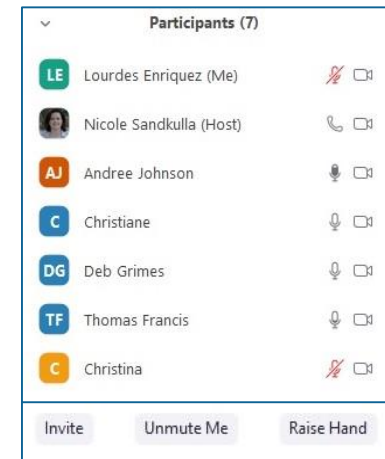


Meeting Instructions While We Gather

- You have been muted upon entry
- Please feel free to unmute yourself to say “Hi” and test your sound connection
- Please mute yourself during meeting when you are not talking
- **During the meeting, BAWSCA staff will mute your sound and video if necessary**
- The **Raise Hand** button is at the bottom of your “Participants” list.
- To get the “Participants” list, click on the “Participants” button at the bottom of your Zoom Screen.
- If you have technical difficulties, please text Lourdes at 650-799-3845



Bottom left corner
of your screen





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

[BAWSCA Act, AB2058 (Papan-2002)]

Board of Directors Meeting September 17, 2020





Alternative Water Supply Planning Update

Steven R. Ritchie

September 2020

Summary of Water Supply Needs


Dry Year Needs

| | |
|--------|--|
| 93 MGD | Instream Flows, Tuolumne (Bay-Delta Plan) |
| 3 MGD | Instream Flows, San Mateo Creek |
| 2 MGD | Post-WSIP Carryover |



Year-Round Needs

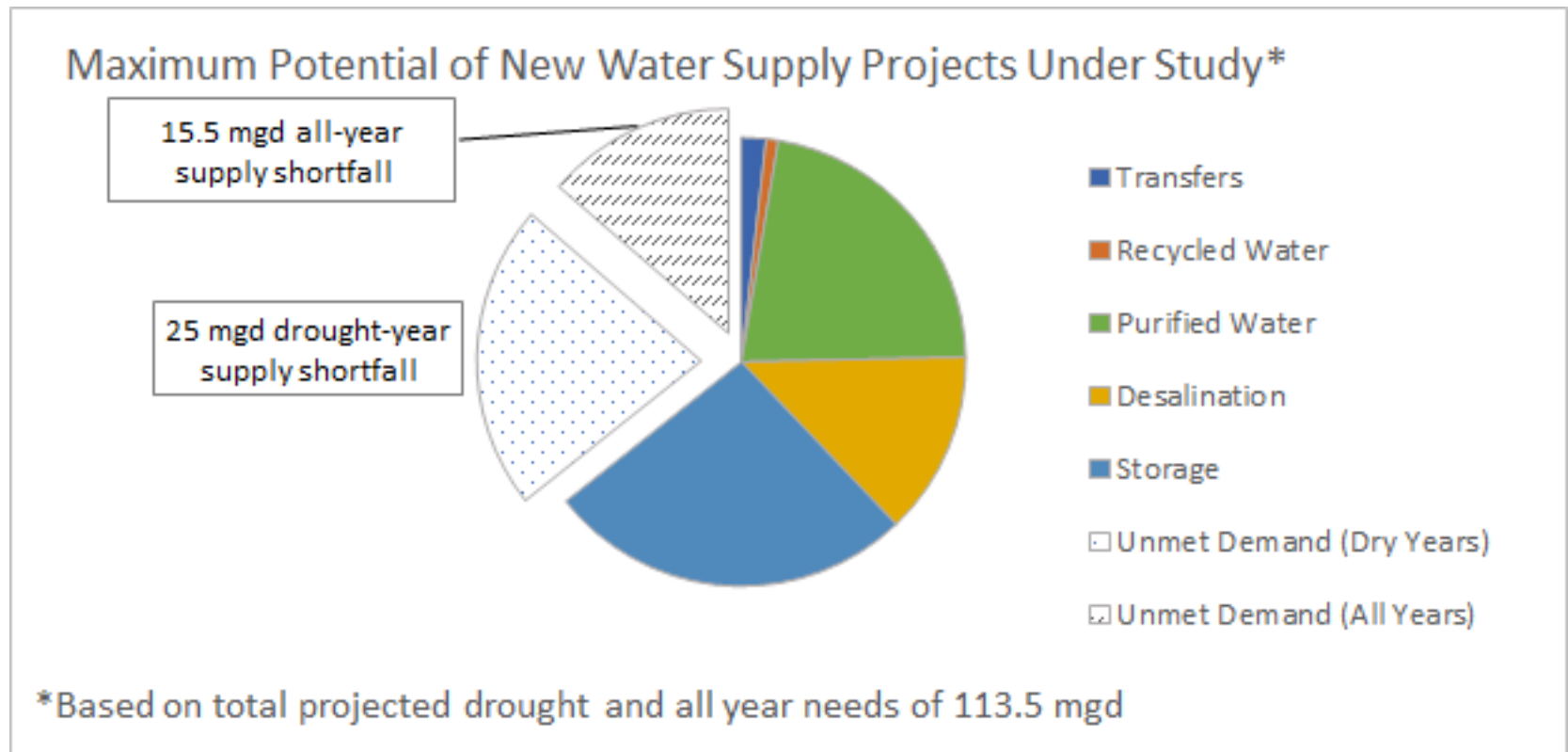
| | |
|-----------------|--|
| 15.5 MGD TBD | San Jose & Santa Clara Additional Customer Demands |
|-----------------|--|

1. Offset **instream flow requirements**
 2. Meet **existing obligations** to existing permanent customers
 3. Make current **interruptible customers permanent**
 4. Meet **increased demands** of existing and interruptible customers
- 
- Obligatory

Potential Alternative Supply Options

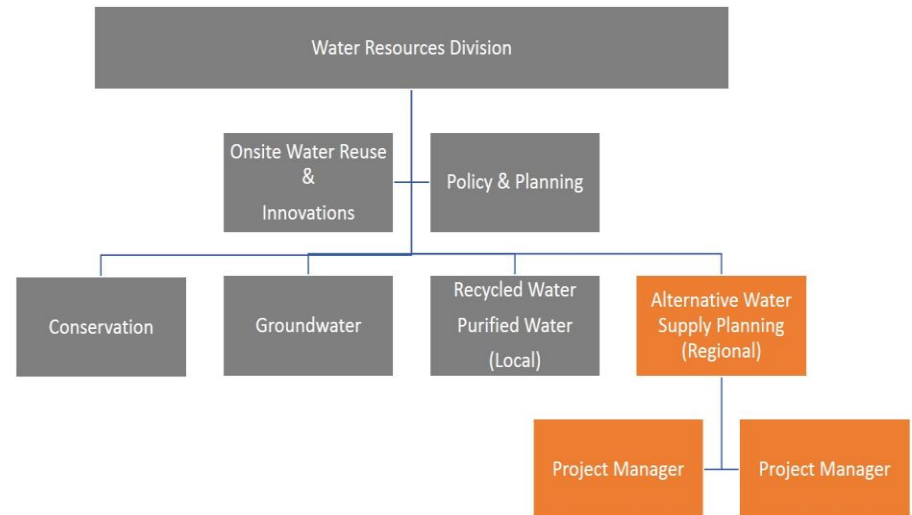
- **Transfers (2 mgd):**
 - Drought year transfers from Irrigation Districts or others
- **Recycled Water (1 mgd):**
 - Treated water for irrigation use, offsetting potable supply that can be made available elsewhere or stored
- **Purified Water (10-25 mgd):**
 - Recycled water that has undergone full advanced treatment and is suitable for potable use or delivery through existing distribution
- **Desalination (5-15 mgd):**
 - Saltwater / brackish source for potable use or storage
- **Storage: (up to 30 mgd)**
 - Above or below-ground option to save water for droughts

Potential Alternative Supply Options

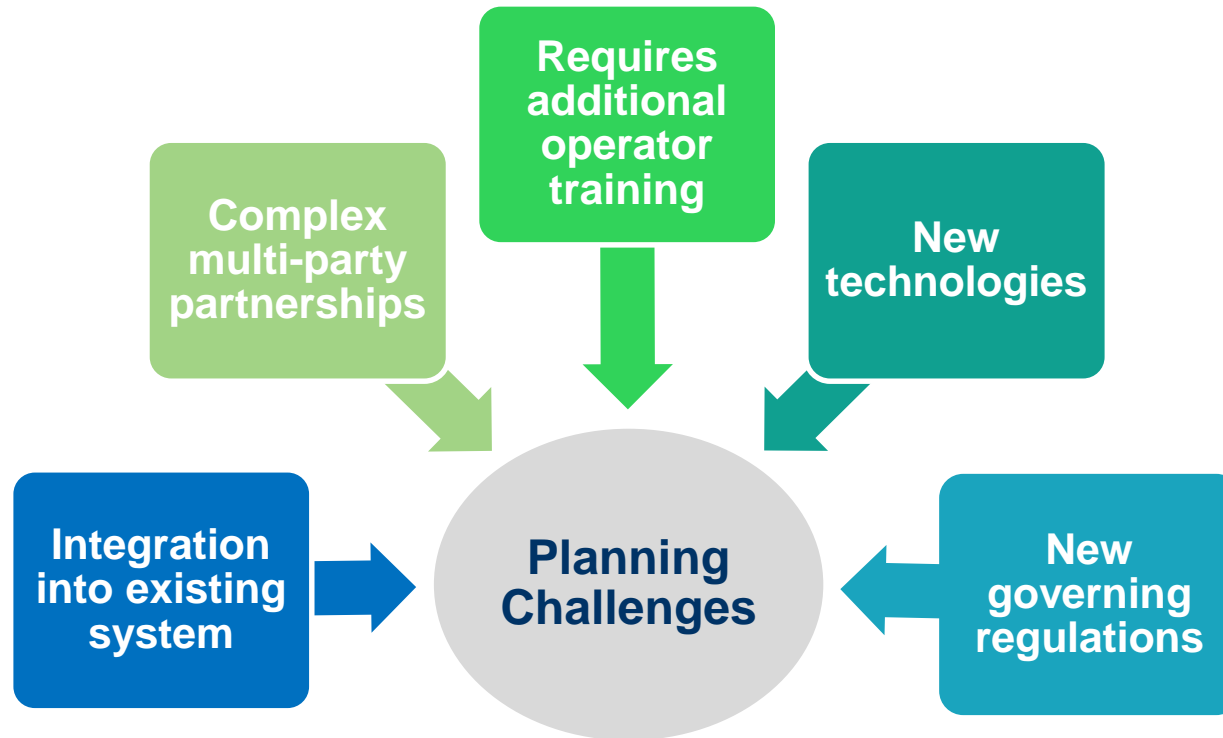


Alternative Water Supply Planning

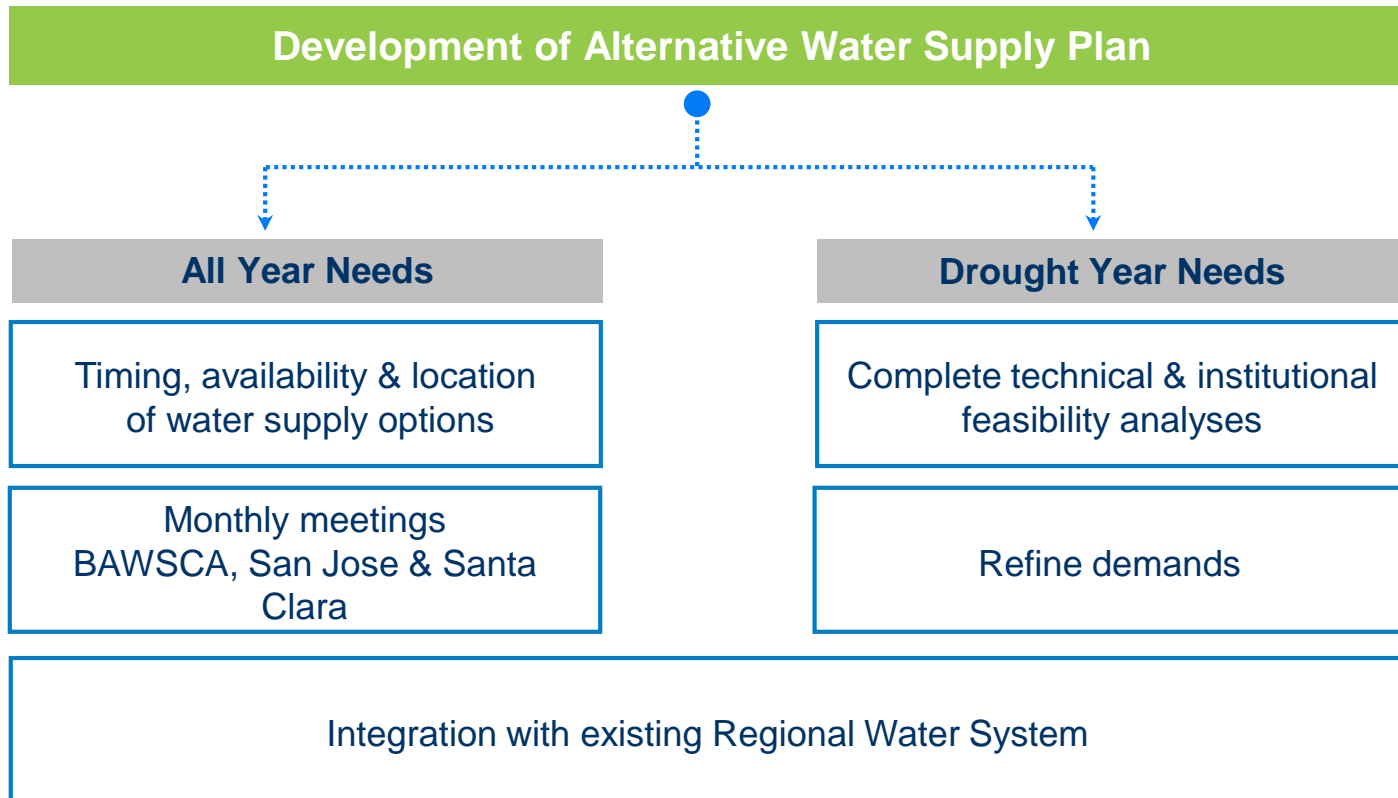
- In October 2019, the SFPUC established a Water Supply Task Force
- In February 2020, the SFPUC staffed a new Alternative Water Supply Planning program
- The SFPUC shares progress with BAWSCA monthly and quarterly



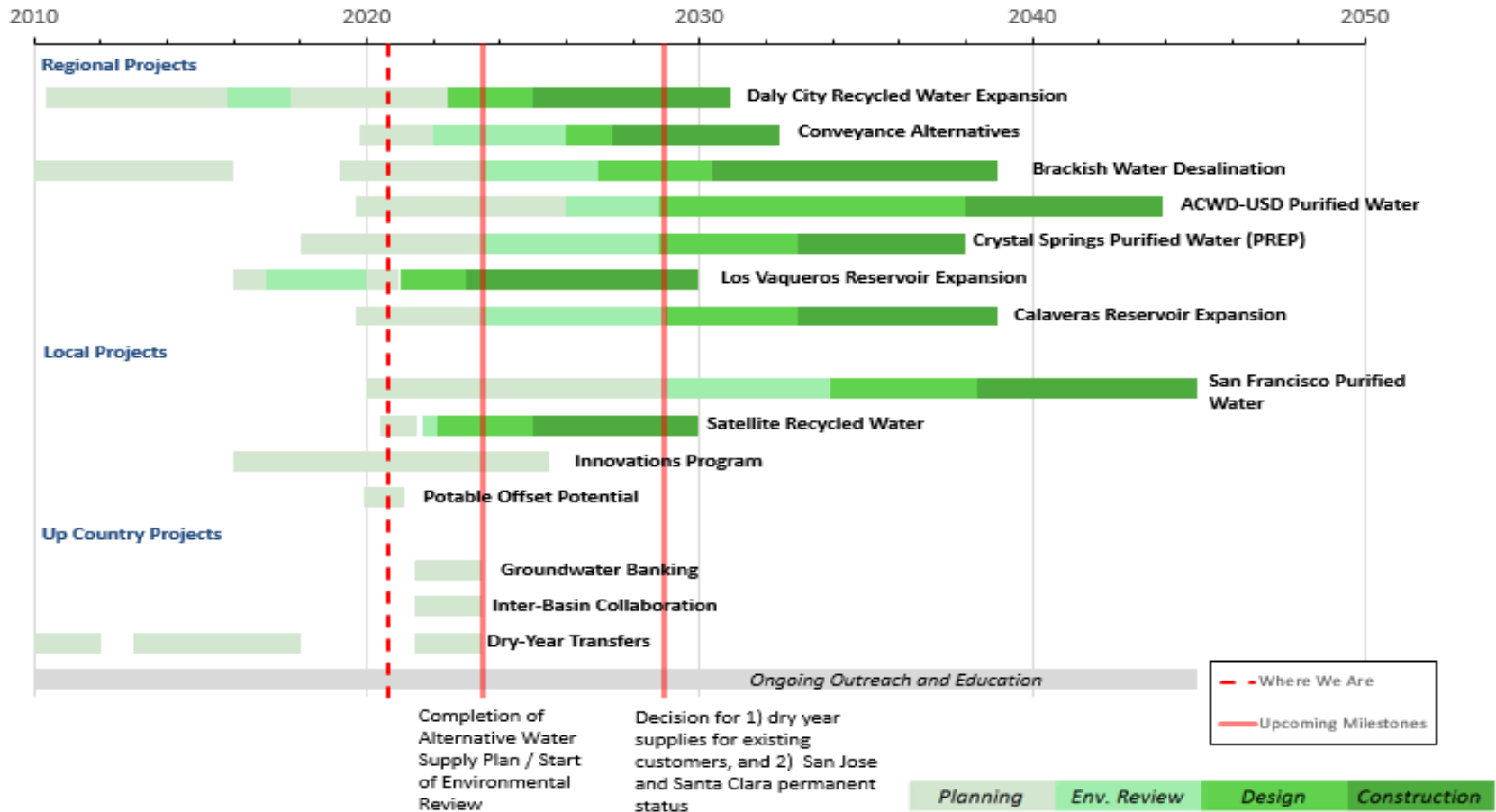
Unique Challenges



Alternative Water Supplies Require a Longer-Term Planning Horizon



Project Portfolio & Programmatic Schedule



① Daly City Recycled Water Expansion

Collaboration and Cost-Share

- ♦ Identify and evaluate alternatives that can mitigate project risks (in coordination with Groundwater Storage and Recovery Project)
- ♦ Cal Water evaluating reliability of projects within their broader program objectives
- ♦ Allocate costs and benefits among partners

② Purified Water (Crystal Springs + ACWD-USD Purified Water)

Evaluate feasible alternatives and understand incremental benefit to SFPUC supplies

- ♦ Analysis to identify potential operational constraints, understand impacts
- ♦ Review the experience of other utilities engaged in purified water collaborations
- ♦ Evaluate the timing of supply availability vs. timing of needs

③ Los Vaqueros Reservoir Expansion

Joint Powers Authority Agreement

- ♦ SFPUC staff, legal counsel, and senior management involved in finalizing agreement

Cost Share Agreement

- ♦ New cost share proposal by CCWD in June 2020
- ♦ SFPUC staff deliberating on methodology with partner agencies

First & Second Amendment to the Multi-Party Agreement

- ♦ First Amendment, a no-cost extension through December 2020, Executed June 2020
- ♦ Second Amendment, additional funding of ~\$1M per partner (being finalized)

Identify feasible conveyance (**critical path**)

- ♦ Continue to partner with ACWD & BAWSCA to simulate South Bay Aqueduct (SBA) transfer, consider physical & institutional constraints
- ♦ Capacity assessment by South Bay Contractors released in August 2020 (under review)
- ♦ Evaluate alternatives to SBA for conveyance

④ Calaveras Reservoir Expansion

Identify opportunities and constraints for expansion

- ♦ Evaluation of dam elevation scenarios
- ♦ Evaluation of conveyance and water availability conditions

⑤ Bay Area Brackish Water Desalination

Understand water rights and potential for exchanges

- ♦ A pilot exchange of Central Valley Project water between Valley Water and CCWD will provide additional information on the potential, expected to be completed in late 2020
- ♦ Utilize understanding of constraints with transfers to inform planning (2021)



Alameda Creek Watershed – SFPUC May 2020

Consideration of Establishing a Water Supply Agreement (WSA) Balancing Account Policy

- Board requested policy related to future use of Balancing Account be brought forward for consideration
- Balancing Account records the difference between the actual SFPUC costs attributable to the Wholesale Customers and the amount billed to the Wholesale Customers in each year
- Balancing Account serves a critical rate stabilization role in the wholesale rate setting
 - The balance (positive or negative) shall be taken into consideration in establishing wholesale rates and may be prorated over multiple years to avoid fluctuating increases and decreases in wholesale rates
 - If a positive balance is maintained for three successive years and represents 10% or more of the WRR, BAWSCA Board may direct the SFPUC to apply the positive balance to one or more of the purposes set forth in Section 6.05.B.2.a of the WSA

WSA Provides for Use of Balancing Account That May Be Directed by BAWSCA

- Six purposes for which a positive balance may be applied if criteria met
 - a) transfer to the Wholesale Revenue Coverage Reserve
 - b) amortization of any remaining negative balance from the ending Balancing Account under the 1984 Agreement
 - c) prepayment of the existing asset balance under Section 5.03
 - *As of 9/30/2020, the remaining unpaid principal balance of \$4,030,664 is proposed to be prepaid through use of Balancing Account in the next agenda item*
 - d) BAWSCA administered water conservation or water supply projects
 - e) immediate reduction of wholesale rates
 - f) continued retention for future rate stabilization purposes
- In May 2019, Board authorized use of Balancing Account to fund two BAWSCA projects
 - Regional Water Demand and Conservation Projections Study (\$450k)
 - LVE Project Studies (\$355k)

Proposed Resolution Slightly Modified to Ensure Correct Intent of Edit Recommended by BPC

- Resolution No. 2020-02 was prepared by Legal Counsel
 - Guides the Board in making written findings to justify the allocation of the positive balance in the Balancing Account taking into consideration the purposes set forth in the WSA
 - Requires findings to reasonably demonstrate that use of Balancing Account funds for identified purposes is in best interests of Wholesale Customers and water customers
- Proposed language for required written findings has been modified
 - “a) Projected annual Wholesale Rates for the next five fiscal years;
 - b) Wholesale Revenue Coverage Reserve;
 - c) Existing unpaid asset balance(s) under Section 5.03 of the WSA;
 - d) Funding requirements and sources for water conservation or water supply projects administered by the Agency and an analysis comparing the use of the Balancing Account funds compared to implementing a Water Management Charge per WSA Section 3.06.A; and
 - e) Any other factor(s) the Board of Directors determines **would benefit from application of are relevant to deciding whether to apply** all or part of the positive balance to a purpose specified in WSA 6.05.B.2.a.”

Recommended Action

That the Board approve Resolution No. 2020-02 establishing a Balancing Account policy.



New Calaveras Dam – May 2019

Proposed Use of Balancing Account to Prepay Unpaid 5.03C Existing Asset Balance as of 9/30/2020

- Projected Balancing Account balance = \$77M as of 6/30/2020
 - SFPUC currently plans to use positive balance over next 4 years to moderate wholesale rate increases
- WSA specifies six purposes a positive balance may be used
 - a) transfer to the Wholesale Revenue Coverage Reserve
 - b) amortization of any remaining negative balance from the ending Balancing Account under the 1984 Agreement
 - c) prepayment of the existing asset balance under Section 5.03
 - As of 9/30/2020, the remaining unpaid principal balance of \$4,030,664 is scheduled to be paid off in 4 years with interest at 4%
 - Proposed use of Balancing Account is to prepay the remaining unpaid existing asset balance above
 - d) BAWSCA administered water conservation / water supply projects
 - e) immediate reduction of wholesale rates
 - f) continued retention for future rate stabilization purposes

Estimated \$179K Present Value Savings Results from Proposed WSA 5.03.C Prepayment

| | | | | |
|--|--|--------------|--------------|----------------|
| Remaining WSA 5.03C Balance as of 9/30/2020: | | \$ 4,030,664 | | |
| | | Original | Revised | Prepayment |
| FYE 6/30 | | K-5 Payments | K-5 Payments | Savings |
| 2021 | | \$ 1,159,259 | \$ 289,615 | \$ 869,644 |
| 2022 | | \$ 1,159,259 | \$ - | \$ 1,159,259 |
| 2023 | | \$ 1,159,259 | \$ - | \$ 1,159,259 |
| 2024 | | \$ 1,159,259 | \$ - | \$ 1,159,259 |
| Total K-5 Payments | | \$ 4,637,035 | \$ 289,615 | \$ 4,347,420 |
| Plus: Principal Paid 9/30/2020: | | \$ - | \$ 4,030,664 | \$ (4,030,664) |
| Total Payments | | \$ 4,637,035 | \$ 4,320,279 | \$ 316,756 |
| Present Value of Total Payments ⁽¹⁾ : | | \$ 4,497,429 | \$ 4,317,864 | \$ 179,565 |
| % of PV Savings ⁽²⁾ : | | | | 4.5% |
| (1) Assumes present value discount rate of 1.5% | | | | |
| (2) As a percent of the unpaid balance | | | | |

Conclusions Based on Findings Required by Proposed Balancing Account Policy

- BAWSCA has performed the analysis and provided written findings required by the draft Balancing Account Policy
- Proposed use of Balancing Account on the WSA 5.03.C prepayment is determined appropriate and in the best interests of the Wholesale Customers and the water customers
- The proposed prepayment would result in a total estimated present value savings of approximately \$179,000 to the Wholesale Customers

Recommended Action

That the Board approve the proposed use of Balancing Account to prepay the remaining unpaid existing asset balance under WSA Section 5.03.C as of September 30, 2020.



S. Ritchie, 2019

Consideration of Continued Participation in the Los Vaqueros Expansion (LVE) Project

- The Los Vaqueros Expansion (LVE) Project being evaluated by CCWD, BAWSCA and six other agencies
 - Includes expanded surface water reservoir storage and other facilities such as Transfer Bethany Pipeline
- LVE was recommended in BAWSCA's Long Term Reliable Strategy
 - Reduce drought rationing impacts of SF Regional Water System (RVWS) shortages
 - BAWSCA interest in LVE focused on securing 10 thousand acre-feet per year of water supply in dry years
- Tonight the Board will consider participation in next phase of LVE
 - Multi-Party Agreement (MPA) Amendment #2

Key Elements of the Multi-Party Agreement (MPA) Amendment #2

- MPA term extended through December 31, 2021
- Scope of Work expanded to include the following
 - Joint Powers Authority and Service Agreement development
 - Preliminary design for select project elements
- Adds responsibilities for the SBA Contractors related to ongoing work
- Provides option for BAWSCA to participate via the SFPUC
- Total budget for MPA Amendment #2 = \$17.83M
 - \$6.08M cost to Local Partner Agencies with State/Federal funding remainder
- Cost to BAWSCA if Amendment #2 if approved
 - \$760 K to \$1 M depending on the final number of partners

New Information is Available from Completed South Bay Aqueduct (SBA) Capacity Study

- SBA Capacity Study provided to SFPUC & BAWSCA in mid-Aug.
 - Updated assumptions for future use of SBA from SBA contractors
 - Greater coordination with CA Department of Water Resources
 - Improved representation of Lake Del Valle operations
 - Ability to analyze alternative operating scenarios for Lake Del Valle
- Model includes other updates such as:
 - Built-in assumptions about South Bay Aqueduct Pumping Plant
 - Improved representation of DWR maintenance of SBA
- Review of the Capacity Study is ongoing
 - BAWSCA coordinating with SFPUC
- Initial review of Capacity Study indicates more available flow and capacity in SBA overall
- Continued review necessary to understand what that means for SFPUC and BAWSCA

Other Important Project Information Remains Unchanged

- No new cost information has been provided
- CCWD verified that BAWSCA cost information remains correct
- ACWD, Valley Water and DWR have not shared cost information for conveyance and treatment
- BAWSCA estimates of those costs remain unchanged
 - \$1.2 M yearly cost
 - \$806/acre-foot to \$1,560/acre-foot cost for conveyance and treatment when water is delivered during droughts
- Member Agency interest in the project remains non-committal
 - A small number support BAWSCA's continued participation
 - A small number are opposed to BAWSCA's continued participation
 - Majority are uncertain and unwilling to voice support at this time

BAWSCA Remains Supportive of LVE

- BAWSCA strongly supports LVE and recommends that the SFPUC continue to pursue the water supply and storage benefits from LVE for several reasons
 - The RWS requires additional supplies to enable SFPUC to meet its water supply reliability obligation to member agencies
 - Significant State & Federal grant funding reduces overall project cost
 - Final EIS completed and the effects of LVE are well understood
 - Tremendous amount of momentum behind the project
 - Broad support for LVE with local stakeholders, environmental organizations, and others
 - Once completed, LVE will provide new storage and water conveyance facilities within the greater Bay Area region, increasing overall regional reliability for emergency and other purposes

What Happens if BAWSCA Does Not Enter Into Amendment #2?

- BAWSCA would no longer be a LAP for LVE
- BAWSCA's continued LVE participation would be via SFPUC
 - BAWSCA would work with SFPUC and LAPs to evaluate the benefits provided to member agencies
 - For FY 2020-21, work would include continued analysis of SBA issues, preliminary design review, and input to JPA and Service Agreement development
- SFPUC Commission to consider Amendment #2 in November
 - SFPUC staff anticipates no opposition
 - The project is included in its Alternative Water Supply Program
 - Monies to participate are included in adopted FY 2020-21 budget

Considerations Related to BAWSCA's Continued Participation in LVE

- Majority of Member Agencies remain uncommitted to LVE
 - Member agencies may no longer be interested in additional drought supplies to supplement RWS supply
- Known costs are high and remain uncertain
 - Cost to adopt Amendment #2 is significant (\$760 K to \$1 M)
 - Once the project is operational, there will be an ongoing annual financial costs as well as costs when water is delivered during droughts
- Access to SBA capacity remains uncertain
- Despite unknowns at this time, LVE remains a viable project for ongoing SFPUC consideration to address RWS reliability
 - LVE has significant momentum, broad regional participation, and has secured significant State and Federal Funding
 - BAWSCA participation can continue via SFPUC moving forward

Recommended Action

That the Board of Directors:

- Not enter into Amendment #2 to the Multi-Party Cost Share Agreement for LVE Planning;
- Strongly urge the SFPUC to remain engaged in LVE as a means to increase water supply reliability and implement its Alternative Water Supply Initiative, which is an update to its 2016 WaterMAP effort; and
- Support BAWSCA's continued participation in the development of LVE, to the extent possible, despite no longer being a LAP.



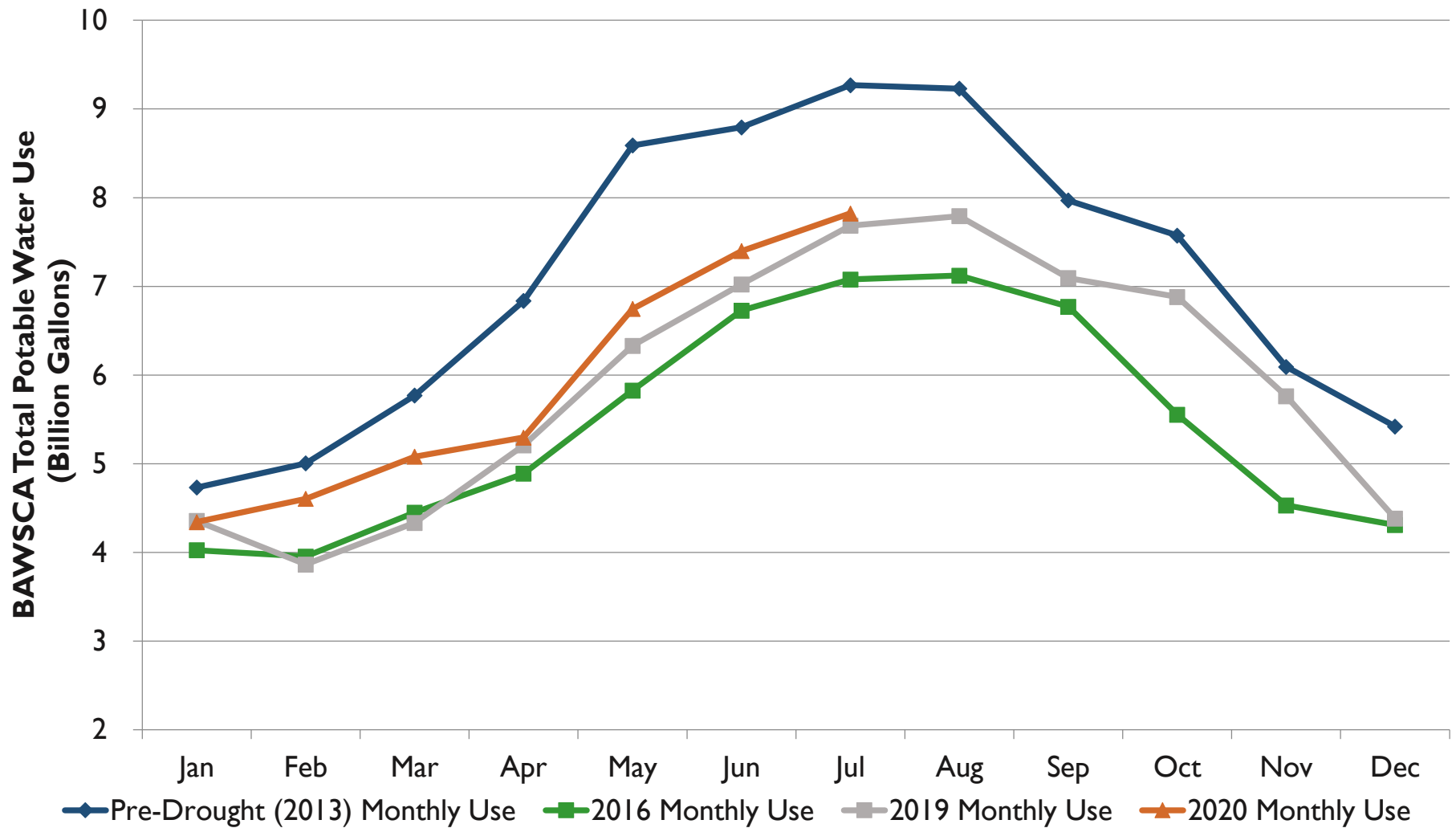
Jensen, 2011

Closed Session #I



Jensen, 2011

BAWSCA July 2020 Total Potable Water Use 15% Less Than July 2013



Bay Delta Plan Update

- Governor Newsom continues to provide critical leadership
- CA Secretaries of Natural Resources and CA EPA remain engaged
- BAWSCA continues coordination with SFPUC and others
- BAWSCA and its member agencies continue to
 - Support Bay-Delta Plan objectives
 - Be committed to working with other stakeholders to protect water quality in the Bay-Delta for humans, fish and other wildlife
 - Support voluntary settlement agreements to resolve this critical issue
- BAWSCA remains focused on a voluntary agreement as best solution to resolve this critical issue

FERC has Issued FEIS for New Don Pedro

- July 2020 – Final Environmental Impact Statement (FEIS) released
- BAWSCA reviewing & analyzing FEIS in coordination with SFPUC
- The National Marine Fisheries Service recently sent a report to FERC as part of relicensing
- Report presents a critique of two fish-population models developed and used in the relicensing process
- Those models and other technical tools developed by Districts to understand impacts of project operation and alternative management strategies, including Tuolumne River Voluntary Agreement
- BAWSCA understands that the Districts will review the report and provide a response to FERC
- BAWSCA will remain closely engaged on this issue, including addition review of the report and response from the Districts

Board of Directors

Policy Calendar Through October 2020

| Meeting Date | Purpose | Issue or Topic |
|----------------|---------------------------------|--|
| September 2020 | D&A D&A D&A D&A | Establishing a Policy Relating to the WSA Balancing Account Consideration of Proposed Use of WSA Balancing Account Los Vaqueros Expansion Project and Potential BAWSCA Participation CEO/General Manager Performance Evaluation |
| November 2020 | D&A D&A D&A R&D R&D | Consideration of Action to Extend Current Tier 2 Drought Plan Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review of Agency Personnel Handbook Annual OPEB/CERBT Fund Update BAWSCA CalPERS Pension Plan Funded Status |
| January 2021 | D&A D&A R R S | FY 2020-21 Mid-Year Work Plan, Budget, & General Reserve Balance Review Consideration of BAWSCA Bond Surcharges for FY 2020-21 Annual Review of WSA Balancing Account Status Review of Water Supply Forecast FY 2021-22 Work Plan and Budget Study Session |
| March 2021 | R&D R | Presentation of Preliminary FY 2021-22 Work Plan and Budget Review of Water Supply Forecast |

Key: R=Report, D = Discussion, S = Study Session, A = Action



Closed Session #2



L. Ash, 2017

Adjournment

Next Board Meeting:

- November 19, 2020
- Time: 6:30 pm
- Location: “Virtual” Zoom Meeting