



BAWSCA Service Area

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

“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**


**October 12, 2022**


# Call to Order and Roll Call






# Comments by Chair



 **Replace your lawn with a water-wise landscape**

**We're in a drought, cut waste out.**

**BAWSCA**  
Bay Area Water Supply & Conservation Agency

 **Hetch Hetchy  
Regional Water System**  
Service of the San Francisco Public Utilities Commission

**[bawasca.org/conserv](http://bawasca.org/conserv)**

# Consent Calendar

- Approval of June 8, 2022 Minutes



# Public Comments on Items Not on the Agenda





# Action Items



 **Only wash when the hamper's full**

 **Not full? Not today**

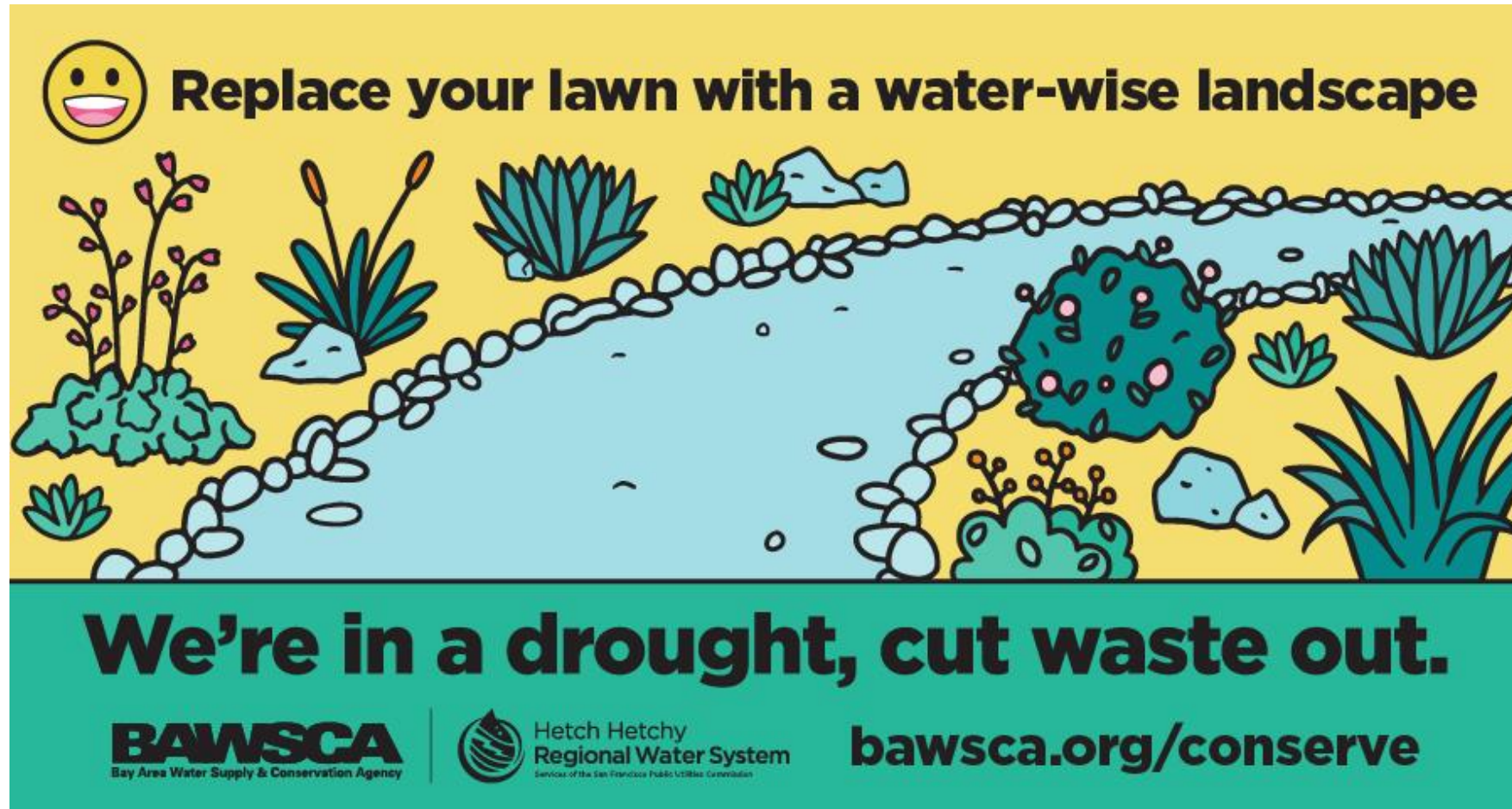
**We're in a drought, cut waste out.**

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**[bawsca.org/conserve](http://bawsca.org/conserve)**

# Annual Review and Consideration of BAWSCA's Statement of Investment Policy



# Annual Review and Consideration of BAWSCA's Investment Policy

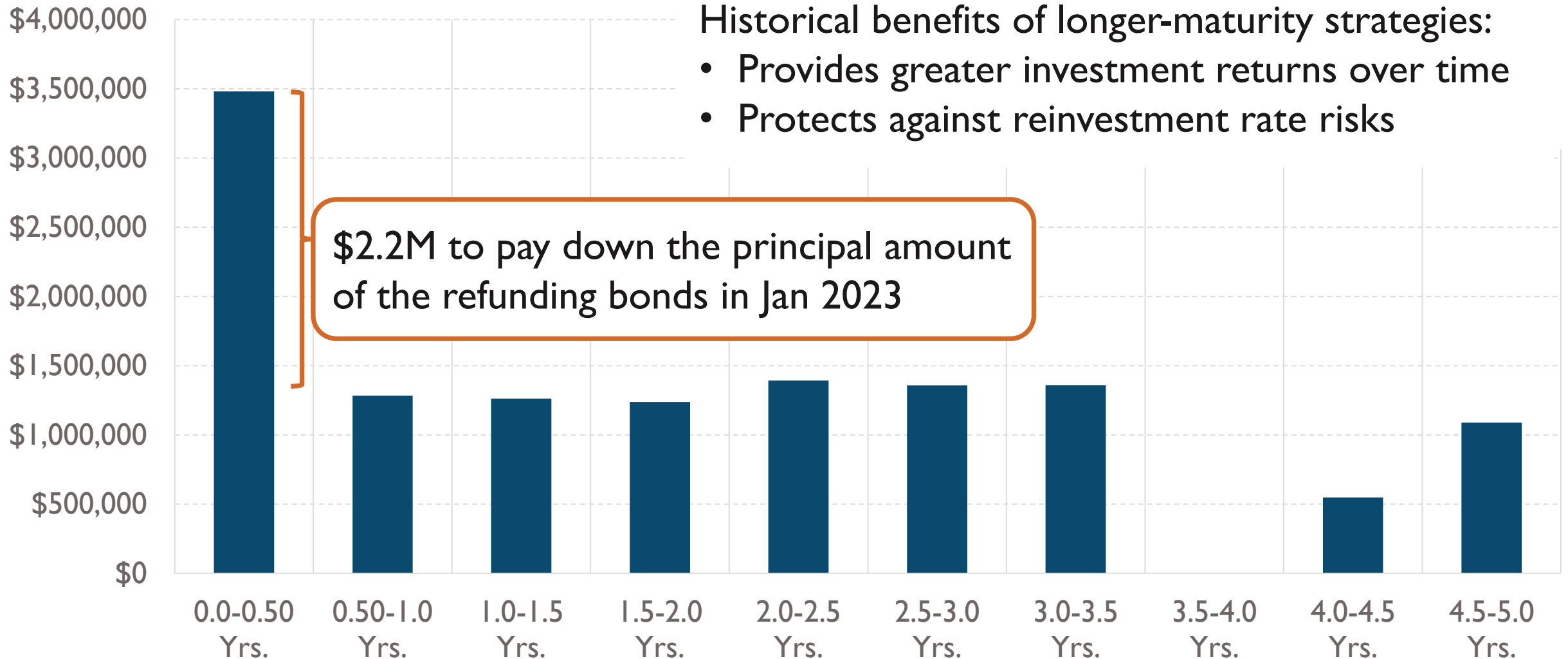
- BAWSCA's Investment Policy requires annual review of the Statement of Investment Policy
  - Primary objectives: safety, liquidity and yield
- Last reviewed in November 2021
  - No changes made
- Both agency funds and bond funds are invested per Investment Policy
  - Most agencies have the Policy govern operating funds, not bond funds
  - Permitted investments reflect the agency's circumstances and primary investment objectives
  - Current language is consistent with State law
- No changes to the policy are recommended



# Overview of Investment Strategy for Bond Stabilization Fund

- Federal Reserve has continued raising interest rates in response to elevated inflation since the beginning of 2022
- BAWSCA's longer-term portfolio strategy is performing well
  - Continues to provide important yield curve diversification against both market price and reinvestment rate risks
- Total bond funds held by Trustee: **\$16,772,247** (as of 10/5/2022)
  - \$3.8M bond surcharges – in Money Market Fund
  - \$13.0M stabilization fund – in U.S. Treasury Securities
- Based on a recent evaluation, the current 0-5 year ladder maturity investment strategy is determined appropriate

# Stabilization Fund Investment Portfolio Maturity Distribution as of 10/5/2022



# Recommended Action

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That the Board Policy Committee recommend Board re-affirmation of the current Statement of Investment Policy.



# Adoption of Resolution #2022-11 Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan

Item #5B



# Drought Shortages on Regional Water System Governed by Two Plans

- **Tier 1 Plan** – Allocates water between SFPUC Retail Customers and the Wholesale Customers collectively
- **Tier 2 Plan (or DRIP)** – Allocates water among the Wholesale Customers
  - Adopted in the Winter/Spring of 2011 by the governing body of each Wholesale Customer.
- Tier 1 and Tier 2 Plans apply during system-wide shortages of 20 percent or less
- WSA Section 3.11(C)(3): SFPUC will honor Tier 2 allocations among the Wholesale Customers provided by BAWSCA or unanimously agreed to by all the Wholesale Customers.

# Tier 2 Plan Originally Expired December 31, 2018

- Tier 2 Plan term was through December 31, 2018
  - Consistent with timing of SFPUC 2018 decisions per 2009 WSA
- WSA enables BAWSCA Board to extend the Tier 2 Plan
  - Per WSA Section 3.11(C)(3)
- May 2019: BAWSCA Board approved a 1-year Plan extension through Dec. 31, 2019
- Nov. 2019: BAWSCA Board approved a 1-year Plan extension through Dec. 31, 2020
- Nov. 2020: BAWSCA Board approved a 1-year Plan extension through Dec. 31, 2021
- Nov. 2021: BAWSCA Board approved a 1-year Plan extension through Dec. 31, 2022
- The Water Management Representatives (WMR) have been engaged and supportive of the Tier 2 adoptions by the Board for each of the successive years
  - Appropriate to delay renegotiations of new Tier 2 until State efficiency requirements known



# BAWSCA is Facilitating Negotiations Between the WMR to Update the Tier 2 Plan

- In January 2022, BAWSCA and the member agencies initiated an update to the Tier 2 Plan
- Each agency appointed a lead negotiator to represent their agency's interests and perspectives
- Agencies have agreed to a set of policy principles to guide model development
- Between January and August 2022, negotiations were held during monthly WMR meetings in a remote setting
- In-person meeting began in September to supplement discussions at monthly WMR meetings
- BAWSCA is encouraged by the productive discussions and progress made to date
- However, it is not feasible to finalize an updated Tier 2 Plan and have all member agencies adopt it by the end of the calendar year

# Current Implementation of Tier 2 Plan

- In November 2021, SFPUC declared a water shortage emergency, triggering implementation of the Tier 1 and Tier 2 Plans for the first time
  - During 2015-2017 drought, Governor Brown mandated water use reductions across the state, superseding the Tier 1 and Tier 2 Plans
- Given that the SFPUC's November 2021 drought emergency declaration remains in effect and the Tier 2 Plan is currently being implemented, it is recommended that the Board extend the term of the 2021 Amended and Restated Tier 2 Plan

# Recommended Action

That the Board Policy Committee recommend Board adoption of Resolution 2022-11 extending the term of the 2021 Amended and Restated Tier 2 Plan through December 31, 2023.



# CEO Reports



# BAWSCA Initiating Update to Long-Term Reliable Water Supply Strategy

- BAWSCA's Reliable Long-Term Water Supply Strategy (Strategy) last completed in 2015
  - Phase I – Scoping Report – Published in June of 2010
  - Phase IIA – Strategy Report with Recommended Actions – Published in June of 2012
  - Final Report – Detailed Implementation Plan / Final Strategy – Published in February of 2015
- Strategy focused on the implementation of regional water supply projects (desalination, long-term water transfers, etc.) that would provide a BAWSCA-specific water supply to member agencies
- FY 2022-23 Work Plan anticipates initiation of Strategy update
  - Develop a scope for the updated Strategy
    - Consider information developed from BAWSCA's Regional Water Supply Reliability Roundtable
    - Consider result(s) from attempts to implement portions of BAWSCA's existing LTWSS
  - Prepare the updated Strategy – 2023-2025
    - Incorporate information gleaned from BAWSCA's updated demand study
    - Incorporate information gleaned from SFPUC's Alternative Water Supply Plan
    - Consider the updated Tier-2 Plan

# Strategy Update Scoping Efforts Have Begun

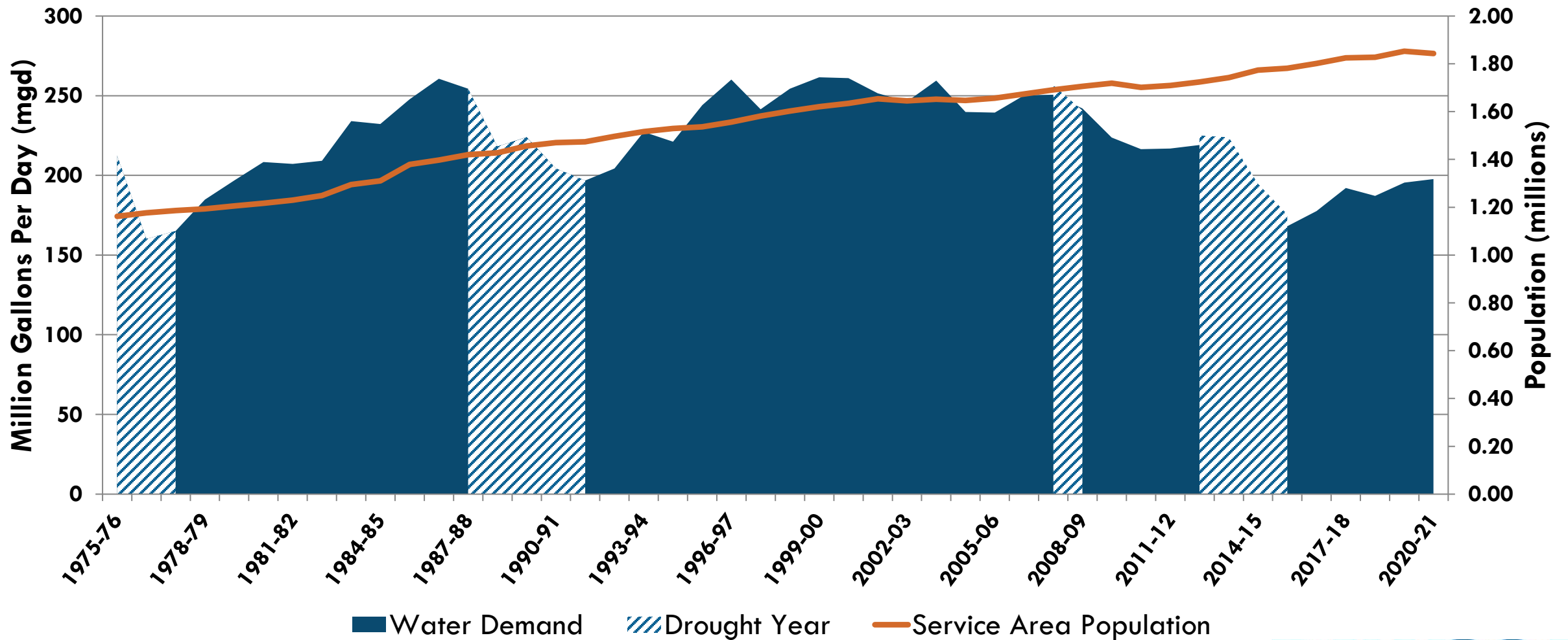
- Information from BAWSCA's Regional Water Supply Reliability Roundtable informs the Strategy Update scope
  - BAWSCA is meeting with individual member agencies to discuss their specific efforts to develop water supply projects
  - Those meetings are on-going and Project Information Forms (PIFs) are being prepared
- BAWSCA developing an RFP to be issued in late 2022 for scoping support
  - BAWSCA has identified that consultant support is required for scope development
  - Consultant support will assist staff in finalizing the scope for the Strategy update, incorporating information from agency discussions (including PIFs)
  - Engagement with Board will continue through BPC and Board presentations and feedback
  - Scope for the Strategy update will be used to develop a formal workplan for moving forward

# October 11, 2022 Reservoir Storage

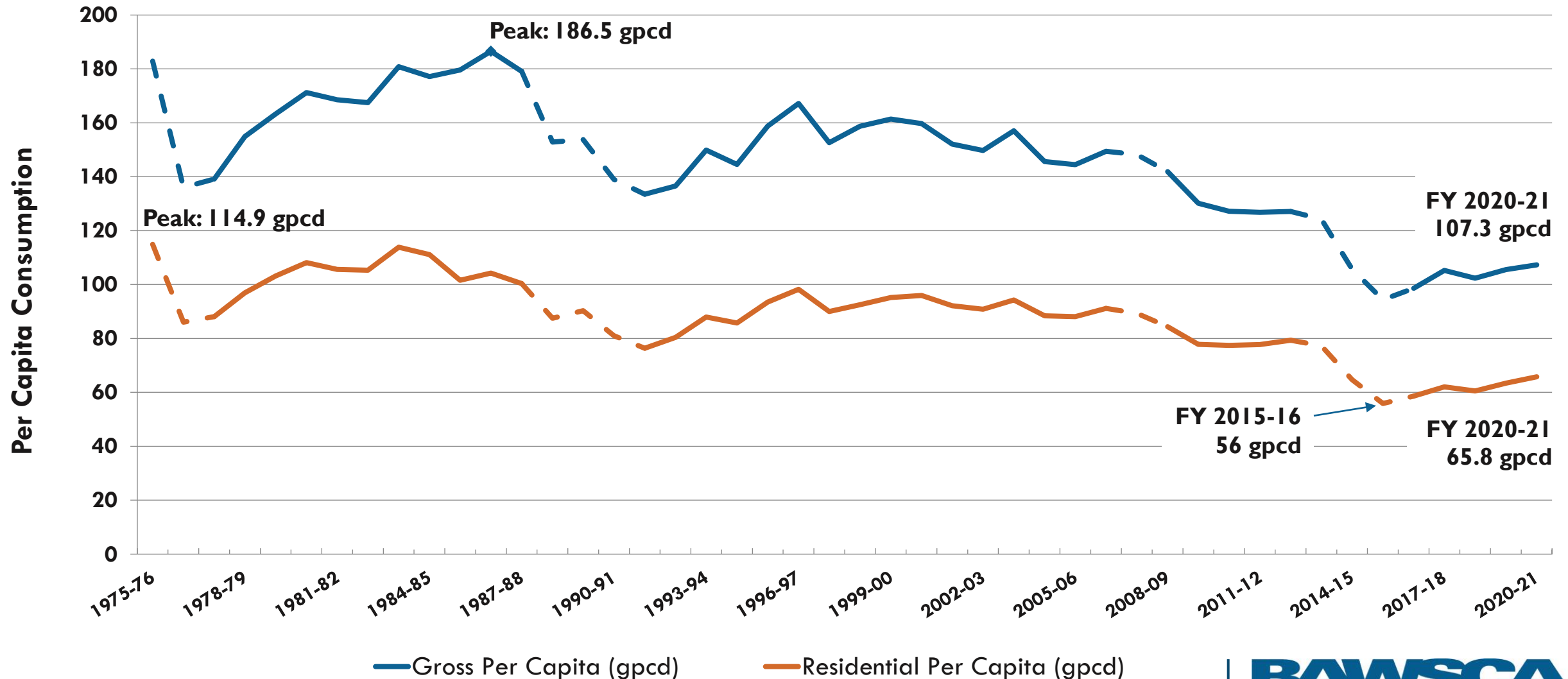
Reservoir	Current Storage <sup>1,2,3</sup> (AF)	Maximum Storage <sup>4</sup> (AF)	Available Capacity (AF)	Percent of Maximum Storage	Normal Percent of Maximum Storage <sup>5</sup>
<u>Tuolumne System</u>					
Hetch Hetchy	275,800	360,360	84,560	76.5%	<b>77.4%</b>
Cherry	243,000	273,345	30,345	88.9%	-
Eleanor	18,300	27,100	8,800	67.5%	-
Water Bank	252,887	570,000	317,113	44.4%	<b>99.3%</b>
<b>Total Tuolumne Storage</b>	<b>789,987</b>	<b>1,230,805</b>	<b>440,818</b>	<b>64.2%</b>	-
<u>Local System</u>					
Calaveras	57,795	96,670	38,875	59.8%	-
San Antonio	41,975	53,266	11,291	78.8%	-
Crystal Springs	51,372	58,309	6,937	88.1%	-
San Andreas	17,090	19,027	1,937	89.8%	-
Pilarcitos	2,278	3,030	752	75.2%	-
<b>Total Local Storage</b>	<b>170,510</b>	<b>230,302</b>	<b>59,792</b>	<b>74.0%</b>	-
<b>Total System Storage</b>	<b>960,497</b>	<b>1,461,107</b>	<b>500,610</b>	<b>65.7%</b>	<b>79.7%</b>
<b>Total without water bank</b>	<b>707,610</b>	<b>891,107</b>	<b>183,497</b>	<b>79.4%</b>	-



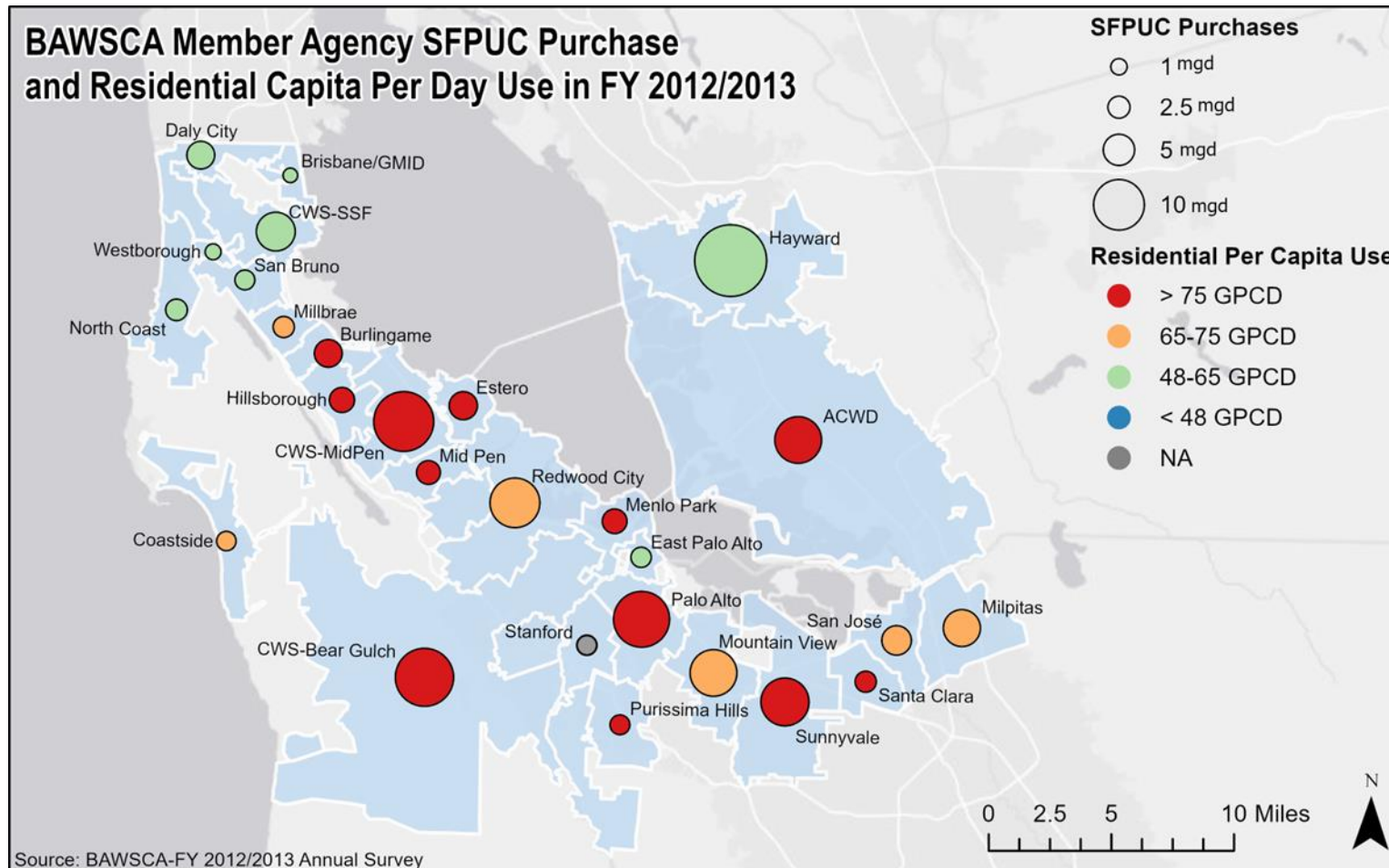
# 24% Less Water Used Today in BAWSCA Region Compared to FY 1986/87 Despite a 32% Population Increase



# Residential Per Capita Water Use Has Decreased by 37% in BAWSCA Region Since FY 1986/87

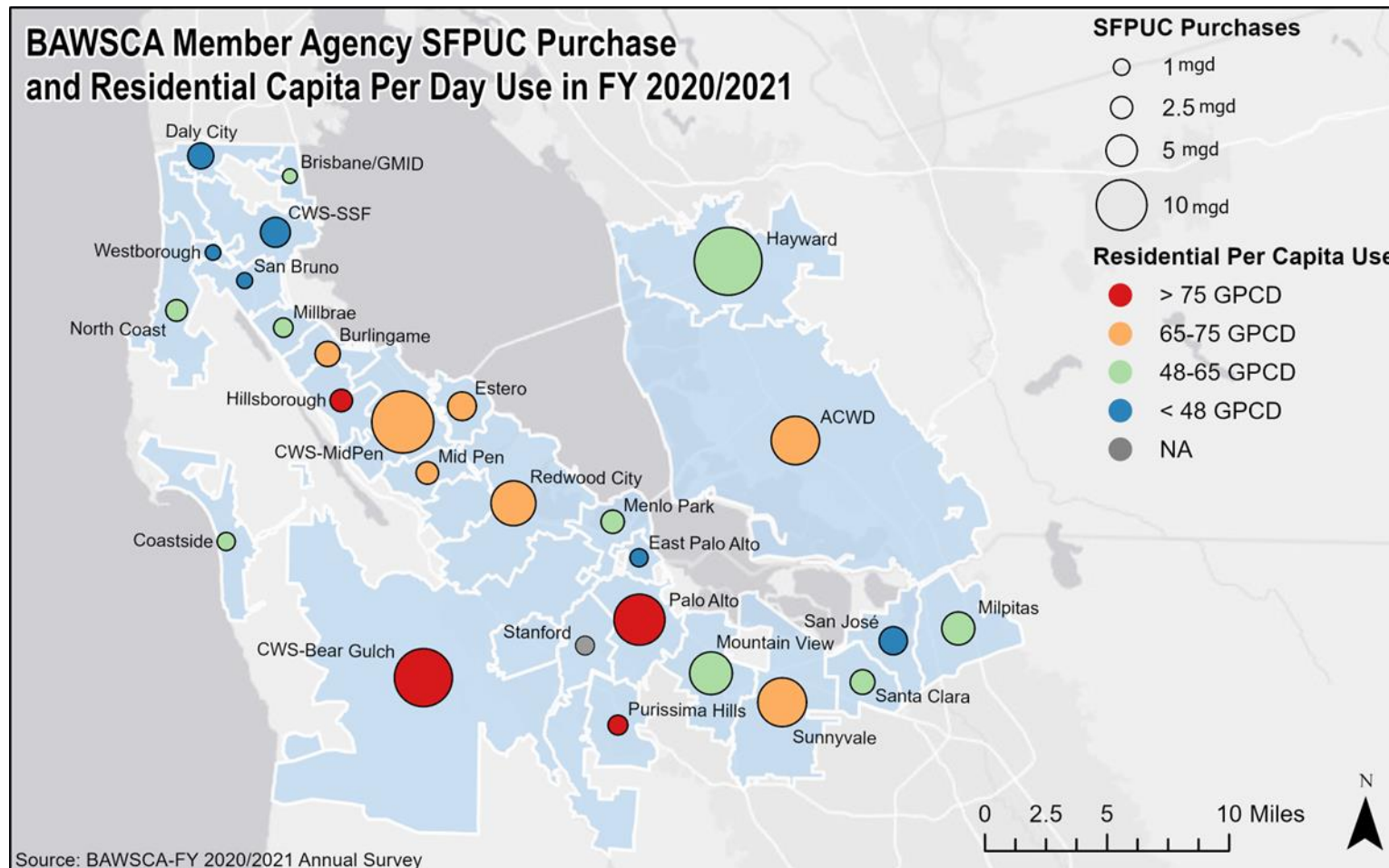


# Average Residential Water Use in BAWSCA Region in FY 2012/13 was 71 GPCD



- No agencies using < 48 GPCD
- 9 agencies using 48-65 GPCD
- 12 agencies using > 75 GPCD
- 49 GPCD SF Retail Residential Use (avg.)

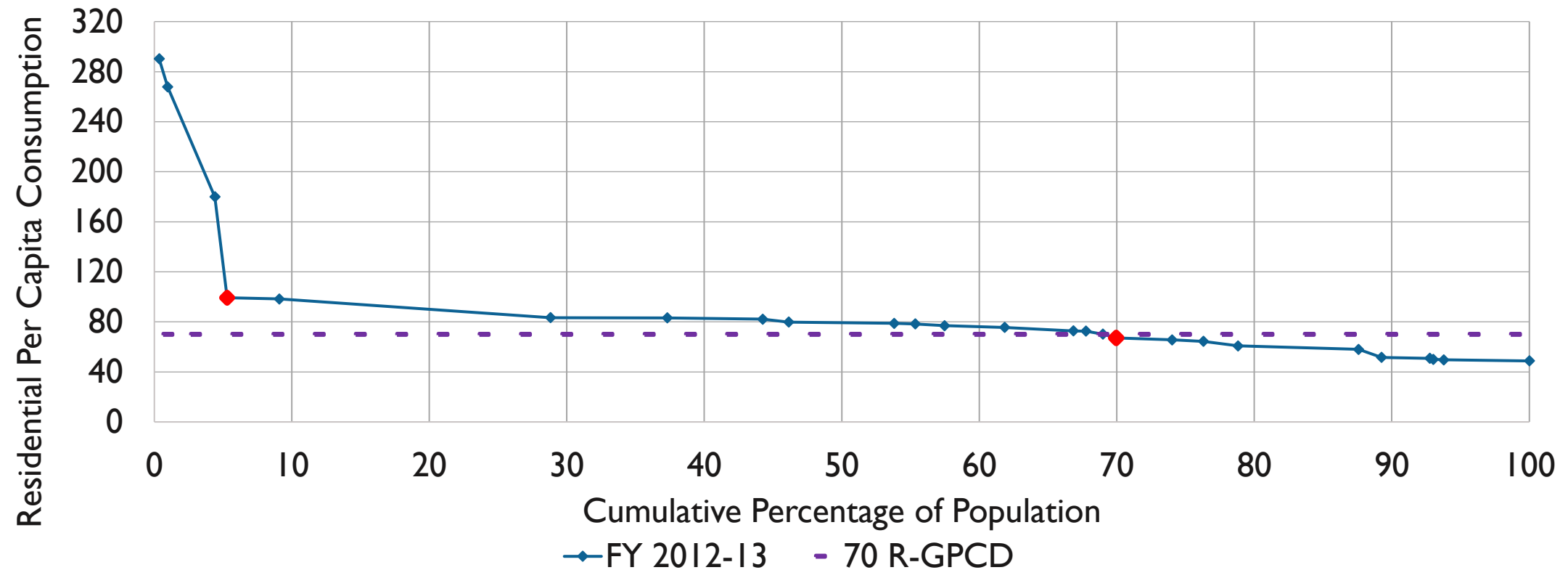
# Average Residential Water Use in BAWSCA Region in FY 2020/21 was 66 GPCD



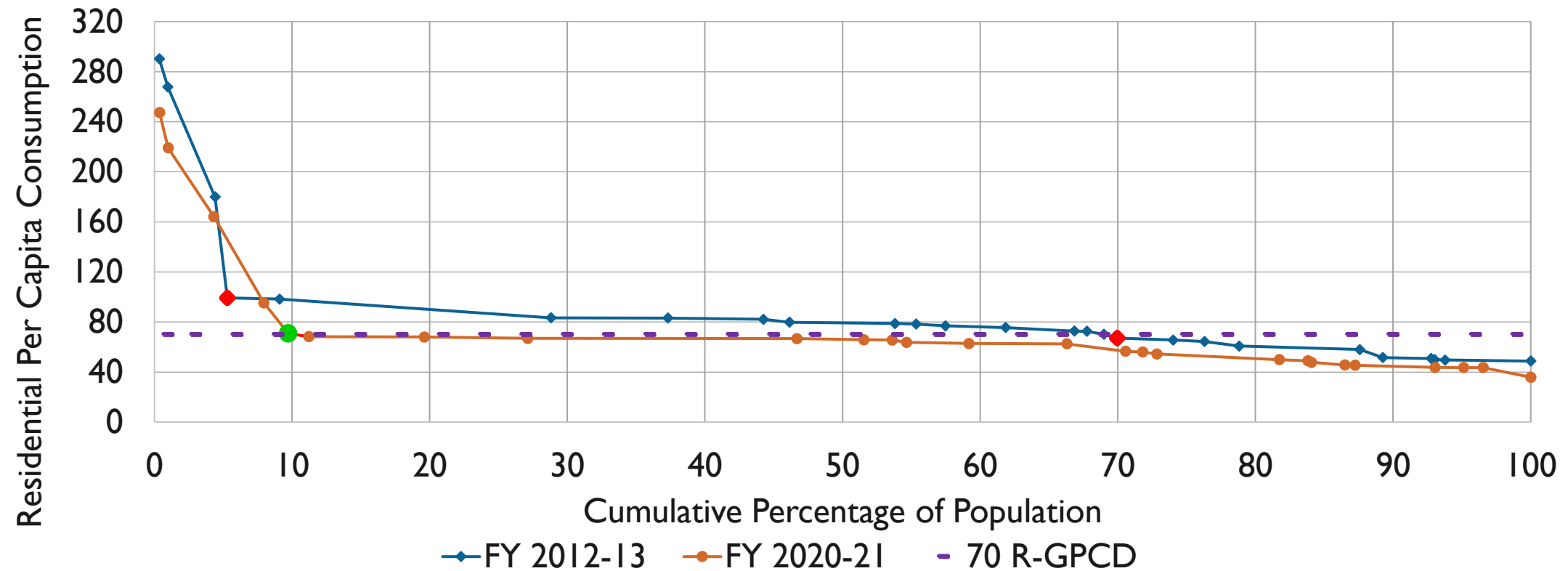
- 9 agencies using < 48 GPCD
- 8 agencies using 48-65 GPCD
- 4 agencies using > 75 GPCD
- 42 GPCD SF Retail Residential Use (avg.)



# In FY 2012/13, 31% of Water Customers in the BAWSCA Region Used Less Than 70 Gal Per Day

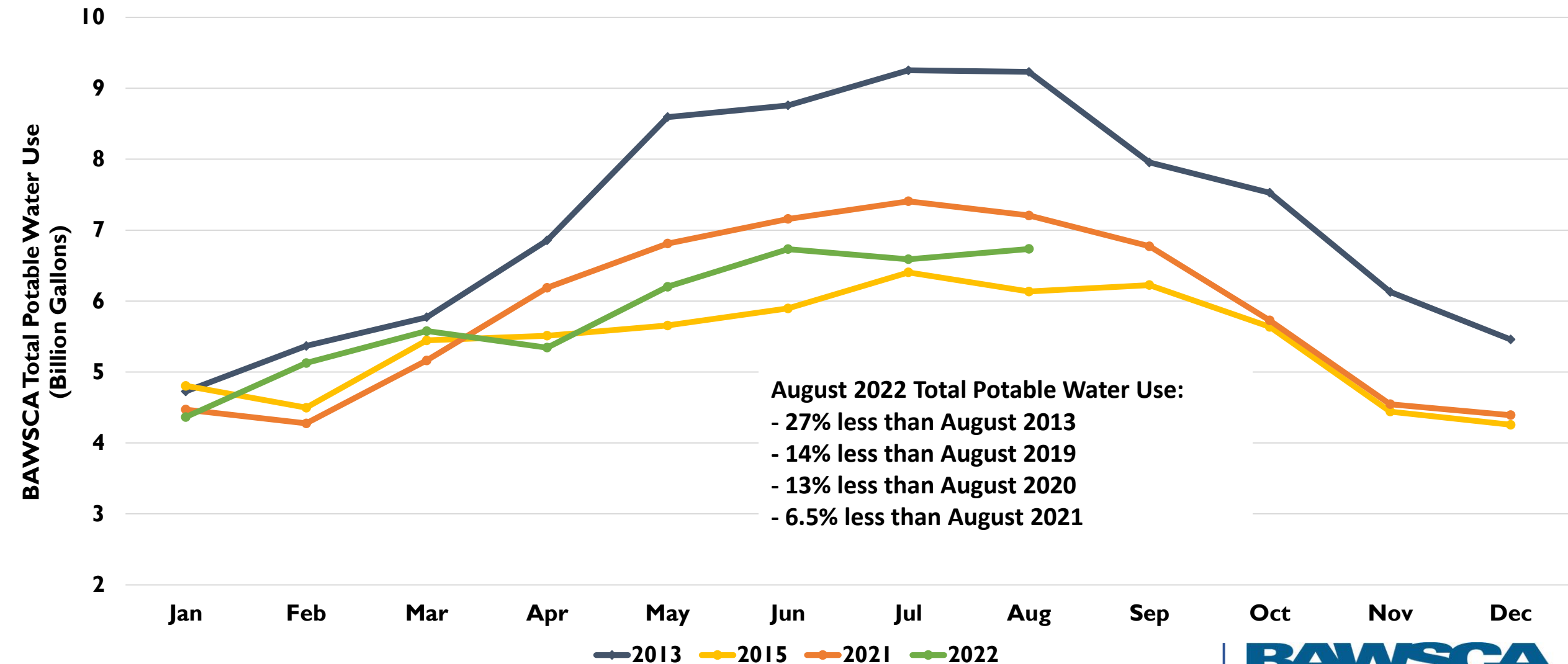


# In FY 2020/21, 90% of Water Customers in the BAWSCA Region Use Less Than 70 Gal Per Day, Compared to 31% in FY 2012/13



# BAWSCA August 2022 Total Potable Water Use

## 27% Less Than August 2013 and 6.5% Less Than August 2021



# BAWSCA Working with Its Member Agencies to Achieve Necessary Water Savings

- BAWSCA and its member agencies are committed to responding to the Governor's and SFPUC's call for water use reductions
- Water customers are responding to the call for increased water conservation
- Aug 2022 water use showed continued savings compared to 2021
- Overall water use (from all sources) down 6.5% in August compared to August 2021
- Cumulative savings not yet achieving overall RWS target reductions
- What further actions are needed at the water supplier level and regionally?
- BAWSCA will work with its member agencies and the SFPUC to identify further steps to reduce water use in anticipation of another dry year
- BAWSCA and its member agencies respect the Governor's leadership in responding to the current drought





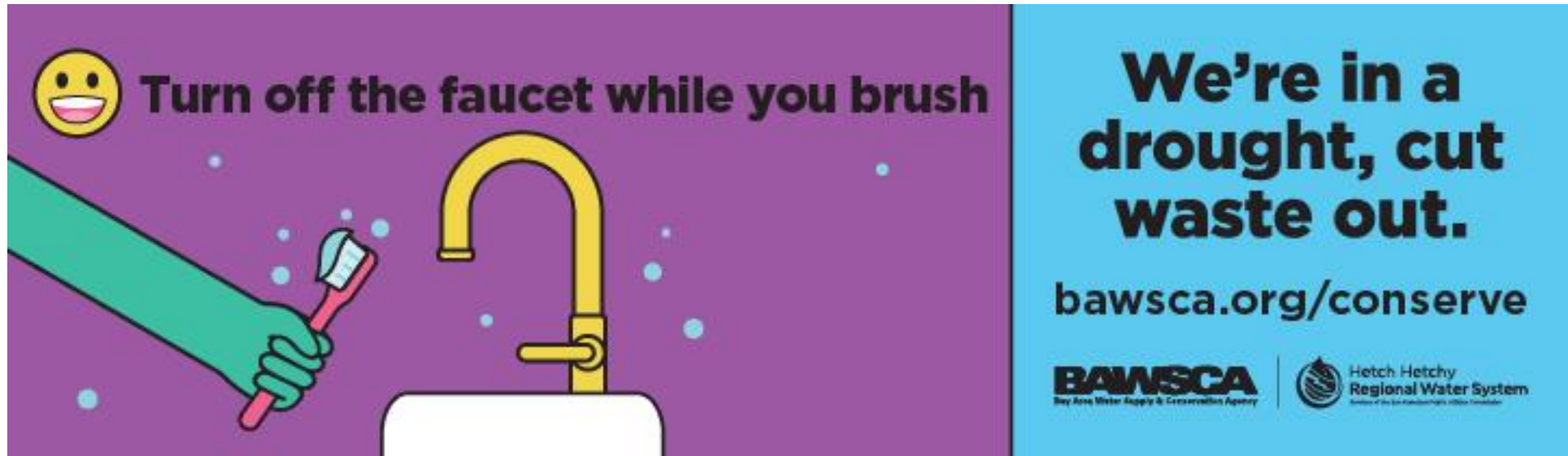
# Bay Delta Plan – Voluntary Agreement Discussions Continue

- State continuing efforts on a Memorandum of Understanding to develop an agreement to protect beneficial uses in the Sacramento-San Joaquin Delta (MOU)
  - First signed in March by State (Natural Resources, EPA, DWR, CDFW) and other large water agencies with interest in Delta (Yuba County Water Agency, Westlands Water District, MWD, State Water Contractors, Kern County Water Agency, USBR, etc.)
  - In mid-August, EBMUD joined as a signatory to the MOU
- The MOU outlines broad areas of agreement (i.e., narrative rather than a numeric objective for the Bay Delta Plan) and anticipates the need for further negotiations among all signatories to develop detailed implementation agreements
- Ongoing dialogue between SFPUC, the Districts and the State about the potential inclusion of voluntary agreement flows for the Tuolumne River in the MOU
- SFPUC, the District, and the State to continue to work toward a mutually agreeable MOU

# Closed Session



# Comments by Committee Members



# Next Meeting and Adjournment

## Next Meeting

December 14, 2022

1:30 pm

Location and Format TBA