



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

[BAWSCA Act, AB2058 (Papan-2002)]

Board Policy Committee Meeting April 8, 2020

Proposed FY 2020-21 Work Plan and Operating Budget Will Achieve BAWSCA's Goals

- Proposed Work Plan aligned with BAWSCA's legislated authority and three goals
 - Table 1 presents Proposed Work Plan
 - Table 2 presents activities not included
- Proposed Work Plan reflects one minor changes from preliminary Work Plan in response to COVID-19 crisis
 - "Summer 2020" portion of internship removed from proposed new internship program
- Proposed Operating Budget = \$4,130,679
 - 9.6% less than adopted FY 2019-20 budget
 - Estimated cost to customer of \$2.26 per person
- Addresses critical issues identified between now and 2050

Alternative Work Plan and Operating Budget Defers Some Tasks But Address Critical Issues

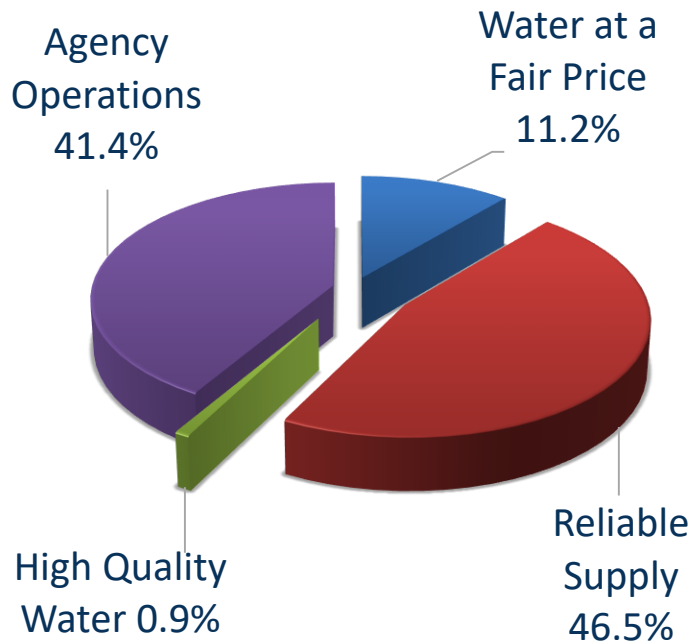
- Alternative Work Plan developed in response to COVID-19 crisis and potential economic impacts
- Alternative Work Plan defers/reduces 3 specific work plan areas
 1. Internship program
 2. Implementation of recommendations of BAWSCA's asset management audit of SF Regional Water System
 3. BAWSCA's coordination with SFPUC on development and implementation of a Regional Source Meter Testing Plan
- These deferrals reduce overall budget by \$110k
- Alternative Operating Budget = \$4,020,679
 - 12% less than adopted FY 2019-20 budget
 - Estimated cost to customer of \$2.20 per person
- Alternative Work Plan still addresses identified critical issues

Major Areas of Work Remain the Same In Both the Proposed and Alternative Work Plans

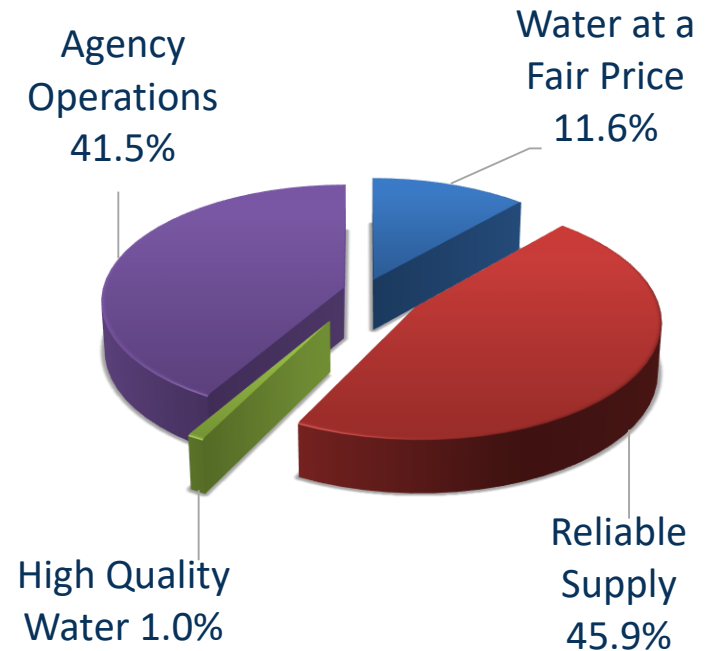
- BAWSCA's role in managing the 2009 Water Supply Agreement
 - Protect member agencies' financial and water supply interests
- Administer BAWSCA's 2013 bonds
- Oversight of SFPUC's WSIP, 10-Year CIP, and Asset Management
- Implement BAWSCA's Long Term Reliable Water Supply Strategy including participation in the following
 - Los Vaqueros Expansion project studies
 - Potable Reuse studies
 - Bay Area Regional Reliability Partnership
- Implement core and subscription conservation programs including 3 to 4 new programs
- Participate in the State Water Board Bay Delta Proceedings and FERC Proceedings to protect regional water supplies

Both Proposed and Alternative Work Plans are Focused on “Reliable Supply” Goal

**How the Proposed Budget
is Applied to Goals
\$4.131 Million**



**How the Alternative Budget
is Applied to Goals
\$4.021 Million**



Similarities Between the Proposed and Alternative Operating Budgets

- Significant reduction in “Consultant & Direct Expenses” compared to FY 2019-20 due to
 - Reduced consultant and legal support for “Reliable Supply” Work Plan areas
 - 27% reduction in “Consultant/Direct Expenses” in Proposed Work Plan
 - 32% reduction in “Consultant/Direct Expenses” in Alternative Work Plan
- Total “Administrative Expense” increased by less than 5%
- Fully funds estimated OPEB Annual Required Contribution
- Includes budget for COLA adjustment to top step and merit allowance
- Budget allowance for potential CEO merit increase
- No allowance for Art Jensen

Funding Considerations

- Funding principles relied upon by BAWSCA
 - Budget sufficient resources to achieve results
 - Spend only what is needed to achieve results
 - Apply incremental & prudent assessment increases as necessary
 - Maintain a prudent General Reserve
- Current General Reserve balance of \$1,137,877
 - 25 % of current Operating Budget
 - Within 20-35% budgetary guideline
- Important to maintain General Reserve given current issues
- Review of estimated FY 2019-20 expenditures identify current year budget will be 95% expended
 - Identified salary savings due to staff vacancy plus savings due to reduced conservation program costs resulting from COVID-19
- Estimated that \$100k will be available at end of year to transfer to General Reserve

Four Options Analyzed Include Both Proposed and Alternative Work Plans and Budgets

	FY 2019-20	FY 2020-21			
Fund Source	Adopted Funding Plan	Option 1 Proposed WP & 0% Assessment Increase	Option 2 Proposed WP & 1% Assessment Increase	Option 3 Proposed WP & 3% Assessment Increase	Option 4 Alternative WP & 0% Assessment Increase
Assessments	\$3,686,799	\$3,686,779	\$3,723,648	\$3,797,382	\$3,686,779
Transfer from GR	\$77,971	\$443,900	\$407,031	\$333,297	\$333,900
Transfer from Balancing Acct.	\$805,000	\$0	\$0	\$0	\$0
Total Op. Funds/Op. Budget	\$4,569,750	\$4,130,679	\$4,130,679	\$4,130,679	\$4,020,679
Est. End of Tr. Transfer to GR	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Est. Year-End Reserves	\$1,137,877	\$793,977	\$830,846	\$904,580	\$903,977
% of Budget	25%	19%	20%	22%	22%
Assessment to Budget Ratio	81%	89%	90%	92%	92%

Options 1 and 4 are Recommended – Both Can Fund Budget with 0% Assessment Increase

	FY 2019-20	FY 2020-21			
Fund Source	Adopted Funding Plan	Option 1 Proposed WP & 0% Assessment Increase			
Assessments	\$3,686,799	\$3,686,779	\$3,723,648	\$3,797,382	\$3,686,779
Transfer from GR	\$77,971	\$443,900	\$407,031	\$333,297	\$333,900
Transfer from Balancing Acct.	\$805,000	\$0	\$0	\$0	\$0
Total Op. Funds/Op. Budget	\$4,569,750	\$4,130,679	\$4,130,679	\$4,130,679	\$4,020,679
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Total Op. Funds/Op. Budget	\$4,569,750	\$4,130,679	\$4,130,679	\$4,130,679	\$4,020,679
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% of Budget	25%	19%	20%	22%	22%
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Recommended Action

- The Committee is asked to recommend a Work Plan, Operating Budget, and Funding Plan for FY 2020-21.
- Of the four options presented in this memo, the CEO recommends:
 - **Option 1: The Proposed Work Plan, Proposed Operating Budget** (\$4,130,679), 0% assessment increase, and \$443,900 transfer from General Reserve. Alternative 1 results in an estimated General Reserve at 19% of the Operating Budget; or
 - **Option 4: The Alternative Work Plan, Alternative Operating Budget** (\$4,020,679), 0% assessment increase, and \$333,900 transfer from General Reserve. Alternative 2 results in an estimated General Reserve at 22%* of the Operating Budget.

*Agenda and memo recommendation incorrectly cite this value as 20% of Alternative Operating Budget



Agency Policy Determines Signature Authority for BAWSCA and BAWUA Bank Accounts

- Current agency policy identifies two different levels of signature authority
 - Checks less than \$2,500 require only one authorized signature
 - Checks \$2,500 or more require two authorized signatures (One must be a director)
- Current authorized signers are
 - Staff: CEO and Senior Administrative Analyst
 - Directors: Chair, Vice-Chair, and directors from 3 closest agencies (Foster City, Millbrae, and Burlingame)
- CEO may not always be available to sign checks
- Recent pandemic has highlighted the potential difficulty in securing a 2nd director signature for checks

Changes to BAWSCA's Approved Signatures Policy are Recommended

- Changes are proposed to current policy to ensure that payments are not unduly delayed
 - Increase in the single signature threshold for signing checks from \$2,500 to \$5,000
 - The addition of the Water Resources Manager as an approved signer in the absence of the CEO
 - Update title of Senior Admin Analyst to Finance Manager

Recommended Action

That the Committee recommend Board approval of:

- a. Rescinding Resolution No. 2006-01 that specifies what individuals are authorized to sign checks;
- b. Adopting a replacement Resolution No. 2020-01 that increases the single signature threshold for signing checks from \$2,500 to \$5,000 and adds the authority for the BAWSCA Finance Manager and Water Resources Manager to sign checks in the absence of the CEO and General Manager.



New Calaveras Dam – May 2019

Droplet Technologies Selected to Implement BAWSCA's New Online Rebate System

- System will support implementation of BAWSCA's redeveloped Lawn Be Gone! Program
- Droplet Technologies was recommended by selection committee through competitive procurement process
- Action on contract approval was originally planned for March Board meeting, cancelled due to COVID-19
- Contract was signed by CEO in light of circumstances and budget amount within signature authority:
 - \$1,500 for system development and implementation in FY 2019-20
 - \$1,200 monthly for licensing and support for BAWSCA beginning in FY 2020-21

Recommended Action

That the Board Policy Committee recommend the Board ratify the following actions by the CEO/General Manager:

- Execution of the agreement with Droplet Technologies to implement a Landscape Rebate Online System; and
- Offer participation in the Program to interested BAWSCA agencies on a subscription basis.

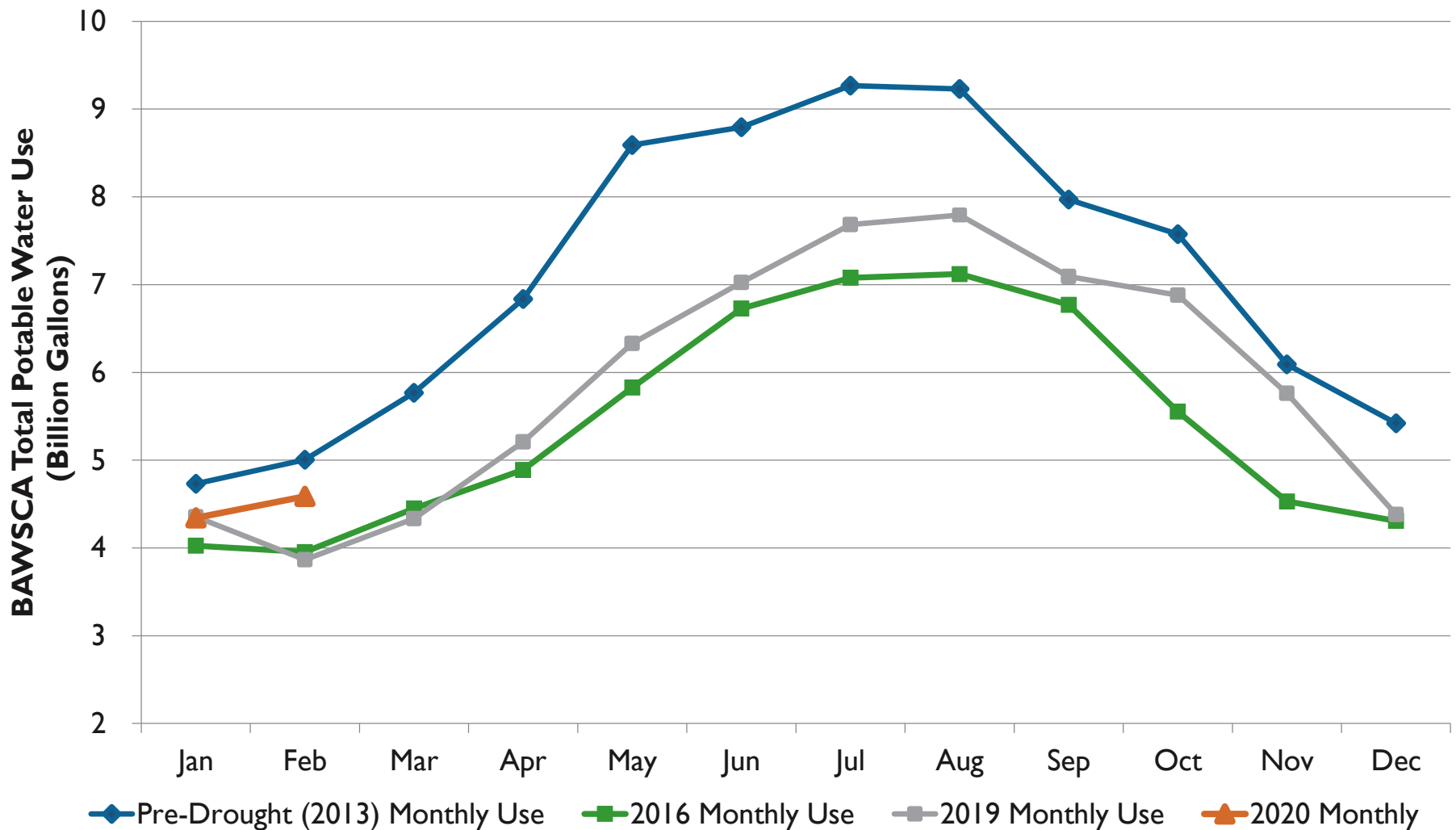


L. Ash, 2017

SF Regional Water System Continues to Provide a Safe and Reliable Water Supply

- BAWSCA has been in close coordination with SFPUC concerning operation of the Regional Water System during ongoing COVID-19 crisis
- From San Francisco
 - “The SFPUC Regional Water System remains fully functional. We do not anticipate any disruption to water deliveries.
 - “...the water is safe. Our rigorous water disinfection processes ensure that your tap water is safe from viruses, including COVID-19.
 - “We plan for emergencies to ensure that enough staff members report for duty to keep the water flowing. In other words, COVID-19 has no impact on the quality and supply of San Francisco’s tap water.

BAWSCA February 2020 Total Potable Water Use 7% Less Than February 2013



Board Policy Committee

Policy Calendar Through November 2020

Meeting Date	Purpose	Issue or Topic
April 2020	D&A D&A R	Consideration of Proposed FY 2020-21 Work Plan and Budget Consideration of Changes to Approved Signatures for Bank Accounts Review of Water Supply Conditions
June 2020	D&A R&D R&D	Review of Agency Personnel Handbook Audit of SFPUC's Asset Management Program Update on Long-Term Reliable Water Supply Strategy Implementation
August 2020	D&A D&A R&D R&D	Discussion and Possible Action on CEO/General Manager Evaluation Procedure Consideration of Action to Extend Current Tier 2 Drought Plan OPEB Report Demand Study Findings
October 2020	D&A D&A	Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy

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



S. Ritchie, 2019