action Item</u> A. Contracting and Funding to Initiate the Development of BAWSCA’s Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050) (<i>Attachment</i>) <u>Issue:</u> What are the next steps to initiate the development of Strategy 2050? What resources and funding method is needed? <u>Information to Committee:</u> Memorandum and oral report. <u>Committee Action Requested:</u> That the Committee recommend the proposed Board action.	(Ashoori)	<i>Pg 21</i>
6. <u>Reports and Discussions</u> A. CEO/General Manager Performance Evaluation Process <u>Issue:</u> Are there any changes to the evaluation process? <u>Information to Committee:</u> Oral Report <u>Committee Action Requested:</u> Comments and Questions	(Chambers)	

- B. Board Member Compensation and Expense Reimbursement (*Attachment*) **(Schutte)** Pg 31
Issue: Should the Board consider changing the Board member compensation?
Information to Committee: Memorandum and Oral Report
Committee Action Requested: Comments and Questions

- C. Update on Negotiation of a New Tier 2 Drought Allocation Plan **(McPherson)** Pg 57
(*Attachment*)
Issue: What is the status of the Tier 2 Plan update? What policy principles have the WMR agreed to for an updated Tier 2 Plan? What process have the WMR followed to develop an updated Tier 2 Plan?
Information to Committee: Memorandum and Oral Report
Committee Action Requested: Comments and Questions

7. CEO Reports

(Sandkulla)

- A. FERC/Bay Delta Plan Update
B. CEO Recruitment Ad Hoc Committee Report **(Chambers)**
C. CEO/General Manager's Letter (*Attachment*) Pg 63
D. Board Policy Committee Calendar (*Attachment*) Pg 73
E. Correspondence Packet ([Under Separate Cover](#))

8. Closed Session

(Schutte)

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

9. Report from Closed Session

(Schutte)

10. Comments by Committee Members

(Hardy)

11. Adjournment to the Next Meeting

(Hardy)

August 14, 2024 at Burlingame Community Center – Sequoia Room

Accessibility for Individuals with Disabilities

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

2024 Committee Roster:

Karen Hardy, City of Santa Clara (Chair)
Leslie Marden Ragsdale, Hillsborough (Vice Chair)
Thomas Chambers, Westborough Water District (BAWSCA Chair)
Maria Doerr, City of Menlo Park
Darin Duncan, California Water Service Company
Barbara Pierce, City of Redwood City
Ann Schneider, City of Millbrae
Louis Vella, Mid-Peninsula Water District (BAWSCA Vice Chair)
Tom Zigterman, Stanford University

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD POLICY COMMITTEE
April 10, 2024 – 1:30 p.m.

MINUTES

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:31pm. CEO/General Manager, Nicole Sandkulla called the roll. Nine members (9) of the Committee were present at roll call. One member joined 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, and noted that while the meeting is being livestreamed, it is an in-person meeting following the traditional Brown Act Rules. One member of the Committee is participating by teleconference from a location that is published on the Agenda, in accordance with the Brown Act requirements. The meeting is not a hybrid meeting, and all public comments shall be made in-person, or from the teleconferencing location. Accordingly, all committee actions require a roll call vote.

3. **Consent Calendar:**

Director Schneider made a motion, seconded by Director Vella, that the Committee approve the Minutes of the February 14, 2024 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 public comments.

5. **Action Calendar:**

- A. **Proposed FY 2024-25 Work Plan, Results to be Achieved, and Operating Budget:** Ms. Sandkulla presented the Proposed FY 2024-25 Work Plan which addresses the critical issues identified between now and 2060 to achieve BAWSCA's goals on behalf of the water customers of BAWSCA member agencies.

Ms. Sandkulla highlighted the activities critically important in FY 2024-25, and noted that while some appear on the list year after year with routine tasks, activities that have direct impacts on member agencies and the water customers can suddenly arise, and therefore, need to be addressed.

Specifically, under BAWSCA's role in managing the Water Supply Agreement with San Francisco to protect the member agencies' financial and water supply interests, Ms. Sandkulla has had to send two letters to the SFPUC regarding two separate and developing activities that fall under BAWSCA's designated function to represent the member agencies' best interests. Those letters are included in the agenda packet for the Committee's information.

Other FY 2024-25 work plan activities include oversight of SFPUC's WSIP, 10-Year CIP, and Asset Management Program; engagement in SFPUC's Alternative Water Supply

Plan implementation; participation in the Bay Delta Plan and FERC process; initiation of the development of the Updated Regional Water Demand and Conservation Projections (2025 Demand Projections); facilitating the adoption of a new Tier 2 Drought Plan; and continuing BAWSCA's fundamental work, since its inception, of implementing core and subscription conservation programs.

The proposed work plan reflects five (5) necessary changes to what was presented to the Committee in February.

Work Plan Item #2b, development of 2025 Demand Projections, was presented to the Committee in February with an estimated cost of \$400K. Ms. Sandkulla was pleased to report that BAWSCA received four competitive proposals, three of which were interviewed, but in each case the proposals were above the estimated budget. The proposed work plan reflects the costs for the recommended consultant contract, which has a budget increase of \$150K in FY 2024-25, and a budget increase of \$5K in FY 2025-26.

Work Plan Item 4h is SFPUC's possible proposal for a WSA Amendment on Minimum Purchase obligations. This has been a topic that has been discussed, to some degree, between BAWSCA and SFPUC staff over the years. And while BAWSCA anticipated the need to respond to the proposal in FY 2024-25, the discussions have increased significantly in the last two months, and the need for an increased level of engagement is expected to occur in the beginning of FY 2024-25. The proposed work plan includes a budget increase of \$30K for this work plan item.

Similarly, Work Plan Item 9a, which is to administer the WSA to protect financial interests of members, has a budget increase of \$20K given the recent activities associated with SFPUC's regional source meter testing plan.

A fourth change is related to the new demand projections methodology that will be used, and therefore an existing subscription conservation program that supports member agencies with the use of the current Decision Support System (DSS) modeling system will be eliminated. This change has no impact on the operating budget.

Lastly, the implementation of BAWSCA's Internship Program under Work Plan Item 11, is deferred for FY 2024-25. BAWSCA interviewed several candidates during Winter 2024, but BAWSCA was unable to secure a qualified and interested candidate for this Summer's internship. BAWSCA will continue to work with its partners, East Side Prep, to review what more can be done to improve student interest next year. This change results in a \$15K reduction in the proposed FY 2024-25 Operating Budget.

The proposed operating budget will fully fund the agency's annual OPEB expenses. It includes a budget allowance for salary adjustments that will allow up to 5% increase for each staff member based on COLA and merit under the discretion of the CEO. This is the process that has been done by the agency for the last 20 years.

The proposed operating budget is equivalent to total water customer cost of \$3 per person. It increased by \$0.7 cents per person from last year's budget.

The proposed operating budget is applied to the agency's goals to ensure a reliable supply of high-quality water at a fair price. BAWSCA's budget expenditure indicates the agency's priorities with the area of Reliable Supply having the largest percentage of the budget at 55%. The area of Fair Price is slightly increasing from previous years at 11.5%. Agency Operations is at 33%. High Water Quality is at .5% which reflects BAWSCA's small but designated role under the WSA related to Water Quality.

BAWSCA's primary source of funding is its assessments on the member agencies, in accordance with BAWSCA's enabling legislation, AB2058. BAWSCA has historically used four principles when considering how to fund the Operating Budget:

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

It is anticipated that 90%-95% of the FY 2023-24 approved budget will be expended. The current fiscal year budget was fully funded by the existing assessment with no increases. To date, the General Reserve balance is at \$1.5 million, which is 31% of the current adopted Operating Budget for FY 2023-24.

Ms. Sandkulla noted that if the recommended increase in legal counsel contract is approved, the General Reserve balance will be at \$1.4 million, which remains within the general guidelines for the reserve to be between 20% to 35% of the adopted operating budget.

Five funding alternatives were presented to the Committee, highlighting the intent behind each option of relying upon the assessment and use of General Reserve.

Option 1 targets the General Reserve at 20% and an assessment increase of 7%.

Option 5 targets the General Reserve to remain at the highest possible balance, with the assessment fully funding the operating budget at a 16% increase. Ms. Sandkulla does not recommend this option.

Option 4 is midway, providing a General Reserve Balance that is at 24% of the proposed Operating Budget, and an assessment increase of 11%.

Ms. Sandkulla recommends Options 2 or Option 3. Both Options maintain a General Reserve balance within the budgetary guidelines, while keeping in mind the sensitivities between a single digit and a double-digit increase in assessments.

Ms. Sandkulla noted that Option 3 provides a General Reserve balance at 22% as opposed to 21% with Option 2. Both are at the lower end of the General Reserve budgetary guidelines, but she noted that it is at the lower end of a larger operating budget.

	FY 2023-24	FY 2024-25				
Fund Source	Adopted Funding Plan as of 1/18/2024	Option 1 7% Assessment Increase	Option 2 9% Assessment Increase	Option 3 10% Assessment Increase	Option 4 11.5% Assessment Increase	Option 5 16% Assessment Increase
Assessments	\$4,838,897	\$5,177,620	\$5,274,398	\$5,322,787	\$5,395,370	\$5,614,518
Transfer from GR	\$144,522	\$436,898	\$340,120	\$291,731	\$219,148	\$0
Total Op. Funds/Op. Budget	\$4,983,419	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518
Est. EOY Transfer to GR	\$1,543,390	\$0	\$0	\$0	\$0	\$0
Est. EOY Reserves	31%	\$1,106,492	\$1,203,270	\$1,251,659	\$1,324,242	\$1,543,390
% of Total Budget	97%	20%	21%	22%	24%	27%
Assessment to Budget Ratio	\$4,838,897	92%	94%	95%	96%	100%

Comments and questions were taken from members of the Committee following Ms. Sandkulla’s presentation.

Director Doerr asked a clarifying question on the proposed operating budget’s total cost to water customers per account, per year. Director Doerr stated that seeing the cost by user account would be a helpful metric for the Board to have moving forward.

Based on the five options for funding the Operating Budget, Director Doerr asked what the estimated costs to water customers would look like for each option. Seeing that number to understand what it means to the water customers would be helpful at the full Board meeting.

In response, Ms. Sandkulla stated that the proposed operating budget’s total cost to water customers per account per year would be \$9-10 per household, with the general assumption of three people per household.

Director Ragsdale appreciates BAWSCA continuing its engagement with East Side Prep in East Palo Alto to bring an intern for Summer 2025. She had the opportunity to interact with the 2023 Summer intern at the Hetch Hetchy Tour and she was very impressive and remarkable.

In addition to Director Doerr’s request for cost breakdown, Director Schneider asked if the funding options, particularly 2, 3 and possibly 5, can be broken down by agency. This would provide a breakdown of cost per customer and per agency to inform agencies’ communication of the rate increase with their water customers.

Director Pierce asked if the current FY 2023-24 operating budget includes the additional legal work required from the increased activities with SFPUC's wholesale water fixed charge study. She commented that the Board should keep in mind that anytime there are increasing discussions on the WSA, there are implications in terms of additional legal fees that are needed.

In response to Director Pierce's question, Ms. Sandkulla stated that the increased needs for legal services this fiscal year are being addressed through the balancing of resources to obtain the funding needed for legal in the current fiscal year including a recommended transfer from the General Reserve for the most recent proposed contract amendment.

Director Pierce noted that it is important to remember that charges to the water customers are more likely to be impacted by what San Francisco is charging the wholesale customers for the water as well as the agencies' own costs, than the cost to operate BAWSCA and its incremental increases in the budget. She, however, recognizes that everything adds up.

Director Doerr asked about work plan item 2B, 2025 Demand Projections, and whether it is work that is already being done in the scope of what the SFPUC is doing. How is BAWSCA's work being additive, and are there areas of redundancy?

Ms. Sandkulla explained that since 2001, the SFPUC has not done regional projections for the wholesale customers. It has relied upon BAWSCA to perform the regional demand projections for the entire wholesale customer as a single process; and as proposed in the work plan for FY 2024-25. The information is provided to the SFPUC and the numbers are developed with the member agencies, which are then incorporated in the agencies' Urban Water Management Plans. There is no redundancy.

Director Doerr was pleased with the meeting being livestreamed to create transparency. She voiced her continuing interest for the agency to move towards hybrid meetings to allow remote participation by members of the public.

Additionally, she commented on the budget allowance for the CEO/General Manager compensation, and expressed her concerns with the benchmarking of bonuses in the proposed operating budget, as well as the optics it creates for BAWSCA as a public agency. She would feel more comfortable if, should the Board feel that the CEO/General Manager is not being fairly compensated, the compensation is incorporated in the salary as opposed to having a discretionary, subjective bonus process that is being benchmarked with a number slated in the operating budget for the Board. She noted that this continues to concern her and that she would like to see other avenues explored to ensure a fair compensation for the CEO.

Director Zigterman encouraged the Committee to think about the increase in assessments that will properly fund a robust and ambitious work plan, and that takes into account current water use demands. Perhaps having the current water demands can allow an increase in assessments and reduce a hit on the General Reserve. With that, he is leaning towards Option 4, and is open to making a motion if there is no further discussion.

Ms. Sandkulla noted that between 9, 10 and 11%, the difference is roughly \$50,000 for each percent. BAWSCA continues to be cost-effective for the member agencies, saving more money than it spends every year between the savings from the bonds and the Wholesale Revenue Requirement (WRR) review. She feels an 11% increase in assessments is acceptable to the member agencies. However, it is the principle of budgeting for what is needed to achieve the results, and to maintain a General Reserve balance that does not get too high. BAWSCA has and continues to be diligent in

managing the General Reserve, which is her intent by recommending Options 2 and 3. The Board can choose to approve the option they agree on.

Director Schneider stated that she is hesitant to go too high because there are jurisdictions that are balancing multiple costs that are increasing. She commented that the City of Millbrae is very price sensitive to both water and garbage rates. Its population has grown but it remains conservative with its water use.

Director Chambers noted that while the region is in a non-drought condition and have increased water use demands, some agencies have local capital improvement projects that needs to be completed, and some agencies expect to issue Prop 218 notices to fund those projects. Keeping in mind that the current budget will be expended between 90-95% with a balance transfer to the General Reserve at the end of the fiscal year, he is comfortable with a General Reserve balance at 21% or 22% and is leaning towards Option 2 or Option 3.

Chair Hardy entertained a motion from Director Chambers, with a choice to bifurcate the CEO/General Manager's recommendation between Option 2 and Option 3.

Director Chambers made a motion, seconded by Director Vella, that the Committee recommend the Board to approve the:

- 1. Proposed Fiscal Year 2024-25 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$5,614,518; and**
- 3. Recommended funding plan Option 2.**

Director Doerr called for further discussion regarding her comment on the CEO/General Manager compensation.

Chair Hardy gave the floor to Ms. Sandkulla.

Ms. Sandkulla explained that the budget allowance of \$24,998 included in the proposed operating budget provides the Board with a funding source to draw from in the event that it makes a decision on the CEO's salary in September 2024.

It is consistent with the Board's direction for the past twelve years that stems from not having a budget in the past, and having to draw from the General Reserve to fund any increase in the CEO's compensation. The Board provided direction to include a budget allowance for the CEO compensation, similar to having a budget allowance for staff compensation adjustments. Its inclusion is not an authorization for an adjustment, but is a budgeting process.

Ms. Sandkulla further explained that in the past, the Board felt uncomfortable relying upon the use of the General Reserve to fund any approved increase in the CEO's compensation.

With no further discussions, or comments from members of the public, the Chair called for a roll call vote on the motion.

The motion passed unanimously by roll call vote.

- B. Authorize Consultant Contract with Hazen and Sawyer to Develop a Regional Water Demand and Conservation Projections Study: BAWSCA Senior Water Resource Specialist, Danielle McPherson, reported that BAWSCA released a Request for Proposals (RFP) to initiate the Regional Water demand and Conservation Projections Study (2025 Demand Study). Historically, BAWSCA conducts the demand study on a 5-

year basis to develop transparent and defensible demand projections for each agency to support development of their Urban Water Management Plans (UWMPs) due on July 1, 2026. Additionally, the 2025 Demand Study will support member agencies' conservation planning and implementation of the State's "Making Conservation a California Way of Life" requirements, as well as regional planning efforts including Strategy 2050 and the SFPUC's Alternative Water Supply Plan.

As part of the 2025 Demand Study, each of the agencies will receive a customized water demand and conservation projections model that goes out to a 20-year planning horizon. To build on the successful work that was done in 2022 Demand Study update, a sensitivity analysis will be included in the 2025 Demand Study to evaluate impacts of a range of potential future scenarios on water demands.

The RFP was issued on January 3, 2024 and generated four proposals received on February 16, 2024. A review panel of two BAWSCA staff, two member agency representatives, and an outside expert reviewed and scored the proposals. BAWSCA conducted consultant interviews on March 8th with the top three proposers. Hazen and Sawyer was selected as they consistently scored the highest in the review process and stood out in the interview process. Contract negotiations with the consultants began on March 15th. Work is anticipated to begin in July.

The 2025 Demand Study will have two phases and will be done over two fiscal years to meet the agencies' timelines. Phase 1 will be done in FY 2024-25 and will include data collection, baseline and future demand analysis, calculation of urban water use objectives, conservation program analysis and selection, member agency coordination and stakeholder engagement. Three Technical memos documenting the analysis and twenty-seven individual models will be produced in Phase 1. Ms. McPherson explained that there will be twenty-seven models instead of twenty-six because while Brisbane and Guadalupe Valley Municipal Improvement District are operated as a single system, CalWater's three districts are considered separate districts that will each require a model. The budget for Phase 1 is \$550K.

Phase 2 will build on the work from the 2022 Demand Study update with a sensitivity analysis that will have stakeholder engagement as part of the process to select the scenarios that will be analyzed. Phase 2 will look into creating a regional model that pulls in data from the twenty-seven individual service area models, as well as developing a methodology that incorporates future drought scenarios. The work products will include two technical memos documenting the analysis, and a final report that documents the entire process of Phase 1 and Phase 2. The budget of Phase 2 is \$260K.

Chair Hardy asked what the primary gains would be from this study that have not been had in the past.

Ms. McPherson stated that past Demand Studies have provided each agency with a proprietary modeling tool that required consultant support to change inputs. The 2025 Demand Study will utilize an open source model that will enable the member agencies to input scenarios according to changes in their service area to identify the impacts of those changes in their demands. While previous demand studies have met BAWSCA's and the member agencies' needs adequately, the open source feature will be beneficial.

Secondly, the sensitivity analysis; in which the first conducted round was well received by the public and stakeholders, can provide critical information. With the demand forecasting expert on the consultant team, there will be new and additional insights brought to the process. Additionally, demand projections, in general, are evolving over

time and have more complex and nuance at every round compared to the 2022 Demand Study update.

Director Schneider asked if the study will take into account any main waterline and end user water line leak programs that agencies may have. For example, if Millbrae were to fix its infrastructure for sewer and water, will it fit into the model?

Additionally, will the study provide data for addressing Regional Housing Needs Assessment (RHNA).

Ms. Sandkulla responded to Director Scheider's first question with a yes and explained that agencies' historic and projected water loss will be part of the models. She noted that with individual models, each agency will be able to, with a single platform and a single methodology, customize it to what is actually going to happen in the service area, to best account for what is known.

Regarding data to address RHNA, Ms. Sandkulla stated that with the individual models, each agency will have the ability to put their projected number of housing, population, growth in non-residential customers, and see the impacts of those factors on their water supply picture.

Director Doerr asked if the study will include precipitation variability modeling and climate modeling at the regional scale, and how detailed will the information be. She would be interested in incorporating such data for Menlo Park's stormwater management process, in which she was told would need regional data.

Ms. McPherson stated that the sensitivity analysis will look at different hydrological conditions and a range of potential future outcomes from weather and precipitation conditions.

Ms. Sandkulla added that while the model will not state what will happen, it will identify the scenarios resulting from forecasts informed by NOAA data. It will not be developing a separate hydrologic model about what might happen in a range of scenarios.

Director Doerr expressed her interest in the possibility of further exploring ways to, not just create scenarios, also identify what agencies should be planning based on what researchers are saying what might happen.

With no further discussions, or comments from members of the public, the Chair called for a motion.

Director Zigterman made a motion, seconded by Director Schneider, that the Committee recommend the Board to authorize the CEO/General Manager to negotiate and execute an agreement with Hazen Sawyer, subject to legal counsel review, for a total amount of \$810,000, with \$260,000 subject to future Board approval as part of the FY 2025-26 Operating Budget adoption, to complete the Regional Water Demands and Conservation Projections Study.

The motion passed unanimously by roll call vote.

- C. Second Amendment to Hanson Bridget Professional Services Contract: Ms. Sandkulla reported that in developing the fiscal year work plan, BAWSCA works closely with Legal Counsel to identify the number of hours and level of effort needed to complete the critical tasks in the work plan. The budget for legal counsel is prepared according to the approved work plan and specific results. This approach ensures sufficient legal support for the fiscal year without overestimating or overbudgeting. This process, however, does

not always provide sufficient resources for new and unanticipated issues that arise and that need to be addressed.

The current budget for legal is \$891,000. New and unanticipated expenses for legal resources generally require a contract amendment, which also enables transparency with the Board and public on the use of legal resources.

Since the Board's last action on legal's contract amendment in January 2024, several items have come up that require additional legal support that is beyond what was anticipated even as recently as last January.

They include the Wholesale Water Fixed Charge Study released by San Francisco in February, the Water Meter Maintenance and Testing Procedure Manual, and SFPUC's draft proposal regarding a possible WSA amendment related to Minimum Purchase Obligations. The first two items are described in the CEO letter and copies of correspondence with San Francisco are included in the Correspondence Packet.

Additional funding of \$84K is needed for legal counsel to address these issues in the current fiscal year. The increase can be funded by a transfer from the General Reserve. If approved, the FY 2023-24 Operating Budget would increase to \$5,067,419, and would bring the General Reserve balance to 29% of the revised Operating Budget.

In response to Director Zigterman's question, Ms. Sandkulla stated that the Board adopted General Reserve Policy recommends a General Reserve balance of 20% - 35% of the Operating Budget.

With no further questions and comments from the Committee and no comments from the Public, Chair Hardy opened the floor for a motion.

Director Schneider made a motion, seconded by Director Vella, that the Committee recommend the Board to authorize the CEO/General Manager to:

- 1. Amend the professional services contract with Hanson Bridgett by \$84K for a total not-to-exceed amount of \$975K;**
- 2. Authorize a transfer of \$84K from the General Reserve to the Operating Budget; and**
- 3. Increase the approved FY 2023-24 Operating Budget by \$84K to \$5,067,419.**

The motion passed unanimously by roll call vote.

6. Reports and Discussions:

- B. Update on Negotiations of a new Tier 2 Plan: Ms. McPherson reported that negotiations continue to make progress towards the June 2024 deadline that the agencies set for themselves. Lead negotiators are working towards finalizing a New Tier 2 Plan for unanimous adoption by governing bodies by December 2024.

While consensus is not yet secured, BAWSCA continues to believe that lead negotiators will reach agreement on final key parameters by end of June. BAWSCA is closely tracking the progress and considering the expiration of the existing Tier 2 Plan. If it appears that unanimous adoption by the BAWSCA agencies is not possible by December 2024, BAWSCA will begin facilitating the process, beginning with the BPC in October and with the Board in November, on whether to extend the existing Tier 2 Plan or adopt a new Plan.

Director Hardy asked if, in the event that the Board extend the existing Tier 2 Plan in December 2024, and the New Tier 2 Plan is adopted by the agencies, the New Plan will supersede the extended Tier 2 Plan.

Ms. Sandkulla stated that that is an option the Board can put in place when it takes its action in November.

Director Zigterman asked if there was a way the Board Policy Committee or the full Board can encourage the lead negotiators to conclude the negotiations this fiscal year, and whether there are any associated side issues, such as the minimum purchase, that are being brought up.

Director Hardy noted that members of the BAWSCA Board have discretion to do what they need to do within their agencies to assist progress of the negotiations.

Ms. Sandkulla stated that the proposed Minimum Purchase Amendment from San Francisco is influencing the process. The agencies that are subject to a minimum purchase obligations, particularly one, have clearly expressed their interest in addressing the issue as part of the new Tier 2 Plan. This can be expected in a multi-party negotiations.

Ms. Sandkulla encouraged members of the Committee and the Board to reach out to the negotiators of their appointing agencies. She reported that the negotiators have been made aware that beginning in June with the BPC, more details around a possible new Tier 2 Plan will be discussed with the Committee and the Board in preparation for the potential future need for the Board to act on a new Tier 2 Plan in absence of the member agencies adopting a plan themselves. Ms. Sandkulla noted that she encouraged the negotiators to embrace the need to come to resolution and stated that she was applying pressure to all sides to move the negotiations forward.

- B. BAWSCA's Long Term Reliable Water Supply Strategy 2050: Sr. Water Resource Engineer, Negin Ashoori was pleased to report that development of the draft Scope of Work for Strategy 2050 is on track with the helpful input received from the Board and Water Management Representatives.

The development of the draft Scope of Work began by establishing a purpose for Strategy 2050. With input from the Board and WMR, the purpose was established as:

"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."

From the established purpose, further information from the member agencies were collected through a needs assessment survey. Results from that survey formed six specific objectives to achieve the purpose. The six objectives align with the goal of ensuring a reliable supply of high quality water at a fair price and are in addition to BAWSCA's work to oversee the WSA.

The purpose and objectives of Strategy 2050 informed the identification of seven (7) key tasks for the draft Scope of Work. In addition to the details provided in the staff report included in the agenda packet, Ms. Ashoori explained the specifics of each of the seven (7) task.

1. Evaluate water supply and demand management reliability.

- A risk assessment of water reliability will review the potential risks impacting water supply reliability in the BAWSCA region. Risks and stressors may

include the impacts of Climate Change, evolving regulations, and other uncertainties on water supply both at the local and regional levels. The effects of the stressors on the water supply for four potential future scenarios will be quantified using the existing Riverware model.

This is similar to the sensitivity analysis for the 2022 Demand Study, but looking more at the supply side.

- In addition to the 2025 Demand Study, developing a preliminary water demand, supply, and reliability assessment for 2025 UWMP's will provide additional information that the agencies need to complete their reports. This includes the analysis of individual BAWSCA agency total water demand, water use efficiency potential, and water supply reliability risks.
- Assessment of existing risks and emergency framework will focus on identifying vulnerabilities from factors such as wildfires, earthquakes, and sea level rise, and looking at emergency response plan frameworks to identify differences, Best Practices in emergency planning and in responses as well as plan implementation across counties and individual agencies.
- Assessment of regional emergency resilience programs will explore the frameworks of member agencies as well as regional entities outside of the region to identify opportunities to incorporate best practices learned from other regions into the BAWSCA region to improve resources and coordination across BAWSCA agencies.

2. Assess regulatory setting and collaboration opportunities.

- Summary of up to six specific regulations and their requirements to see what the potential risks and opportunities might be for the BAWSCA region, including water supply availability, costs and staffing implementation.
- Develop recommended action for advancing regulatory collaborations by reviewing other regional frameworks. Potentially looking at what the Regional Water Authority is doing and applying to the BAWSCA region.

3. Evaluate existing project concepts and identify new regional project opportunities.

- Through the OneWater Reliability Roundtable series, BAWSCA compiled a list of projects that will be placed in a single shared database and refined to include factors such as water yield, potential benefits, capital costs, O&M, as well as secondary benefits that includes community and environmental benefits as well as challenges.
- Develop up to twelve new water supply and demand management project concepts and details that will focus on regional project opportunities.
- Develop metrics for comparing water supply projects and portfolios. The metrics developed would evaluate factors such as project opportunities and may include costs, dry year reliability benefits, water quality impacts, regulatory complexities, and speed of implementation to supplement the existing project concepts.
- Develop up to five multi-project portfolios from the project inventory to assess reliability benefits of different combinations of projects.
- Evaluate and identify, if any, necessary updates and refinements to the existing Regional Groundwater Model. BAWSCA established the Regional

Groundwater Model during the 2015 Strategy development. The model was updated in 2018 with new data from the San Mateo County.

- Establish a subscription program to support member agencies with individual planning tasks if the tasks go beyond what is scoped at the regional level. This would include development of individual agency projects or other reliability planning and analysis needed by individual agencies.

4. Provide support to member agencies in their efforts to obtain external funding.

- Expanding the new grant tracking tool, which will be released to the member agencies by the end of FY 2023-24, to incorporate new funding opportunities and to align it with the project inventory, identifying which projects are both eligible and competitive for funding.
- Establish a regional funding strategy and advocacy approach to maximize the funding in the BAWSCA region. It will outline potential opportunities, coordinate messaging, and recommend next steps to obtain funding.
- Provide funding application and administrative support as a subscription program to the agencies.
- Prepare application, if relevant State and/or Federal funding for Strategy 2050 becomes available during its development, to offset or augment funding through the Water Management Charge.

5. Document drinking water affordability challenges and opportunities.

- Review other State and regional findings and efforts related to drinking water affordability, including efforts by member agencies and others outside the region.
- Assess affordability programs and develop recommendations on potential programs and/or models that can be considered on a local or regional scale to address affordability challenges.

6. Develop method to track and report on the status of Strategy 2050 implementation.

- Develop a dashboard in which all the information will be available to help agencies collaborate and track progress on the 2050 development. It will include some of the components in BAWSCA's Water Conservation Database (WCDB).
- Develop a custom decision support tool designed to connect all the data sources compiled from the Strategy 2050 efforts to analyze certain projects over others. It will provide capability to adjust some of the assumptions, and prioritize alternatives. For example, projects that provide dry year reliability, or projects that can be completed in a shorter period of time can be prioritized and analyzed over other projects to allow planning for various scenarios.
- Develop metrics for tracking the progress towards achieving Strategy 2050 objectives. This would tie in with the decision support tools, and can include LOS metrics, regulatory compliance, and metrics for funding or affordability.
- Develop initial Strategy 2050 Progress Report and Action Plan that would summarize the progress made in the development of Strategy 2050 and outline the next steps to achieve the objectives.

7. Report preparation – including findings, near and long-term recommendations.

- Prepare the Final Strategy 2050 Report
- Develop Strategy 2050 communications materials

The draft Scope of Work includes a detailed schedule that identifies key points of engagement with the Board and the WMR to ensure continued communication throughout the Strategy 2050 development. Workshops and meetings with the agencies will be regularly scheduled as BAWSCA works through the tasks.

Member agencies were provided the draft Scope of Work on March 1st, and comments were received on March 15th. The feedback received from the WMR and the Board has guided the selection of tasks and subtasks for the development of the draft Scope of Work.

BAWSCA will continue to communicate with the WMRs and the Board in May and in June to discuss the funding plan through the use of the Water Management Charge in accordance with the WSA.

The draft Scope of Work will be presented to the Board at its May meeting as an informational item. BAWSCA anticipates recommending Board action on Strategy 2050 in July on a professional services contract and associated scope of work, as well as authorization on the use of the Water Management Charge as a funding source.

Director Hardy was pleased with the inclusion of emergency planning and the expansion of the “to be completed” grant tracking tool in the draft scope of work. She asked about whether the noted number of five multi-project portfolios to be developed under task #3 is a maximum or a minimum.

Ms. Ashoori stated that it is a maximum based on the designated number of consultant hours for the specific subtasks, but it can be adjusted if necessary.

Director Schnieder commented that what appears to be the current trend in grant applications is to try to get as many combined projects as possible. She appreciates that the draft scope of work is recognizing that approach for obtaining external funding opportunities.

Director Zigterman is looking forward to the study, and asked if Task #1 will look at the uncertainties resulting from the Bay Delta Plan by evaluating scenarios with a range of what might happen versus the way things are today.

Ms. Ashoori stated that it is something that will be looked at as Strategy 2050 is developed.

Ms. Sandkulla added that she is cautious about BAWSCA tackling the issue outside of the SFPUC as it falls under the SFPUC’s responsibility, and she would like to keep the pressure where it appropriately lies. It will be something that she will challenge the project team to evaluate within the context of the scenarios that they will look at.

Director Zigterman also commented to consider including an Executive Summary of the Final Report under Task #7.

Director Chambers was pleased that the draft Scope of Work will look at groundwater because regulations are very dynamic, specifically with the PFAS requirements, which can have a significant impact on water supplies for agencies that depend on groundwater. Additionally, some agencies have chromium six problems, therefore including groundwater in the scope of work for Strategy 2050 is a positive direction.

Director Duncan was pleased with the draft scope of work, particularly with the tasks of assessing existing vulnerabilities and emergency framework as well as regional emergency resilience programs. They align with agencies' re-certification process for the America's Water Infrastructure of 2018 (AWIA) that is due between 2025 and 2026. It would be valuable for agencies to have alignment with the AWIA goals.

Ms. Sandkulla noted that AWIA is a Federal requirement related to the reliability of water systems, and depending on the size of the system, there are certain levels by which agencies have to respond about the system's security. It required, at its first round, a substantial effort across the nation for the water systems to comply.

Director Hardy reminded the Committee that there is a list of Acronyms included in the CEO letter for the Board members' reference.

7. **CEO Reports:**

- A. **Water Supply Conditions:** Ms. Sandkulla reported that Hetch Hetchy precipitation and snowpack are both near the historic median for the water year. Storage in the Regional Water System is at 90% of maximum.

Water demand from the Regional Water System is approaching the 5-Year average at approximately 170 mgd for this time of year. It is expected to increase in the months ahead, but given recent cold temperatures and precipitation, it may have dipped down.

Overall, water supply conditions are in a good position. SFPUC's final Water Supply Availability Report is anticipated by April 15th and will be shared with the Board and member agencies.

- B. **Bay-Delta Plan and FERC Update:** Ms. Sandkulla reported that the State Water Board is hosting a 3-day Workshop on the proposed Voluntary Agreements (VA) on April 24, 25 and 26. The workshops will be held in-person in Sacramento, but will be available live online, and recorded for viewing after.

The workshops will be focused on the proposed VAs, primarily on VAs to support the Bay Delta Plan Update Phase 2. The parties will provide detailed overview of the VA's. The goal is to receive input and answer questions from Board members, and receive input from the public. Ms. Sandkulla noted that the Tuolumne VA is included in the Bay Delta Plan Update Phase 1. There may be some mention of the Tuolumne in these workshops, but perhaps up to 5 minutes over the course of the workshops.

In support of the workshops, the State Board issued a cover memo on March 28th explaining the key documents that were submitted, which included flow accounting procedures, non-flow measure accounting protocols, implementing agreements, enforcement agreements, and a VA flowchart.

BAWSCA is reviewing the key documents and will monitor the workshops.

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

8. **Closed Session:** There were no public comments prior to Closed Session. The committee adjourned for a 5 minute break at 3:04pm prior to Closed Session.
9. **Report from Closed Session:** Legal Counsel, Allison Schutte, reported that Closed Session ended at 3:39pm. No reportable action was taken during Closed Session.

- 10. Comments by Committee Members:** Director Hardy thanked members of the Committee for their time in attending the meeting, and for their patience as staff work through the challenges of applying technology in a rented facility. She noted the change in venue for the June meeting.

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

- 11. Adjournment:** The meeting was adjourned at 3:33pm. The next meeting is June 12, 2024 in Oak Room of the San Mateo Main Library.

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Apr. 10 2024	Feb. 14, 2024	Dec. 13, 2023	Oct. 11, 2023	Aug. 11, 2023	Jun. 14, 2023
Santa Clara	Hardy, Karen (C)	✓	✓	✓	✓	MEETING CANCELLED	✓
Hillsborough	Ragsdale, Leslie (VC)	✓	✓	n/a	n/a		n/a
Westborough	Chambers, Tom	✓	✓	✓	✓		✓
Menlo Park	Doerr, Maria	✓	✓	✓	✓		
CalWater	Duncan, Darin	✓	✓	n/a	n/a		n/a
Redwood City	Pierce, Barbara	☎	✓	☎	✓		✓
Millbrae	Schneider, Ann	✓	✓	✓	✓		✓
MPWD	Vella, Lou	✓	☎	✓	✓		✓
Stanford	Zigterman, Tom	✓	✓	✓	✓		✓

✓: present

☎ : Teleconference

April 10, 2024 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		
Lourdes Enriquez	Asst. to the CEO/General Manager		
Deborah Grimes	Office Manager		

Public Attendees:

Alison Kastama SFPUC

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: Contracting and Funding to Initiate the Development of the Long-Term Reliable Water Supply Strategy 2050

Summary:

This item requests the Committee to recommend the Board authorize the CEO/General Manager to (1) negotiate and execute a contract with EKI for the development of BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050); (2) approve a 2nd contract with BAWSCA's legal counsel, Hanson Bridgett, to support the development of Strategy 2050; and (3) approve funding the development of Strategy 2050 through a Water Management Charge (WMC) as authorized in Section 3.06A of the Water Supply Agreement between San Francisco and its Wholesale Customers (WSA).

In order to facilitate an efficient transition from the scoping of Strategy 2050 to its development, the contract that BAWSCA entered into for the scoping effort left open the potential to utilize the same consultant for subsequent phases, at BAWSCA's sole discretion. BAWSCA has been very satisfied with the quality of the work that EKI produced in the scoping phase of Strategy 2050. Therefore, it is recommended that BAWSCA continue to contract with EKI for the development of Strategy 2050.

Information detailing the proposed Scope of Work (SOW), Strategy 2050 development budget, and funding mechanism is included in this memo. The SOW for Strategy 2050 is provided as Attachment A and is comprised of a number of key tasks and associated subtasks, all of which will be integrated into the workplan for the development of Strategy 2050. Feedback from both the Board and Water Management Representatives (WMR) has helped guide task and subtask selection for the SOW development.

Fiscal Impact:

Strategy 2050 is scheduled to be completed in January 2027 with an associated total budget of \$2,447,000, which includes costs associated with technical and legal services. The proposed method for funding the development of Strategy 2050 is the use of the Water Management Charge, as enabled by the WSA. The Water Management Charge will be applied to the wholesale customer's SFPUC water bills as an additional line item cost per hundred cubic feet (Ccf). The impact is anticipated to be about \$0.02 per Ccf.

Table 1 shows the Water Management Charge proposed to be included in each Wholesale Customer's monthly water bill as its proportional share of Strategy 2050 costs based on a total cost of \$2.447M and an 18 month collection period starting September 2024.

Recommendation:

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

1. Negotiate and execute a contract with EKI to develop Strategy 2050 for a cost not to exceed \$2,267,000;
2. Execute a new contract with Hanson Bridgett to provide legal services in support of the development of Strategy 2050 with a cost of \$180,000; and
3. To enact the Water Management Charge to fund the development of Strategy 2050 work up to a not-to-exceed amount of \$2,447,000.

Discussion:

BAWSCA has completed the development of the SOW for Strategy 2050. Figure 1 provides the overall schedule for Strategy 2050 including scoping and development.

The Strategy 2050 SOW includes defined primary tasks and subtasks which were shared with the Board and WMR in January 2024. The draft SOW was shared with the BAWSCA WMR on March 1, 2024, the BPC on April 10, 2024, and with the Board on May 16, 2024. All of the tasks and subtasks within the SOW tie directly back to the proposed purpose and objectives of Strategy 2050.

Input received at the WMR workshops and Board meetings has been helpful in the development of the Strategy 2050 purpose, objectives, and SOW.

In consideration of the inputs received, the **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 Strategy 2050 objectives for the BAWSCA region were identified to achieve the Strategy 2050 purpose. These six 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.

Strategy 2050 Objectives:

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 purpose and objectives of Strategy 2050 support the identification of the following seven key tasks for the SOW:

1. *Evaluate water supply and demand management reliability.*
2. *Assess regulatory setting and collaboration opportunities.*
3. *Evaluate existing project concepts and identify new regional project opportunities.*

4. *Provide support to member agencies in their efforts to obtain external funding.*
5. *Document water affordability challenges and opportunities.*
6. *Develop a method to track and report on the status of Strategy 2050 implementation.*
7. *Report preparation – including findings, near and long-term recommendations.*

Additional details related to the Strategy 2050 SOW are shown in Attachment A. The next step is to initiate the development of Strategy 2050. To do this, the Board would need to authorize the CEO/General Manager to contract for the necessary technical and legal support and authorize BAWSCA to use the Water Management Charge to fund the development of Strategy 2050.

Consultant Resources for the Development of Strategy 2050:

In order to facilitate an efficient transition from the scoping of Strategy 2050 to its development, the contract that BAWSCA entered into for the scoping effort left open the potential to utilize the same consultant for subsequent phases, at BAWSCA's sole discretion. BAWSCA considered numerous factors in deciding whether to engage the Consultant who performs the scoping work to develop Strategy 2050, including but not limited to the following:

1. the quality of the scoping services performed by Consultant;
2. whether the scoping services were completed on time and on budget; and
3. the reasonableness of Consultant's proposed key business terms for preparing Strategy 2050, such as schedule, price, and key staff.

BAWSCA has been satisfied with the quality of the work that EKI produced in the scoping phase of Strategy 2050. Therefore, it is recommended that BAWSCA continue to contract with EKI for the development of Strategy 2050.

Recommended Use of Water Management Charge for Funding Strategy 2050:

The proposed method for funding Strategy 2050 is to use the Water Management Charge as enabled by the WSA. Specifically, Section 3.06A of the WSA states:

In order to support the continuation and expansion of water conservation, water recycling, and development of alternative supplies within the wholesale Customers' service areas, the SFPUC will, if requested by BAWSCA, include the Water Management Charge in water bills sent to Wholesale Customers.

Funding Strategy 2050 with the WMC is consistent with the stated intention of the Water Management Charge and was also used to fund the 2015 Strategy development. Furthermore, use of the Water Management Charge offers the following benefits compared to funding Strategy 2050 through member agency assessments, which is BAWSCA's regular source of funding authorized by its enabling legislation:

- Use of the WMC provides flexibility in collecting revenue and allocating costs for the development of Strategy 2050, as opposed to the assessment process which funds BAWSCA's annual budget and is set by State law.
- Use of the WMC represents a discrete project budget that is independent of the BAWSCA annual operating budget, and that can be tracked and monitored separately.
- The WMC offers a revenue stream that is not constrained by the fiscal year, which is beneficial when pursuing activities which extend beyond a single fiscal year.

- Use of the WMC enables BAWSCA member agencies to accommodate the costs for developing Strategy 2050 as part of the cost of water from SFPUC that is paid for by the water users rather than as an increased cost associated with participation in BAWSCA.

Consistent with BAWSCA's enabling legislation and the provisions for assessing member agencies, it is recommended that the allocation of the WMC to fund Strategy 2050 be in proportion to member agency purchases from SFPUC during FY 2000-01.

If approved by the Board in July, San Francisco would subsequently add a line item "Water Management Charge" to its wholesale water bills beginning in September 2024, collect the WMC funds, and remit the collected WMC funds to BAWSCA for its use on behalf of its member agencies.

A few additional conditions are imposed on SFPUC and BAWSCA if the Water Management Charge is utilized:

- SFPUC will provide an annual accounting of revenue collected to BAWSCA; and
- BAWSCA will provide an annual report to the SFPUC describing the projects and programs funded with this revenue and an estimate of water conservation savings and new supply yield associated with this expenditure.

Table 1 shows the WMC to be included in each Wholesale Customer's monthly water bill as its proportional share of Strategy 2050 costs based on a total cost of \$2.447M and an 18 month collection period starting September 2024. The impact is anticipated to be about \$0.02 per Ccf. For comparison purposes, the FY 2024-25 SFPUC wholesale water rate is \$5.67/Ccf.

BAWSCA is continuing to coordinate with SFPUC on the administrative matters involved in billing, collecting, and remitting WMC revenue.

Table 1: Application and Allocation of Water Management Charge for Development of Strategy 2050

Project: Long Term Reliable Water Supply Strategy 2050

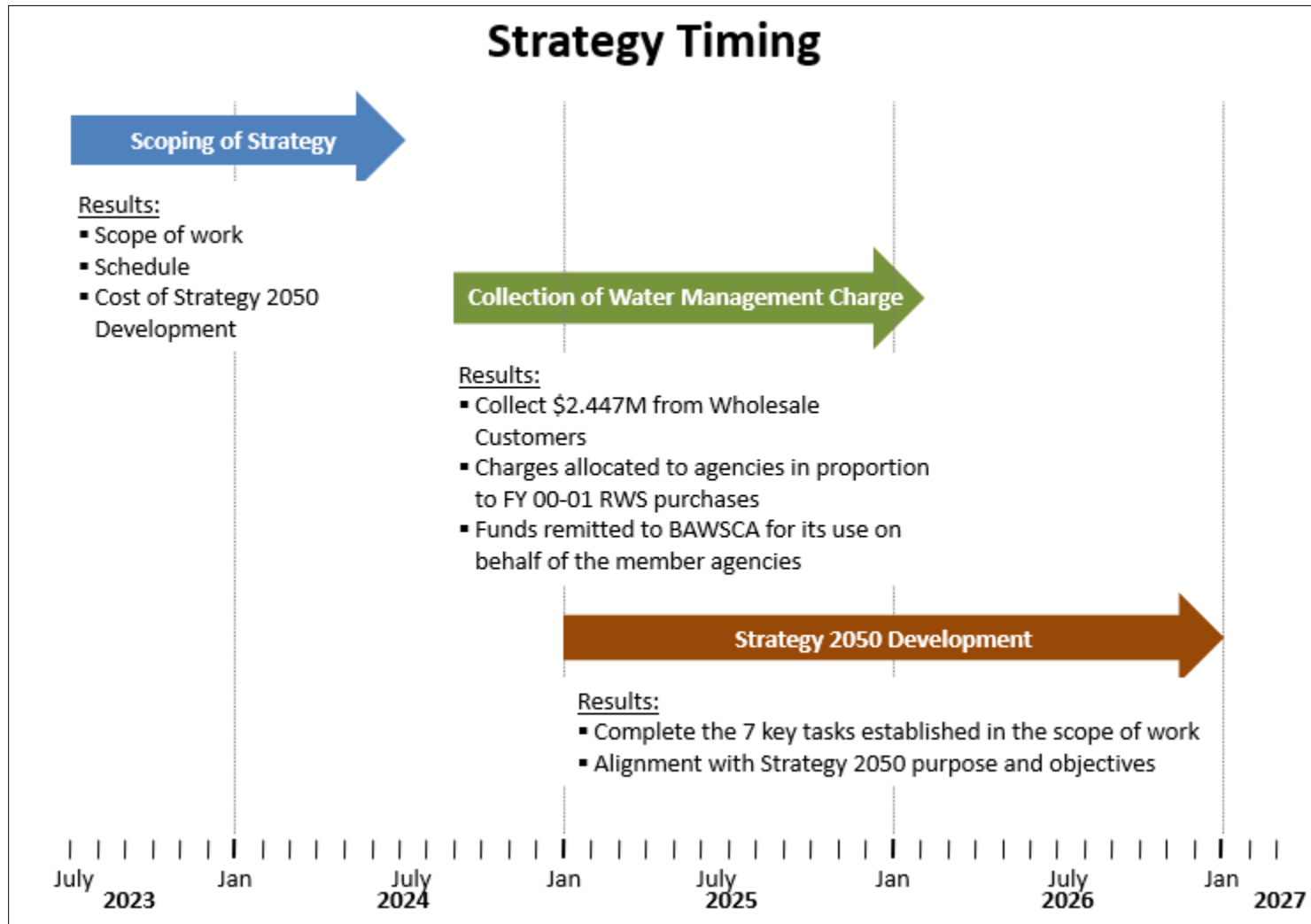
Total Cost (\$M): \$2.447

Collection Time Period: Sep. 2024 – Feb. 2026 (18 months)

Derivation of Monthly Charges for Each Agency

Agency	Actual FY 2000-01 SFPUC Purchases		Water Management Charge Proportionate to Usage	
	Ccf/yr.	Percentage	Total Agency Share	Dollars/Month
	A	B	C	D
Alameda CWD	5,733,920	6.7%	\$164,441	\$9,136
Brisbane	178,451	0.2%	\$5,118	\$284
Guadalupe Valley ID	222,972	0.3%	\$6,395	\$355
Burlingame	2,373,507	2.8%	\$68,069	\$3,782
Cal Water-Bear Gulch	5,833,013	6.8%	\$167,283	\$9,294
Cal Water-Mid Peninsula	8,499,018	10.0%	\$243,741	\$13,541
Cal Water-SSF	3,775,630	4.4%	\$108,280	\$6,016
Coastside	755,636	0.9%	\$21,671	\$1,204
Daly City	2,215,685	2.6%	\$63,543	\$3,530
East Palo Alto	1,045,526	1.2%	\$29,984	\$1,666
Estero	2,873,777	3.4%	\$82,416	\$4,579
Hayward	8,959,450	10.5%	\$256,945	\$14,275
Hillsborough	1,861,166	2.2%	\$53,376	\$2,965
Menlo Park	1,684,982	2.0%	\$48,323	\$2,685
Mid-Peninsula	1,747,989	2.0%	\$50,130	\$2,785
Millbrae	1,339,215	1.6%	\$38,407	\$2,134
Milpitas	3,444,476	4.0%	\$98,783	\$5,488
Mountain View	5,423,871	6.4%	\$155,550	\$8,642
North Coast	1,676,847	2.0%	\$48,090	\$2,672
Palo Alto	6,730,016	7.9%	\$193,008	\$10,723
Purissima Hills	1,066,141	1.2%	\$30,576	\$1,699
Redwood City	5,749,916	6.7%	\$164,900	\$9,161
San Bruno	1,192,026	1.4%	\$34,186	\$1,899
San Jose	2,349,220	2.8%	\$67,373	\$3,743
Santa Clara	1,997,584	2.3%	\$57,288	\$3,183
Stanford	1,315,366	1.5%	\$37,723	\$2,096
Sunnyvale	4,785,841	5.6%	\$137,252	\$7,625
Westborough	493,441	0.6%	\$14,151	\$786
Total	85,324,682	100%	\$2,447,000	\$135,944

Figure 1: Strategy 2050 Schedule



Attachment A

Draft Scope of Work: BAWSCA Long-Term Reliable Water Supply Strategy 2050

Task 1: Evaluate Water Supply and Demand Management Reliability

Subtask 1A: Conduct a Risk Assessment of Water Reliability

The Consultant will review the potential risks impacting water supply reliability to the BAWSCA region, including the impacts of climate change, evolving regulations, and other uncertainties on water supplies at both the local agency and regional level. Using the existing RiverWare model, the Consultant will quantify the effects of these stressors on water supply for four potential future scenarios.

Subtask 1B: Develop Preliminary Water Demand, Supply, and Reliability Assessment for 2025 Urban Water Management Plans (UWMPs)

The Consultant will prepare a Demand, Supply, and Reliability Assessment Technical Memorandum (TM) using data from BAWSCA's 2025 water demand projection results. The TM will summarize initial Strategy 2050 findings related to water demand, supply, and reliability to inform preparation of individual BAWSCA Agency UWMPs.

Subtask 1C: Assess Existing Risks and Emergency Framework

The Consultant will assess the existing emergency planning and response frameworks across BAWSCA Agencies, including America's Water Infrastructure Act of 2018 (AWIA) requirements. Review will focus on comprehensive identification of vulnerabilities, such as wildfires, earthquakes, sea level rise, and adequate and continued implementation of emergency response plan frameworks.

Subtask 1D: Assess Regional Emergency Resilience Programs

The Consultant will explore emergency frameworks employed by BAWSCA Agencies and other regional entities outside of the BAWSCA region. The Consultant will assess opportunities to incorporate best practices from other regions into the emergency response within the BAWSCA region to jointly improve resources and coordination across BAWSCA Agencies.

Task 2: Assess Regulatory Setting and Collaboration Opportunities

Subtask 2A: Identify Regulatory Setting

The Consultant will summarize current and anticipated near-term and mid-term regulations impacting water management and project implementation. These may include water use efficiency requirements, water quality and environmental flow requirements, potable reuse regulations, reporting requirements, water rights requirements, or other similar regulations.

Subtask 2B: Assess Framework for Future Regulatory Collaboration

The Consultant will assess frameworks for regulatory collaboration and advocacy that have been employed by other regional entities and summarize frameworks for regional regulatory collaboration and advocacy, potential applicability of each framework to the BAWSCA region, and associated considerations (e.g., resource and staffing needs).

Task 3: Evaluate Existing Project Concepts and Identify New Regional Project Opportunities

Subtask 3A: Establish Project Database Architecture

The Consultant will develop a structure for the Project Database, a project inventory and database for BAWSCA Agencies' and other regional entities' planning projects.

Subtask 3B: Refine Existing Project Concepts

The Consultant will compile projects identified by BAWSCA Agencies through the One Water Reliability Roundtable Series and other local and regional planning efforts into the Project Database. The Consultant will refine and update details of projects in the Project Database.

Subtask 3C: Develop Additional Water Supply and Demand Management Project Concepts

The Consultant will develop up to twelve new water supply and demand management project concepts and details to supplement the existing project concepts. Details will include supply volume, capital costs, O&M costs, steps to project implementation, permitting process, proponents and partners, secondary benefits, and anticipated challenges and complexities.

Subtask 3D: Develop Comparative Metrics

The Consultant will develop metrics for comparing water supply projects and portfolios. The metrics will be developed to reflect considerations for BAWSCA and the BAWSCA Agencies in evaluating project opportunities and may include cost, dry-year reliability benefit, water quality impacts, regulatory complexity, speed of implementation, certainty of supply volume, community and environmental benefits, and other factors.

Subtask 3E: Develop Project Portfolios

Working with BAWSCA and the BAWSCA Agencies, the Consultant will develop up to five multi-project portfolios and assess reliability benefits under scenarios established in Subtask 1A.

Subtask 3F: Provide Individual Reliability Planning Services (Subscription Program)

If requested by individual BAWSCA Agencies, the Consultant will support the BAWSCA Agencies in individual planning tasks where individual needs go beyond what is scoped at a regional level.

Subtask 3G: Post-Audit Regional Groundwater Model

The Consultant will complete a post-audit of the existing Regional Groundwater Model to evaluate Regional Groundwater Model performance relative to observed conditions and identify whether refinements and recalibration are needed.

Subtask C-3H: Additional Regional Reliability Model Project Analysis

If determined to be necessary to inform Strategy 2050 decisions, the consultant will conduct additional project analysis in the Regional Reliability Model. Additional Regional Reliability Model updates may include more detailed representation of project entry points within the system or more detailed analysis of reliability benefits to a subset of potential project partners beyond overall regional benefits.

Subtask C-3I: Evaluate Additional Project Portfolios

If additional project portfolios beyond the five (5) identified in Subtask 3E are deemed necessary, the Consultant will evaluate additional project portfolios.

Subtask 3K: Prepare Constituent Concentration Trend Analysis and Modeling Approach

The Consultant will identify and evaluate BAWSCA Agency water quality concerns (i.e., PFAS, Cr6, and NH3) and request relevant water quality data as part of data acquisition efforts within the Regional Groundwater Model study area. Using these data, the Consultant will characterize spatial and temporal trends in constituent concentrations within the study area. The Consultant will then develop preliminary recommendations to support water quality management efforts.

Subtask C-3J: Additional Updates to the Regional Groundwater Model

If determined to be necessary based upon the results of Subtask 3G, the Consultant will (1) modify and refine the Regional Groundwater Model and/or (2) construct and implement model scenarios that support the evaluation of specific projects identified in Subtask 3B and 3C.

Task 4: Provide Funding Support

Subtask 4A: Expand Grants Tracking Tool

The Consultant will expand the BAWSCA Grants Tracking Tool to incorporate additional grant tracking and funding support components.

Subtask 4B: Establish Regional Funding Strategy and Advocacy Approach

The Consultant will assess regional funding needs, considering Project Inventory developed in Subtask 3A. The Consultant will identify options for a comprehensive regional funding strategy and advocacy approach to maximize funding in the BAWSCA region.

Subtask 4C: Provide Funding Application and Administrative Support (Subscription Program)

The Consultant will support the BAWSCA Agencies in pursuing and administering funding for individual and regional projects.

Subtask 4D: Pursue Funding for Strategy 2050

If a relevant funding opportunity becomes available, the Consultant will prepare a funding application to offset or augment the Strategy 2050 funding provided through the Water Management Surcharge.

Task 5: Document Drinking Water Affordability Challenges and Opportunities

The Consultant will review other State and regional findings and efforts related to drinking water affordability. The Consultant will conduct a workshop with BAWSCA Agencies to review the findings and seek input on the broader concept of regional affordability for Strategy 2050. The Consultant will additionally research and evaluate rate assistance programs that other agencies have implemented to help ensure drinking water affordability for customers in compliance with Proposition 218. The Consultant will develop recommendations on potential programs and/or models that could be considered either on a local or regional scale to address affordability challenges.

Task 6: Develop Method to Track and Report on Status of Strategy 2050 Implementation

Subtask 6A: Develop Strategy 2050 Dashboard

The Consultant will develop a Strategy 2050 Dashboard, including components within BAWSCA's existing WCDB, to foster collaboration, share building blocks for planning, and track progress on Strategy 2050 development and implementation.

Subtask 6B: Develop Strategy 2050 Decision Support Tool

The Consultant will develop a custom interactive Decision Support Tool (DST) to support BAWSCA and BAWSCA Agencies' planning and decision making. The DST will provide further capability to adjust assumptions, prioritize alternatives, and incorporate the water reliability analysis and scenarios established in Subtask 1A, the Project Inventory developed in Subtask 3B and Subtask 3C, and portfolio building capabilities using the comparative metrics developed in Subtask 3D.

Subtask 6C: Develop Metrics for Progress Tracking

The Consultant will develop metrics for tracking progress toward the Strategy 2050 objectives. The metrics will be developed to evaluate the status of external drivers and risks and approaches to “course correct” as needed. Metrics may include: (1) level of service goals; (2) metrics for regulatory compliance; (3) metrics for funding or affordability; or (4) other metrics, informed by Strategy 2050 development.

Subtask 6D: Develop Initial Strategy 2050 Progress Report and Action Plan

The Consultant will develop the initial Strategy 2050 Annual Progress Report template summarizing Strategy 2050 activities completed in the initial year of development and progress towards meeting the Strategy 2050 objectives.

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

The Consultant will develop the Strategy 2050 Report to summarize findings from Task 1 to Task 6 and document the path to achieving the Strategy 2050 goal and objectives. The Consultant will develop communication materials to accompany the Strategy 2050 Report, including tools, such as a PowerPoint presentation, to facilitate effective communication with decision-makers and advocate for the needs of the BAWSCA region.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Board Member Compensation and Expense Reimbursement**

Summary:

Compensation for a public agency board member is typically set by statute, which provides the compensation amount per day of service and limitations on the days of service per month. The Bay Area Water Supply and Conservation Agency (BAWSCA) Board members are compensated at the rate of \$100 per day of service, for up to four days of service per month. At the May 16, 2024 Board meeting, Director Weed made a request that the issue of increasing the Board member compensation from \$100/meeting to \$200/meeting be brought before the Board for consideration at its next meeting. It has also been suggested that the Board consider modifying BAWSCA's ordinance related to compensation to require review of Board member compensation every 5 years. The Committee discussed this issue previously in April and June 2023 with no further action taken at that time.

Fiscal Impact:

Increasing the board member meeting stipend from \$100/meeting to \$200/meeting would result in an increased cost of \$21,000 year. For FY 2024-25, this increased cost would need to be funded by a transfer from the General Reserve and an associated increase to the approved Operating Budget.

Recommendation:

This item is for Committee discussion purposes only to aid the Board's consideration of possible action at its July meeting.

Discussion:

The Committee discussed the issue of increasing Board member compensation at its April 2023 and June 2023 meetings. Copies of the staff reports are attached for reference. At that time, the Committee chose to not further a recommendation to the Board for its consideration.

Last month at the May board meeting, Director Weed made a request that that the issue of increasing Board member compensation to \$200/meeting be brought to the Board for its consideration. In addition, it has been suggested that the Board consider modifying BAWSCA's ordinance related to compensation to require review of Board member compensation every 5 years.

This agenda item is for Committee discussion purposes only to aid in the Board's potential future consideration. It is anticipated that this item will be provided to the Board at its July meeting for its consideration and possible action.

Background:

BAWSCA's enabling legislation, AB 2058 (2002, Papan), establishes the compensation amount for each day of service for its Board members. California Water Code Section 81339 allows BAWSCA to compensate Board members up to \$100 per day for each day's attendance at meetings of the Board, not to exceed four meetings in any calendar month. Both the compensation per day of service and number of compensable days of service per month may be

increased by Ordinance pursuant to California Water Code section 20200 et seq. However, the statute limits the increase to (i) the compensation per day of service to no more than 5% for each year following the date of the last adjustment, and (ii) the days of service per month to no more than 10 days in a calendar month.

BAWSCA adopted its Board member compensation ordinance on June 17, 2004, becoming effective on September 1, 2004. If BAWSCA determines to raise the director compensation amount by the maximum allowable simple percentage increase since Ordinance 2004-1 became effective, the Board member compensation can be set at a maximum amount of \$200 effective September 1, 2024.

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

Attachments:

1. April 12, 2023 Board Policy Committee staff memo "Discussion of Board Member Compensation"
2. June 14, 2023 Board Policy Committee staff memo "Discussion of Board Member Compensation, Board Diversity, and the Board Member Expense Reimbursement"

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Discussion of Board Member Compensation**

Summary:

Compensation for a public agency board member is typically set by statute, which provides the compensation amount per day of service and limitations on the days of service per month. The Bay Area Water Supply and Conservation Agency (BAWSCA) Board members are compensated at the rate of \$100 per day of service, for up to four days of service per month. At the direction of the Board and to facilitate a discussion on Board member compensation, legal counsel and staff have prepared this staff report to include data on other water agency compensation limits and potential survey questions for the Board Policy Committee to consider. There has not been a formal outside study comparing the compensation of the BAWSCA Board with peer agencies in the Bay Area. This agenda item is for discussion purposes only.

Recommendation:

This item is for discussion purposes only.

Discussion:

The Board Policy Committee has asked legal counsel and staff to prepare a short memo outlining the parameters and limits for any possible change to compensation for both BAWSCA and Regional Financing Authority boards. An evaluation of Board member compensation requires consideration of various factors.

Possible variables to consider when determining the appropriate compensation per day of service are whether the wages are suitable for the amount of effort expended, travel costs, babysitting or caregiving costs, and the opportunity cost of the work.¹ A low compensation amount may be a barrier to entry for individuals. On the other hand, too high of a compensation amount may not be necessary to incentivize interest in serving as a Board member or may incentivize Board members to unnecessarily maximize days of services, thereby harming the public financial interests.

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

Comparator Agency Compensation

To assist in the reexamination of the compensation amounts for Board members, the following chart compares the compensation amounts of some of BAWSCA's peer agencies.

¹ The actual out-of-pocket expenses for attending meetings, trainings, and conferences are *reimbursed* according to BAWSCA's Reimbursement Policy (Res. 2006-02). This is different from the Board member compensation amount, which *compensates* Board members for each day of service.

Comparison Agency	Compensation per Day of Service	Limitation on Days of Service per Month
BAWSCA	\$100/day	4 days/month
Alameda County Water District	\$290/day	10 days/month
Coastside County Water District	\$150/day	6 days/month, max of \$600/month
Contra Costa Water District	\$100/day	10 days/month
Mid-Peninsula Water District	\$100/day	10 days/month
North Coast County Water District	\$100/day	10 days/month
Purissima Hills Water District	\$100/day	6 days/month
Santa Clara Valley Water District	\$331.86/day	15 days/month
Westborough Water District	\$100/day	N/A
San Francisco Public Utilities Commission	\$100/month	N/A

Draft Survey Questions

Use of a survey of the Board members has been suggested to enable a better understanding of the variables for determining Board member compensation. The five draft survey questions below have been prepared. If use of a survey is desired, feedback from the BPC on the draft survey questions is requested, including additional questions that should be considered.

1. How far away do you live from the BAWSCA administrative office in San Mateo?
 - 0 – 10 miles 10 – 20 miles 20 – 30 miles 30+ miles

2. How many hours per month do you estimate you spend on BAWSCA work?
 - 0 – 10 hours 10 – 20 hours 20 – 30 hours 30+ hours

3. What are the costs associated with your attendance at Board of Directors meetings, e.g., childcare, lost wages, etc.?

4. How many days of service for BAWSCA do you usually render per month?
 - 1 – 2 day 3 days 4 days 5+ days

5. Would a larger compensation amount for each day of service increase your participation in BAWSCA activities?
 - Yes No

Background:

BAWSCA's enabling legislation, AB 2058 (Papan), establishes the compensation amount for each day of service for its Board members. California Water Code section 81339 allows BAWSCA to compensate Board members up to \$100 per day for each day's attendance at

meetings of the Board, not to exceed four meetings in any calendar month. Both the compensation per day of service and number of compensable days of service per month may be increased by Ordinance pursuant to California Water Code section 20200 *et seq.* However, the statute limits the increase to (i) the compensation per day of service to no more than 5% for each year following the date of the last adjustment, and (ii) the days of service per month to no more than 10 days in a calendar month.

BAWSCA has not changed its Board member compensation, per Ordinance 2004-01, since the agency was formed in 2003. This discussion item is intended to facilitate a discussion on the appropriate Board member compensation amounts.

Attachments:

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

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BAY AREA WATER SUPPLY & CONSERVATION AGENCY

ORDINANCE NO. 2004-01

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

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

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

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

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

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

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

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

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

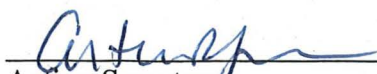
AYES: Beecham, Cooper, Craig, Hershman, Kasperzak, Livengood, Mickelsen,
O'Mahoney, Parle, Reed, Reynolds, Risch, Seidel, Vella, Weed

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

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



President, Board of Directors

ATTEST:


Acting Secretary

RESOLUTION NO. 2006-02

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

ADOPTING POLICY ON REIMBURSEMENT OF DIRECTORS' EXPENSES

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

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

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

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

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

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

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

1. Background

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

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

2. Authorized Activities

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

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

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

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

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

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

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

3. Cost Control Guidelines

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

A. Travel

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

B. Lodging

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

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

C. Meals.

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

Breakfast: \$12

Lunch: \$18
Dinner \$35

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

4. Expense Reimbursement Forms

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

5. Reports to Board of Directors

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

6. Reporting of Expenses and Reimbursement

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

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

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

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

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



President, Board of Directors

ATTEST:



Secretary of the Board

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

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

Summary:

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

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

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

Recommendation:

This item is for discussion purposes only.

Discussion:

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

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

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

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

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

Expanded Agency Board Member Compensation Comparison

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

Table 1: Agency Board Member Compensation Comparison

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

Extent of By-District Elections Among BAWSCA Member Agencies

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

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

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

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

Table 2: By-District Elections Among BAWSCA Member Agencies

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

BAWSCA's Board Member Reimbursement Policy

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

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

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

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

Background:

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

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

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

Attachments:

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

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

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

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

ORDINANCE NO. 2004-01

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

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

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

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

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

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

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

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

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

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

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

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



President, Board of Directors

ATTEST:



Acting Secretary

RESOLUTION NO. 2006-02

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

ADOPTING POLICY ON REIMBURSEMENT OF DIRECTORS' EXPENSES

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

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

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

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

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

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

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

1. Background

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

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

2. Authorized Activities

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

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

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

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

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

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

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

3. Cost Control Guidelines

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

A. Travel

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

B. Lodging

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

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

C. Meals.

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

Breakfast: \$12

Lunch: \$18
Dinner \$35

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

4. Expense Reimbursement Forms

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

5. Reports to Board of Directors

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

6. Reporting of Expenses and Reimbursement

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

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

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

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

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



President, Board of Directors

ATTEST:



Secretary of the Board

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

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

Summary:

The Tier 2 Plan (Plan) lead negotiators continue to make progress negotiating an updated Plan with the goal of finalizing a Plan by the end of June to allow for a six-month adoption process that will conclude before the existing Tier 2 Plan expires on December 31, 2024. BAWSCA is confident that the lead negotiators can achieve these milestones.

As a contingency plan for the possibility that this completion schedule is delayed, beginning at the June BPC meeting, staff will provide the Board with more detailed information about the Plan update process. The goal will be to ensure the Board has the necessary information to make a decision in November 2024 about whether to extend the existing Tier 2 Plan or adopt a new one in the event that an updated Plan is not unanimously adopted by the 26 Wholesale Customers.

BAWSCA is confident the lead negotiators will finalize an updated Tier 2 Plan before the December 31, 2024 expiration of the existing Plan. However, this memorandum provides more detail about the Plan's update process than what has been shared in the discussion section of previous staff memos.

The lead negotiators will meet on Monday, June 10th, before the BPC meeting on Thursday, June 12th. Reportable updates from that meeting will be conveyed verbally to the Committee at its June 12th meeting.

BAWSCA encourages Board members to engage with their appointing agency's lead negotiator for updates on the negotiations. Table 1 presents a list of each agency's lead negotiator and attendance at meetings to date.

Fiscal Impact:

None

Recommendation:

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

Discussion:

The existing Tier 2 Plan was adopted in 2011 with a 2018 expiration date. Due to external factors, including newly adopted state-wide long-term water use efficiency standards with then unknown impacts, the Wholesale Customers decided to wait to update the Plan. The BAWSCA Board has extended the existing Plan annually each year since 2018.

The Plan was implemented for the first time in 2021. This provided BAWSCA and the Wholesale Customers with valuable experience that would later inform the update process. Lessons learned and reasons for updating the Tier 2 Plan are provided below.

In January 2022, with Plan implementation experience and more information known about the impacts of the water use efficiency standards, the Wholesale Customers each appointed a lead negotiator to begin the update process.

Lessons Learned and Reasons for Updating the Tier 2 Plan

Conditions have changed significantly since the Plan was last adopted in 2011. Average per capita water use is down 29% and agencies have developed alternative water supplies. Additionally, Individual Supply Guarantee (ISG), a major component in the existing Tier 2 Plan, has changed for some agencies since 2011 (i.e., East Palo Alto, Mountain View, Palo Alto). For nearly all agencies, the relationship between ISG and actual Regional Water System (RWS) purchases has weakened as RWS purchases have gone down. These changed conditions resulted in a Plan that no longer operates as intended and produces results that are unintuitive.

For example, the existing Plan includes an adjustment to ensure sufficient supply for East Palo Alto. When the Plan was negotiated, East Palo Alto had the lowest per capita water use in the BAWSCA region (residential and gross). However, due to East Palo Alto's ISG value and the weight of ISG in the existing Plan, East Palo Alto would have had a very high cutback. The Wholesale Customers agreed to an adjustment that would limit East Palo Alto's cutback to no more than half the average Wholesale Customer cutback. Since 2011, ISG has been transferred to and purchased by East Palo Alto. The result is a lower cutback for East Palo Alto without the adjustment. In other words, the East Palo Alto adjustment is no longer necessary. However, several other agencies are now in a similar situation as East Palo Alto was in 2011: low per capita water use, but high cutbacks due to the weight of ISG in the Plan. When the Plan expired in 2018, and again during implementation in 2021, the Wholesale Customers contemplated if a similar protection should be applied to other low per capita agencies with limited opportunities to conserve further.

In 2021, the first time the Tier 2 Plan would be implemented, the East Palo Alto adjustment, because it was no longer needed, created issues with the calculations that resulted in a small portion of the available RWS supply left unallocated. To address this issue, the Board adopted a Tier 2 Plan with a slight modification in November 2021, ensuring that 100% of the drought water supply from the RWS was allocated. The fix to the calculations was narrow and precise to limit unintended outcomes. However, an unavoidable result was that several agency's final cutbacks were below the established minimum, a lower limit to cutbacks agreed to by the Wholesale Customers.

This outcome was unavailable because of the way water is allocated then shifted among agencies in each step. All of the available RWS supply is allocated in the first step. In each subsequent step, water is taken away from some agencies to follow one rule and allocated to other agencies to apply another rule. If water is taken from some agencies to satisfy one rule but another rule is met without using the full amount, water is left unallocated (as described in the East Palo Alto adjustment example). In addition to the technical challenges this created in the calculations, it makes the Plan hard to follow and the results difficult to understand.

Based on these lessons learned, in summary, the Wholesale Customers sought to achieve the following with an updated Tier 2 Plan:

1. Develop a Plan that is straightforward and produces more intuitive results.
2. Provide sufficient RWS supply for all Wholesale Customers, not just one agency.
3. Develop a methodology that ensures 100% of the RWS supply is allocated in all scenarios.

Process for Updating the Tier 2 Plan

In January 2022, the lead negotiators kicked off the update with a review of other shortage allocation plans throughout the state. The goal was to broaden perspectives about the methodologies that could be used.

Next, the lead negotiators reviewed and updated the policy principles from the existing Plan. The purpose of doing this up front was to gain consensus on what Plan is intended to do on a regional scale, before negotiating how to share water. The resulting policy principles agreed by the lead negotiators are provided below:

1. Provide sufficient water for the 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 for flexibility to respond to unforeseen circumstances.
4. Recognize benefits of, and avoid disincentives for, water use efficiency and development of alternative water supply projects.

With agreement on the policy principles, the lead negotiators began identifying methods for allocating water in ways that would achieve these policy principles.

Status of the Tier 2 Plan Update

The lead negotiators have been working towards a June 2024 deadline to finalize the updated Tier 2 Plan. This would allow time for adoption by each Wholesale Customer's governing body.

The updated Plan is nearly complete. The lead negotiators have reached agreement on all major elements of the allocation methodology. At the June in-person meeting, BAWSCA anticipates the lead negotiators will wrap up a few minor outstanding decisions. If necessary, the negotiators will meet again in July.

Once the Plan is finalized, BAWSCA will provide the Wholesale Customers with a Plan writeup, draft resolution for agency adoption, and draft staff report and presentation to accompany the resolution. BAWSCA has begun outlining the Plan writeup based on the decisions made to date.

Does the Updated Tier 2 Plan Achieve the Policy Principles and Intended Objectives?

Yes, and how the updated Plan achieves the policy principles and intended objectives is summarized below.

The updated Plan methodology is set up to provide an allocation of water in each step that is then added to the previous step. This provides a more straightforward process and ensures 100% of the RWS supply is allocated after all steps are applied. This also prevents the application of one rule nullifying another rule.

The first steps in the updated Plan methodology allocate water based on needs (i.e., actual RWS purchases in the preceding non-drought years). This ensures a sufficient supply for all Wholesale Customers, not just one agency. This also provides for more intuitive results (i.e., generally, lower per capita water use agencies generally have lower cutbacks). The final step incorporates ISG, an input broadly considered by the Wholesale Customers to provide a measure of predictability.

Minimum and maximum limits on the range of cutbacks across all agencies have been established. This guarantees that all Wholesale Customers contribute to achieving the required overall wholesale reduction while limiting adverse impacts to other Wholesale Customers by putting a cap on the cutbacks to be achieved.

A variable base period (i.e., reference data from non-drought years used for calculating allocations) is used to eliminate outlier data and respond to unforeseen circumstances.

Over the past two and a half years, the lead negotiators have come to agreement on the updated Plan through a careful and deliberative process. The updated Plan is a marked improvement on the existing Plan. The process and results reflect consideration of the perspectives of 26 unique water agencies with different interests and needs. BAWSCA is confident that the Wholesale Customers will finalize an updated Plan in the coming months that will achieve the overall goal of unanimous adoption by each agency's governing body.

Table 1: Tier 2 Plan Update Lead Negotiators and Meeting Attendance*

Agency	Lead Negotiator	S-22	S-22	O-22	N-22	D-22	F-23	M-23	A-23	M-23	J-23	J-23	A-23	S-23	O-23	N-23	D-23	J-24	F-24	M-24	A-24	M-24
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	Adrienne 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.

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

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: June 7, 2024
SUBJECT: Chief Executive Officer/General Manager’s Letter

CalWEP Peer to Peer 2024:

BAWSCA and Santa Clara Valley Water District (Valley Water) cohosted the California Water Efficiency Partnership (CalWEP) 2024 Peer to Peer in San Jose on May 29th and 30th. Peer to Peer brings together over 200 water professionals from across the state to connect and collaborate on the latest topics and technology in water conservation and efficiency. CalWEP’s flagship event offers two days of learning through sessions that range in topics and formats from interactive round table discussions to trainings and presentations.

As cohosts, BAWSCA and Valley Water welcomed participants with an opening presentation on the region’s water resources and conservation programs. Specifically, the presentation focused on the many partnerships BAWSCA and Valley Water engage in to provide new and innovative programs to their respective retail/member agencies, and expand and improve programs through cost sharing agreements.

A key topic at the event was “Making Conservation a California Way of Life” and the associated new regulations that the State Water Resources Control Board is currently making into law. BAWSCA and Valley Water debuted the first of three guidance documents created through their joint project that will help their respective retail/member agencies understand and comply with the new efficiency standards. These resources are tailored to meet the needs and existing processes of BAWSCA and Valley Water’s retail/member agencies, and much of the information is generally applicable to water suppliers. A copy of this guidance document is attached for your information. Attendees at the conference provided overwhelmingly positive feedback about the value of the guidance document. Other agencies and organizations throughout the state are developing different, but complimentary resources, which similarly will be shared statewide. Debuting this first of three resources at Peer to Peer highlighted BAWSCA and Valley Water as leaders on this topic and will foster further collaboration with others going forward.

Los Vaqueros Expansion Project - Update:

Work continues on the Los Vaqueros Reservoir Expansion Project (LVE Project) located in eastern Contra Costa County. When completed, LVE will increase the reservoir’s storage capacity from 160,000 acre-feet of water to up to 275,000 acre-feet of water, and includes the construction of a pipeline between Contra Costa Water District’s Transfer Pump Station and the California Department of Water Resources’ South Bay Aqueduct at Bethany Reservoir (the Transfer-Bethany Pipeline), to serve as the means to convey stored water to various LVE Project Joint Powers Authority (JPA) partner agencies, one of which is the SFPUC.

As summarized in the LVE Project's May Update (included in the [Correspondence Packet](#)), work efforts anticipated for FY 2024-25 are significant and include completion of several milestones. Specifically, LVE Project permitting will be completed, all required contracts and agreements among JPA agencies will be finalized and executed, and final funding awards will be realized from both the State and Federal sources of monies for the project. Designs of LVE Project facilities will be well underway.

Most recently, JPA partner agencies including the SFPUC, were asked to adopt resolutions approving Amendment Number 6 to the Multi-Party Cost Share Agreement that is in place to continue the planning level work on LVE through to the time that state and federal funding becomes available. Note that Amendment Number 6 does not call for additional monies to be made available by the partners, instead it simply extends the term of the Multi-Party Agreement by 12 months, to now terminate on June 30, 2025. SFPUC's Commission adopted Amendment Number 6 at its regular meeting of May 28, 2024.

C/CAG Greywater Grant Application:

The City/County Association of Governments (C/CAG) of San Mateo County is seeking funding to establish a countywide Laundry-to-Landscape (L2L) water resilience program. \$588k in funding is sought from the California Governor's Office of Planning and Research Adaptation Planning Grant Program. C/CAG is collaborating with BAWSCA on the L2L project, and BAWSCA assisted in the preparation of the initial grant application, including providing a support letter. A copy is attached for your reference.

The L2L Program aims to enhance water resilience by promoting alternatives to the use of municipal potable water in outdoor watering schemes, stretching existing supplies during times of drought. Key components of the L2L Program include: 1) Training for Local Small Businesses: Focus on disadvantaged communities, providing economic benefits through installation training; 2) Rebates for Installations: Potential to establish future financial incentives to encourage residential L2L system installations, although no infrastructure costs will be covered by the grant; 3) Procurement of a Lead Consultant: Overseeing the program rollout, including certification, community-based organization (CBO) partnerships, outreach, website content development, and labor pool creation through training and certification events at ten pilot sites across the county; And 4) Permit-less Installation Guidance: Providing clarity on rules for simple L2L systems, ensuring community confidence and compliance. When completed, the program will have created a pool of certified installers, fostered connections with disadvantaged communities for training and installations, developed a website with useful content (including parcel-scale mapping), and provided clear installation guidelines for residents and city officials.

Aside from BAWSCA, C/CAG's project partners include the San Mateo County Sustainability Department, the San Mateo Resource Conservation District, and various community-based organizations.

Applying for grants through this State program is a multiple phase application process. If the initial application is deemed suitable by the State, a more detailed follow-up application is then required prior to any grant award decision being made. If the application is successful, the work is unlikely to proceed until FY 2025-26. BAWSCA will keep the Board apprised as this effort moves forward.

PureWater Peninsula Basis of Design Report (BODR):

The PureWater Peninsula (formerly SF-Peninsula Regional PureWater) Project is a potable reuse project that would create a new source of local sustainable water supply using state-of-the-art technology to purify tertiary effluent from Silicon Valley Clean Water and the San Mateo Wastewater Treatment Plant in Redwood Shores. Recently, the project partners, which include BAWSCA, Cal Water, City of Redwood City, City of San Mateo, Mid-Pen Water District, SFPUC, and Silicon Valley Clean Water, completed the final Basis of Design Report (BODR) through their consultant, Kennedy Jenks.

The BODR scoped the development of a 6-12 mgd potable reuse project, resulting from the short list of alternatives, to be “CEQA Ready”. “CEQA Ready” means preparation of a conceptual-level design at or near the 10-percent level which would allow the project to move forward with CEQA and to be compared with other projects.

The project partners additionally completed a branding exercise to finalize the project name (“PureWater Peninsula”), logo and tagline (“Our Water | Our Future”). The exercise, led by Data Instincts, took place over three meetings and the purpose was to establish a clear project identity that can be used going forward in project documents and outreach materials. The project partners are now focusing on outreach communications and identifying any additional technical analysis gaps for the potable reuse project.

Attachments:

1. BAWSCA and Valley Water Guidance Document
2. May 31, 2024 Letter of Support for C/CAG’s Grant Application seeking funding for their Countywide Laundry to Landscape Program

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History

2016 - then Governor, Jerry Brown issued Executive Order (E.O.) B- 37 - 16 entitled "Making Water Conservation a California Way of Life."

2018 - Senate Bill 606 and Assembly Bill 1668 intended to codify the requirements pass, collectively referred to as the Long - Term Framework legislation.

From these efforts three quantitative Water Use Standards were established:

- 1) Indoor residential
- 2) Outdoor residential
- 3) CII- DIM

Added to the three Water Use Standards are one Water Loss Standard, and a variety of adjustments that are collectively used to calculate each urban water supplier's UWUO (abbreviations/definitions at right).

January 1, 2025 - each supplier shall calculate its UWUO annually.

January 1, 2027 - each supplier shall demonstrate compliance with its UWUO annually.

In addition to the UWUO and CII DIM Water Use Standards, suppliers must also meet certain qualitative CII Performance Measures.



Abbreviations and Definitions

- **BMPs** - Best Management Practices
- **CII** - Commercial, Industrial and Institutional
- **DIM** - Dedicated Irrigation Meter, a water meter, operated and maintained by the supplier, that only measures the volume of water used outdoors.
- **MUM** - Mixed- Use Meter means a water meter, operated and maintained by the supplier, that measures the volume of water a customer uses both indoors and outdoors
- **NAICS** - North American Industry Classification System, commonly used classification system for businesses
- **Suppliers** - Urban Retail Water Suppliers
- **Commercial Water User** - provides or distributes a product or service
- **UWUO** - Urban Water Use Objective, each urban water supplier's overall annual budget

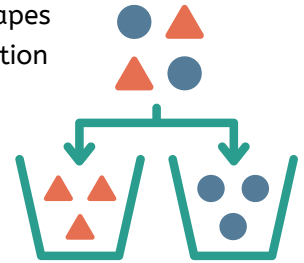
Implementation Resources

- **CalWEP Resources**
 - calwep.org/framework - updates/
- **SWRCB Water Conservation Portal**
 - <https://tinyurl.com/yc5894es>
- **SWRCB Rulemaking**
 - <https://tinyurl.com/5bku2ax2>
- **Water Use Objective Exploration Tool**
 - <https://tinyurl.com/bdzxccem>
- **EnergyStar Portfolio Manager Meter Consumption Data Sheet**
 - <https://tinyurl.com/bdfydazb>
- **CalWEP CII Guide**
 - <https://calwep.org/resource/cii>
-customer - classification - guide/
- **SWRCB Updates May 2024**
 - <https://tinyurl.com/5ae69sc4>
- **Useful Pages**
 - www.waterboards.ca.gov
 - water.ca.gov

CII Classification

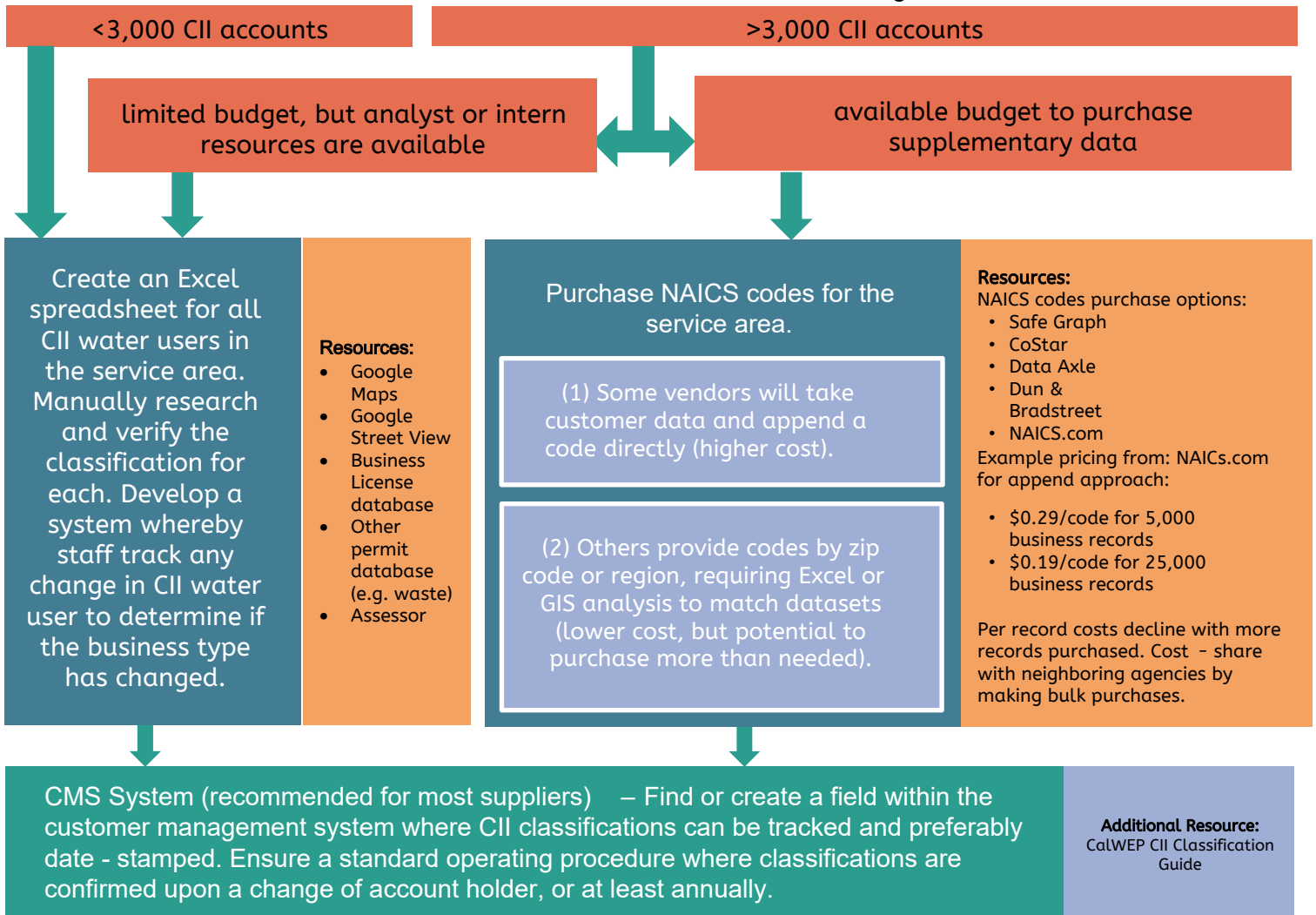
Suppliers shall classify all CII water users by June 30, 2027. The 22 categories are based on Energy Star Portfolio Manager's broad groups with some additions. By June 30, 2028, and annually thereafter, suppliers shall maintain at least a 95 percent classification rate of all CII water users.

- | | | |
|----------------------------------|------------------------|-----------------------|
| 1. Banking/financial services | 9. Office | 17. Warehouse/storage |
| 2. Education | 10. Parking | 18. Other |
| 3. Entertainment/public assembly | 11. Public services | 19. CII laundries |
| 4. Food sales and service | 12. Religious worship | 20. Large landscapes |
| 5. Healthcare | 13. Retail | 21. Water recreation |
| 6. Lodging/residential | 14. Technology/science | 22. Car wash |
| 7. Manufacturing/industrial | 15. Services | |
| 8. Mixed use | 16. Utility | |



Classification Resources and Best Practices

The CalWEP CII Guidebook recommends that for agencies with:



CII Classification Case Studies



City of Santa Clara

- # CII Accounts: 3,400
- Approach: NAICS codes initially populated 20 years ago, then manually updated by staff research and/or based on customer input upon account transition
- Lead: Internal
- Effort: Not quantified; performed on ongoing basis

City of Hayward

- # CII Accounts: 3,700
- Approach: Internal classification (19 choices) for sewer waste strength purposes based on permit data
- Lead: Internal (Water Pollution Source Control staff)
- Effort: Approximately 1 hr / account



Placer County Water Agency



- # CII Accounts: 2,760
- Approach: Manual categorization (State categories) recorded in Excel (referenced existing SIC codes, GIS, Google maps, web searches, site visits)
- Lead: Internal
- Effort: Approximately 5 minutes / account

City of Santa Barbara

- # CII Accounts: 2,750
- Approach: Manual categorization (State categories) recorded in Excel (referenced business license database with NAICS codes, waste permit holders, solid waste database, Google maps, GIS parcel data)
- Lead: Internal, using interns
- Effort: Approximately 20 minutes / account (6 month effort)



Moulton Niguel Water District



- # CII Accounts: 1,844
- Approach: Use GIS to match water account parcels with NAICS code geographic points; crosswalk to State categories in Excel
- Lead: Internal (staff + interns) w/GIS consultant support
- Effort: \$0.10 per NAICS place of interest; 3,500 hours between multiple staff; 5 minutes / account for classification matching portion



BAWSCA and Valley Water retail agencies track CII customer categories using their customer management software.



References and Resources

FAQ

How do we classify Mixed Use Accounts/Property?

The ENERGY STAR Portfolio Manager categories include a category for mixed use as defined below:

- A Mixed Use (or multi use) property is one that contains multiple property types, none of which are greater than 50% of the total Gross Floor Area (GFA), including parking GFA.

Per the Portfolio Manager, in the event one use type does exceed 50% of the GFA, the water user should be classified based on the use that accounts for the largest GFA.

Lessons Learned

- When possible, work with neighboring agencies to leverage funding (hiring consultants, purchasing datasets.)
- Elevate funding requests by identifying co - benefits across the organization.
- Layering multiple datasets may help identify and clarify differences in parcel, premise, mixed - use- meters and more.

Title 23. Waters

Division 3. State Water Resources Control Board and Regional Water Quality Control Boards

Chapter 3.5. Urban Water Use Efficiency and Conservation

Article 1. Urban Water Use Efficiency Standards, Objectives, and Performance Measures

- § 965... Definitions
- § 966... Urban Water Use Objectives
- § 967... Indoor Residential Water Use Standard
- § 968... Outdoor Residential Water Use Standard
- § 969... Standard for outdoor irrigation of landscape areas with dedicated irrigation meters or equivalent technology in connection with commercial, industrial, and institutional (CII) water use.
- § 970... Water Loss Standard
- § 971... Bonus Incentive
- § 972... Performance Measures: Commercial, Industrial and Institutional classification system
- § 973... Threshold for converting Commercial, Industrial and Institutional landscapes with mixed meters to Dedicated Irrigation Meters-- or employing in- lieu water management technologies Commercial,
- § 974... Industrial and Institutional water use best management practices for customers that exceed a recommended size, volume of water use, or other threshold
- § 975... Reporting
- § 978... Urban Water Use Objectives - Enforcement



DWR and SWRCB Primer on 2018 Water Conservation and Drought Planning Legislation

- <https://tinyurl.com/5n8ruj2s>
- Proposed Text of Regulation (5/20/2024) PDF Document Download
- <https://tinyurl.com/jypuf9p5>



May 31, 2024

Governor's Office of Planning and Research
Adaptation Planning Grant Program
Attn: APGP Staff
1400 Tenth Street
Sacramento, CA 95814
icarp@opr.ca.gov

Subject: Letter of Support for C/CAG's Grant Application seeking funding for their Countywide Laundry to Landscape Program

Dear Adaption Planning Grant Staff,

The Bay Area Water Supply and Conservation Agency (BAWSCA) is pleased to support the City/County Association of Governments of San Mateo County's (C/CAG) application for grant funding from the Governor's Office of Planning and Research. If successful, C/CAG will use the monies toward a project aimed at furthering the adoption of Laundry to Landscape (L2L) greywater systems by County residents.

BAWSCA is a special district that provides regional water supply planning, water resource development, and conservation program services to enhance the reliability of the 16 cities, 8 water districts, and 2 private water suppliers it represents, and that provide water to over 1.8 million people and 40,000 commercial, industrial, and institutional accounts in Alameda, Santa Clara, and San Mateo Counties. Over 90% of the residents of San Mateo County are served by a BAWSCA member agency. BAWSCA champions the continued investment in water conservation by its agencies as one means to help address future water supply challenges.

C/CAG's project proposes to install L2L systems at a select number of homes in San Mateo County. Those installations will include a training component, whereby local contractors will learn the steps and procedures necessary to install L2L systems under various configurations based on a home's footprint and local topography. The goal of the program will be to develop a local pool of skilled contractors. It will also raise local awareness as to the merits of L2L systems. In addition, there is to be the development of web-based resources for the community.

BAWSCA has a good working relationship with C/CAG and commits to its efforts to obtain additional program funding during the course of the project, if needed.

BAWSCA strongly supports C/CAG's grant application seeking funding for their Countywide L2L Program. If you have any questions regarding BAWSCA or need additional details surrounding our support, please do not hesitate to contact me via email at NSandkulla@BAWSCA.org.

Sincerely,



Nicole Sandkulla
CEO/General Manager

Board Policy Committee Policy Calendar Through June 2025

Meeting Date	Purpose	Issue or Topic
August 2024	R&D R&D	Tier 2 Drought Allocation Plan Negotiations BAWSCA's Strategy 2050
October 2024	D&A D&A R&D	Annual Review & Consideration of BAWSCA's Statement of Investment Policy Tier 2 Drought Allocation Plan Negotiations BAWSCA's Strategy 2050
December 2025	D&A D&A R&D	Mid-Year 2024-25 Work Plan, Budget and General Reserve Review Consideration of Proposed FY 2025-26 BAWSCA Bond Surcharges Review of FY 2025-26 Work Plan and Budget Planning Process
February 2025	R&D R R	Presentation of Preliminary FY 2025-26 Work Plan Review of Water Supply Forecast Review of Regular Consultant Rates
April 2025	D&A R	Consideration of Proposed FY 2025-26 Work Plan and Budget Review of Water Supply Forecast
June 2025	D&A F	Review of CEO/GM Evaluation Procedure Review of Water Supply Forecast

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**NOTICE OF
SPECIAL MEETING
of the
BOARD POLICY COMMITTEE**

on June 12, 2024 at 1:30PM

at a Different Location

**Oak Room of the San Mateo Main Library
55 W. 3rd Avenue, San Mateo, CA 94402**

If you have any questions, please call the
BAWSCA office at (650) 349-3000.

See next page for Agenda