

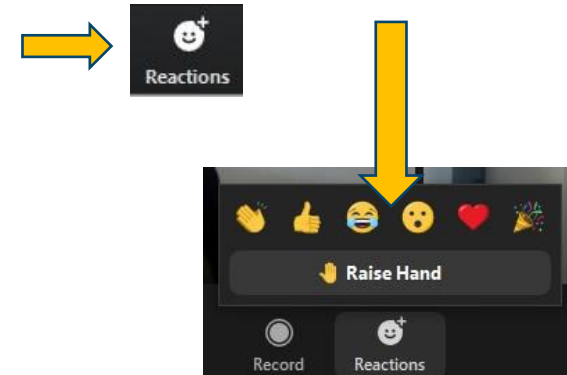
Meeting Instructions While We Gather

- 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** feature will be used for Board questions
- ***NEW*** To get the **Raise Hand** button, Click on **Reactions** button at the bottom of your screen and Select **Raise Hand**

- The **Chat** function has been disabled for this meeting
- If you have technical difficulties, please text Lourdes at 650-799-3854

Bottom left corner
of your screen





BAWSCA Service Area

“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 March 18, 2021

Roll Call



L. Ash, 2017

Comments by the Chair



Board Policy Committee Report



S. Ritchie, 2019

SFPUC Report



Jensen, 2011

Water Supply Conditions Update

Steven R. Ritchie

Assistant General Manager, Water

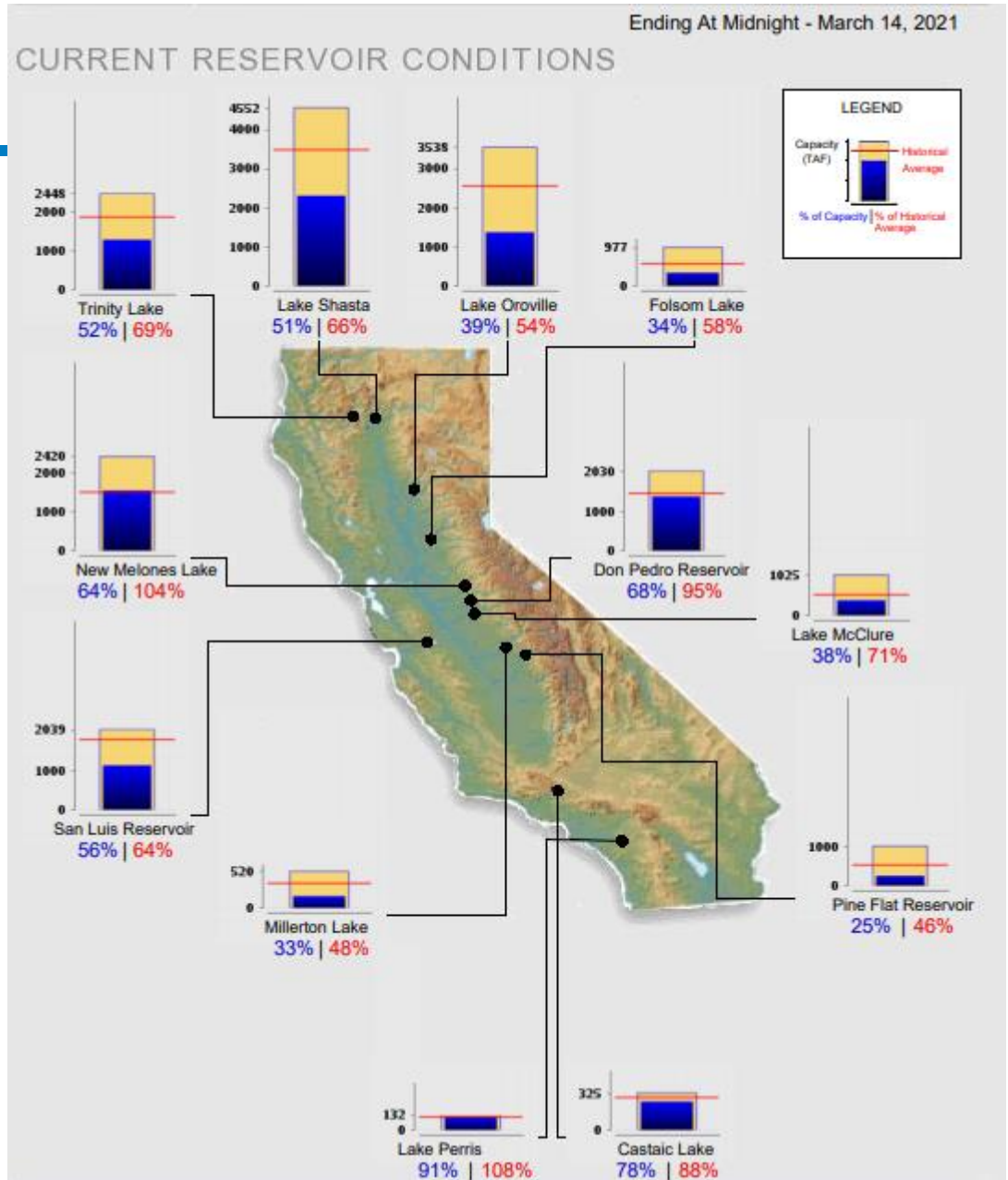
March 18, 2021



March 15, 2021 Reservoir Storage

Reservoir	Current Storage ^{1,2,3} (AF)	Maximum Storage ^{3,4} (AF)	Available Capacity (AF)	Percent of Maximum Storage	Normal Percent of Maximum Storage ⁵
<u>Tuolumne System</u>					
Hetch Hetchy	182,200	340,830	158,630	53.5%	61.9%
Cherry	194,700	268,810	74,110	72.4%	-
Eleanor	20,190	21,495	1,305	93.9%	-
Water Bank	537,049	570,000	32,951	94.2%	99.8%
Total Tuolumne Storage	934,139	1,201,135	266,996	77.8%	-
<u>Local System</u>					
Calaveras	58,680	96,670	37,990	60.7%	-
San Antonio	41,699	53,266	11,567	78.3%	-
Crystal Springs	50,430	58,309	7,879	86.5%	-
San Andreas	13,864	19,027	5,163	72.9%	-
Pilarcitos	1,889	3,030	1,141	62.3%	-
Total Local Storage	166,562	230,302	63,740	72.3%	-
Total System Storage	1,100,701	1,431,437	330,736	76.9%	82.1%
Total without water bank	563,652	861,437	297,785	65.4%	-

Other California Reservoirs



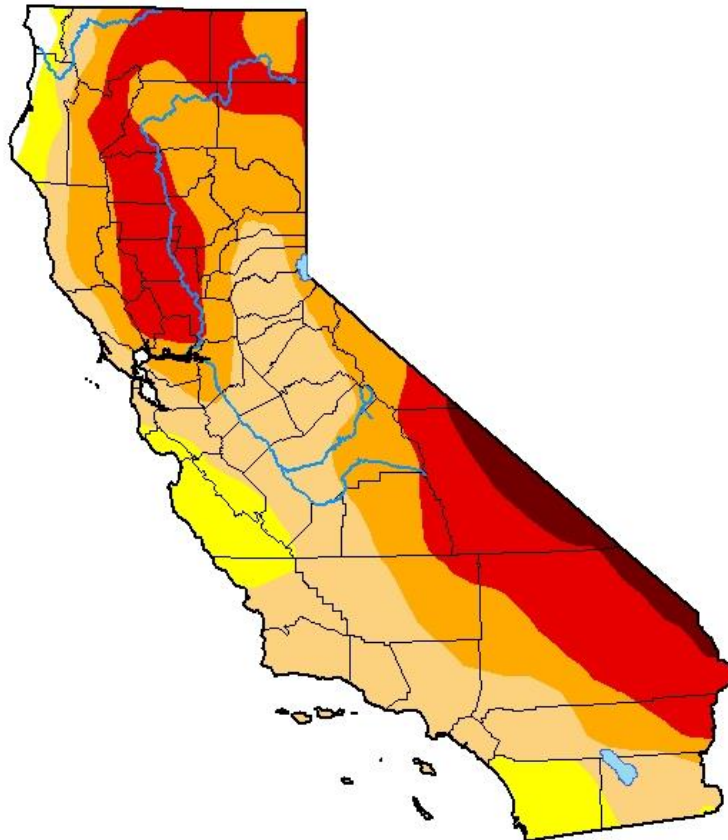
Drought Monitor

U.S. Drought Monitor California






March 9, 2021

(Released Thursday, Mar. 11, 2021)

Valid 7 a.m. EST



Intensity:

-  None
-  D0 Abnormally Dry
-  D1 Moderate Drought
-  D2 Severe Drought
-  D3 Extreme Drought
-  D4 Exceptional Drought

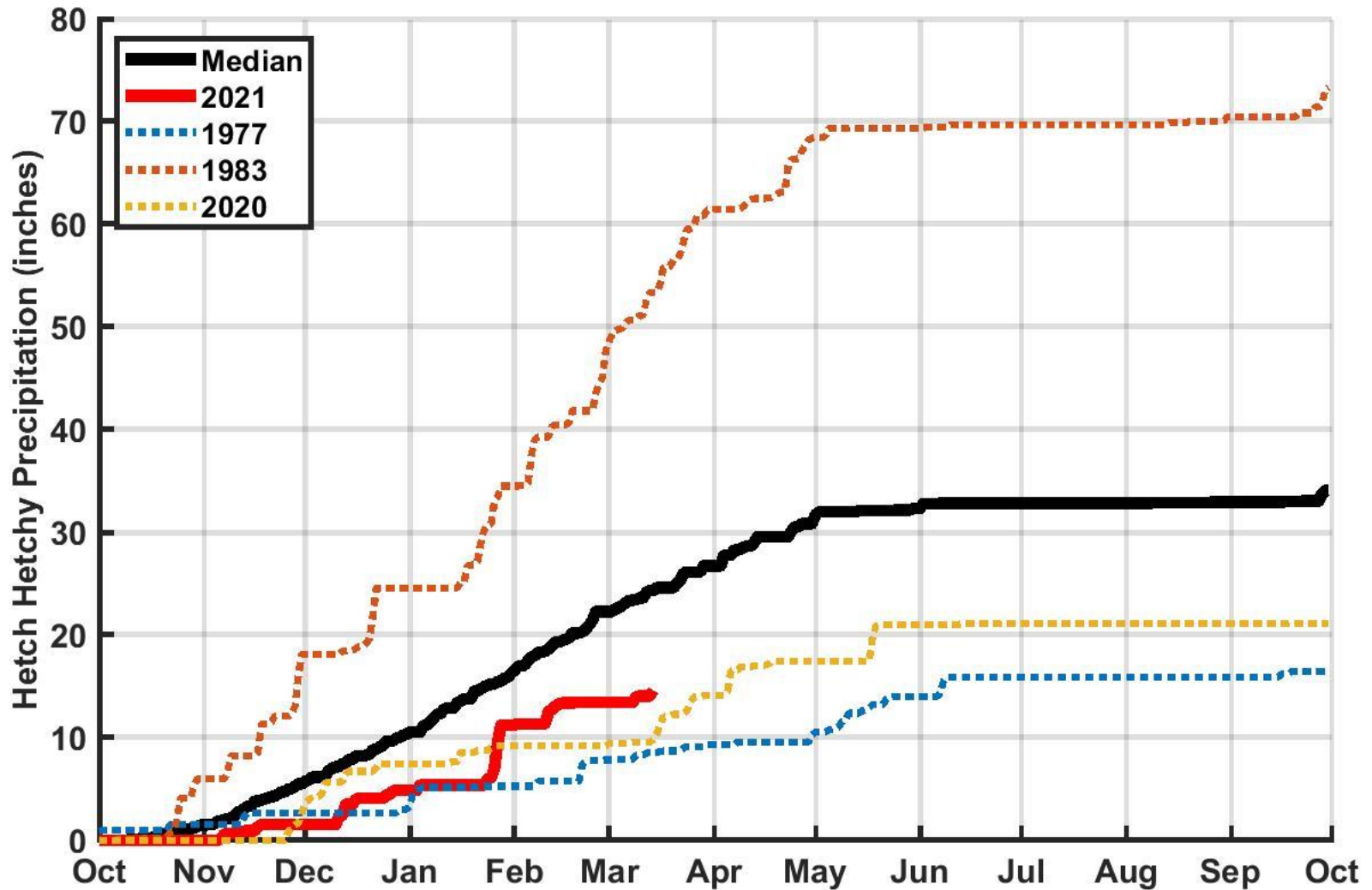
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:

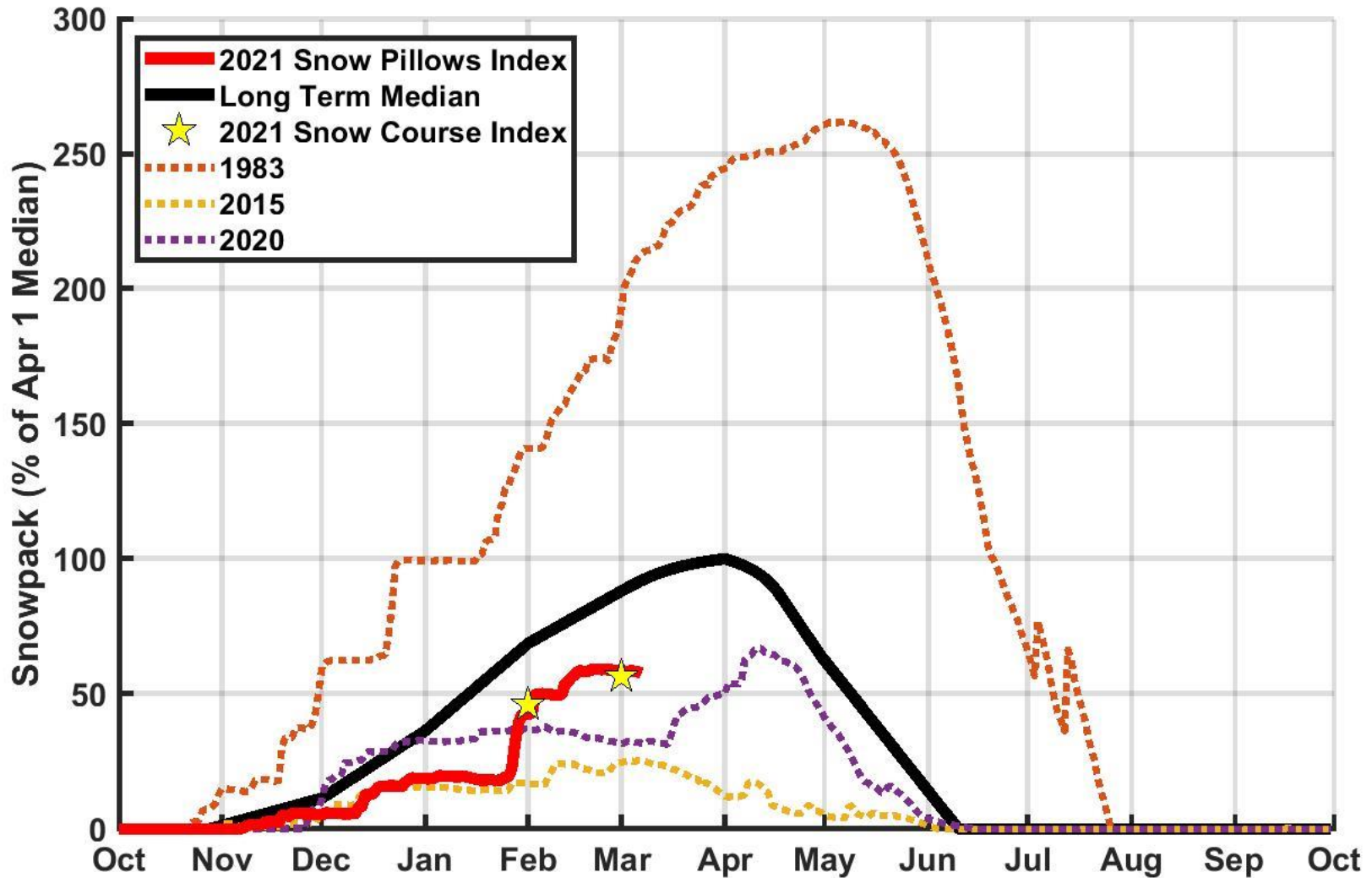
Brian Fuchs
National Drought Mitigation Center



Hetch Hetchy Precipitation

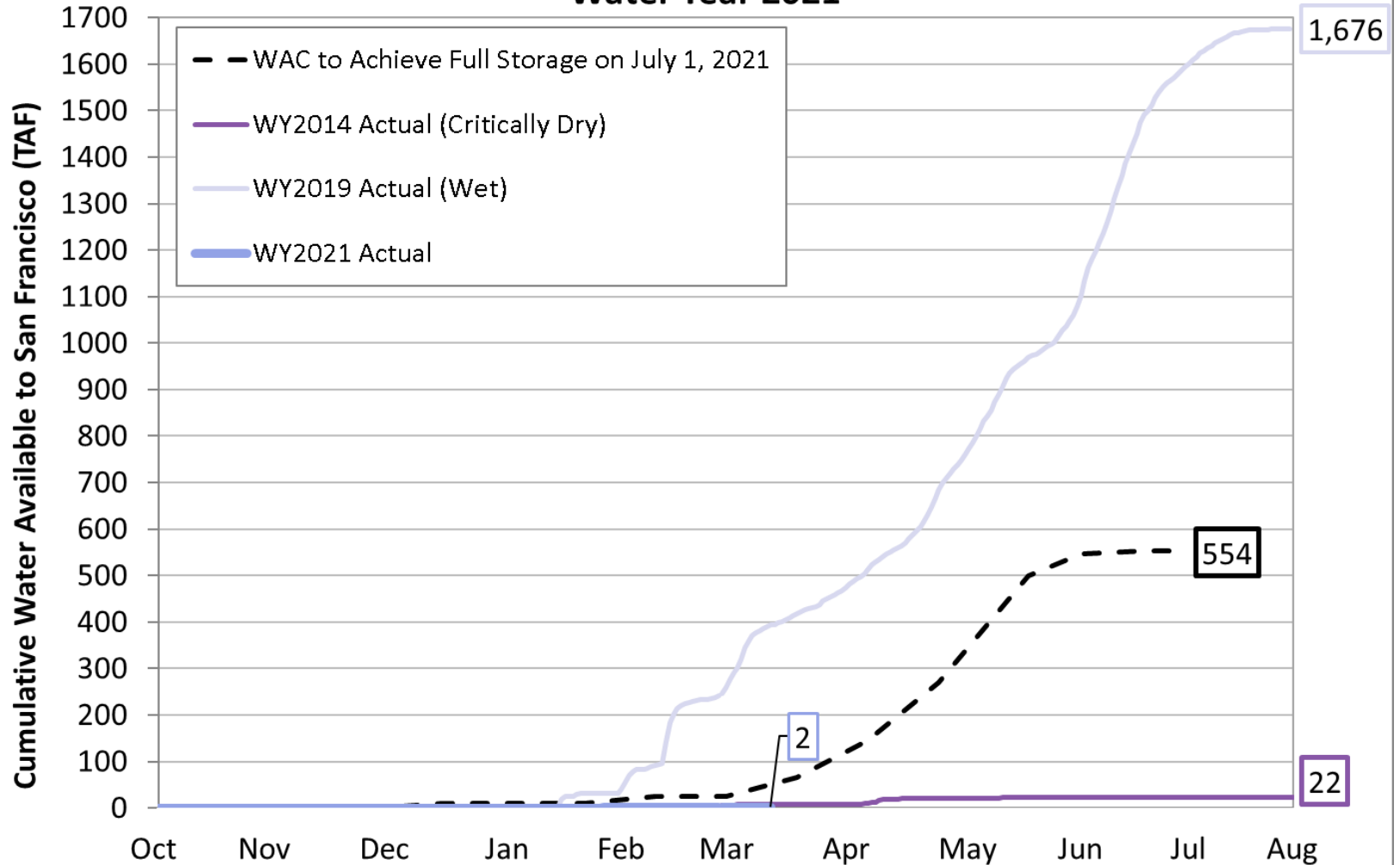


Upcountry Snowpack



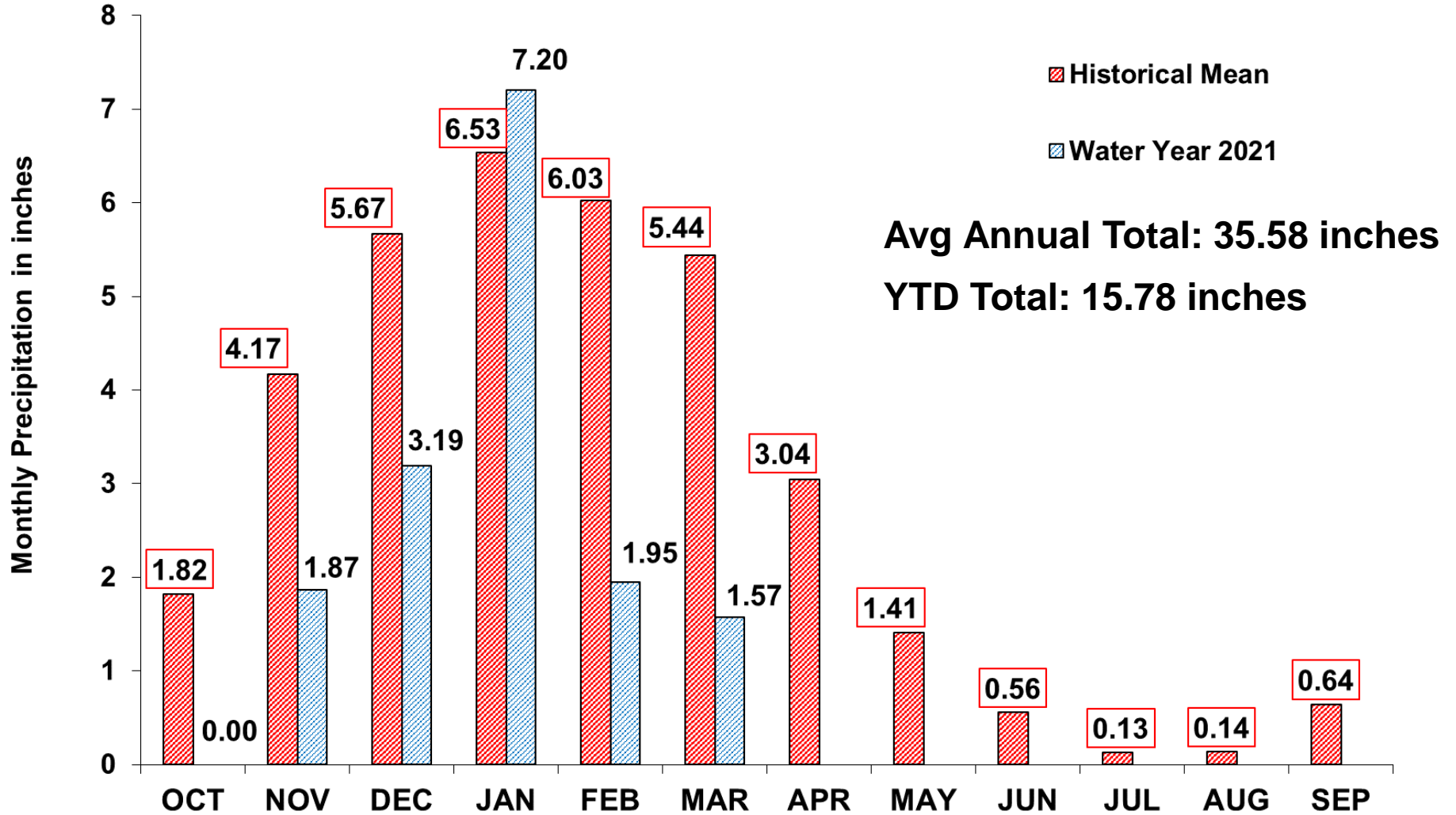
Tuolumne River Water Available to the City

Tuolumne River Water Available to San Francisco:
Water Year 2021

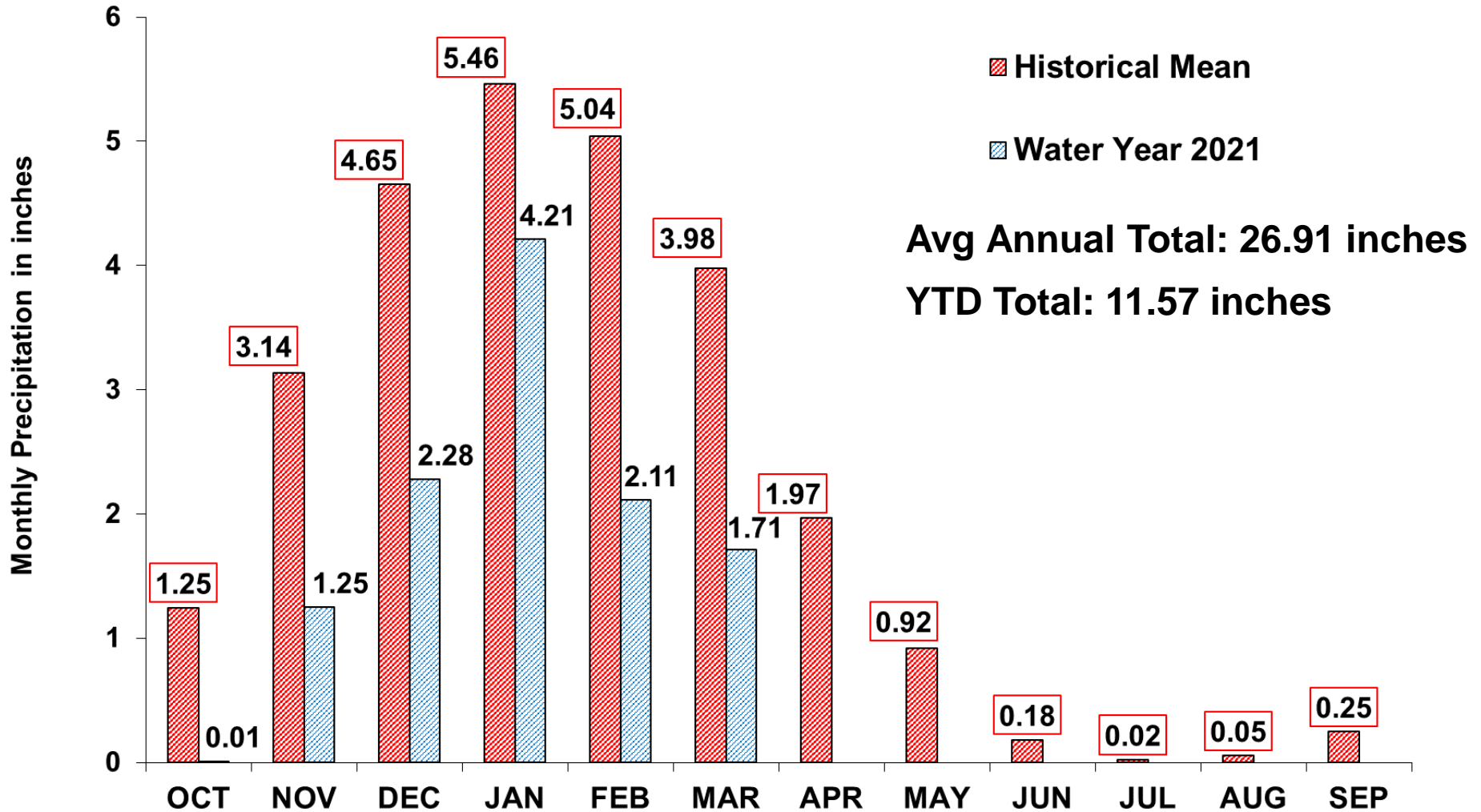




Upcountry 6-station Precipitation Index as of March 14, 2021



Bay Area 7-station Precipitation Index as of March 14, 2021



National Precipitation Forecast

Precipitation (in)
during the period:

Mon, 15 MAR 2021 at 12Z

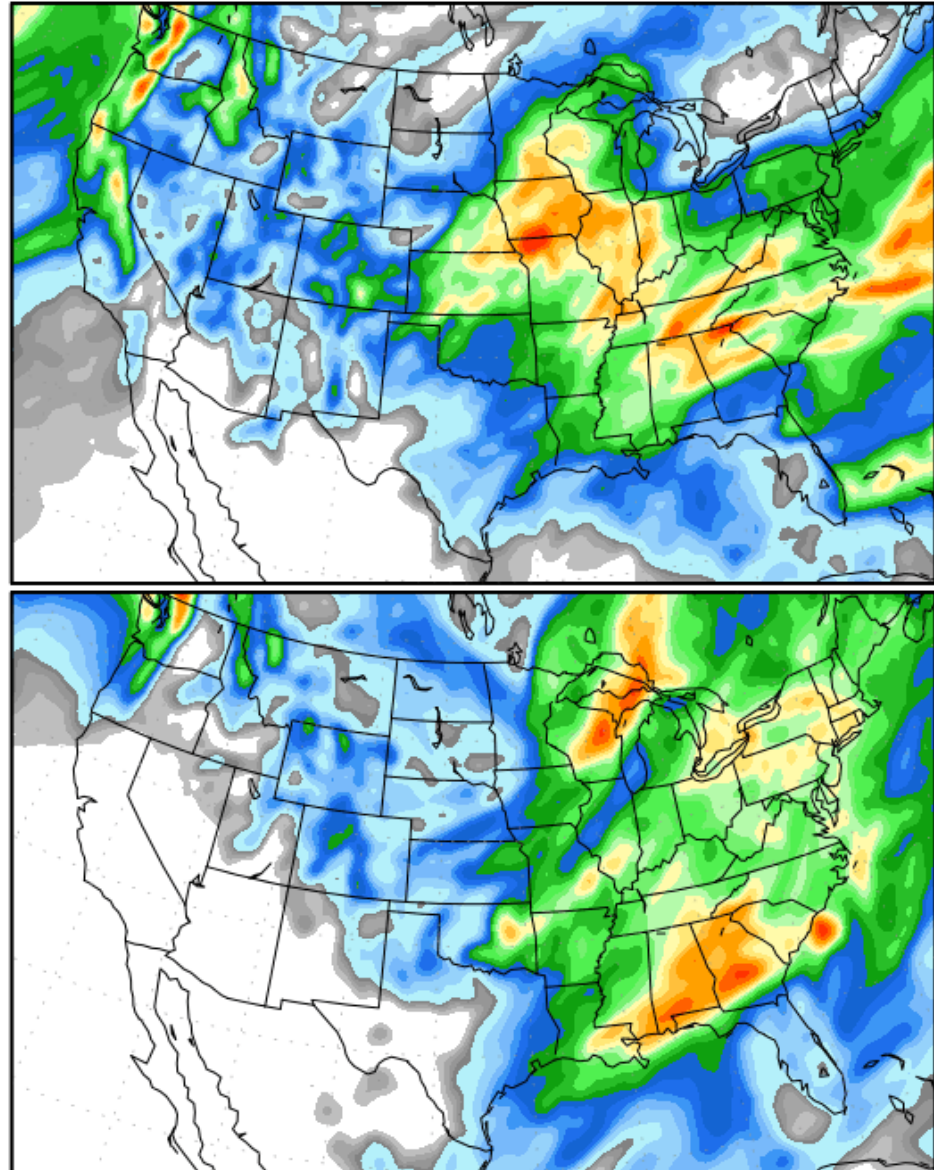
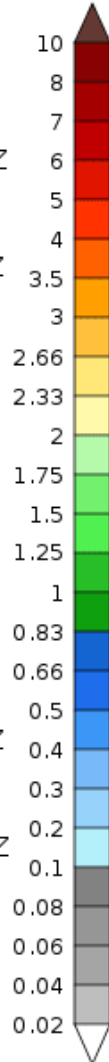
-to-

Tue, 23 MAR 2021 at 12Z

Tue, 23 MAR 2021 at 12Z

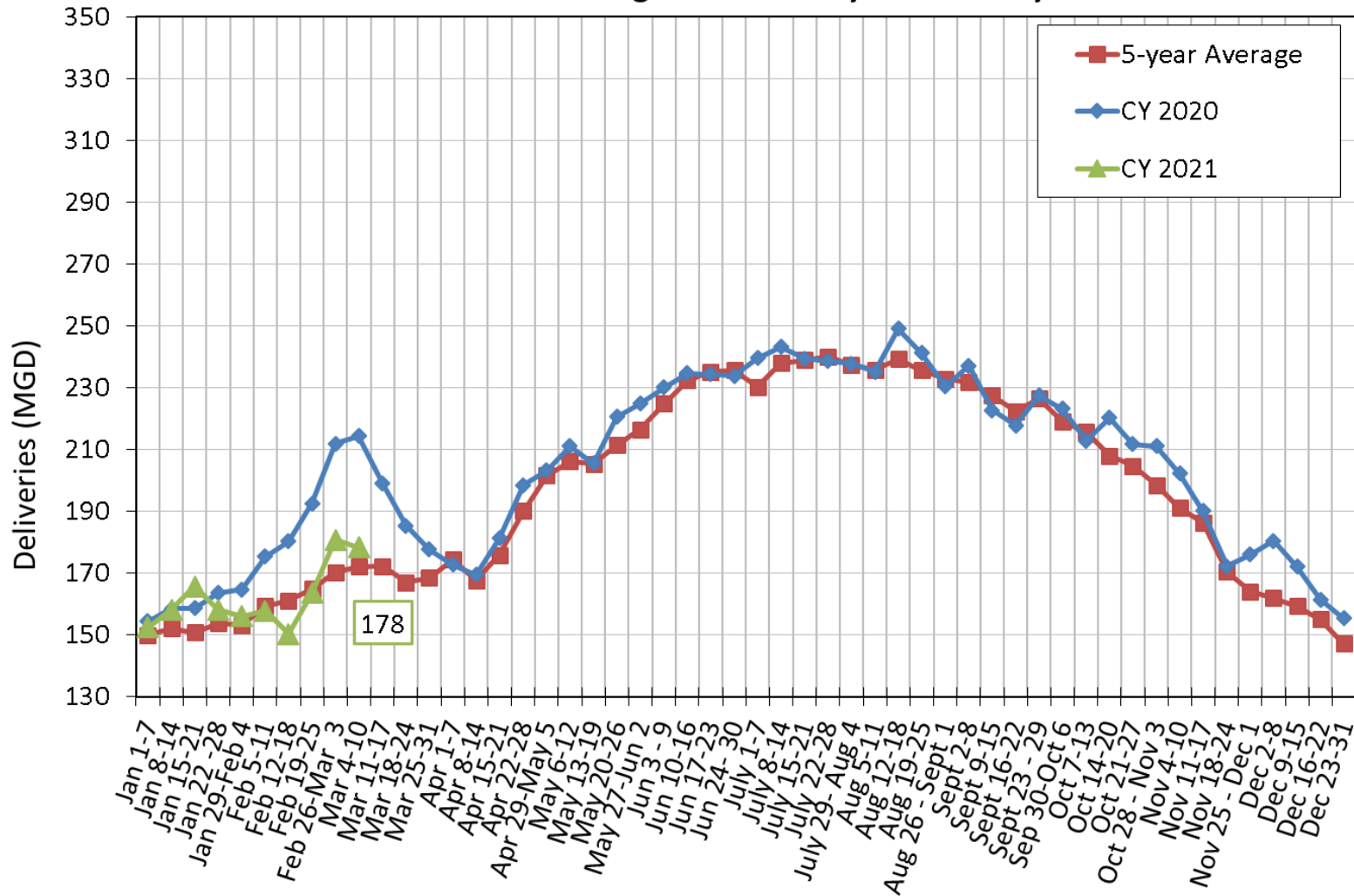
-to-

Wed, 31 MAR 2021 at 12Z



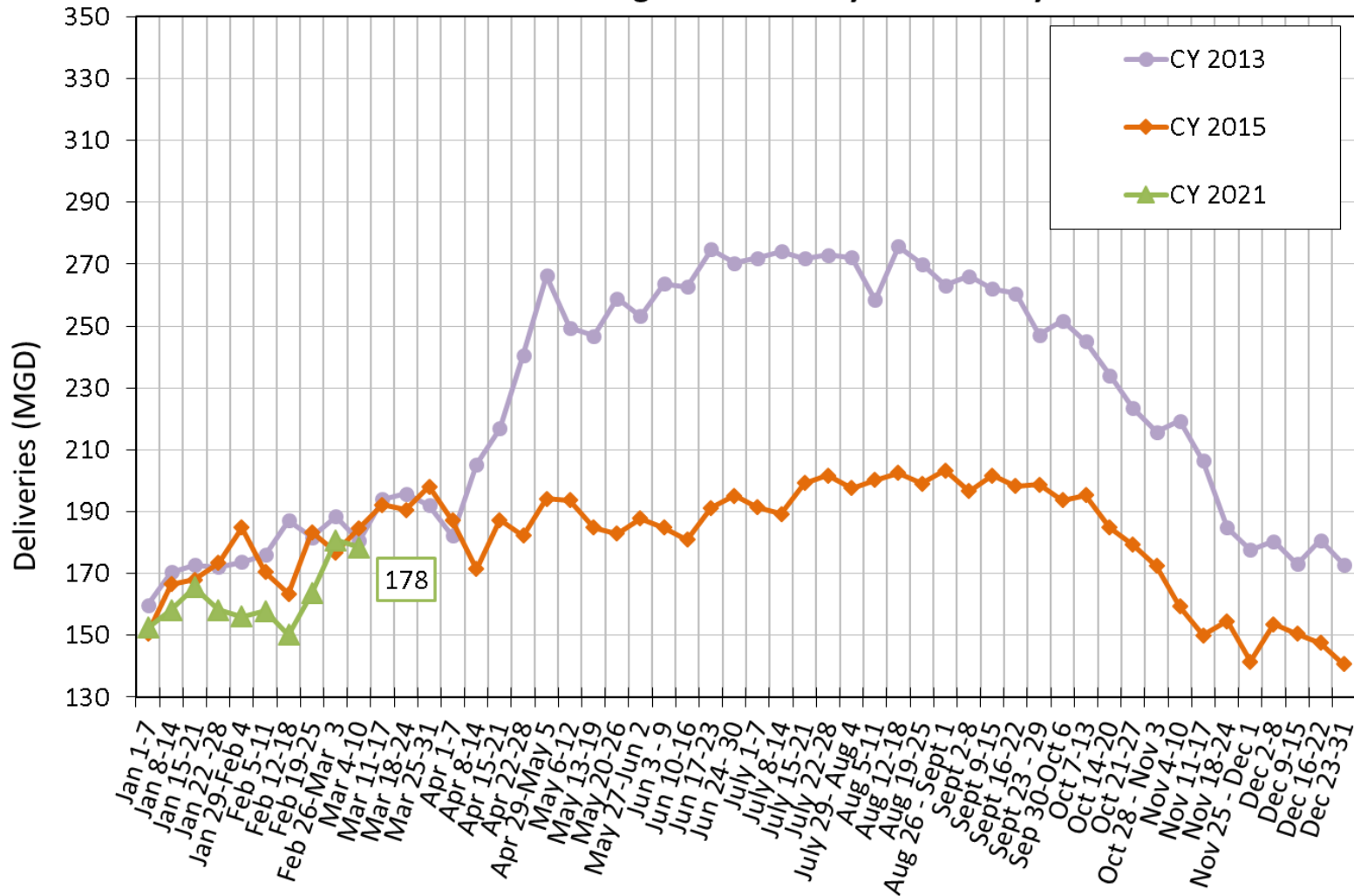
Total Deliveries

Regional Water System Total Deliveries
Source: SFPUC Regional Water System County Meters



Total Deliveries

Regional Water System Total Deliveries
Source: SFPUC Regional Water System County Meters



SFPUC Financial Update

**Eric Sandler, CFO and AGM of
Business Services**

March 21, 2021



SFPUC Overview

- 3 enterprises + CleanPowerSF
- \$1.5 billion annual operating budget
- \$9.1 billion Ten-Year Capital Plan
- 2,300+ employees
- Operations and assets in 7 counties in CA
- Operating within a large City bureaucracy



Strong credit ratings reflect longstanding financial stewardship

Water	Power	Sewer	CleanPowerSF
Aa2/AA-	AA	Aa2/AA	A2
\$4.4B	\$37M	\$1.5B	N/A



Employee benefits offered by the City

Pension (SFERS):

- Defined benefit plan (plus optional defined contribution plan)
- Defined benefit Pension contributions are a percentage of salaries
 - 2021 Employer: 23.49%
 - 2021 Employee: average 11.02%

Hourly rate	<\$30/Hour	<\$60/Hour	>\$60/Hour
Contribution	7.5%	11%	11.5%

Healthcare (HSS):

- Employees, Dependents and Retirees can choose from United PPO, Blue Shield or Kaiser HMO health plans
- Employee share of costs averages out to 11% of the total cost; the employer contributes remaining 89% of the costs.
- Health costs are allocated to SFPUC based on enrollment statistics of active employees in the city’s health and dental plans

Other (HSS):

- Dental, Vision. *Active employees only*: Long term Disability and Life Insurance
- Costs are allocated to departments based on the number of active budgeted employees

History of pension and OPEB reform

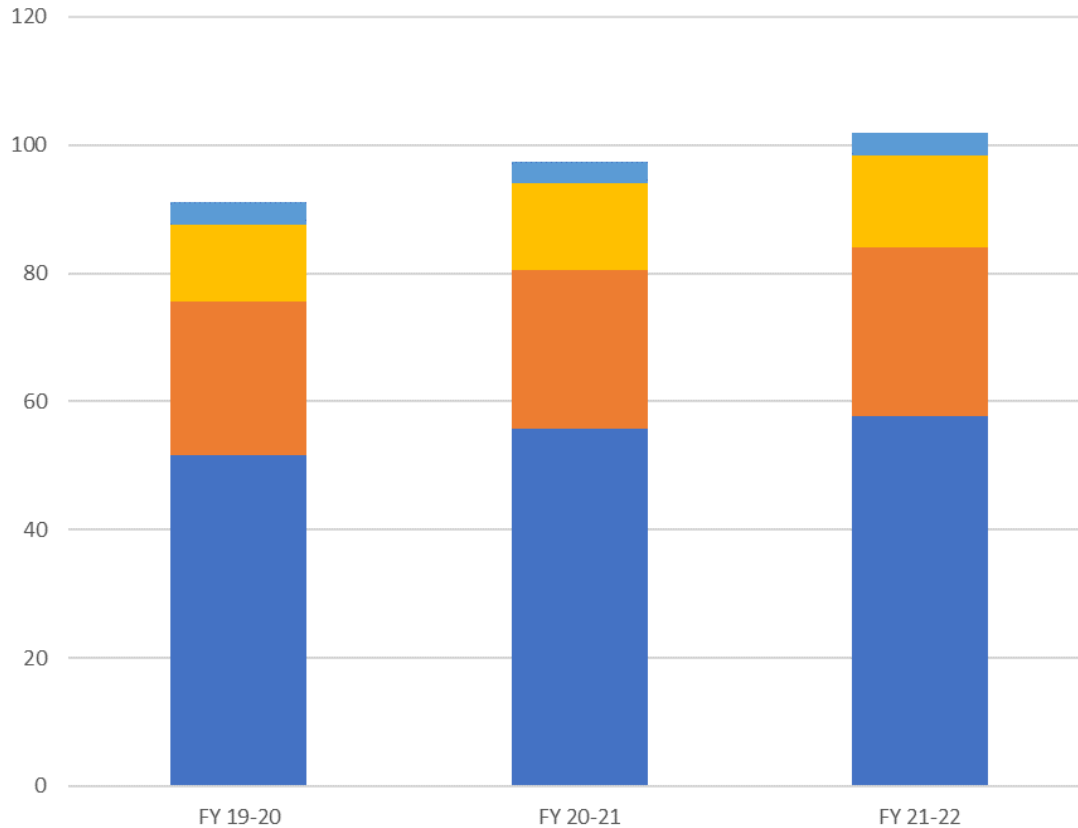
- SF voters enacted a series of reforms in 2008-11 to stabilize the City's pension and healthcare costs
 - In June 2008, a Retiree Health Care Trust Fund (RHCTF) was established to be used to pay for the City's contribution to the health care premiums of its retirees and their survivors.
 - in June 2010, and November 2011 the voters approved charter amendments that modified pension benefits and employee contribution rates, to try to bring the pension liability down.
- OPEB: as of March 2018*, total liability of nearly \$4.3 billion, of which 4.4 percent has been set-aside in the RHCTF, projected to reach fully-funded status by 2043.
 - Water's share of net OPEB liability = \$163.7 million**
- SFERS: as of June 2019*, Pension Fund: \$26.1 billion, 85.3% funded.
 - Water's share of net pension liability = \$178.1 million**

*Latest actuarial valuation

** FY2019-20 SFPUC CAFR



SFPUC's annual Pension, Health and OPEB costs

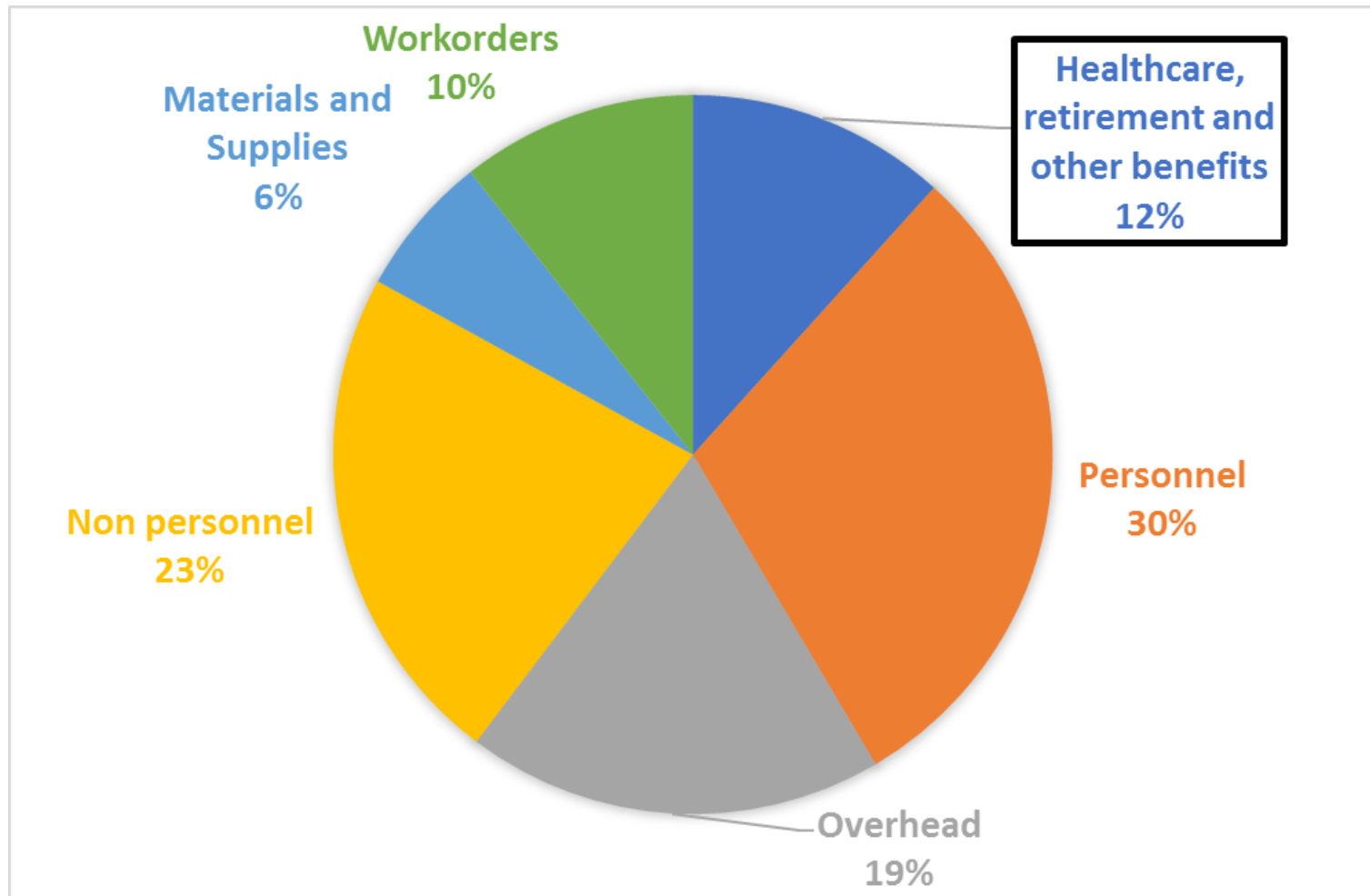


- Other benefits (life, dental, Long Term Disability)
- Healthcare- retirees
- Healthcare-active employees
- Pension contributions

Pension, health and other benefit costs for active and retired employees cost the SFPUC around \$100 million annually.

Water's annual costs for employee benefits

Water annual operating budget (excluding capital)



How are pension costs managed?

- SFERS members include 71,000 eligible employees and survivors of the City and County of San Francisco, SFUSD, Community College District, and the Trial Courts.
- SFERS is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits to the active and retired members.
- For Fiscal Year 2019, the investment portfolio returned 8.18%
 - Versus the peer median return of 5.39%, an outperformance of 2.79%, ranking in the top 1% compared to the peer universe.
 - In the past five years SFERS has posted annualized returns of 7.56% while the median peer returned 5.64%. In terms of dollars, our returns of 7.56% have added \$2.5 billion in value compared to if SFERS had earned the median return of our peers of 5.64%

How are health costs managed?

- The San Francisco Health Service System (HSS), created in 1937, serves over 126,000 individuals, including both active and retired employees of the City, SFUSD, Community College, and the Superior Court, and their covered dependents.
- 68% of members are active employees, 32% are retired.
- Health costs increase by 6-9% annually. Key drivers are:
 - Pharmaceuticals
 - Legislation, including the ACA and removal of lifetime limits
 - Healthcare demand/utilization
- HSS deploys several strategies to manage these costs, including:
 - Negotiate multi-year rate guarantees
 - Perform periodic health plan audits to ensure compliance and program integrity
 - Competitive bid process for health plan selection

Public Comment



Jensen, 2011

Consent Calendar



New Calaveras Dam – May 2019

Report & Discussion



Jensen, 2011

Preliminary FY 2021-22 Work Plan Addresses Critical Issues Between Now and 2050

- Preliminary Work Plan aligned with BAWSCA's legislated authority and three goals
 - Table 1 presents preliminary Work Plan
 - Table 2 presents activities not included preliminary Work Plan
- Addresses critical issues identified between now and 2050
 - Oversight of SFPUC's WSIP, 10-Year CIP and Asset Management
 - Participate in the Bay Delta and FERC proceedings to protect interests of water customers
 - Implement BAWSCA's Long Term Reliable Water Supply Strategy
 - Provide drought support to member agencies
 - Implement core and subscription conservation programs including 2 new programs
 - Management of the Water Supply Agreement with SF to protect member agencies' financial and water supply interests
 - Administration of BAWSCA's 2013 bonds

Major Tasks in FY 2021-22 Preliminary Work Plan – *Reliable Water Supply*

- Facility Reliability: Monitor SFPUC WSIP, 10-Year CIP, and Asset Management Program



SFPUC Biennial
Budget
FY2020-21 and
FY2021-22

Water Enterprise

January 23, 2020
Steven R. Ritchie
Asst. General Manager, Water



Major Tasks in FY 2021-22 Preliminary Work Plan – *Reliable Water Supply*

- Long-Term Supply Solutions: Implement Strategy
 - *Refresh & update BAWSCA's 2020 Demand Study*
 - *Scope update to BAWSCA's Strategy*
 - Participate in development of Bay Area Regional Reliability (BARR) Phase 2 (Water Marketing Strategy) with other water agencies
 - Complete Potable Reuse Exploratory Plan (PREP) Phase 2 feasibility study
 - Utilize the BAWSCA Reliability Model to evaluate impacts on water supply from climate change, Bay Delta Plan voluntary agreements, alternative new supplies, and drought rationing. *Facilitate use of BAWSCA model by member agencies via a new subscription program.**

Refresh & Update BAWSCA's 2020 Demand Study

- BAWSCA 2020 Demand Study completed in June 2020 following 18 months of work with member agencies
 - Schedule driven by need to support member agencies' Urban Water Management Plan (UWMP) development
- Significant changes have occurred since study was initiated that impact demand projections
 - COVID-19
 - State's efficiency guidelines, anticipated Fall 2021
 - SFPUC climate change study results anticipated in Spring 2021
 - Results of 2020 UWMPs
- Extensive “refresh” of the 2020 Demand Study will address these issues with agency-specific feedback and involvement
- Anticipated that these demand projections will support SFPUC's Alternative Water Supply Planning Program
- Preliminary FY 2021-22 budget: \$277K

Complete a Scope for an Update to BAWSCA's 2009 Long-Term Reliable Water Supply Strategy (Strategy)

- BAWSCA Strategy initiated in 2009 and completed in 2015
 - Comprehensive regional assessment of member agencies' water supply reliability needs
 - Evaluation of potential water management actions that could be implemented
 - Identification of recommended actions to increase regional reliability
- Strategy recommendations implemented through annual Work Plan
 - Regular regional water demand updates
 - Increased water conservation programs, BAWSCA Pilot Water Transfer, Los Vaqueros Enlargement, PREP and BARR, and support for member agencies local projects
- Changes in member agency projections, SFPUC actions and Regional Water System reliability, and State efficiency requirements indicate an update is timely
- Preliminary FY 2021-22 budget: \$54K

Major Tasks in FY 2021-22 Preliminary Work Plan – *Reliable Water Supply*

- Near-Term Supply Solutions: Water Conservation
 - *Provide drought support to member agencies and their customers*
 - Represent member agency interests in discussions related to “Making Water Conservation a Way of Life” requirements
 - Provide coordination to support AMI implementation and data management
 - Implement existing core conservation programs that benefit all customers
 - Implement existing subscription water conservation programs
 - *Implement two new subscription programs: Irrigation Hardware Rebates and Residential Self Audit tool**
 - *Develop a leak repair and training certification program for implementation in FY 2022-23*

Provide Drought Support to Member Agencies and Their Customers

- Hydrologic conditions for water year 2020-21 indicate potential for drought conditions and need for water use reductions
- SFPUC will continue to assess Regional Water System (RWS) water supply availability
 - Regular updates including final estimate by April 15th
- BAWSCA provided assistance to member agencies during most recent drought (2014-2017)
- Possible actions for BAWSCA include
 - Demand management actions to reduce use (e.g., increased conservation programs, public outreach)
 - Work with SFPUC and others as needed to bring on new supplies
 - Regulatory and policy support
- Preliminary FY 2021-22 budget: \$24K

Develop Leak Repair and Training Certification Program for Implementation in FY 2022-23

- BAWSCA began development of a leak repair and training certification program this year
 - New program that must be developed from scratch
 - Partnering with Valley Water to develop and possibly implement
- Program development efforts next year will include
 - Research training methods and procedures to employ
 - Develop program promotion plan
 - Develop methods for testing and certification
- Strong member agency support for this program
 - Targets an important water use sector with potential for savings
- Preliminary FY 2021-22 budget: \$34K

Twelve Existing and Planned Core Conservation Programs for FY 2021-22

Water Efficient
Landscape
Education Classes

now virtual!

Water-Wise
Gardening in the
Bay Area Tool

Native Garden
Tours and
Symposiums

Qualified Water
Efficient
Landscaper
(QWEL) Program

“Making
Conservation a
Way of Life”
Strategic Plan

Participation in
Technology
Research Pilot
Projects and
Studies

Water Loss
Evaluation and
Knowledge (LEAK)
Workgroup

Advanced
Metering
Infrastructure
(AMI) Support

Water
Conservation
Database (WCDB)

Public Outreach

Leak Repair
Training Program
*In Development
for FY 22-23*

Residential Self-
Audit Program
New in FY21-22

Fourteen Existing and Planned Subscription Conservation Programs for FY 2021-22

Lawn Be Gone! Turf Replacement Rebates	EarthCapades School Assemblies <i>now virtual!</i>	Large Landscape Audits	Water Loss Management Program
Rain Barrel Rebates	Water-Wise School Education Kits & Curriculum <i>now virtual!</i>	WaterSmart Customer Engagement	Customer Meter Accuracy Testing
Smart Controller Rebates	WaterSense Fixtures Bulk Orders	Lawn Be Gone! Inspection Services	DSS Model Support Services
	Landscape Area Measurements <i>In Development in FY 21-22</i>	Irrigation Hardware Upgrade Rebates <i>New in FY 21-22</i>	

Major Tasks in FY 2021-22 Preliminary Work Plan – *Reliable Water Supply*

- Protect Water Supply Interests in Administering 2009 WSA
 - *Monitor SFPUC's development of new supplies through its Alternative Water Supply Planning Program **
 - Protect members' water supply interests to ensure SFPUC meets its legal and contractual obligations for water supply reliability
 - Adopt 4th temporary extension of Tier 2 drought allocation plan
 - *Initiate development of an updated Tier 2 drought allocation plan*
 - Protect members' water supply and financial interests in the SFPUC's required 2028 decisions
- Protect Members' Interest in Reliable Water Supply
 - SWRCB Bay Delta Water Quality Control Plan
 - La Grange and Don Pedro FERC Relicensing

Initiate Development of an Updated Tier 2 Drought Implementation Plan

- Tier 2 Plan allocates the Wholesale Customers' share of available water supply from Regional Water System during a drought among individual Wholesale Customers
- Existing Tier 2 Plan first adopted in 2011 and expired Dec. 31, 2018
 - Has been extended each year by BAWSCA Board since its expiration
 - Current expiration Dec. 31, 2021
- Renegotiation on hold pending information regarding new statewide water use efficiency requirements and completion of UWMPs
 - State guidelines expected in October 2021
- Development of a new Tier 2 Plan can be initiated in Fall 2021
 - Will take more than one year
 - Significant involvement of member agencies thru Water Mgmt. Reps
- A new Tier 2 Plan must be adopted by governing body of each member agency
- Preliminary FY 2021-22 budget: \$75K

Major Tasks in FY 2021-22 Preliminary Work Plan – *Reliable Water Supply*

- Pursue Grant Opportunities
 - Pursue and use grant funds, including Prop I Integrated Regional Water Management conservation grant
 - Pursue grant funding with regional partners
 - Investigate potential grant funds to support Strategy implementation
- Reporting and Tracking of Water Supply and Conservation Activities
 - Annual Survey
 - Annual Water Conservation Report
 - *Review BAWSCA's Water Conservation Database and scope a possible update **

Major Tasks in FY 2021-22 Preliminary Work Plan – *High Water Quality*

- Support Member Agencies in Receiving Reliable Communication on Water Quality Issues
 - Coordinate members participation in Joint Water Quality Committee
 - Continue increased BAWSCA participation in Joint Water Quality Committee
 - Relay important information to member agencies

Major Tasks in FY 2021-22 Preliminary Work Plan – *Fair Price*

- Perform Matters Delegated to BAWSCA in 2009 WSA
 - Administer WSA to protect financial interests of member agencies
 - Administer bonds issued by BAWSCA to retire capital debt owed to SF
 - *Work on the authorization and execution of the refunding of a portion of BAWSCA's bonds*

San Francisco Public Utilities Commission

Wholesale Revenue Requirement
for
Fiscal Year 2018-19

Financial Planning – Rate Administration
SFPUC, Business Services
525 Golden Gate Avenue, 4th Floor
San Francisco, CA 94102

AMENDED AND RESTATED
WATER SUPPLY AGREEMENT

between
THE CITY AND COUNTY OF SAN FRANCISCO
and
WHOLESALE CUSTOMERS
in
ALAMEDA COUNTY, SAN MATEO COUNTY AND
SANTA CLARA COUNTY

NOVEMBER 2018

10118728.1

Refunding of BAWSCA's Revenue Bond Series 2013A

- Objective of potential refunding of BAWSCA's 2013A bonds is to generate debt service savings and save water customers money
- Recent evaluation has preliminarily determined that a tax-exempt refunding is more appropriate than a taxable advance refunding
- Actions to start the refunding process will be presented to the BPC next month
- Preliminary cost estimate to refund bonds is \$1 – 1.2M
 - Both contingent and non-contingent cost
 - Contingent costs can be paid through the refunding bond proceeds
- Preliminary FY 2021-22 budget: \$300k
 - To pay for non-contingent costs
 - To be funded by excess bond stabilization fund

Major Tasks in FY 2021-22 Preliminary Work Plan – *Agency Effectiveness*

- Maintain Community Allies and Contacts with Environmental Interests
- Manage the Activities of the Agency Professionally and Efficiently
 - *Initiate a 3 to 6 month Underserved Student Internship Program*
 - *Implement Board policy directives for management of BAWSCA's unfunded pension liability obligations*

Initiate a New 3 to 6 Month Underserved Student Internship Program

- Implementation of an internship program was originally planned for this fiscal year
 - Put on hold due to COVID-19
- BAWSCA seeking an outside partner to provide support and other assistance to BAWSCA in program implementation
 - Reduce administrative burden on BAWSCA
 - Increased ability to reach qualified candidates
- Plan to release Request for Qualifications this month
- Select organization partner in time to start work July 1
- Unclear if it is possible to bring on an intern this fiscal year, but work will support subsequent year program
- Preliminary FY 2021-22 budget: \$44K (assumes intern hired)

Implement Policies Related to Management of BAWSCA's Unfunded Pension Liability

- Board has initiated a discussion related to alternatives for management of BAWSCA's unfunded pension liability
- An analysis of alternatives was presented to the BPC in February
 - Robust discussion by BPC of how to best address this issue
- Preliminary Work Plan and Operating Budget includes staff time to support this item but not additional funding
 - Appeared prudent based on initial feedback from BPC and other work plan needs resulting in significant potential assessment increase
- Further discussion is scheduled for April BPC

Preliminary Operating Budget 21% Greater (+\$844K) Than Current Budget

- FY 2021-22 Preliminary Operating Budget = \$4,864,794
- 75% (\$631K) of budget increase is associated with bond refunding, demand study refresh, and Strategy scoping
- Fully funds estimated OPEB Annual Required Contribution
- Includes budget for 2.15% COLA adjustment to top step salaries and merit allowance
- Total water customer cost of \$2.63 (+40 cents) per person



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
- Important to maintain General Reserve given current issues
- Review of estimated FY 2020-21 expenditures identify current year budget will be 95-98% expended
 - CEO will continue to closely review this in light of increased expenses for legal and others
- At this time, estimated that \$100K will be available at end of year to transfer to General Reserve

Four Funding Sources Available for Consideration for FY 2021-22

1. **Member Agency Assessments**
 - 0% increase this year
 - 3% increase FY 2019-20 and 1% increase FY2018-19
2. **BAWSCA General Reserve**
3. **Water Supply Agreement Balancing Account**
 - In accordance with WSA Section 6.05.B.2.A and BAWSCA Balancing Account Policy
 - Can be used to fund Demand Projections Update and Strategy Scoping
4. **BAWSCA 2013 Bond Stabilization Fund**
 - In accordance with bond covenants
 - Can be used to fund a portion of costs associated with bond refinancing

Four Funding Options Analyzed (Assuming original FY 2020-21 Budget)

	FY 2020-21	FY 2021-21			
Fund Source	Adopted Funding Plan	Option 1A 5% Assessment Increase	Option 2A 8% Assessment Increase	Option 3A 16% Assessment Increase	Option 4A 23.8% Assessment Increase
Assessments	\$3,686,779	\$3,871,118	\$3,981,721	\$4,276,664	\$4,564,794
Transfer from GR	\$333,900	\$362,676	\$252,073	\$288,130	\$0
Balancing Acct. Transfer	\$0	\$331,000	\$331,000	\$0	\$0
Bond Stabilization Fund	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Total Op. Funds/Op. Budget	\$4,020,679	\$4,864,794	\$4,864,794	\$4,864,794	\$4,864,794
Est. EOY Transfer to GR		\$100,000	\$100,000	\$100,000	\$100,000
Est. EOY Reserves	\$1,139,243	\$876,567	\$987,170	\$951,113	\$1,239,243
% of Budget	28%	18%	20%	20%	25%
Assessment to Budget Ratio	92%	80%	82%	88%	94%

Five Funding Options Analyzed (Assuming Approval of FY 2020-21 Budget Increase)

	FY 2020-21	FY 2021-21			
Fund Source	<i>Revised Funding Plan</i>	Option 2B 9% Assessment Increase	Option 3B 11% Assessment Increase	Option 4B 20% Assessment Increase	Option 5B 23.8% Assessment Increase
Assessments	\$3,686,779	\$4,018,589	\$4,092,325	\$4,424,135	\$4,564,794
Transfer from GR	\$476,400	\$215,205	\$141,469	\$140,659	\$0
Balancing Acct. Transfer	\$0	\$331,000	\$331,000	\$0	\$0
Bond Stabilization Fund	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Total Op. Funds/Op. Budget	\$4,163,179	\$4,864,794	\$4,864,794	\$4,864,794	\$4,864,794
Est. EOY Transfer to GR		\$100,000	\$100,000	\$100,000	\$100,000
Est. EOY Reserves	\$996,743	\$881,538	\$955,274	\$956,084	\$1,096,743
% of Budget	24%	18%	20%	20%	23%
Assessment to Budget Ratio	89%	83%	84%	91%	94%



Next Steps

- Feedback from tonight will be incorporated into Proposed Work Plan & Operating Budget
- April BPC Meeting
 - Proposed Work Plan and Operating Budget presented for further discussion
- May Board Meeting
 - Recommended Action

Reports



Jensen, 2011

Annual WSA Balancing Account Update

- 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
- Serves critical rate stabilization role in wholesale rate setting
- Estimated Year-End Balancing Account (6/30/2021) – \$59.8M
 - SFPUC plans to completely draw down account in two years

	<u>Wholesale Rate</u>	<u>Use of Balancing Account</u>
FY21-22	\$4.10/Ccf	\$25.1 million
FY22-23	\$4.19/Ccf	\$39.4 million
FY23-24	\$4.87/Ccf	(\$0.4 million)
FY24-25	\$5.03/Ccf	(\$3.7 million)
FY25-26	\$5.45/Ccf	(\$0.9 million)

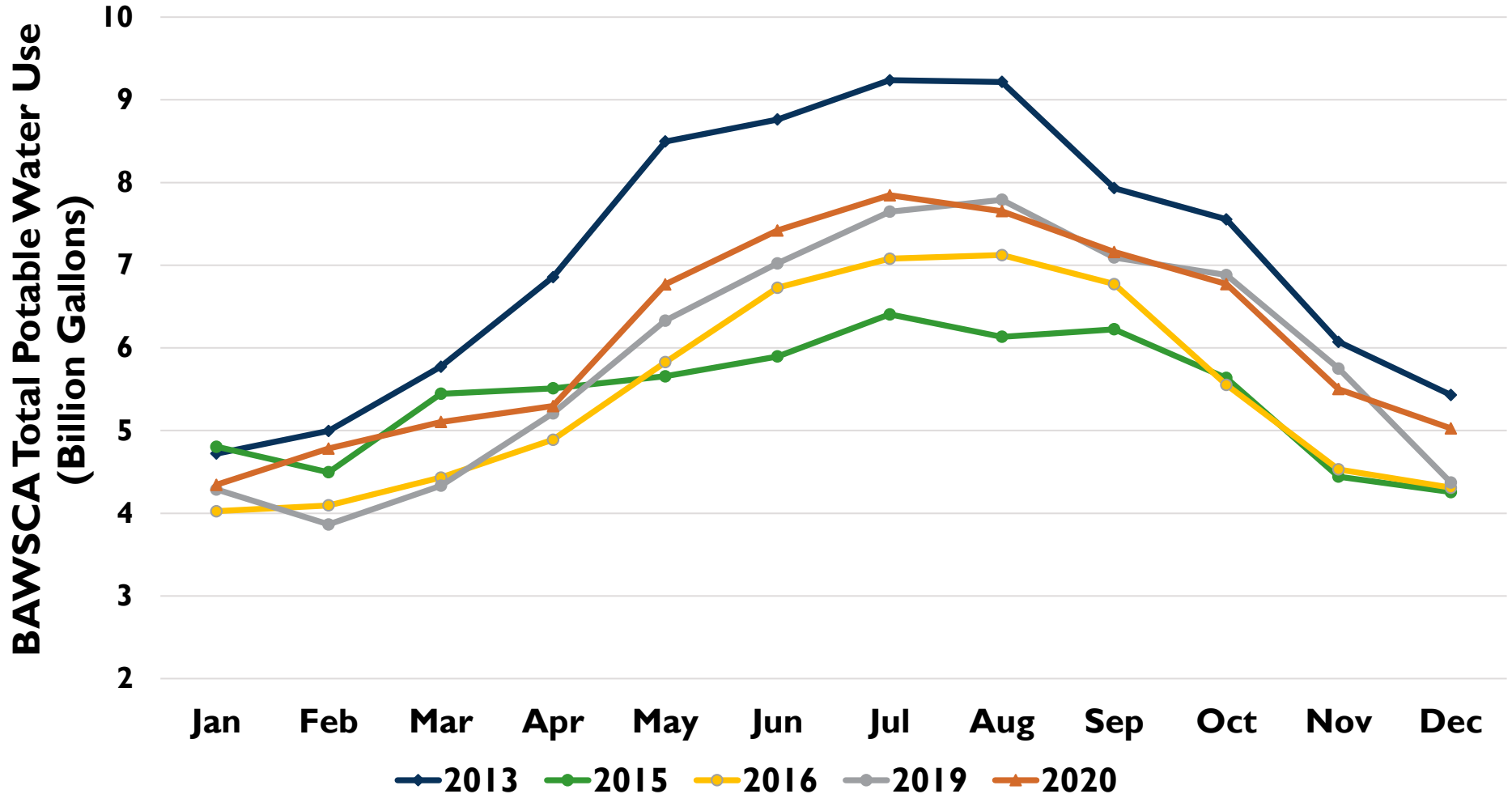
Balancing Account Policy Guides Use of Positive Balance for Other Purposes Allowed

- On September 17, 2020, BAWSCA Board adopted a Balancing Account Policy that guides any action by the Board in justifying the allocation of the positive balance in the Balancing Account
- 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
 - 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~~
 - d) BAWSCA administered water conservation or water supply projects
 - e) Immediate reduction of wholesale rates
 - f) Continued retention for future rate stabilization purposes

BAWSCA Use of the Balancing Account to Date

- Funded two BAWSCA projects during FY 2019-20
 - Regional Water Demand & Conservation Projections Study (\$450K)
 - LVE Project Studies (\$355K)
- Prepaid the remaining unpaid existing asset balance under WSA Section 5.03.C as of September 30, 2020 (\$4.0M)
- Ongoing discussions on proposed use of Balancing Account to fund certain water resource work during FY 2021-22
 - Scoping of the update to BAWSCA's 2009 Strategy (\$54K)
 - Update of BAWSCA 2020 Demand Study (\$277K)

BAWSCA December 2020 Total Potable Water Use 8% Less Than December 2013



Bay-Delta Plan Update

- BAWSCA continues its direct efforts in support of having the Tuolumne River Voluntary Agreement analyzed by the State Board as an alternative to adopted Bay-Delta Plan
 - Engaging local elected officials and other allies
 - Outreach to the Governor to urge his continued leadership role
- SFPUC continues to host public workshops to discuss the Bay Delta Plan and related topics
 - Workshop #1 held on Nov. 30th focused on Bay Delta Plan
 - Workshop #2 held on Feb. 5th focused on TRVA and scientific basis
 - Workshop #3 scheduled for March 26th with agenda still under development

FERC Update

- BAWSCA filed a petition to the SWRCB for reconsideration of its Water Quality Certification for the Don Pedro FERC relicensing
 - SFPUC also submitted a petition
- BAWSCA petition's key comments:
 - Certification fails to consider and balance all demands being made on the water and the economic and other impacts to the BAWSCA service area
 - Inclusion of the Bay-Delta's flow requirements results in severe water supply impacts to the Bay Area
 - BAWSCA reiterates its support for the State Board's full review and analysis of the TRVA
- Districts have requested a rehearing of FERC's denial of Water Quality Certification waiver
- BAWSCA remains engaged with SFPUC and the Districts as FERC matters continue to progress in 2021

Bay Delta Water Quality Control Plan Phase I (Plan) and Voluntary Agreement (VA) Timeline

2009

Current Bay Delta Water Quality Control Plan Phase I (Plan) Update Begins

2013

Release & Review of Draft Phase I Plan and CEQA Document

- BAWSCA comment letter identifies water supply impacts to BAWSCA agencies
- SFPUC comment letter identifies significant impact & inadequate CEQA compliance

2016

Revised Draft Phase I Plan & CEQA Released (Sept.)

- Governor Brown urges State Board to be open to VA to resolve Bay Delta issues
- Governor Brown appoints Secretary Babbitt to lead VA negotiations

2017

Review & Comment on Revised Draft Phase I Plan

- State convenes monthly VA “Babbitt” negotiations; BAWSCA not allowed to participate
- BAWSCA engaged directly with Secretary Babbitt and others on behalf of agencies
- BAWSCA comment letter identifies significant impacts to BAWSCA agencies
- All BAWSCA agencies submit comment letters detailing specific water supply impacts
- SFPUC comment letter identifies significant impacts & inadequate CEQA compliance

2018

Final Phase I Plan Adopted (Dec.)

2019

Lawsuits Filed on Adopted Phase I Plan

- Governor Newsom reinstitutes VA discussions
- SF joins lawsuit against State Board on adoption of Phase I Plan (Jan.)
- BAWSCA intervenes in lawsuit against State Board (March)
- State Agencies (CNRA/CEPA) provide a VA progress report to State Board (July)

2020

State Agencies (CNRA/CEPA) announce a Framework for VAs (Feb.)

BAWSCA Actively Engaged in Securing Water Supply Reliability Given Identified Bay Delta Plan Impacts

BAWSCA Actions

- Regular reports to BAWSCA Board and member agencies
- Public comment to State Board and others
- Formal comments during environmental review processes
- Intervened in Bay Delta litigation
- Intervened in Don Pedro FERC proceeding

BAWSCA Advocacy Efforts with SFPUC

- Regularly reminding SFPUC of its contractual & legal water supply obligations to member agencies
- BAWSCA successfully urged SFPUC to initiate a new Alternative Water Supply Planning Program to develop new sources of water to meet its obligations
- BAWSCA supported \$288 M allocation in SFPUC's 10-year CIP for Alternative Water Supply Planning Program and regular reporting

BAWSCA Advocacy Efforts with Others

- Engagement with State and local elected officials
- Engagement with State officials and staff
- Engagement with water customers (residents, businesses, others)

BAWSCA Continues its Efforts to Support Member Agencies 2020 UWMP Efforts

- “Urban Water Suppliers” must submit an Urban Water Management Plan (UMWP) to State every 5 years
 - Documents projected water demand and reliability through 2045
- Must include an evaluation of agency’s ability to meet customers water supply needs over a 5-year drought cycle
- Adopted Bay Delta Plan significantly impacts SF Regional Water System supply reliability during multiple year droughts
 - 50% rationing during multiple year droughts
- Agencies must now reflect these impacts in their UWMPs
- Agencies have expressed they are challenged to develop a plan that effectively responds to these significant shortages

SFPUC Has “Shifted” Its Approach to Drought Shortage Estimation for Use in UWMPs

- To date, SFPUC long-term planning has assumed delivery of 265 mgd on Regional Water System
 - 81 mgd for SF Retail and 184 mgd for BAWSCA member agencies
 - Consistent with long-term planning horizon through 2045 and 184 mgd Supply Assurance
- Today, the SFPUC notified the member agencies that it will be “shifting” its approach
 - Instead of 265 mgd, projected Regional Water System purchases for both SF Retail and member agencies will be used over the planning horizon
 - Projected purchases grow over time but remain less than 265 mgd total
- This “shifted approach” presents a logistics challenge for agencies given July 1, 2021 deadline
- BAWSCA working closely with member agencies to address as many issues as possible

Closed Session



Jensen, 2011

Directors' Discussion: Comments, Questions, and Agenda Requests



L. Ash, 2017

Announcement & Adjournment

Annual Conflict of Interest Form 700 Filing

- April 1, 2021 deadline
- Electronic filing through eDisclosure
- Email reminder will be sent from BAWSCAForm700@BAWSCA.org

Next Board Meeting

- May 20, 2021
- Time: 6:30 pm
- Location: “Virtual” Zoom Meeting