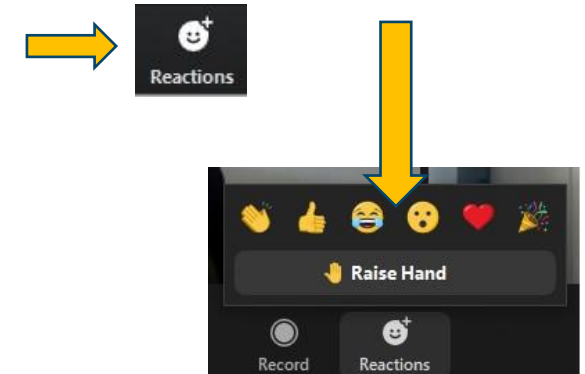


# Meeting Instructions While We Gather

- 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

**May 20, 2021**

**Every drop counts. Use Water Wisely.**

# Call to Order and Roll Call

**Every drop counts. Use water wisely.**

Make the change to  
California native plants  
and use less water.



[SaveOurWater.com](http://SaveOurWater.com)



# Comments by the Chair





# Board Policy Committee Report



**Every drop counts. Use water wisely.**

1 lawn watering =  
195 flushes

Make the change to California  
native plants and use less water.



[SaveOurWater.com](http://SaveOurWater.com)

# Public Comment on Items Not on the Agenda



Jensen, 2011



# SFPUC Report

**Every drop counts. Use water wisely.**



1 lawn watering =  
71 loads

Make the change to California  
native plants and use less water.



[SaveOurWater.com](http://SaveOurWater.com)

# Water Supply Conditions Update

Steven R. Ritchie

Assistant General Manager, Water

May 20, 2021



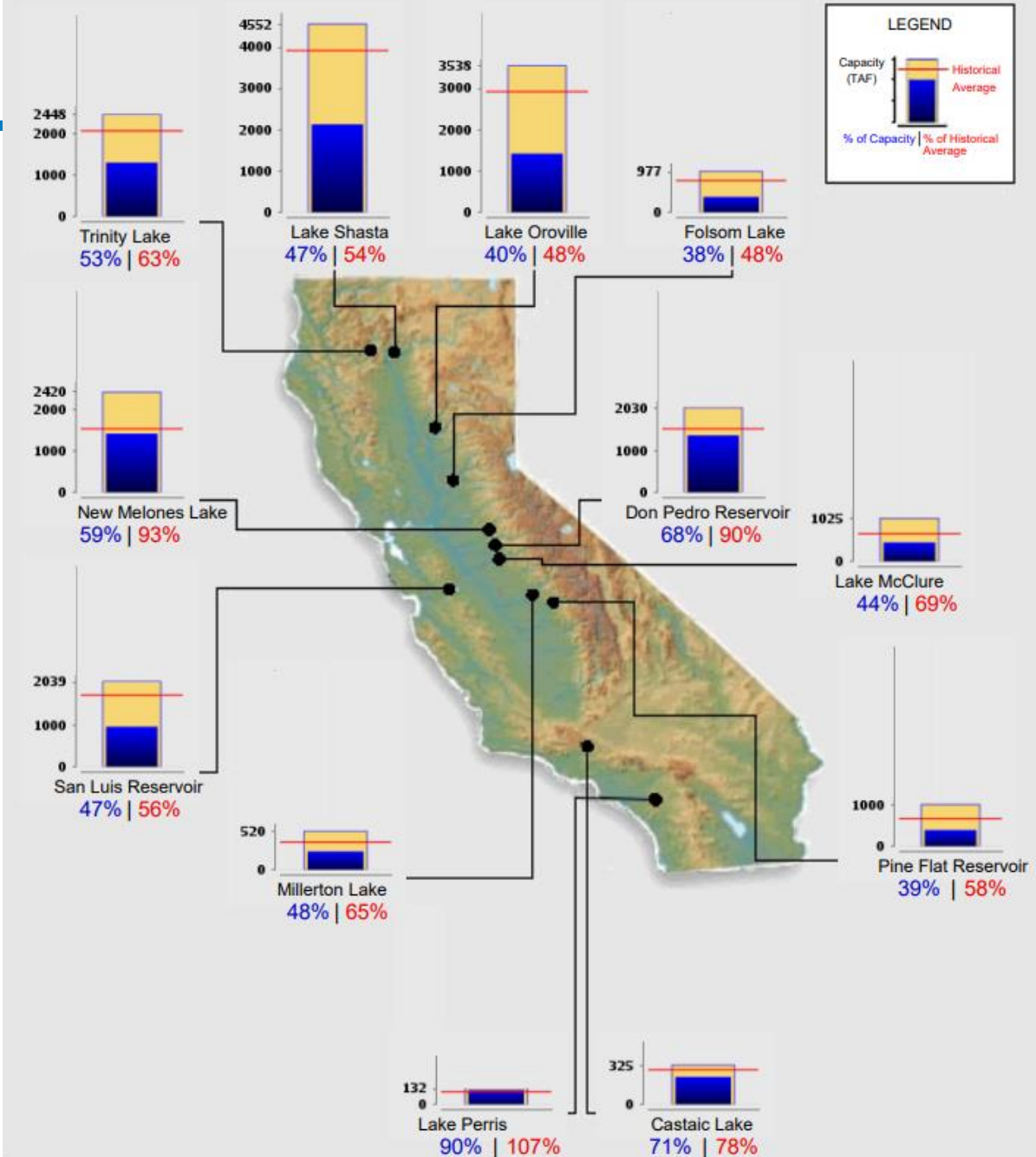
# May 17, 2021 Reservoir Storage

Reservoir	Current Storage <sup>1,2,3</sup> (AF)	Maximum Storage <sup>3,4</sup> (AF)	Available Capacity (AF)	Percent of Maximum Storage	Normal Percent of Maximum Storage <sup>5</sup>
<u>Tuolumne System</u>					
Hetch Hetchy	285,800	340,830	55,030	83.9%	<b>70.5%</b>
Cherry	259,300	273,345	14,045	94.9%	-
Eleanor	27,000	27,100	100	99.6%	-
Water Bank	364,474	570,000	205,526	63.9%	<b>91.2%</b>
<b>Total Tuolumne Storage</b>	<b>936,574</b>	<b>1,211,275</b>	<b>274,701</b>	<b>77.3%</b>	-
<u>Local System</u>					
Calaveras	58,301	96,670	38,369	60.3%	-
San Antonio	49,559	53,266	3,707	93.0%	-
Crystal Springs	46,129	58,309	12,180	79.1%	-
San Andreas	16,850	19,027	2,177	88.6%	-
Pilarcitos	1,856	3,030	1,174	61.3%	-
<b>Total Local Storage</b>	<b>172,695</b>	<b>230,302</b>	<b>57,607</b>	<b>75.0%</b>	-
<b>Total System Storage</b>	<b>1,109,269</b>	<b>1,441,577</b>	<b>332,308</b>	<b>76.9%</b>	<b>83.8%</b>
<b>Total without water bank</b>	<b>744,795</b>	<b>871,577</b>	<b>126,782</b>	<b>85.5%</b>	-



## Other California Reservoirs

### CURRENT RESERVOIR CONDITIONS

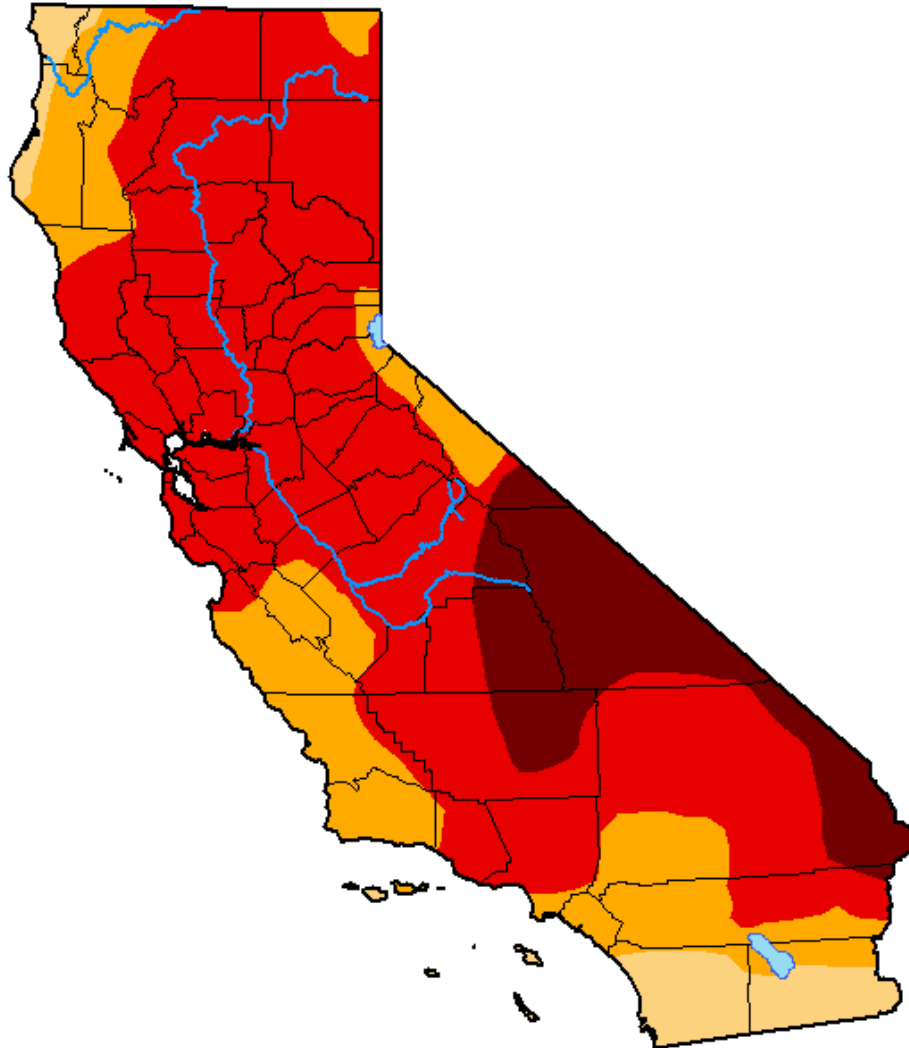




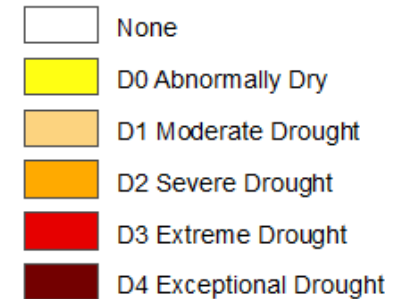


# California Drought Monitor

## May 11, 2021



### Intensity:



*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>*

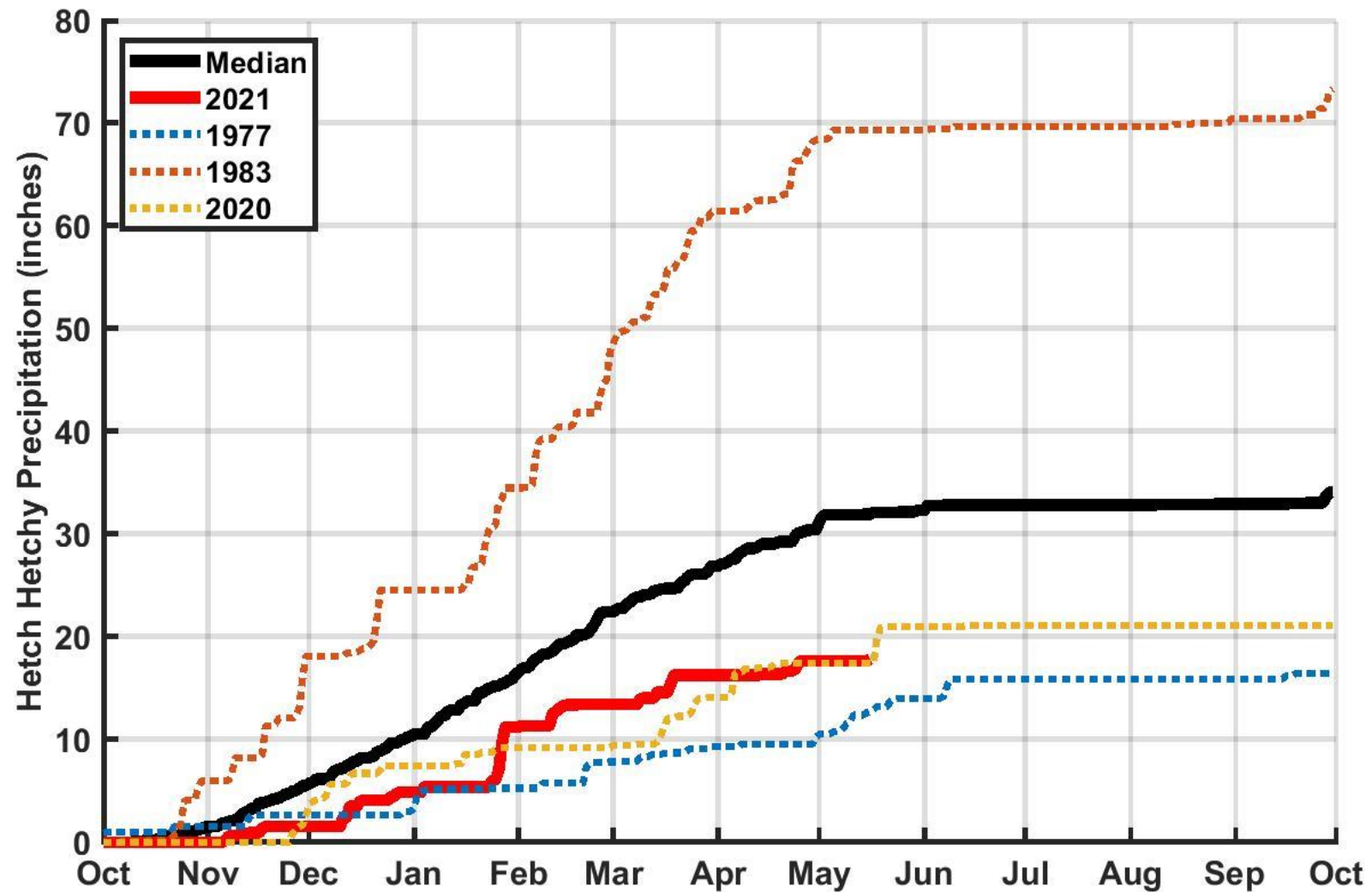
### Author:

David Simeral  
Western Regional Climate Center



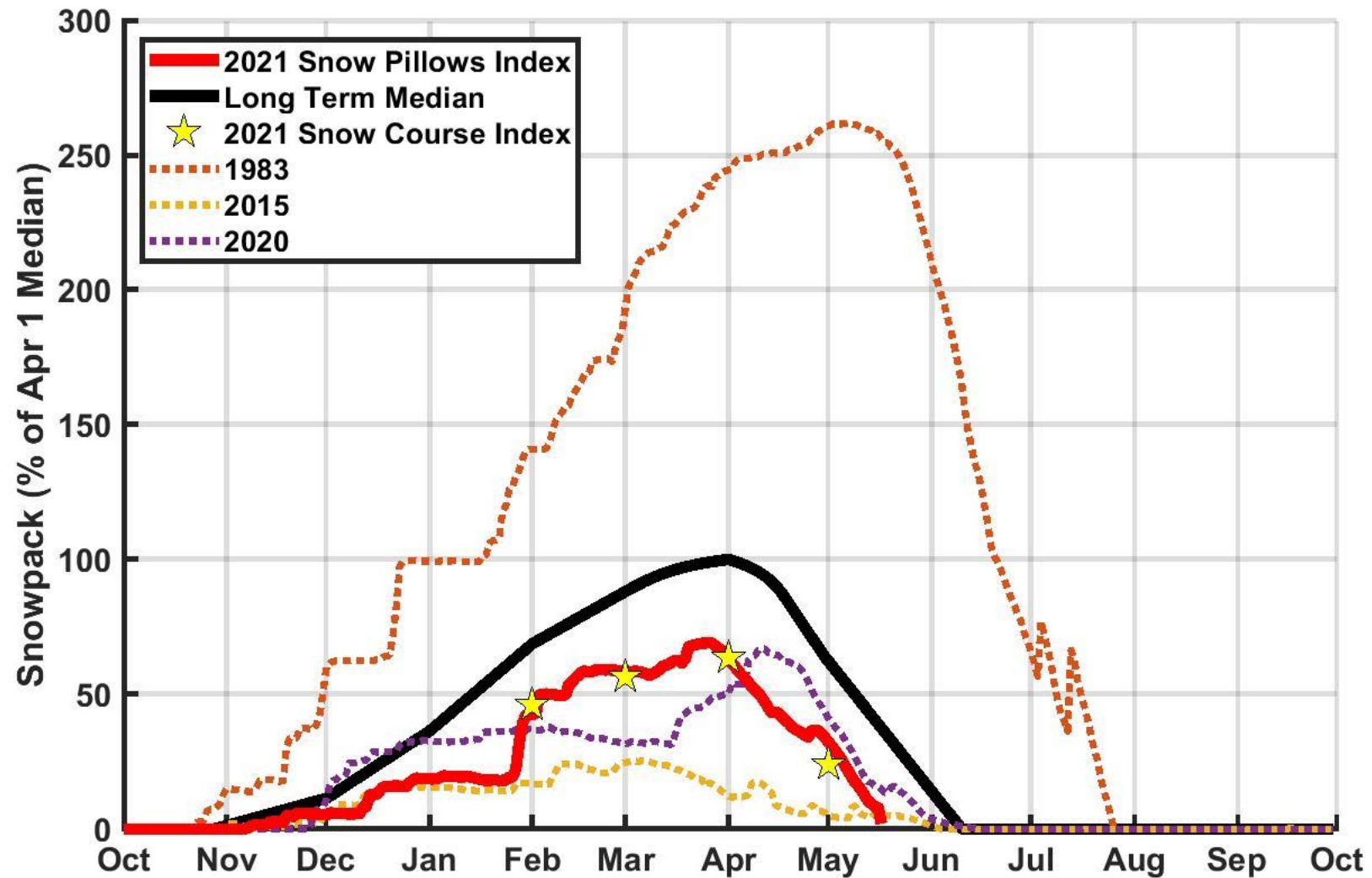
[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

# Hetch Hetchy Precipitation

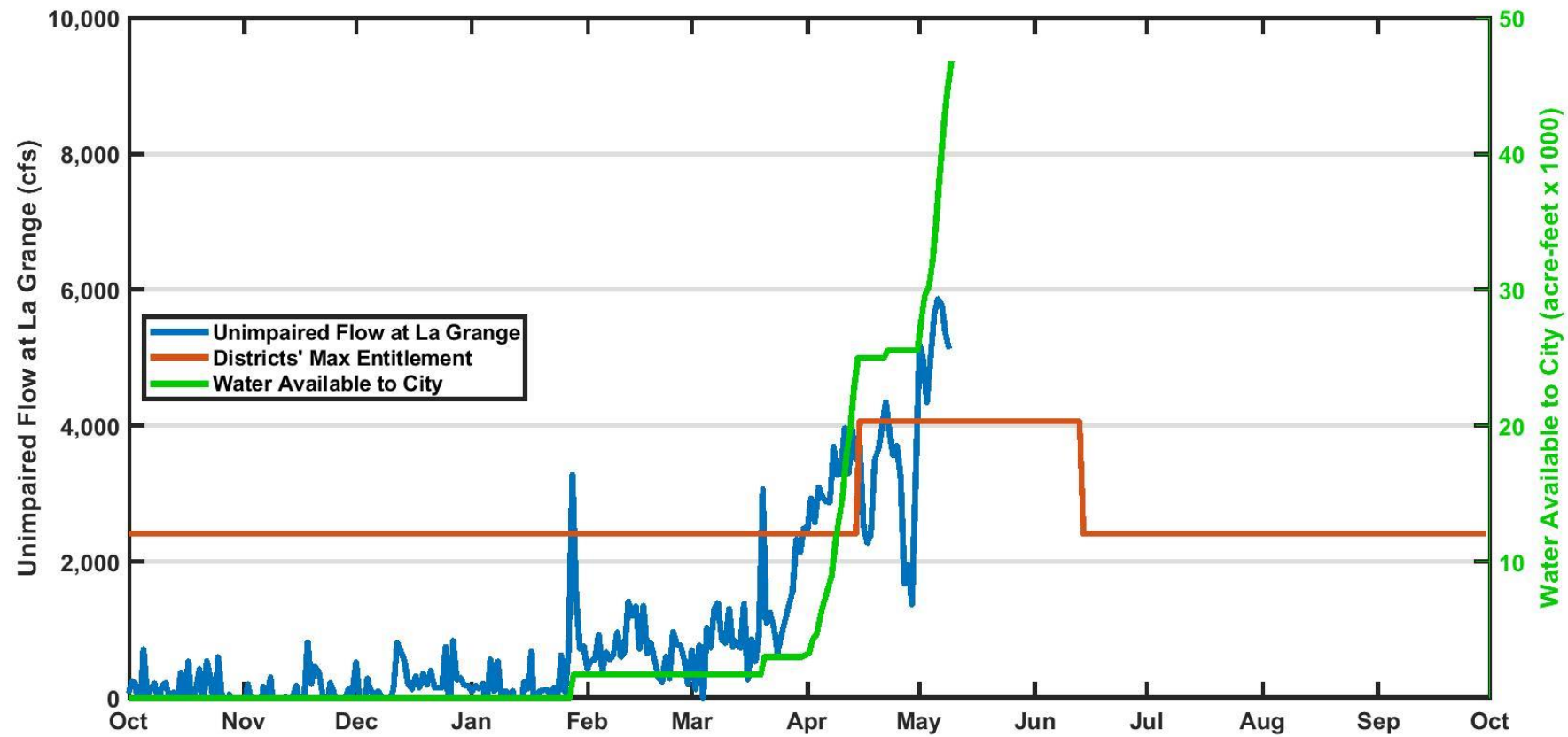




# Upcountry Snowpack

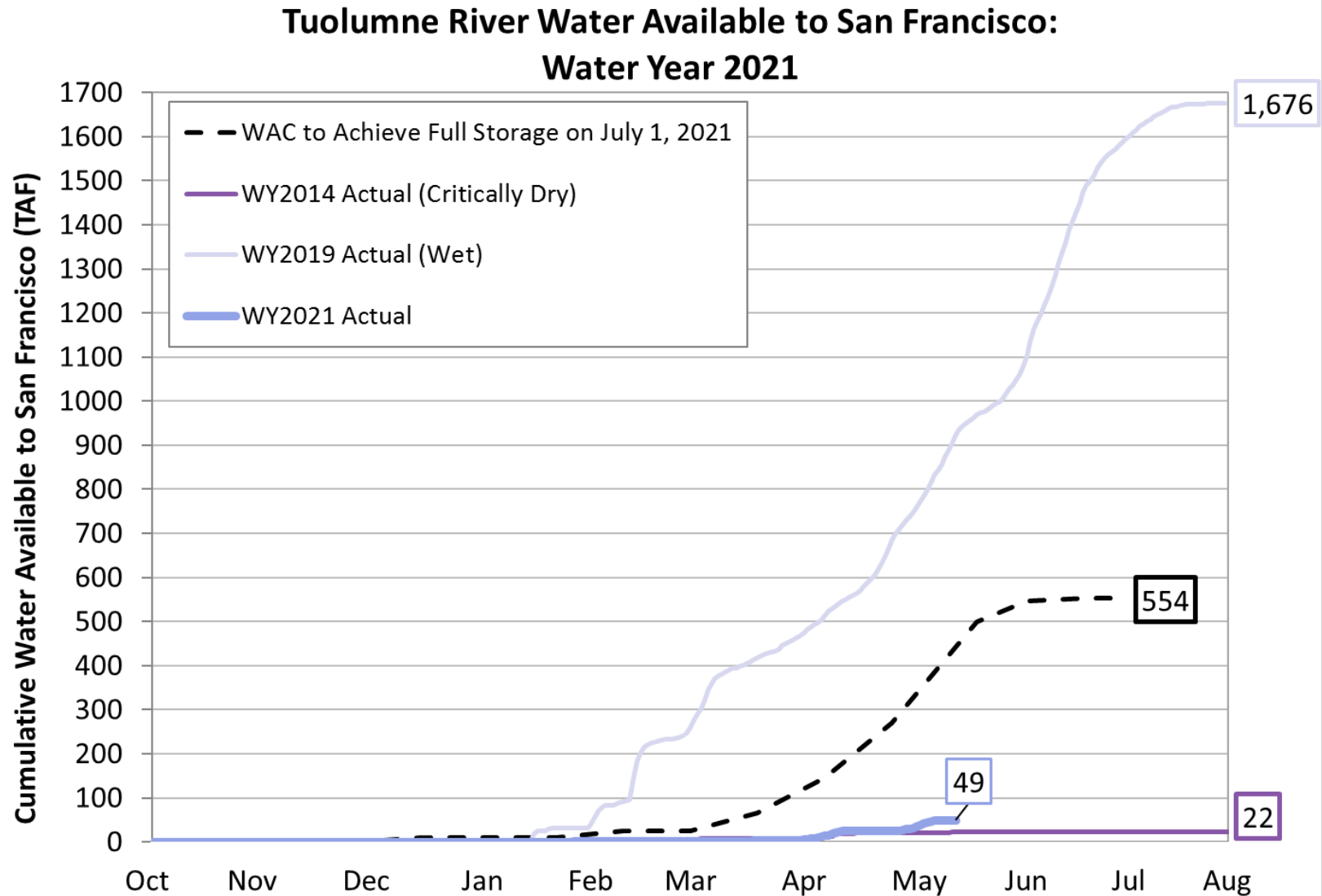


# Water Available to the City

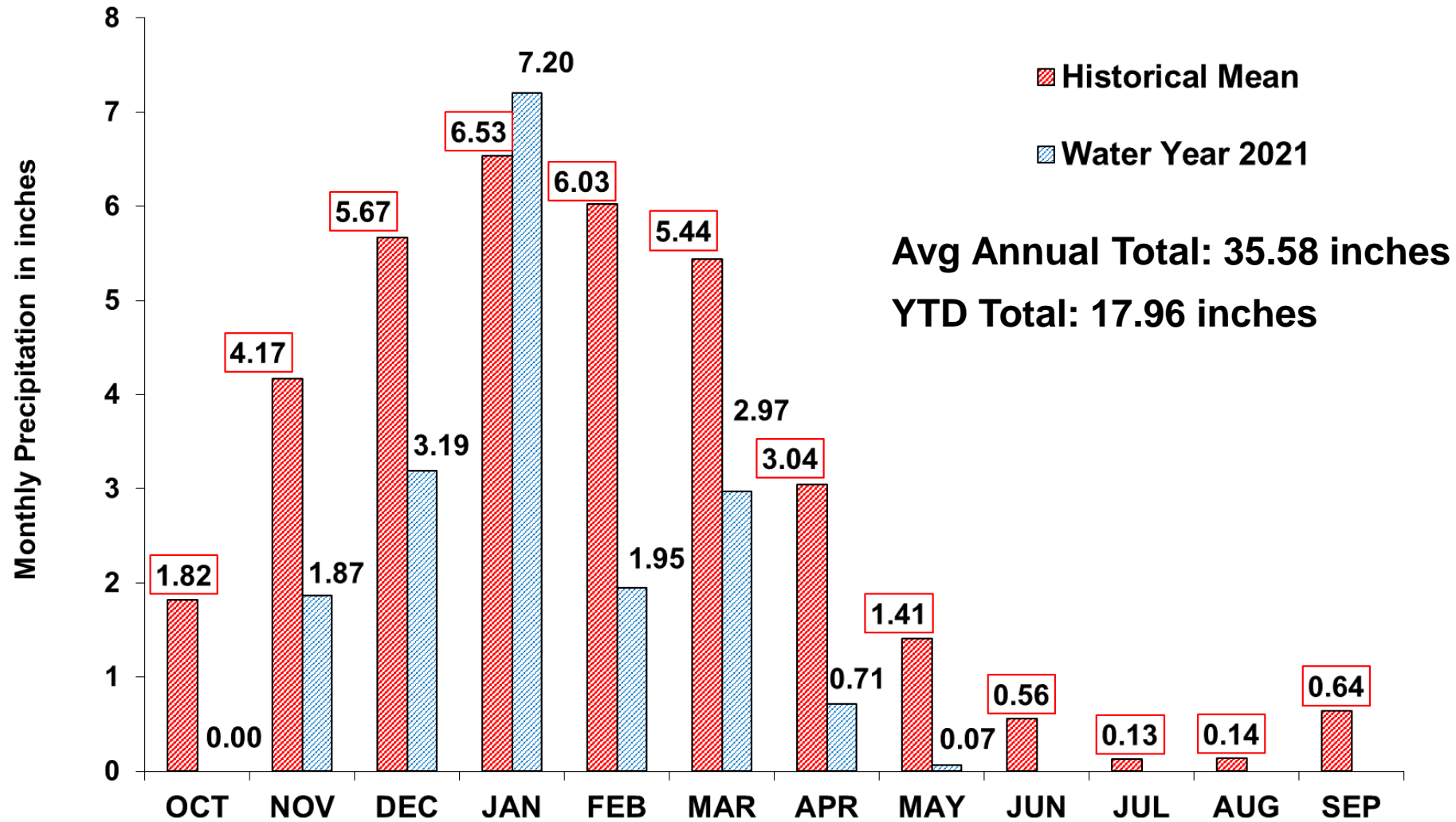




# Tuolumne River Water Available to the City

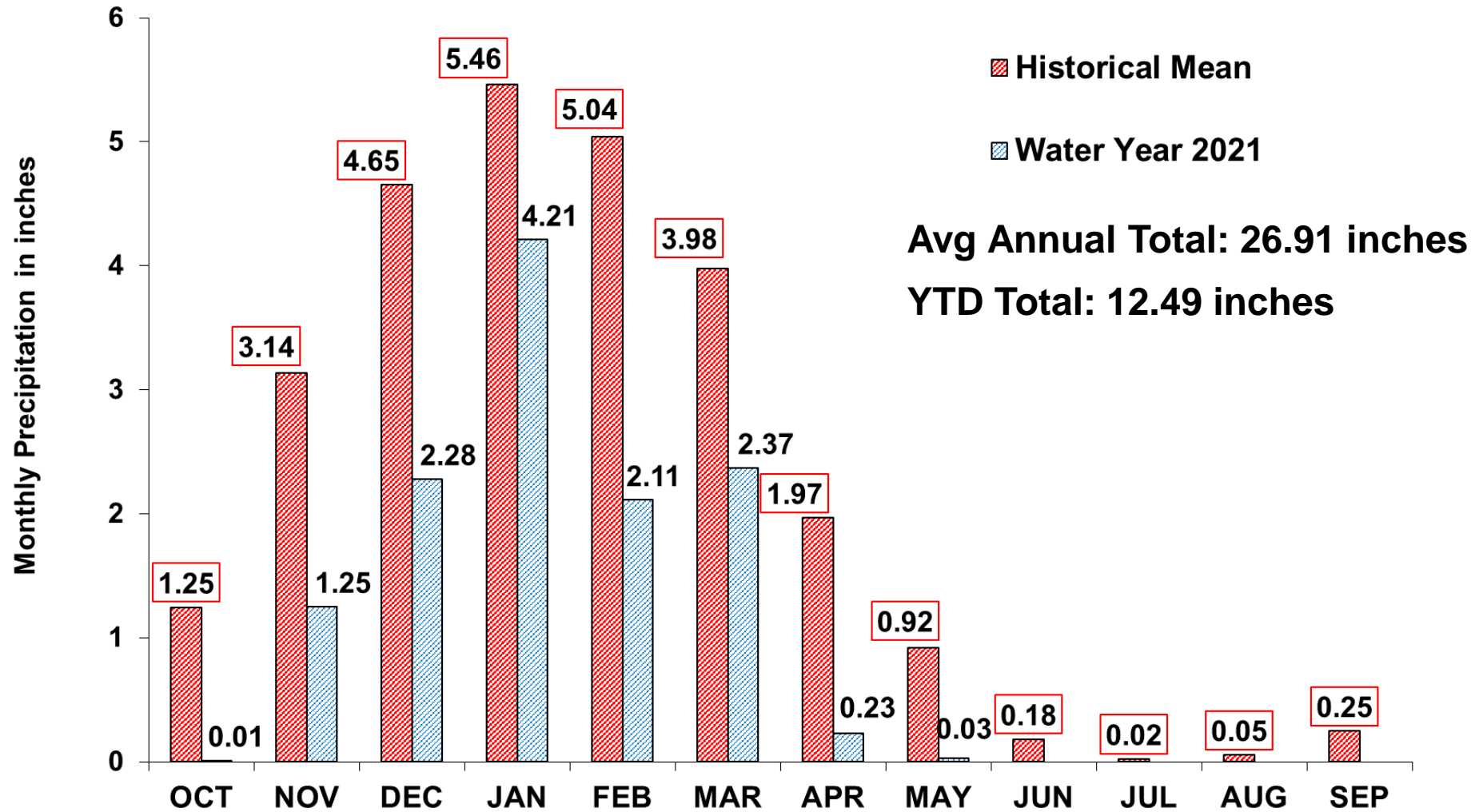


# Upcountry 6-station Precipitation Index as of May 16, 2021



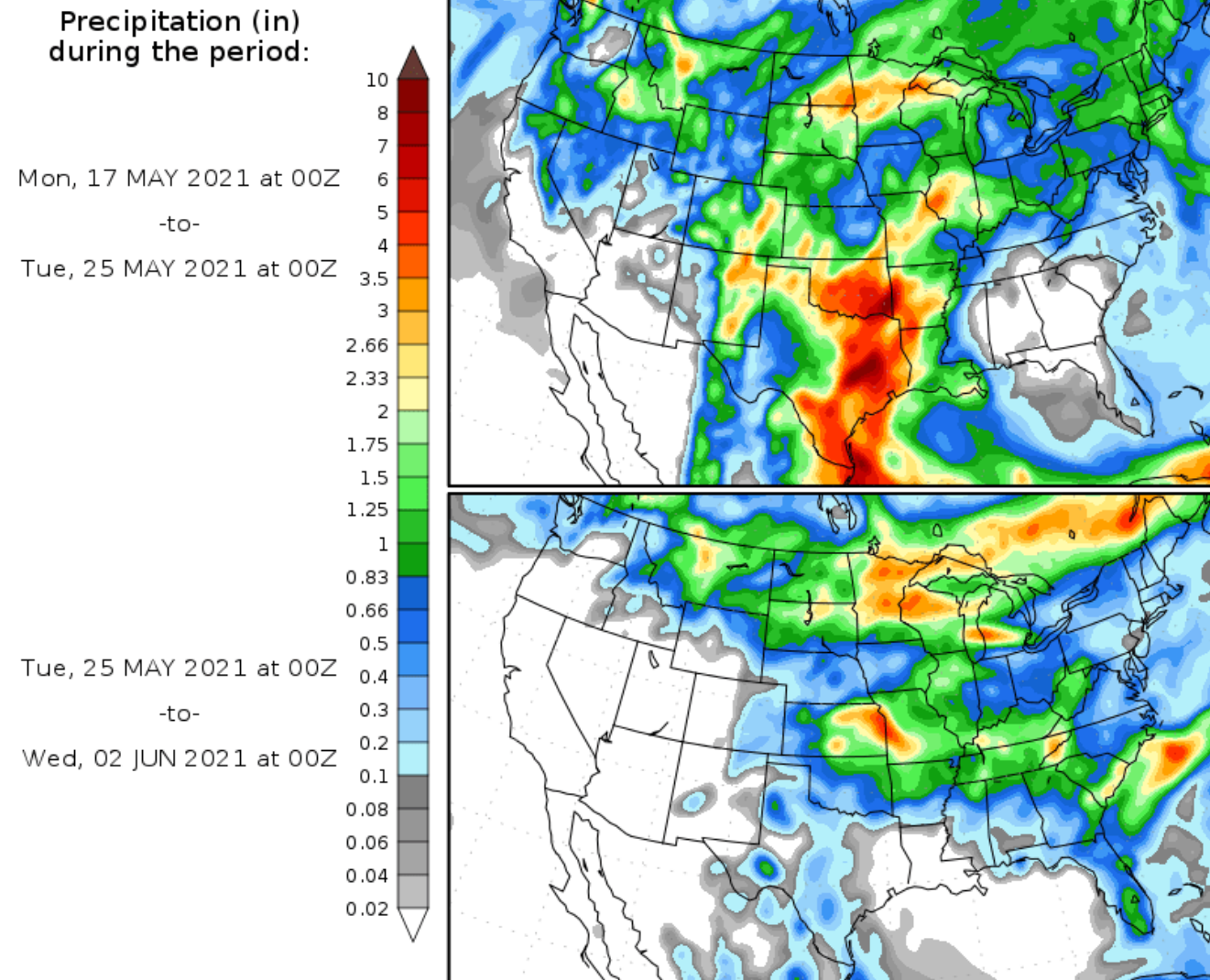


# Bay Area 7-station Precipitation Index as of May 16, 2021



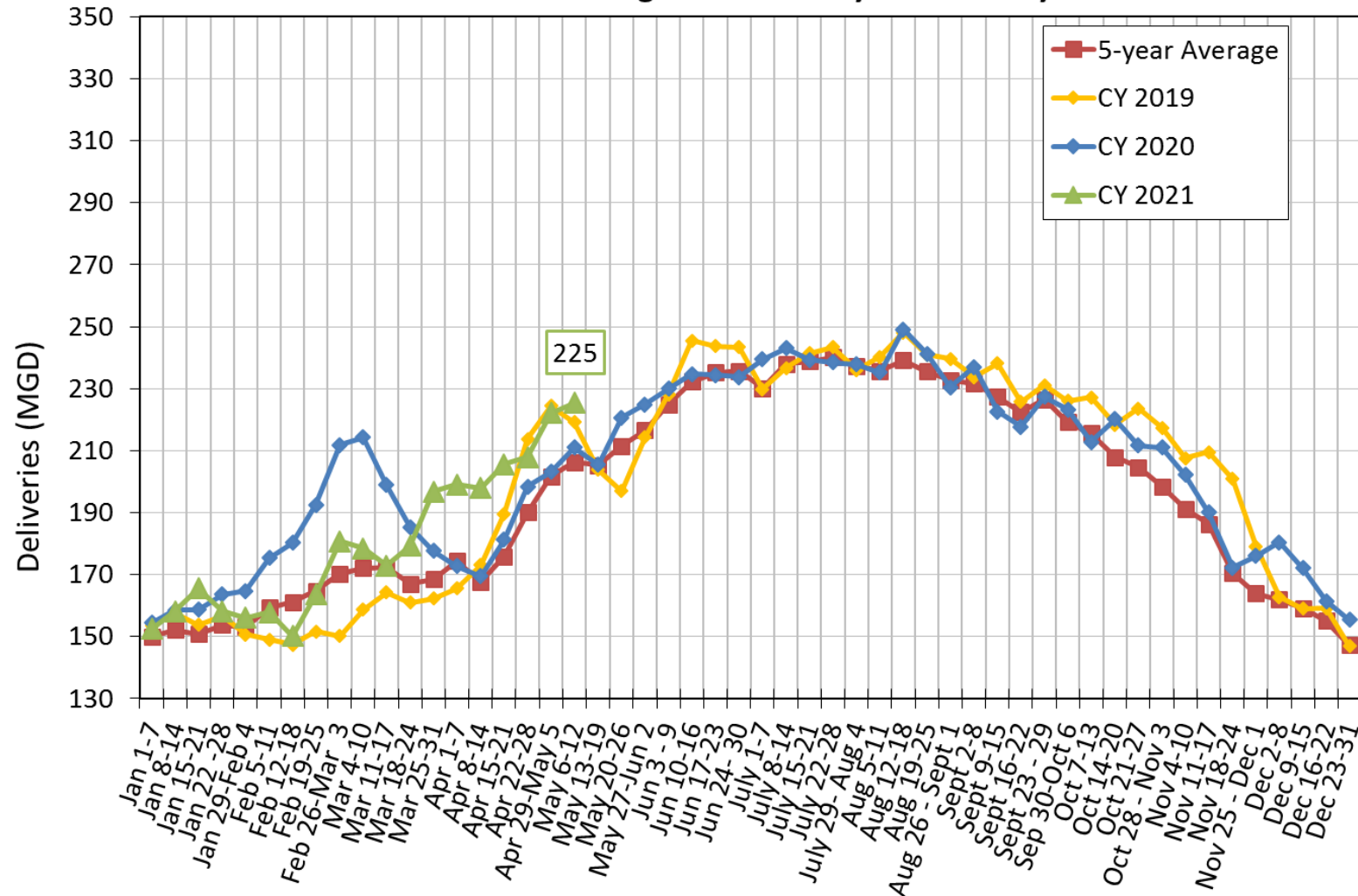
# National Precipitation Forecast

## Precipitation Forecasts



# Total Deliveries

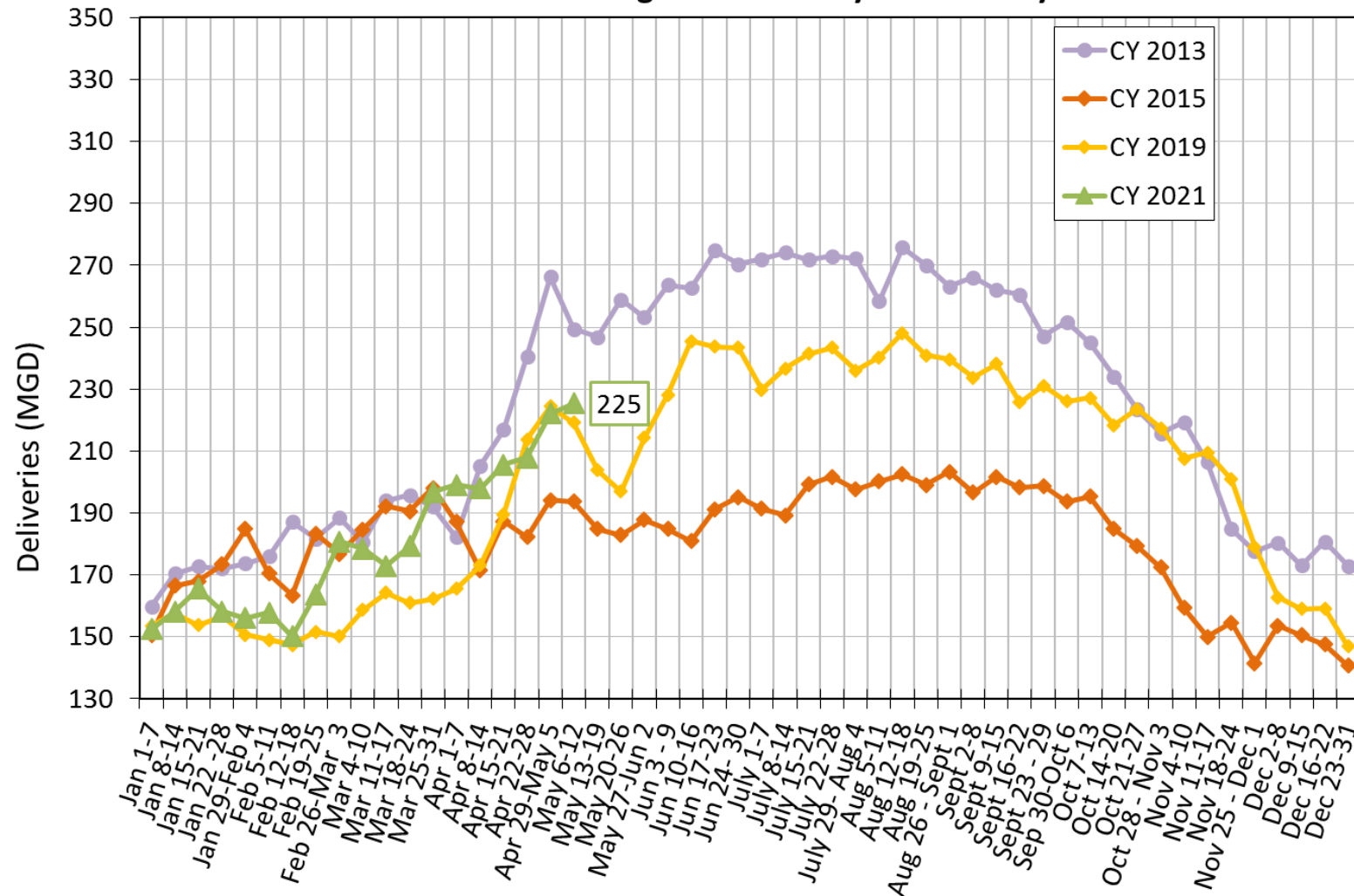
Regional Water System Total Deliveries  
Source: SFPUC Regional Water System County Meters





# Total Deliveries

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



## **WSA Balancing Account**

BAWSCA Board

Eric Sandler, SFPUC AGM – Business Services & CFO

May 20, 2021

- Key Concepts
- WRR & Balancing Account Process
- What Changes Balancing Account
- View Over Time
- Drivers of Recent Increase
- Balancing Account Uses
- Rate Stabilization



## Key Concepts

- Wholesale Revenue Requirement (WRR)
  - Wholesale share of total water expenditures
  - Regional & Hetch Hetchy Water costs are split based on “Proportional Annual Use” = the relative San Francisco retail vs. wholesale annual sales volumes
  - Calculated at fiscal year end and reviewed by auditor, BAWSCA
- Balancing Account
  - Described in WSA Section 6.05.B
  - Mechanism to true-up actual rate revenues collected to final WRR
  - Functions as a rate stabilization account

## WRR & Balancing Account Process

Prior to fiscal year:

Rates set based on budgeted expenditures and projected sales volumes

$$\frac{(\text{Budgeted Wholesale Share of Expenses})}{\text{Estimated Wholesale Water Sales}} = \text{Wholesale Rate}$$

At fiscal year end:

WRR calculated based on actual expenditures and sales volumes

$$\text{Actual Wholesale Share of Expenses} - \text{Actual Wholesale Water Revenues}$$

Difference between revenues collected vs. actual WRR goes into balancing account

$$\begin{aligned} &\text{Beginning Balancing Account} \\ &+ \text{Change in Balancing Account} \\ &= \text{Ending Balancing Account} \end{aligned}$$

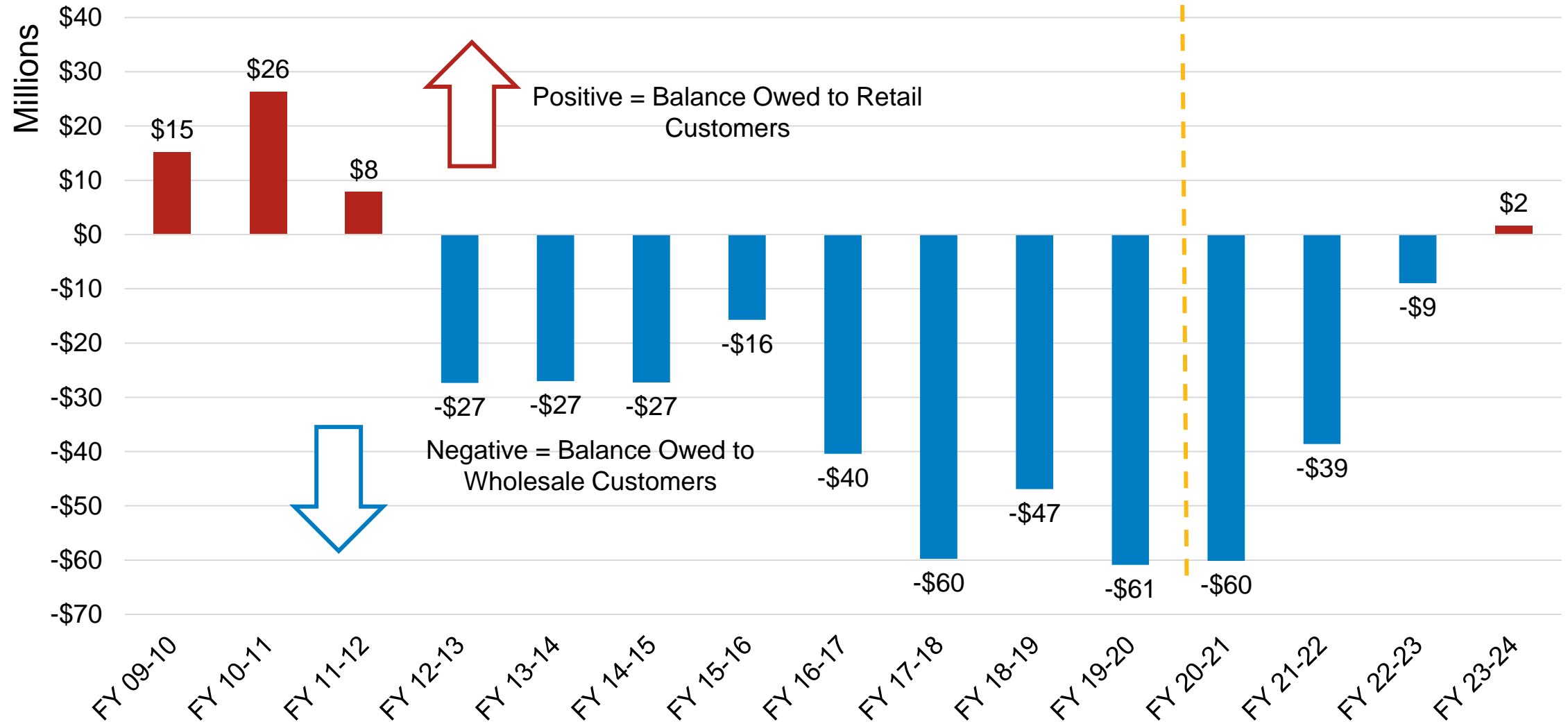
## Sources of Changes in Balancing Account

Actuals differ from forecast

- Actual expenses different from forecast
- Actual allocation of expenses between wholesale and retail (“proportional annual use”) different from forecast
- Actual wholesale sales volumes different from forecast

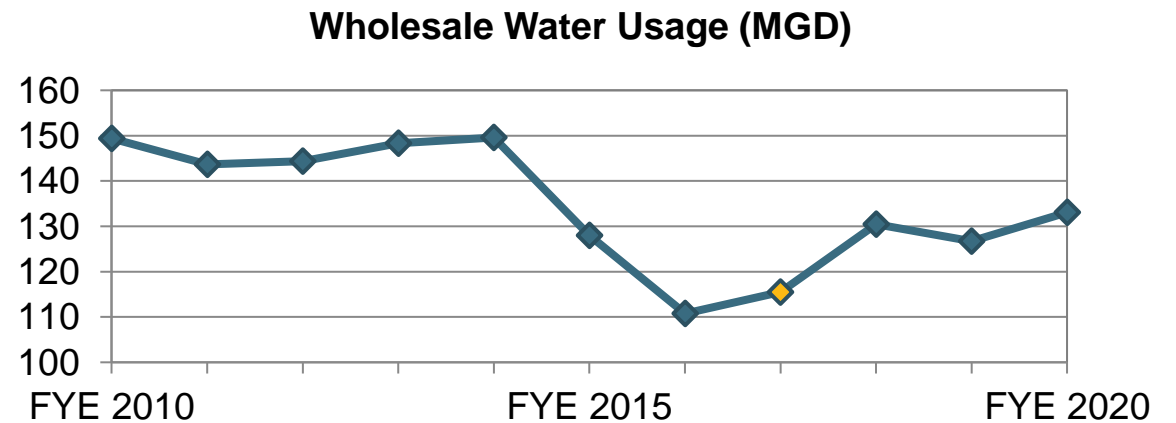


# Balancing Account Over Time



# Drivers of Recent Balancing Account Increases

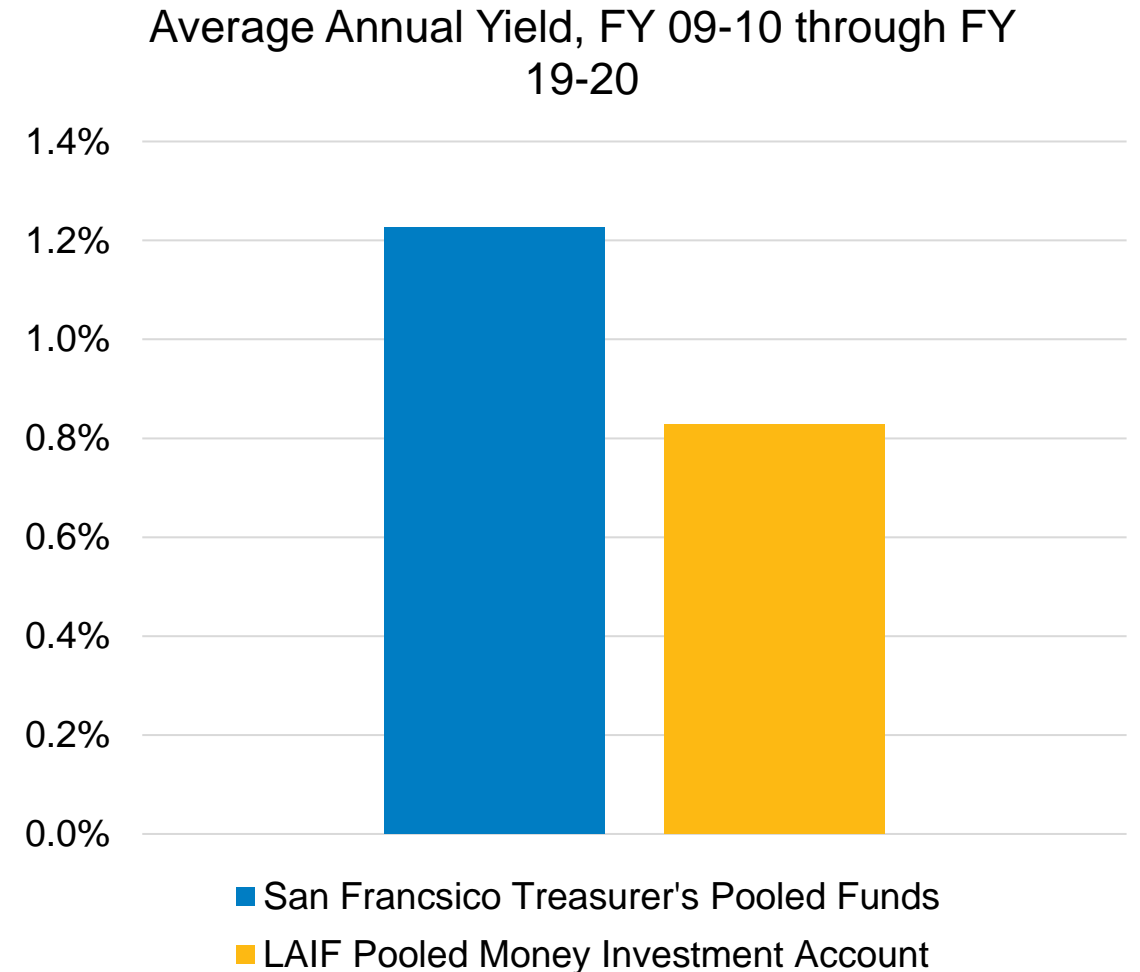
- Cost savings from aggressively refinancing regional water system debt is the largest contributor
  - 7 executed re-financings generated **\$42.6M cost savings** for wholesale customers from FY 2016-17 through FY 2019-20
- Recent increased sales volumes above budget contributes to Balancing Account



## Balancing Account Earns Interest

Balancing account earns interest at CCSF Treasury Pool Rate

- Averaged 50% better performance than LAIF over last 10 years
- Interest earnings applied to reduce WRR
- \$881k FY19-20 interest earnings



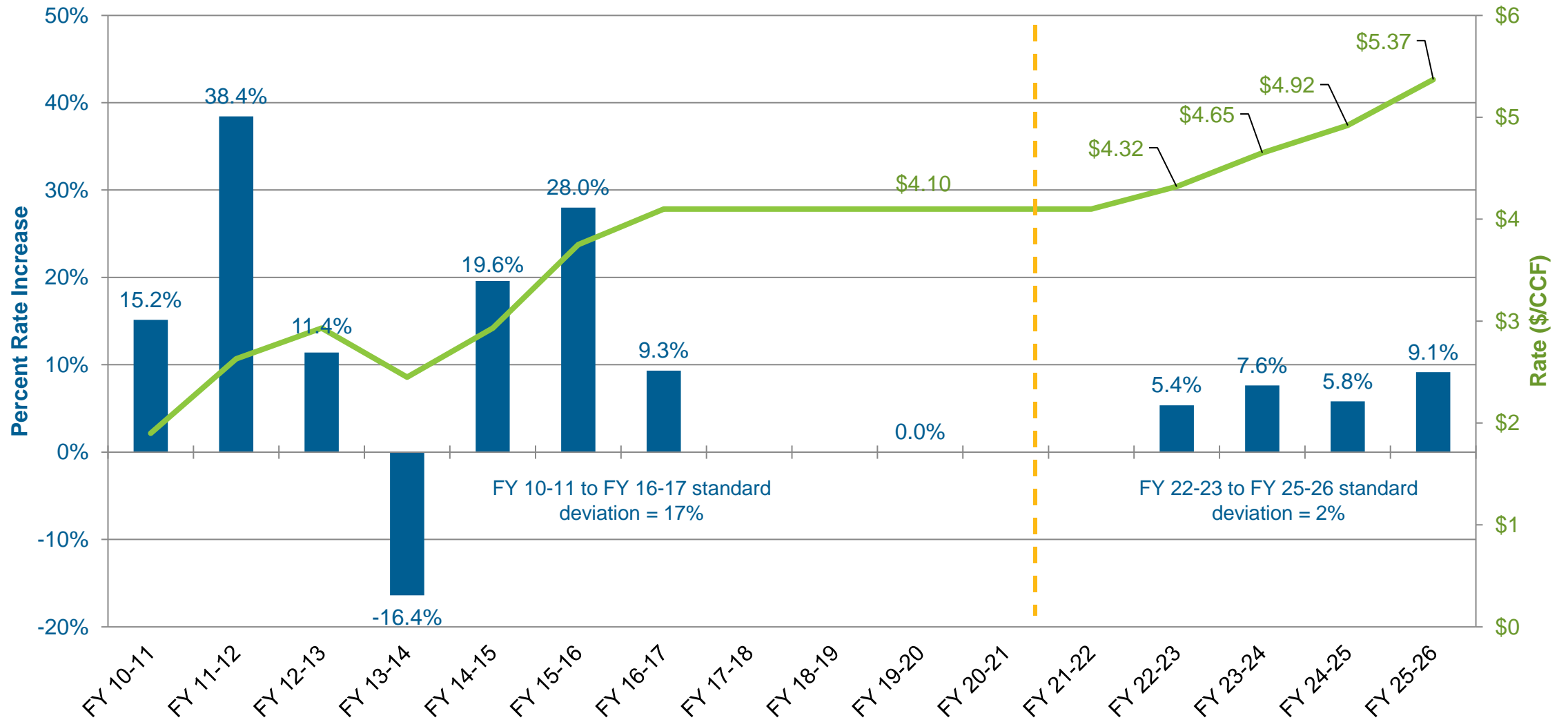


## Permitted Uses of the Balancing Account

*WSA Section 6.05.B.2.a:*

- (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) water conservation or water supply projects administered by or through BAWSCA,
- (e) immediate reduction of wholesale rates, or
- (f) continued retention for future rate stabilization purposes.

# Wholesale Rate Stabilization



# Questions?

# Consent Calendar



S. Ritchie, 2019



# Report and Discussion

**Every drop counts. Use water wisely.**



Always run a full  
load of laundry  
and save 15-45  
gallons per load.



SaveOurWater.com

# Potential Refunding of Revenue Bond Series 2013 A

- In 2013, BAWSCA issued 2013A and 2013B (Taxable) bonds
  - Par amount: \$335.8 million
  - 2013B taxable bonds are effectively non-callable
  - Net Present Value (NPV) savings: \$62.3 million
- Objective of a potential 2013A refunding and findings of the refunding evaluation
  - Par amount: \$163.8 million
  - Call date: 4/1/2023
  - Objective of the refunding is to save water customers money
  - Preliminary estimated NPV savings: over \$20 million
    - Approx. \$2.0 million each year until 2034
    - Member agencies' annual bond surcharge would be reduced by approx. 8% effective FY 2023-24

# Tax-Exempt Refunding is Preliminarily Determined Appropriate

- BAWSCA evaluated 3 refunding scenarios
  - Taxable advance refunding in mid-2021
  - Tax-exempt forward delivery, priced in Fall 2021 to early 2022, and delivered in Jan 2023
  - Tax-exempt regular delivery, priced near and delivered in 2023
- A tax-exempt refunding is determined more appropriate than a taxable advance refunding
- Possible federal legislation re-authorizing tax-exempt advance refunding
  - Status of such potential legislation will be monitored
- Preliminary estimated cost of issuance: approx. \$1-\$1.2 million
  - Contingent cost: \$700,000-\$900,000 to be paid upon successful delivery of bonds
  - Non-contingent cost: \$300,000 to be funded by the excess bond stabilization fund

# Schedule of Key Dates for Potential Bond Refunding

Issuance of RFP for bond underwriting firm	April
Board approval of non-contingent contracts	May Board
Recommendation of Board approval of a new debt policy, bond underwriter selection and contingent contracts & Update on refunding structure including bond surcharge setting	June BPC
Board approval of a new debt policy, underwriter appointment and contingent contracts	July Board
Recommendation of Board authorization to issue bonds and approval of bond documents	August BPC
Board authorization to issue bonds and approval of bond documents	September Board
Bond pricing/sale (tentative, based on market conditions)	Oct 2021-Jan 2022
Bond document closing	Oct 2021-Jan 2022
Bond settlement	January 2023



# The Proposed FY 2021-22 Work Plan, Budget and Individual Consultant Contracts Reflects BPC Recommendations

The BPC recommended the following actions related to the potential bond refunding:

1. Authorize the CEO/GM to include an additional scope item in Orrick's FY2021-22 annual legal support contract, for their non-contingent portion of the bond counsel services
  - Not-to-exceed amount: \$55,000\*
2. Authorize the CEO/GM to include an additional scope item in KNN's FY 20201-22 annual financial advisory services contract, for their non-contingent portion of the refunding municipal advisory services
  - Not-to-exceed amount: \$40,000\*
3. Authorize the CEO/GM to include an additional scope item in Hanson Bridgett's FY2021-22 annual legal counsel contract
  - Not to exceed amount: \$25,000\*

\*The combined budget of \$120,000, as part of the total non-contingent cost of issuance in \$300,000, will be funded by the excess bond stabilization fund

## Recommendation: Discussion Now and Action Later

- This item is for discussion only
- There is no action requested at this time
- Board will be asked to act on the approval of the additional scope of services in FY2021-22 for Orrick, KNN and Hanson Bridget under agenda items 8B-9, 8B-8, and 8B-5.

# Action Calendar



L. Ash, 2017

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

- Continues BAWSCA's role in managing the Water Supply Agreement (WSA)
  - Protect member agencies' financial and water supply interests
- Administer BAWSCA's 2013 bonds
- Oversight of SFPUC's WSIP, 10-Year CIP, and Asset Management
- Participate in the State Board's Bay Delta Proceedings and FERC Proceedings to protect regional water supplies
- Implement BAWSCA's Long Term Reliable Water Supply Strategy
- Implement core and subscription conservation programs including 2 new programs
- Provide drought support to member agencies

# Proposed Work Plan and Operating Budget Modified Since Last Presentation

- At its March meeting, Board expressed strong desire for work plan and budget to be reduced in a way to allow for smaller assessment increase
- Two major changes have been incorporated into the proposed Work Plan and Operating Budget as a result of this review
  - Deletion of \$24K budget allocation for outside consultant or other support related to drought support for member agencies
  - Reduction of \$61K in planned rent costs associated with savings secured in recent negotiations for lease renewal



# Proposed Operating Budget 15% Greater (+\$621K) Than Current Budget

- FY 2021-22 Proposed Operating Budget = \$4,783,794
- \$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 \$2.58 (+38 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 94% expended
  - CEO will continue to closely review this in light of increased expenses for legal and others
- At this time, estimated that \$243.6K will be available at end of year to transfer to General Reserve

# BAWSCA's General Reserve Policy Provides Guidance for Use of General Reserve

- BAWSCA's General Reserve Policy adopted by Board Resolution 2018-02 provides the following guidance for the General Reserve:
  - “Whereas, it is a prudent financial measure to maintain surplus funds in a reserve in order to provide funds for urgent but unanticipated expenses and for one-time, non-recurring expenses to moderate variations in annual assessments”
  - “For budgetary purposes, the guideline for the minimum balance in the General Reserve is twenty percent of the budget year's operating expense” and “the guideline for the maximum balance in the General Reserve is thirty five percent of the budget year's operating expense.”

# 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. WSA 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

	FY 2021-21			
Fund Source	Option 1 2% Assessment Increase	Option 2 4% Assessment Increase	Option 3 5% Assessment Increase	Option 4 7% Assessment Increase
Assessments	\$3,760,515	\$3,834,250	\$3,871,118	\$3,944,854
Transfer from GR	\$392,279	\$318,544	\$281,676	\$207,940
Balancing Acct. Transfer	\$331,000	\$331,000	\$331,000	\$331,000
Bond Stabilization Fund	\$300,000	\$300,000	\$300,000	\$300,000
Total Op. Funds/Op. Budget	\$4,783,794	\$4,783,794	\$4,783,794	\$4,783,794
Est. EOY Transfer to GR	\$243,600	\$243,600	\$243,600	\$243,600
Est. EOY Reserves	\$884,064	\$921,799	\$958,667	\$1,032,403
% of Total Budget	18%	19%	20%	22%
% of "Total Budget Minus One Time Expenses"	20%	22%	23%	25%





# Recommendation

That the Board approve the:

1. Proposed FY 2021-22 Work Plan and Results to be Achieved;
2. Proposed Operating Budget of \$4,783,794;
3. Proposed funding plan of a 5% assessment increase, a transfer of \$281,676 from the General Reserve, a transfer of \$331,000 from the Balancing Account, and use of \$300,000 in excess Stabilization Funds for funding the Operating Budget; and
4. Authorization of a request for a transfer of \$331,000 from the Balancing Account to BAWSCA in accordance with BAWSCA's Balancing Account Policy, Res. No. 2020-02.

# Fifteen Professional Services Contracts for Technical and Administrative Services (FY 2021-22)

Contract #	Consultant (Work Description)
1	Burr Pilger Mayer (Auditing, 2009 WSA)
2	Chavan (Audit Services)
3	Droplet (Online Rebate System)
4	GeoSyntec (Engineering)
5	Hanson Bridgett (Legal Counsel)
6	Harlan P. Wendell (Strategic Counsel)
7	Hazen & Sawyer (Engineering)**
8	KNN Public Finance (Financial Counsel)

Contract #	Consultant (Work Description)
9	Orrick LLP (Bond Documents, Legal Services)
10	Public Trust Advisors (Investment Advisor)
11	Stetson Engineering (Water Analyses, WSA)
12	Richard Sykes (WSIP, 10–Year CIP)
13	Water Systems Optimizations (Water Loss Management Program)**
14	Maddaus Water Mgmt. (Demand Study Update)
15	West Yost (Asset Management)

# Eight Consultant Contracts for Subscription Conservation Programs (FY 2021-22)

Contract #	Consultant (Work Description)
1	AM Conservation Group (School Education Program)
2	EarthCapades (School Assembly Program)
3	Global Sun Landscape (Lawn Be Gone Inspection Services)
4	Maddaus Water Management (DSS Model Support Services)
5	M&M Backflow and Meter Maintenance (Customer Meter Testing)
6	Regional Water Authority (MOU for Rachio Smart Controller Program)
7	Waterfluence, LLC (Large Landscape Conservation Services)
8	Watersmart (Home Water Use Report Program)

# Recommendation

That the Board approve the twenty-three (23) contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2021.

# CEO Reports

**Every drop counts. Use water wisely.**



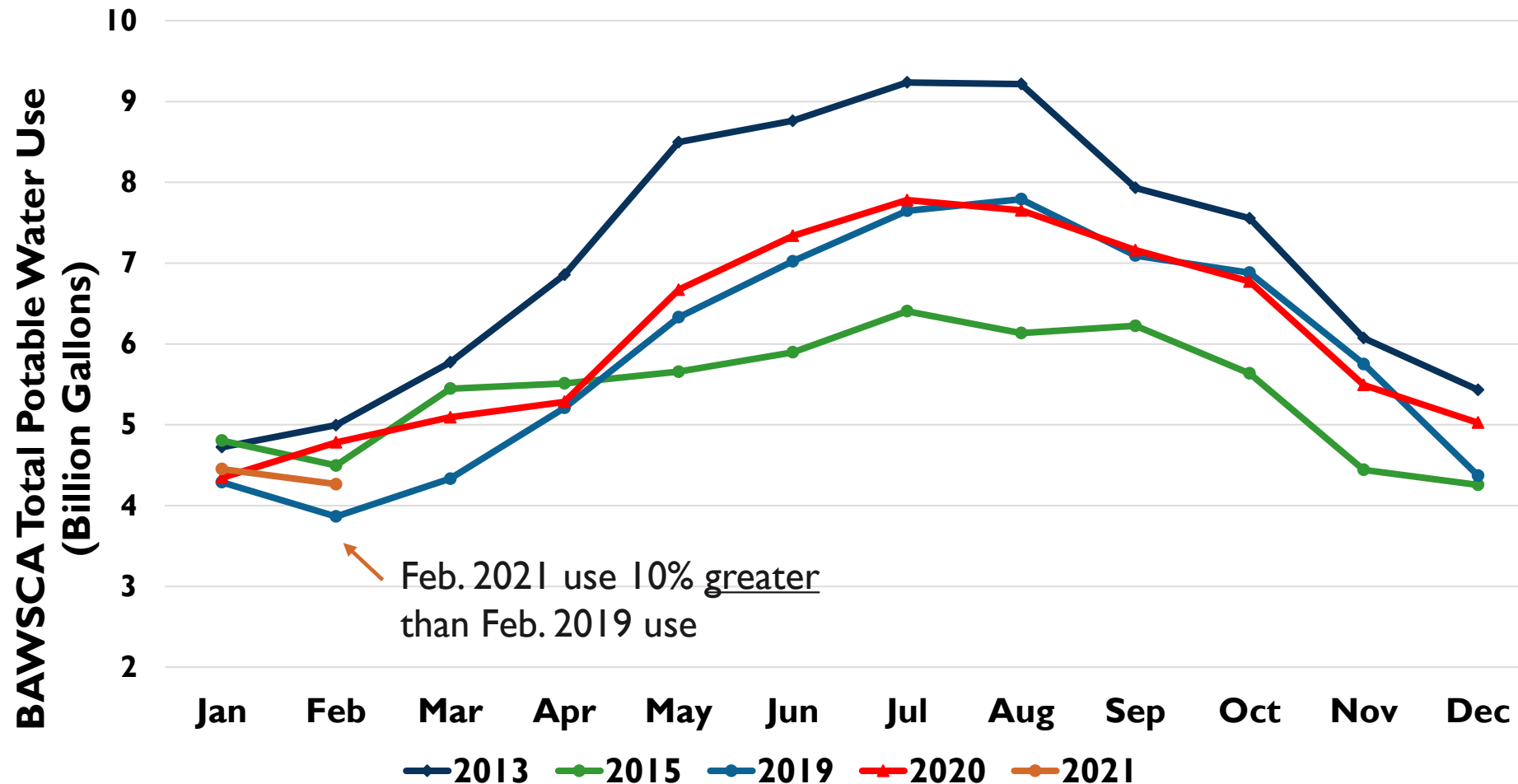
Turn off the water when  
brushing your teeth  
and save 10 gallons  
per person per day.



[SaveOurWater.com](http://SaveOurWater.com)



# BAWSCA February 2021 Total Potable Water Use 16% Less Than February 2013



# New Don Pedro FERC Relicensing Update

- July 2020 – Final Environmental Impact Statement (FEIS) released
  - Tuolumne River Voluntary Agreement (TRVA) identified as the preferred FERC alternative
- January 15, 2021 – State Board issued Clean Water Act 401 Certification that includes the Bay-Delta Plan 40% unimpaired flow requirement
  - February 16 – BAWSCA, SF and Districts requested reconsideration
  - State Board has yet to act on the request for reconsideration
- May 14, 2021 – SF filed suit against the State Board related to the Certification, alleging:
  - Flow conditions result in near deletion of RWS water supplies during periods of drought resulting in significant impacts in the Bay Area
  - 401 Certification exceeds the State Board's jurisdiction and violates a variety of laws (e.g. CEQA, CWA, etc.)
- SF's action is appropriate and consistent with WSA and its obligations to the Wholesale Customers

# Wade Crowfoot, Secretary of Natural Resources, Provided Voluntary Agreement Negotiations Update at ACWA Conference Last Week

- State wants a “global” voluntary agreement (VA) encompassing dozens of water users with a durable approach that will last the next 15 years
  - The process is complex – includes protecting beneficial uses and recovery of fish
  - VA allows for improvements that can be made now
  - VA allows for truly adaptive management – working together to manage assets under the agreement
- What is adequate to move forward with a VA?
  - Scientific review of VA would go through a “blind, impartial 3<sup>rd</sup> party, scientific review”
  - CEQA review
  - Public Board hearing based on science
- On the status of the negotiations
  - “Sleeves rolled up around a table for months – trying to determine what is adequate and how can water users help to deal with uncertainties”
  - “Focus has never been more intense”
  - “We need to get this done” – they are close to the finish line, but additional work needs to be done
  - This needs to get done this Spring

# BAWSCA Remains Focused on Having State Board Evaluate the TRVA as an Alternative to Adopted Bay-Delta Plan

- 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 agreements to resolve this critical issue
- SFPUC has hosted 3 workshops (9 hours total) on Bay-Delta Plan and Tuolumne River Voluntary Agreement (TRVA)
  - Workshops provide information from multiple perspectives including experts and stakeholders
  - Workshops videos available at: [https://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=22](https://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22)
  - Workshop dates: 11/30/20, 2/5/21, and 3/6/21
- BAWSCA is supporting having the State Board perform a technical and environmental evaluation of the TRVA as an alternative to the Bay-Delta Plan

# BAWSCA Providing Support to Member Agencies with Urban Water Management Plans (UWMP)

- To date, BAWSCA scheduled to assist in 24 meetings on UWMPs through August
- BAWSCA's presentations have focused on
  - BAWSCA's position and efforts to date on Bay-Delta Plan and TRVA
  - Impacts of Bay-Delta Plan on the Regional Water System supply reliability and cutbacks provided by the SFPUC
- BAWSCA comments on SFPUC UWMP
  - Additional purchase requests from San Jose and Santa Clara should be included
  - An estimate of the supply yield for new alternative water supply projects should be included
  - TRVA modeling results should be included
- BAWSCA comment on Valley Water UWMP
  - Valley Water's UWMP should provide further discussion about the potential for BAWSCA agencies in Santa Clara County to rely more heavily on groundwater in future drought periods as a result of the Bay-Delta Plan implementation and resulting SFPUC's cutbacks



# Recent Correspondence Regarding SFPUC Planning Assumptions for UWMP Purposes

- Recent correspondence from Tuolumne River Trust requested BAWSCA encourage SFPUC to analyze a shorter design drought and include that info in UWMP appendix
- SFPUC Commission considered this request at its April 27 meeting
  - Commission unequivocally stated that it has no intention of changing the Design Drought at this time or without careful consideration
- SFPUC's Design Drought based on SFPUC's knowledge of its water supply operations and prior drought operational experience
- Design Drought has been used for water supply reliability planning, environmental impact analysis, and RWS sensitivity testing since 2007
- A change to the Design Drought would require a deliberate policy change by the Commission and associated actions
  - Revisions to the adopted Level of Service Goals and Objectives, referenced in the WSA and adopted in connection with WSIP in 2008
  - Potential revision to the SFPUC 10-Year Capital Improvement Program
  - Further environmental review
  - Detailed studies and considerable engagement with the SFPUC's Wholesale Customers

# Any Change to Design Drought Should be Supported by Credible Science with Significant BAWSCA Engagement

- SFPUC climate change study to be released this Summer
  - *The Long-Term Vulnerability Assessment and Adaptation Plan for the SFPUC Water Enterprise*
- Study completed in partnership with the Water Research Foundation
- Study can be used to help frame the issue of climate change impacts on the water supplies delivered via the San Francisco Regional Water System, including but not limited to the Tuolumne River
  - Will assess the risks associated with identified vulnerabilities (e.g. climate change, regulatory action)
  - Will present an adaptation plan that is flexible and robust for a wide range of futures
  - Will provide guidance for water supply decisions over the next 50 years
- It would be inappropriate to change the SFPUC's long-established policy without relying on additional technical data to support a change to the Design Drought

# BAWSCA and Its Agencies Supported Modification of SFPUC Modeling for UWMP to Reflect Actual Demands

- BAWSCA agencies rely on SFPUC to provide necessary future RWS water supply reliability data for use in UWMPs
  - Per State Water Code, any agencies considering using different information than what is provided by SFPUC will need to provide reasonable justification for doing so
- Historically, SFPUC has used the 265 mgd contractual obligation for these purposes
  - BAWSCA accepted this original plan for current UWMPs
- After receiving this initial data, member agencies expressed interest in updated reliability information from SFPUC based on projected demand between 2020 and 2045
  - Total RWS demand growing from 213 in 2025 to 237 in 2045
- BAWSCA requested that information from SFPUC and supported SFPUC's use of this approach for its UWMP
  - BAWSCA and its member agencies requested this change independent of TRT's interest
- Updated modeling resulted in reduced cutbacks to member agencies
- This was not a change in policy but rather a change in prior practice
  - Appropriate given that projected demands are less than contractual obligations

# Closed Session



Jensen, 2011



# Directors' Discussion



**Every drop counts. Use water wisely.**

1 lawn watering =  
16 loads

Make the change to California  
native plants and use less water.



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# Next Meeting and Adjournment

## Next Board Meeting

- July 15, 2021
- Time: 6:30 pm
- Location: “Virtual” Zoom Meeting



L. Ash, 2017