

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.

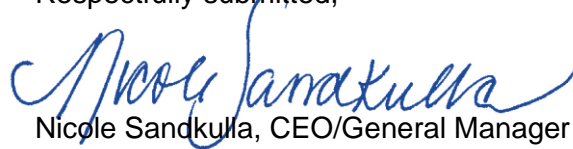
8. **Closed Session:** There were no public comments prior to Closed Session. The committee adjourned for a 5 minute break at 3:04pm prior to Closed Session.
9. **Report from Closed Session:** Legal Counsel, Allison Schutte, reported that Closed Session ended at 3:39pm. No reportable action was taken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