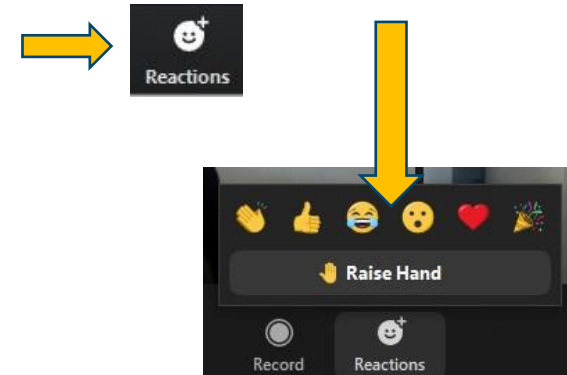


Meeting Instructions While We Gather

- 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





“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 14, 2021

Call to Order and Roll Call



L. Ash, 2017

Comments by the Chair



Public Comment on Items Not on the Agenda



Jensen, 2011

Consent Calendar



S. Ritchie, 2019

Action Calendar



Jensen, 2011

Second Amendment to Hanson Bridgett Professional Services Contract is Recommended

- Expenses associated with completing critical work plan items this fiscal year are significantly greater than budgeted
- Additional resources needed to support work necessary to protect interests of the member agencies and their water customers
 - These 3 critical work areas
 - Other areas including WSA administration and contract support for conservation and other programs
- Board authorized 1st amendment in March
- Need for a 2nd amendment was noted at that time to complete necessary work this fiscal year

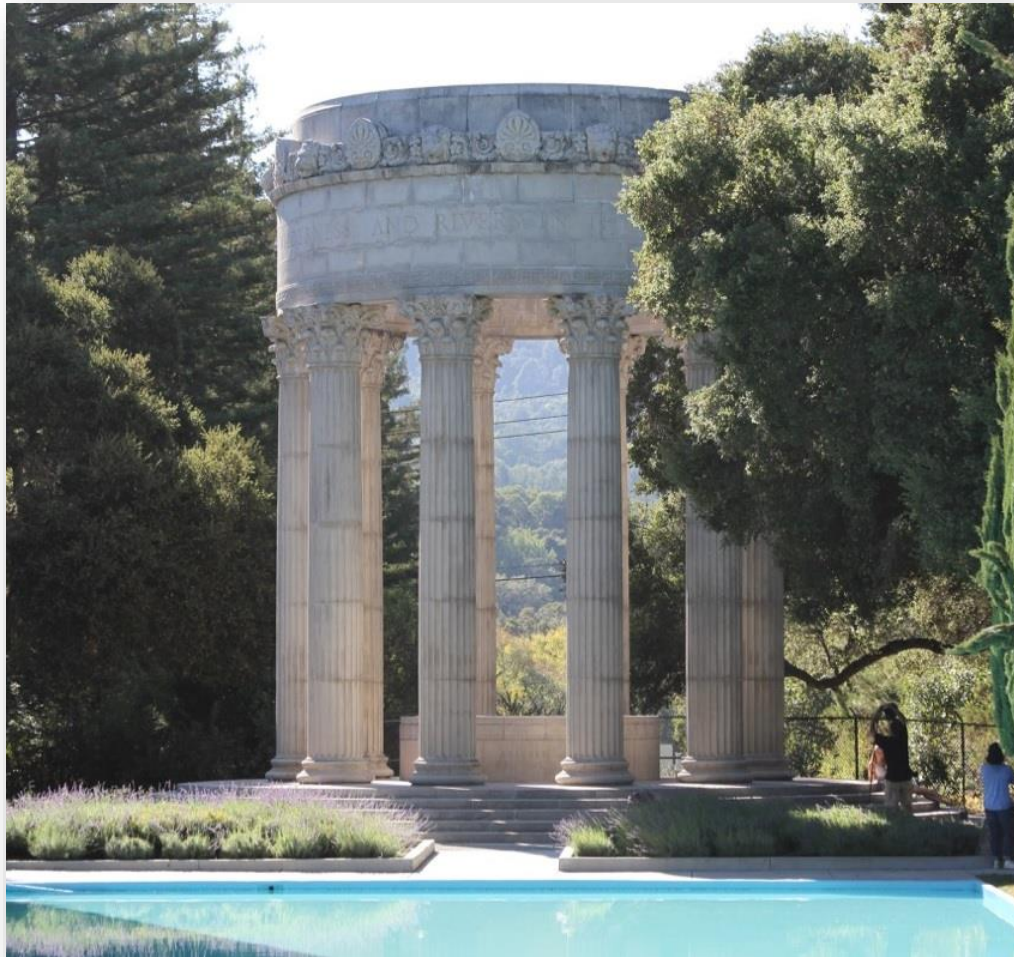
Funding the Amendment with the Balancing Account is Recommended

- For FY 2020-21, certain expenses have been incurred that are eligible for reimbursement to BAWSCA from the WSA Balancing Account
 - \$154K for Strategy implementation
 - \$48K for core conservation program implementation
- Resolution No. 2020-02 requires an evaluation of the proposed use of the Balancing Account funds and identification of certain findings
- Key findings include:
 - The proposed appropriation of \$197,000 will not have a discernible impact on the wholesale rates in the next five years (a) or the need for funds for a Wholesale Revenue Coverage Reserve (b).
 - A Water Management Charge is not a preferred method of raising funds at this time given the size of the positive balance in the Balancing Account and the budget needs (d).
 - At this time, there is no other competing interest that requires the Balancing Account to be reserved in its entirety rather than as a funding source for these specific budget items (e).

Recommendation

That the Committee recommend the Board authorize the CEO/General Manager to:

1. Amend the professional services contract with Hanson Bridgett by \$200,000 for a total not-to-exceed amount of \$1,006,500; and
2. Authorize the request for a transfer of \$197,000 from the Balancing Account to BAWSCA in accordance with BAWSCA's Balancing Account Policy, Res. No. 2020 –02, and
3. Increase the approved FY 2020-21 Operating Budget by \$197,000 to \$4,360,179.



L. Ash, 2017

Amendment to Strategic Counsel's Professional Services Contract

- Strategic Counsel's budget has been held at the current \$150K level and same billing rate for 14 years
- Expenses associated with completing the following work plan items this fiscal year are significantly greater than anticipated
 - Bay Delta Plan
 - FERC
 - Minimum Purchase Transfer WSA amendment
- Additional resources needed to support work necessary to protect interests of the member agencies and their water customers in these three critical work areas

Recommendation

That the Committee recommend the Board authorize the CEO/General Manager to amend the professional services contract with Management Communications by \$35,000 for a total not to exceed amount of \$185,000.



Jensen, 2011

Potential Refunding of Revenue Bond Series 2013 A

- At the February BPC, BAWSCA presented the objective of a potential 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
 - A tax-exempt refunding is preliminarily determined more appropriate than a taxable advance refunding
- Estimated total NPV savings: Over \$20 million assuming current rates with a modest cushion for adverse changes
 - Estimated annual savings: Approximately \$2.0 million, in addition to the \$3.5 million savings each year until 2034
 - Member agencies' collective annual bond surcharge would be reduced by approximately 8% effective FY 2023-24

Actions Needed to Proceed – Additional Scope to Three Annual Contracts for Refunding Preparation in FY21-22

1. Authorize the CEO/GM to include an additional scope item in Orrick's 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 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 annual legal counsel contract
 - Not to exceed amount: \$25,000*

*The combined FY 2021-22 budget of \$120,000 will be funded by the excess bond stabilization fund

Recommendation

That the Committee recommend that the Board approve the following additional scope of services to be included in the three professional services contracts for the purposes of initial planning and preparation for the refunding of 2013A bonds in FY 2021-22

1. Additional scope of service in Orrick's on-going legal services contract for the non-contingent portion of the bond counsel services with a not-to-exceed amount of \$55,000
2. Additional scope of service in KNN's on-going financial advisory services contract for the non-contingent portion of the refunding municipal advisory services with a not-to-exceed amount of \$40,000
3. Additional scope of service in Hanson Bridgett's on-going legal counsel services contract for the non-contingent portion of the legal counsel services for the refunding with a not-to-exceed amount of \$25,000



Jensen, 2011

Renewal of the Office Lease with Resulting Savings

- Lease for current office space at 155 Bovet Road expires September 30, 2021
- Current lease offers the option to extend at market rate
- Current lease rate is \$4.22 per square foot
- BAWSCA successfully negotiated the following terms for an extension
 - Starting Oct. 1, reduced lease rate at \$4 per square foot with an annual 3% increase
 - 64-month lease term
 - 60 months paid with four months rent abatement
 - Effective rent of \$4.02 per square foot per month over entire term
- Combined these lease extension terms will save an estimated \$61K in FY 2021-22

Recommendation

That the Committee recommend the Board authorize the CEO/General Manager to extend the current lease for a period of sixty-four months..



Jensen, 2011

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

- Continues BAWSCA's role in managing the Water Supply Agreement with San Francisco
 - 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 Water Board 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

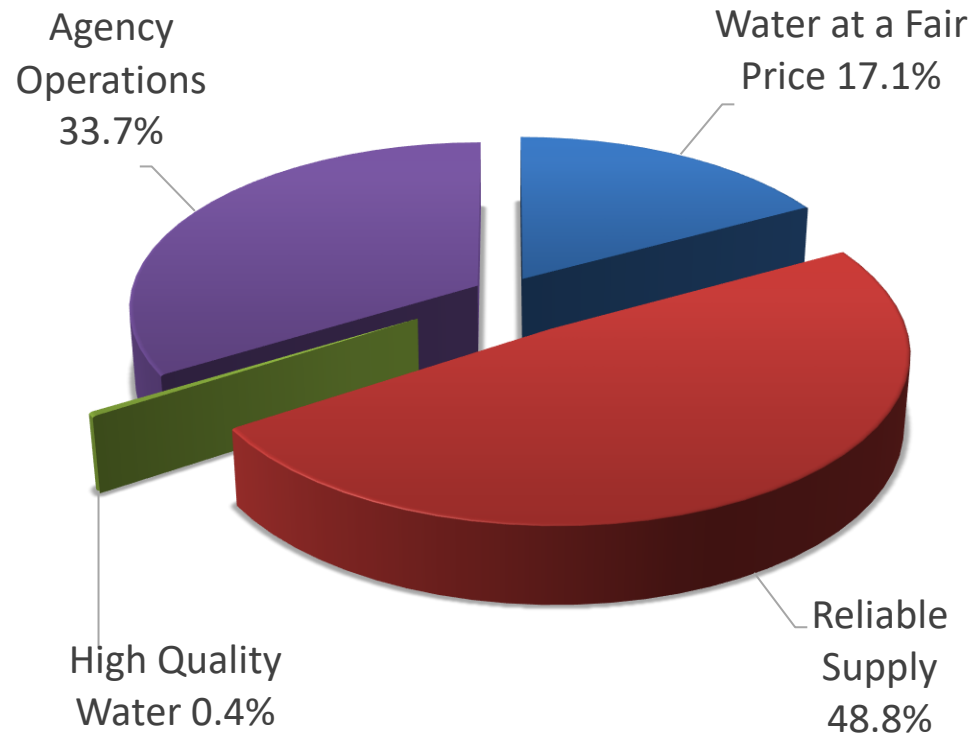
Proposed Work Plan and Operating Budget Modified Since Last Presentation

- 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

How the Budget is Applied to Goals
\$4.784 Million



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 \$243,600K 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. 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

Five 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 Committee recommend 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.

CEO Reports



Jensen, 2011



Current Reservoir Storage

Storage as of: 12-Apr-2021

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	184,800	340,830	156,030	54.2%	56.9%
Cherry	209,800	268,810	59,010	78.0%	-
Eleanor	25,750	25,216	0	100.0%	-
Water Bank	512,750	570,000	57,250	90.0%	99.6%
Total Tuolumne Storage	933,100	1,204,856	272,290	77.4%	-
<u>Local System</u>					
Calaveras	59,130	96,670	37,540	61.2%	-
San Antonio	46,822	53,266	6,444	87.9%	-
Crystal Springs	48,244	58,309	10,065	82.7%	-
San Andreas	14,921	19,027	4,106	78.4%	-
Pilarcitos	1,911	3,030	1,119	63.1%	-
Total Local Storage	171,028	230,302	59,274	74.3%	-
Total System Storage	1,104,128	1,435,158	331,564	76.9%	81.7%
Total without water bank	591,378	865,158	274,314	68.4%	-

¹ Upcountry storage is the date's 8AM storage value taken from USGS data

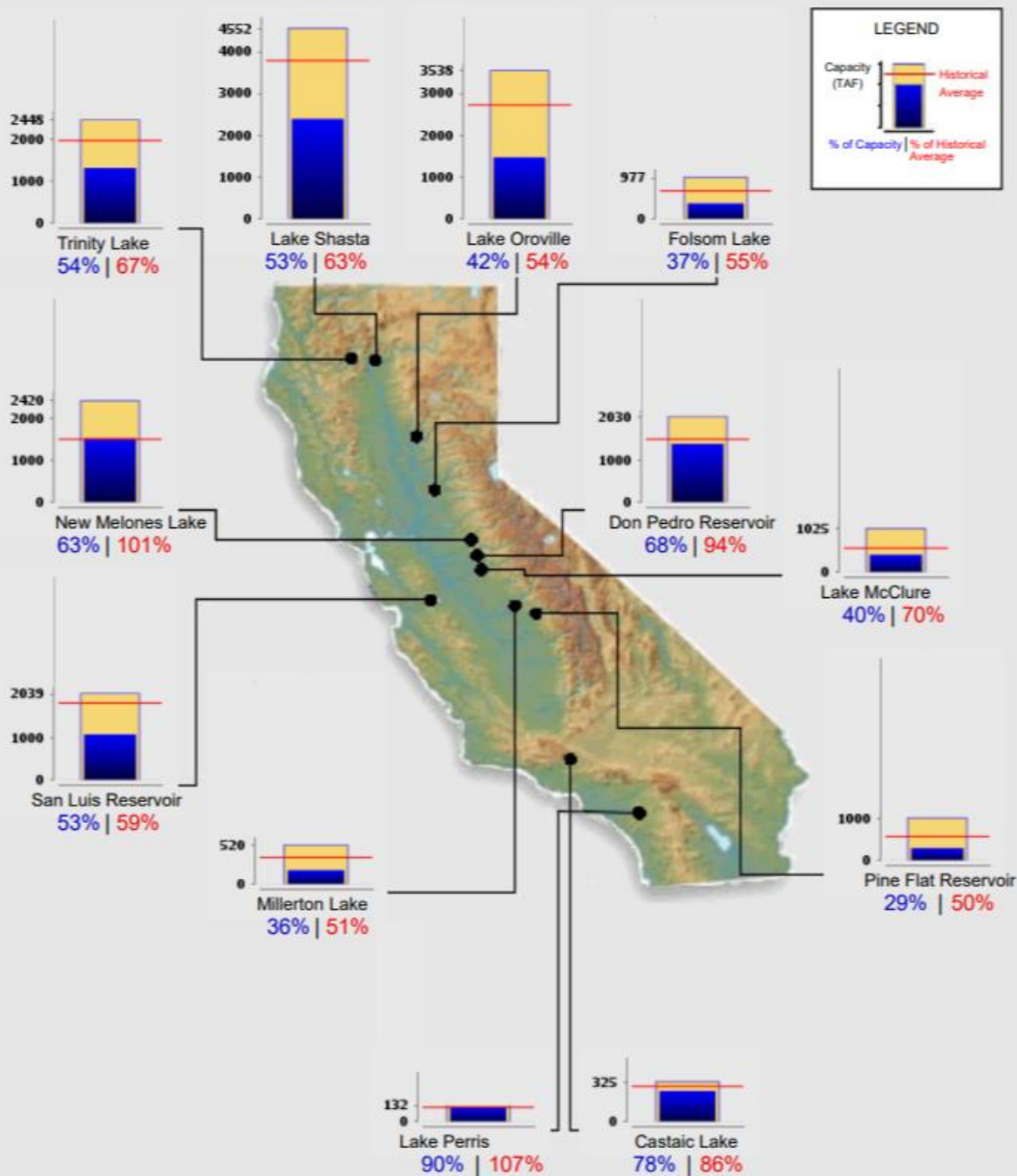
² Water bank storage reported by HHWP for 04/11/2021

³ Local storage is the date's 8AM storage value taken from USGS data

⁴ Hetch Hetchy maximum storage is with drum gates deactivated. Cherry maximum storage is with flashboards out and Eleanor maximum storage is with flashboards partially out. All maximum storages taken from rating curve

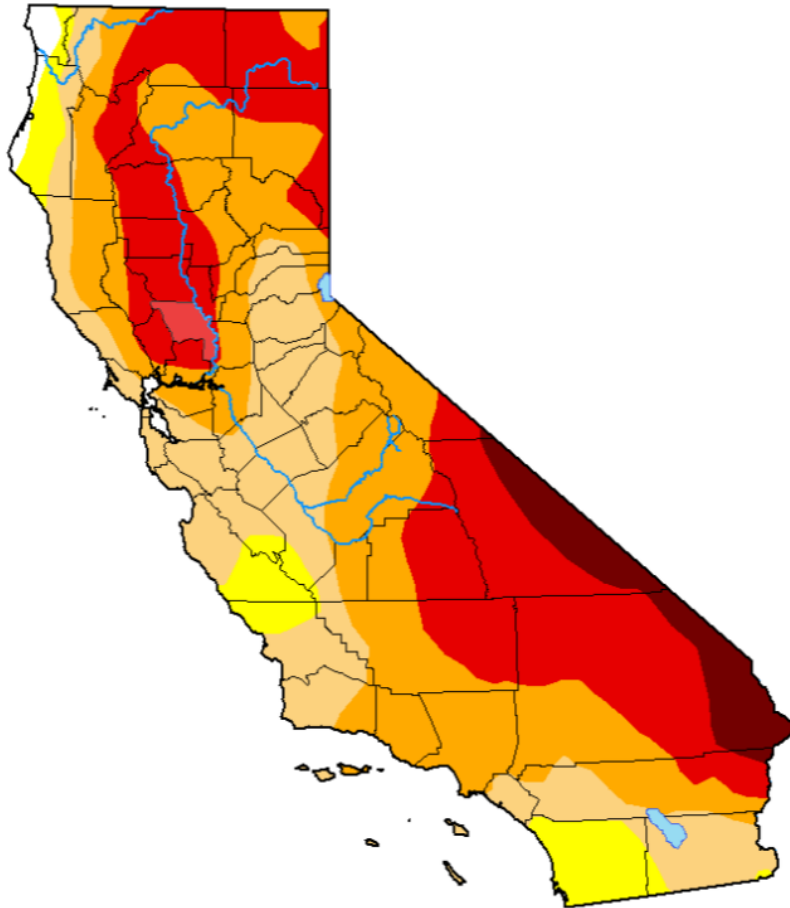
⁵ The ratio of median storage for this day over maximum storage capacity. Median storage for this day is based on historical storage data from years 1982 - 2014

CURRENT RESERVOIR CONDITIONS



Other California Reservoirs

California Drought Monitor



Map released: Thurs. April 8, 2021

Data valid: April 6, 2021 at 8 a.m. EDT

Intensity:

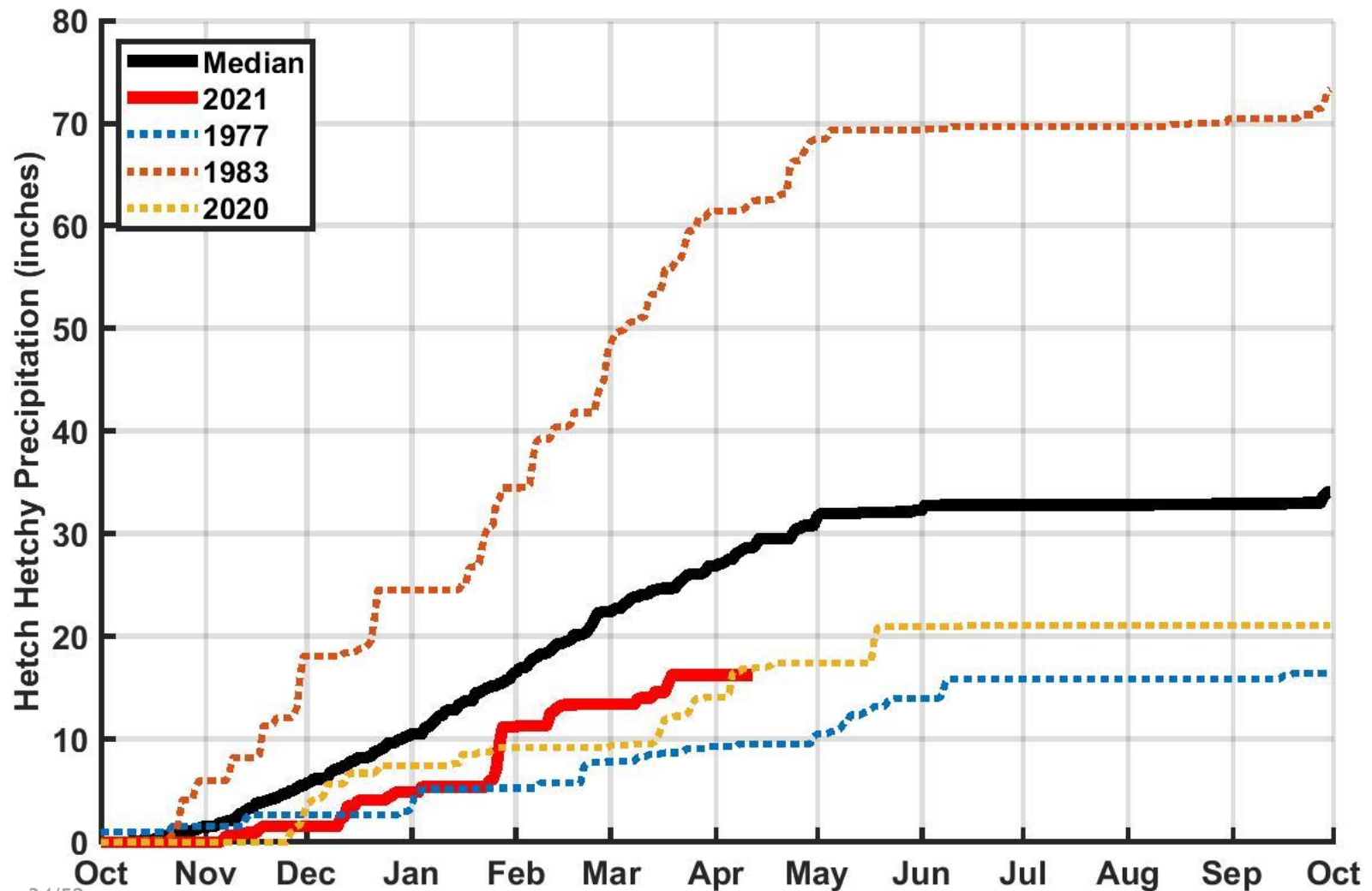
- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Author(s):

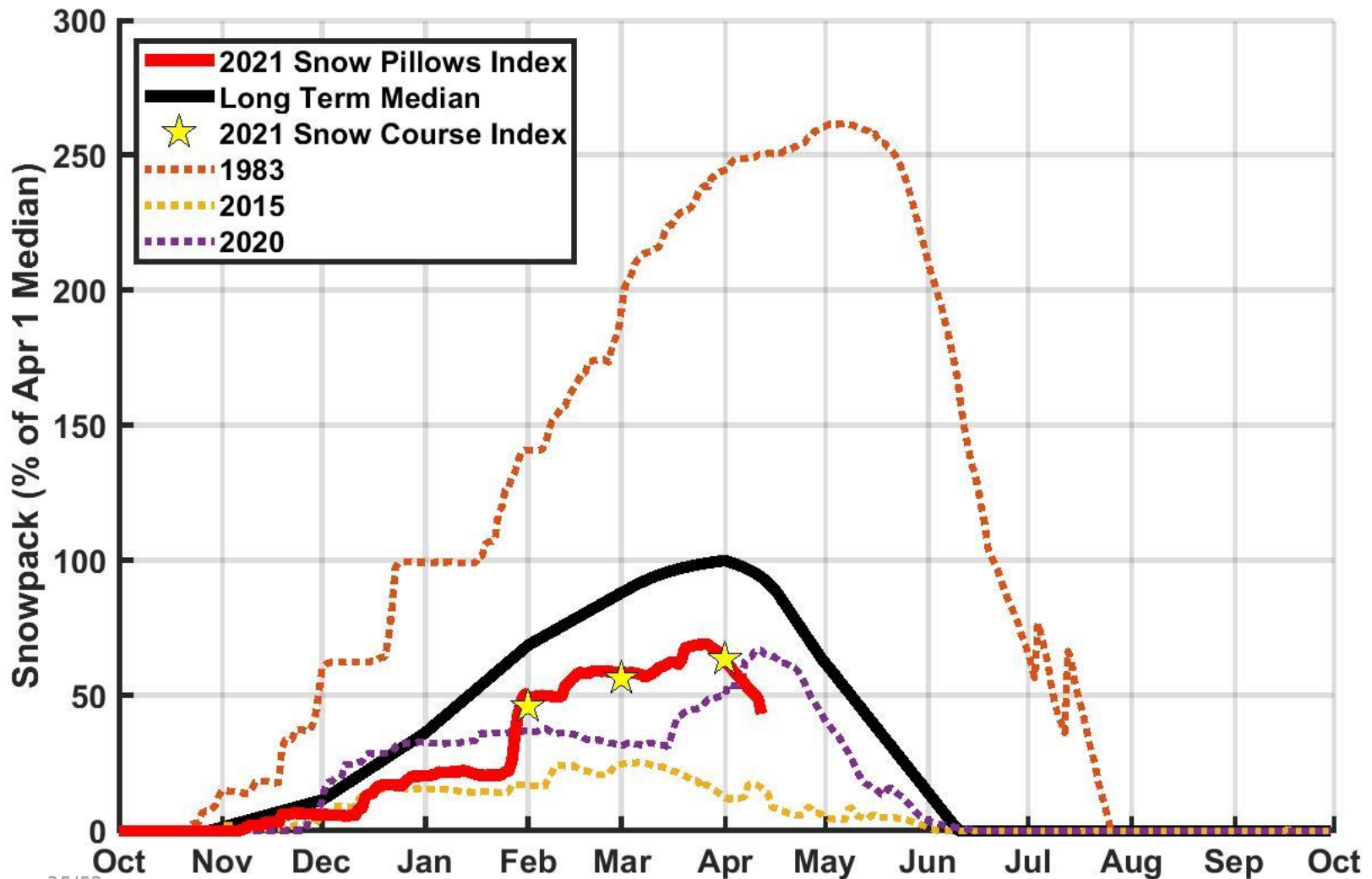
Deborah Bathke, National Drought Mitigation Center

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying [text summary](#) for forecast statements.

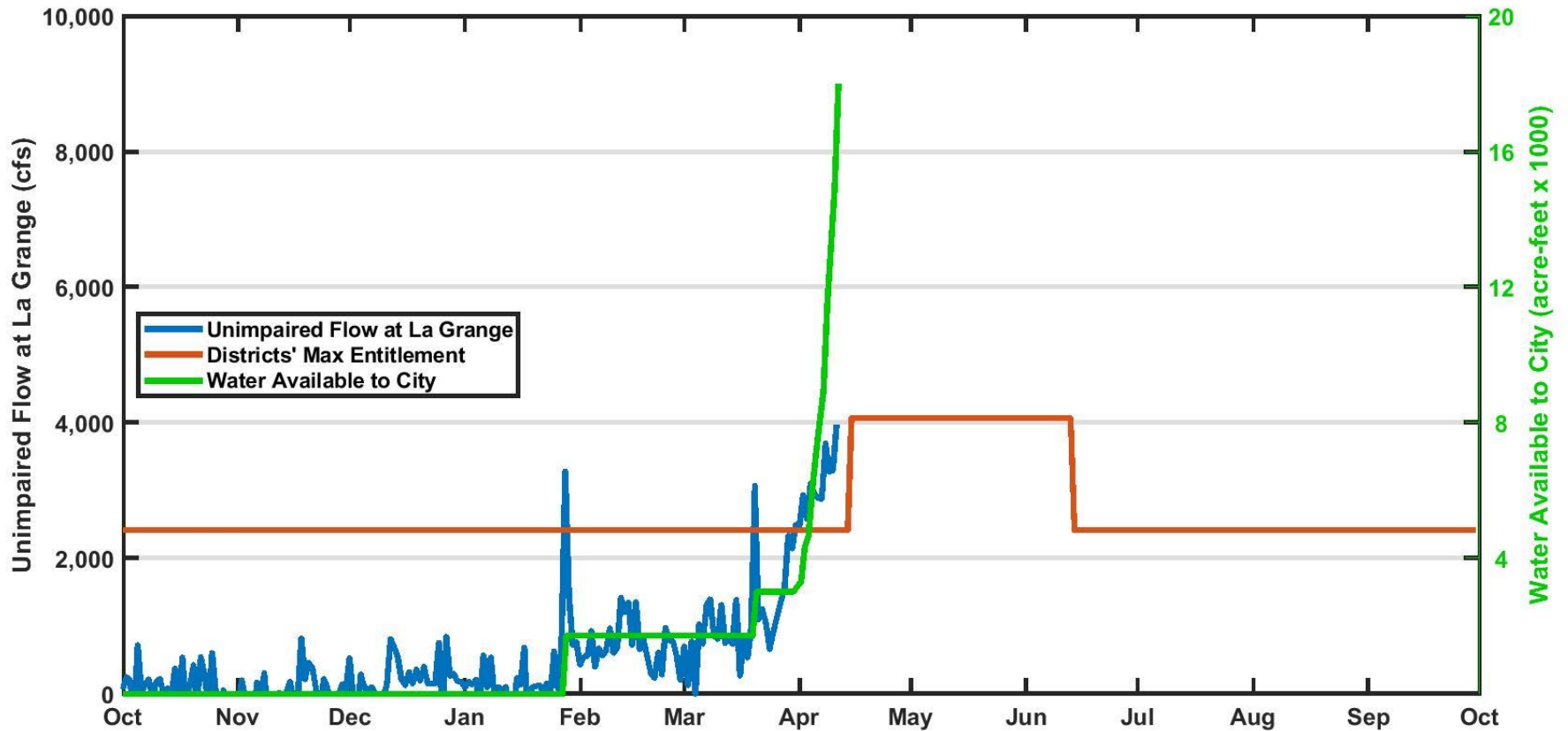
Hetch Hetchy Precipitation



Upcountry Snowpack

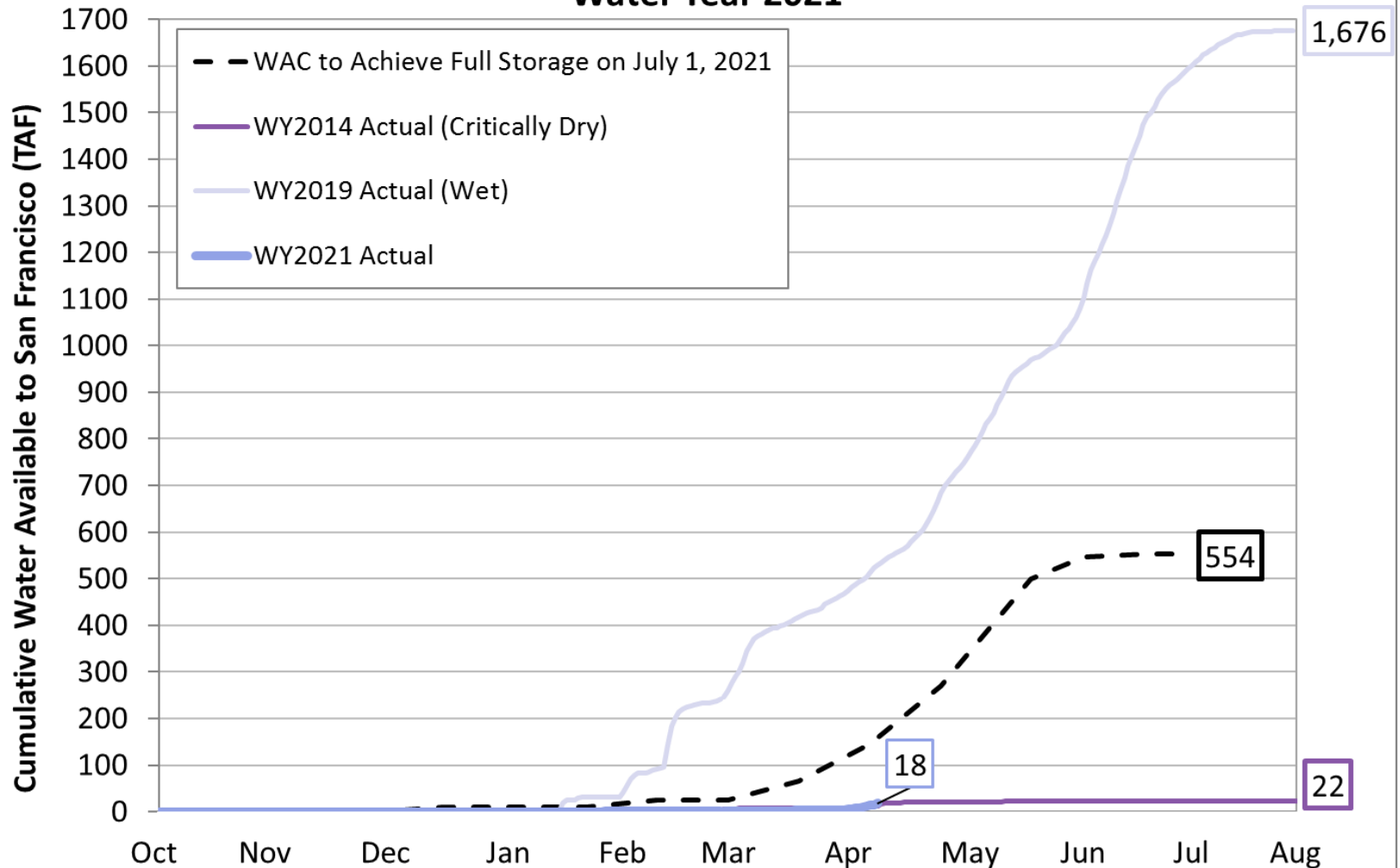


Water Available to the City

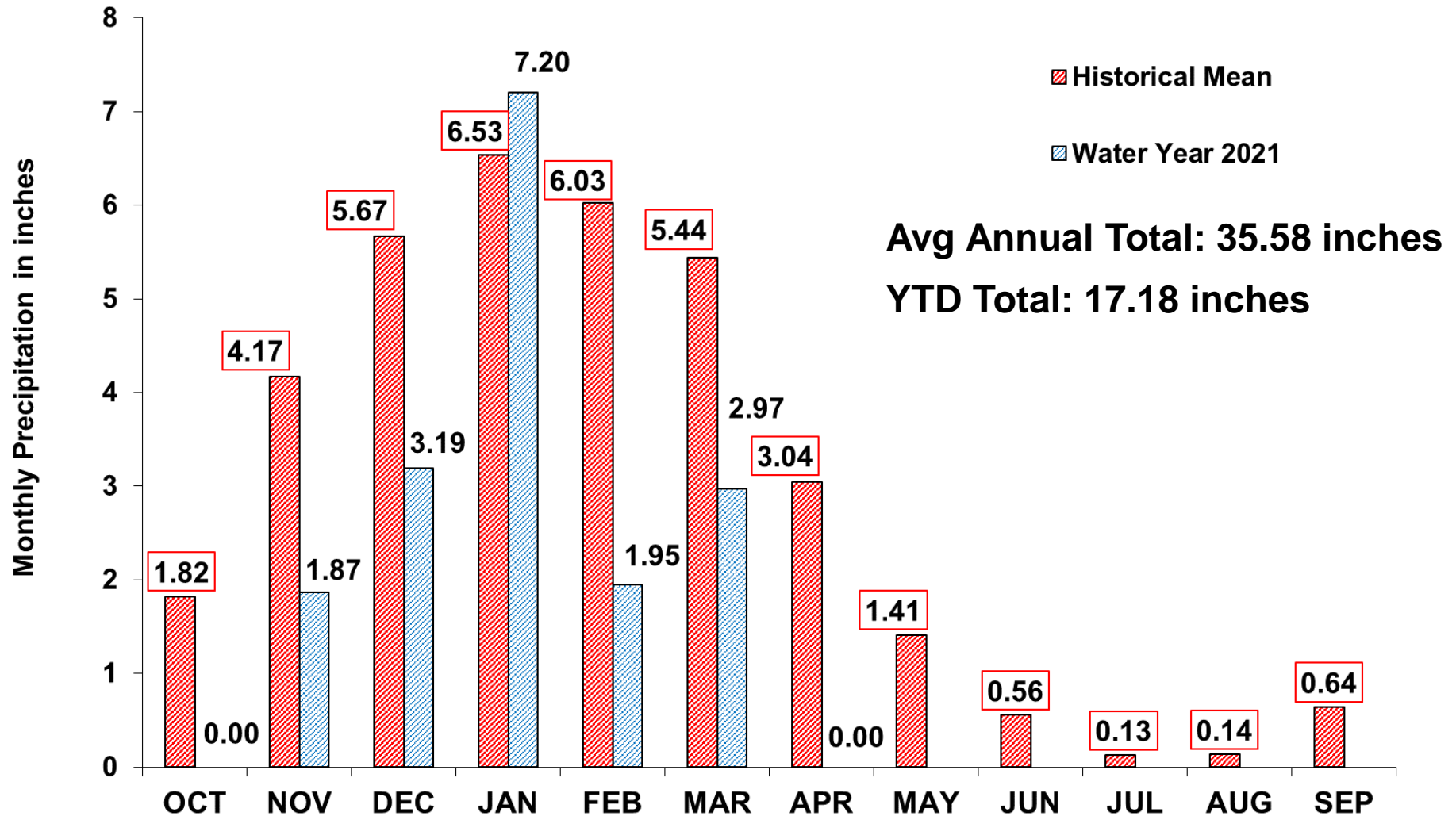


Tuolumne River Water Available to the City

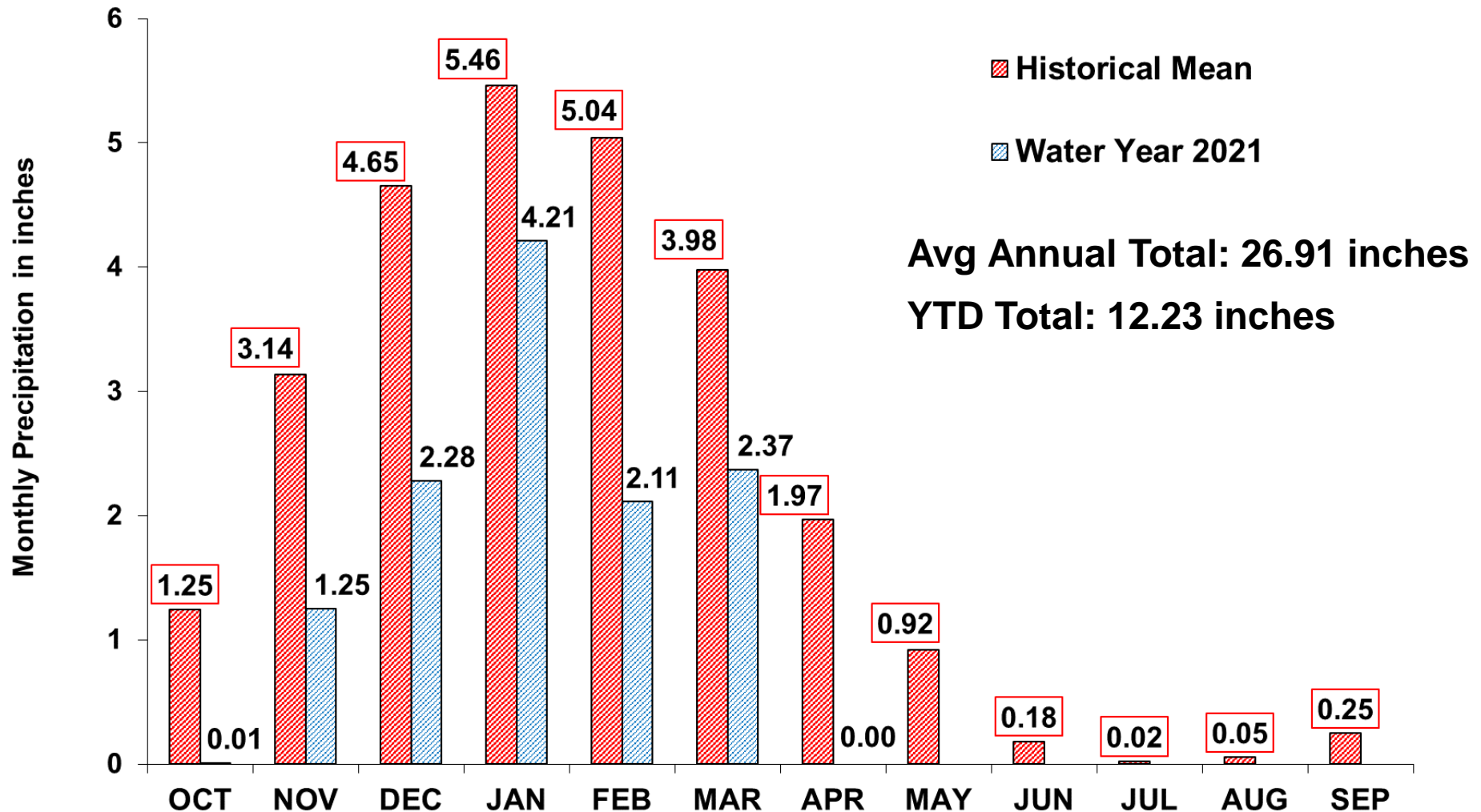
**Tuolumne River Water Available to San Francisco:
Water Year 2021**



Upcountry 6-station Precipitation Index as of April 11, 2021

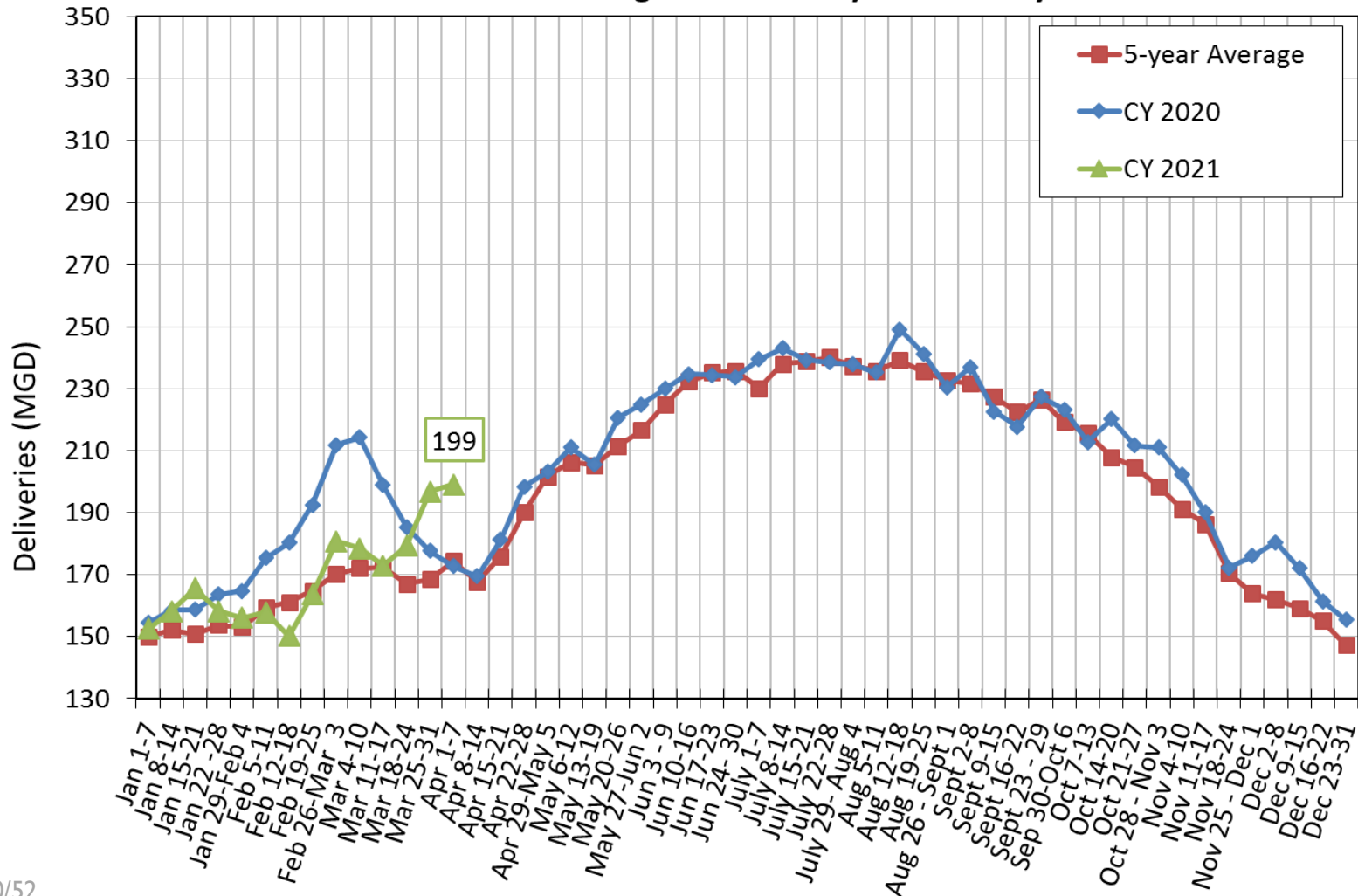


Bay Area 7-station Precipitation Index as of April 11, 2021



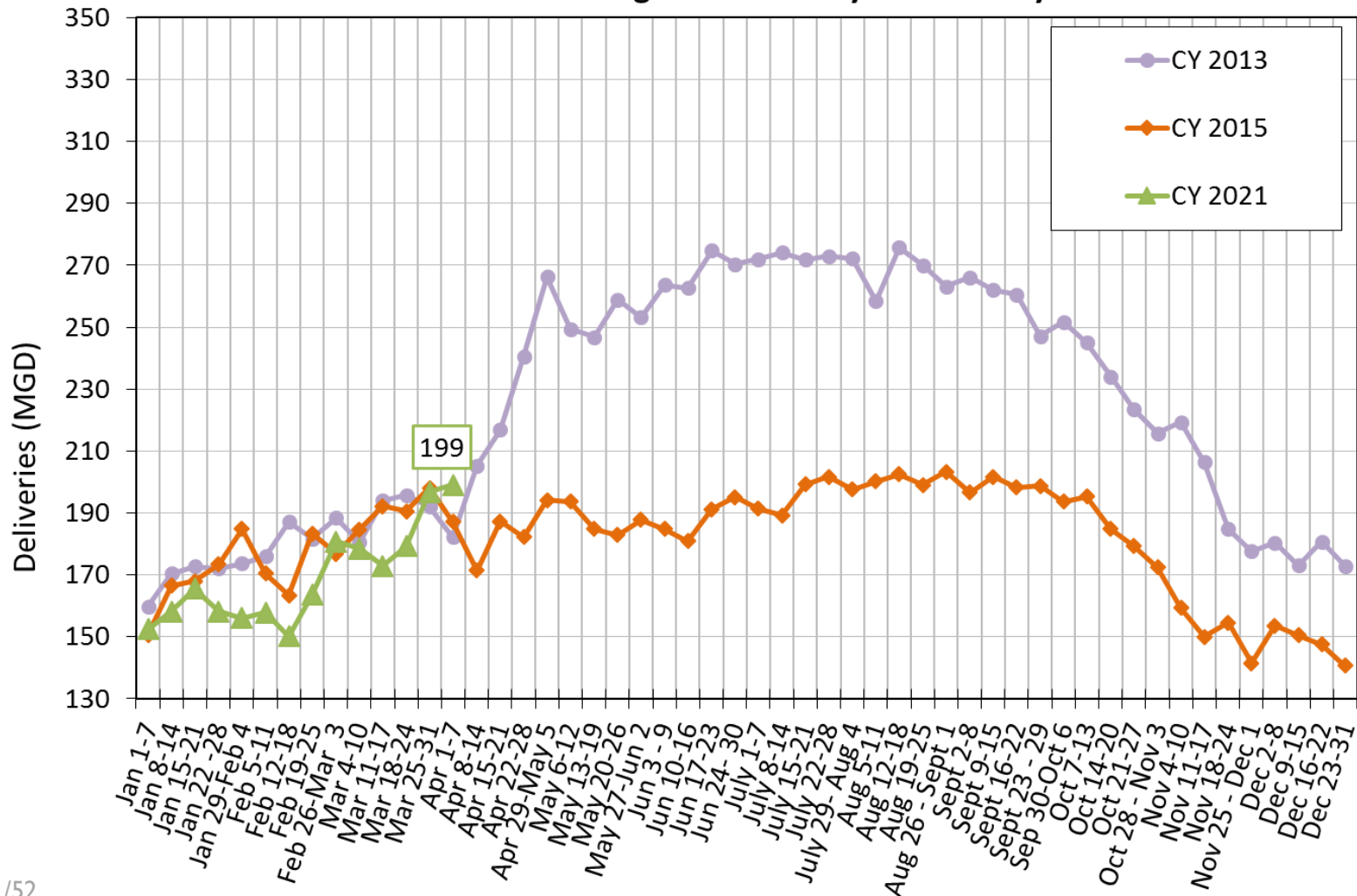
Total Deliveries

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



National Precipitation Forecast

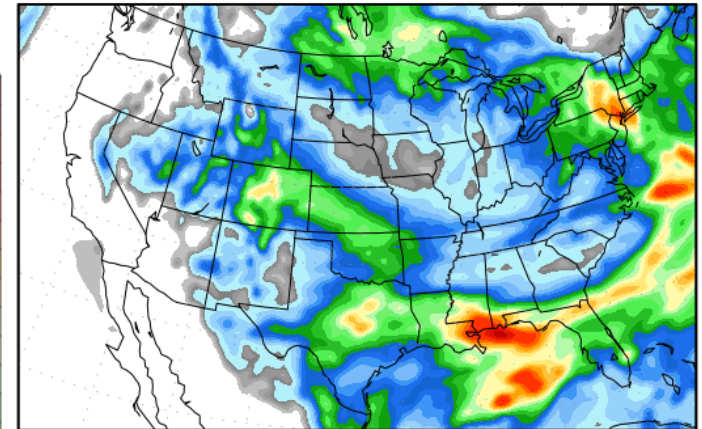
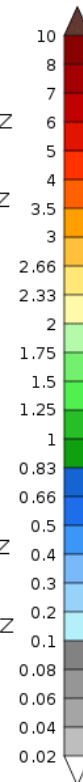
Precipitation Forecasts

Precipitation (in)
during the period:

Mon, 12 APR 2021 at 00Z

-to-

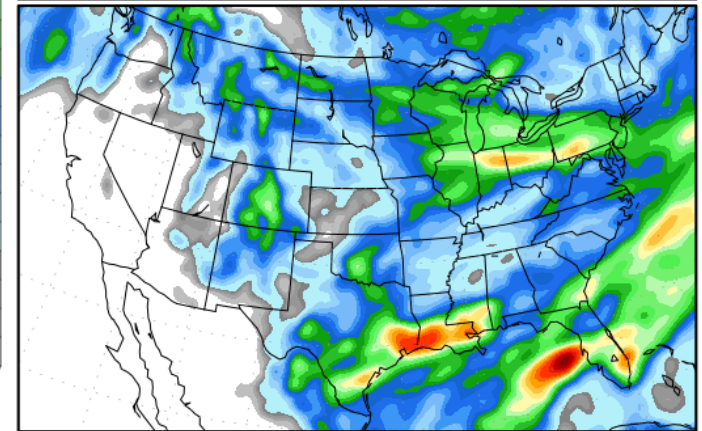
Tue, 20 APR 2021 at 00Z



Tue, 20 APR 2021 at 00Z

-to-

Wed, 28 APR 2021 at 00Z

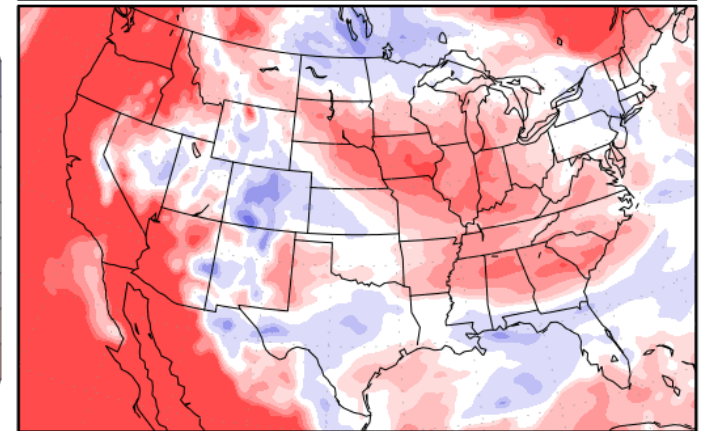
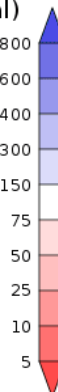


Precipitation (% of normal)
during the first period:

Mon, 12 APR 2021 at 00Z

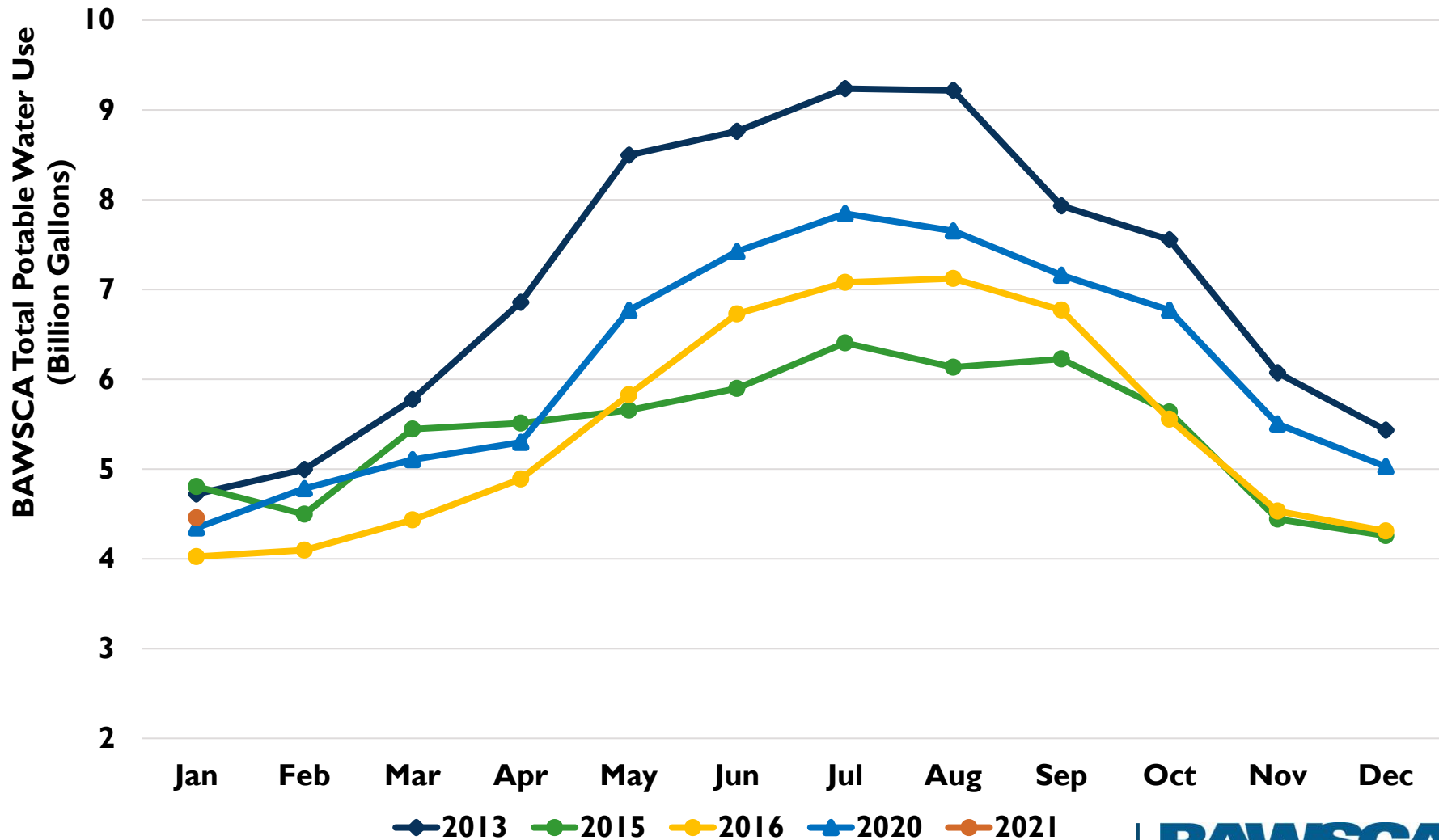
-to-

Tue, 20 APR 2021 at 00Z



Precipitation forecasts from the National Centers for Environmental Prediction.
Normal rainfall derived from Xie-Arkin (CMAP) Monthly Climatology for 1979-2003.
Forecast Initialization Time: 00Z12APR2021

BAWSCA January 2021 Total Potable Water Use 6% Less Than January 2013



New Don Pedro FERC Relicensing Update

- July 2020 – Final Environmental Impact Statement (FEIS) released
 - Identified the Tuolumne River Voluntary Agreement (TRVA) as the preferred FERC alternative
- Required Water Quality Certification of FERC action is ongoing
 - State Board issued Clean Water Act 401 Certification on January 15, 2021 that includes the Bay-Delta Plan 40% unimpaired flow requirement
 - February 16 – BAWSCA, San Francisco and Districts requested reconsideration
 - Potential judicial challenge pending the State Board's decision on reconsideration
 - FERC denied the Districts' request to declare that the State Board waived its 401 Certification authority on January 19, 2021
 - Districts may challenge this determination

SFPUC March 26 Workshop on Water Supply and Demand Planning

- SFPUC has hosted a series of workshops related to water planning issues
- In Workshop #3, SFPUC discussed the Bay-Delta Plan and the related topic of its new “water supply and demand worksheet” tool
- SFPUC staff presented modeling results for 10 different future supply and demand options
 - E.g.: the TRVA, the Bay-Delta Plan (40% Unimpaired flow), and various elements including the inclusion of new alternative supply projects, changes to the rationing policy, and changes to the design drought
- In each case, SFPUC staff presented the assessment of the resulting water supply reliability

SFPUC Workshop – Presentations by Others

- TRT – Focused on the availability of supply even in drought years, called into question demand estimates, and indicated that the existing design drought is too severe and not warranted
- Pacific Institute – Presentation called into question the demand estimates agencies have performed in the past; postulated that demand will not increase over time as customers continue to embrace conservation
- CSPA – Presentation:
 - Called for a policy (at the SFPUC and presumably at BAWSCA agencies) to maintain or reduce demand
 - Suggested that the Bay-Delta Plan can be acceptable with the inclusion of specific flow rules for dry year sequences
 - Said the SFPUC must confront the division of responsibilities (for flow) between SFPUC and Districts (MID/TID)
 - Called for the creation of a Groundwater Bank in Stanislaus County (SFPUC/MID/TID project)

SFPUC Workshop – Commissioners' Comments

- Commission expressed
 - A desire for additional workshops for a closer review of the rationing policy, design drought, the supply/demand dynamics
 - An openness for continued discussion of options that would result in more flow releases to the Tuolumne River
- Commission did not appear focused on being a water supplier
- Commission did not seem to have a real connection to or care for the impacts to water customers – retail or wholesale
- The only Commission references to its Wholesale Customers were focused on projected demands and concerns that growth is overstated

BAWSCA Remains Focused on Having State Board Evaluate the TRVA as an Alternative

- 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
- TRVA is currently the only voluntary agreement ready to be analyzed as an alternative to the Bay-Delta Plan
 - TRVA is developed sufficiently to enable necessary review by the State Board
 - TRVA identified as preferred alternative in the recent analysis by FERC for the relicensing of New Don Pedro Reservoir
- BAWSCA is advocating having the State Board perform a technical and environmental evaluation of the TRVA as an alternative to the Bay-Delta Plan

Closed Session



Jensen, 2011

Comments by Committee Members



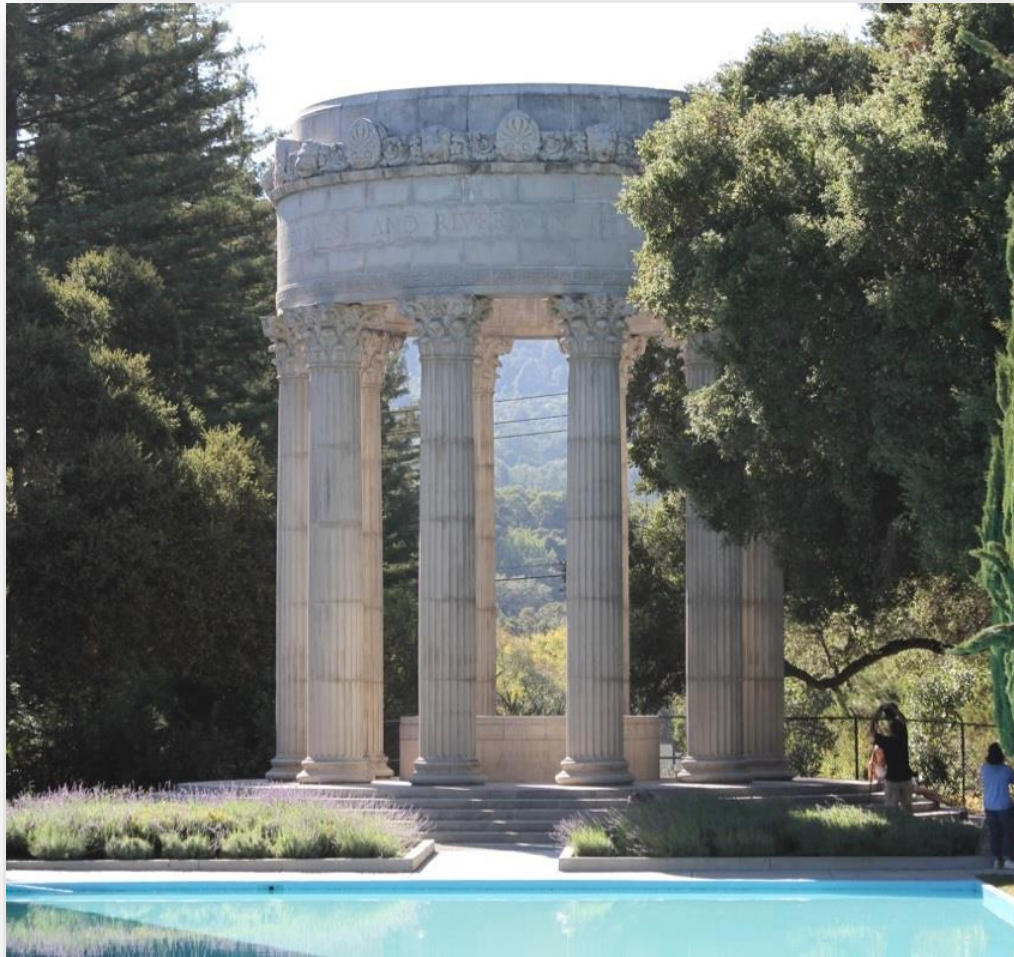
Jensen, 2011

Adjournment

Next Committee Meeting

- June 9, 2021
- Time: 1:30 pm
- Location: “Virtual” Zoom Meeting

Adjourn



L. Ash, 2017