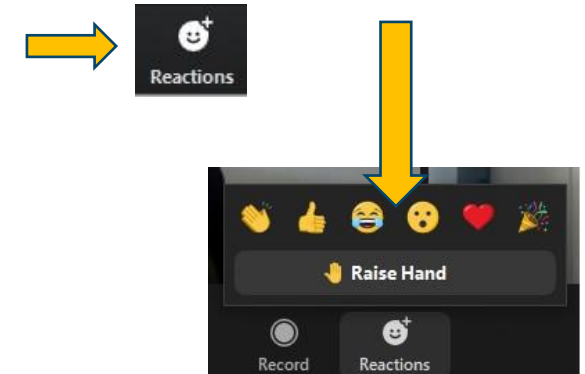


Meeting Instructions While We Gather

- 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
- 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

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 of Directors Meeting


March 17, 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/conservate

Board Policy Committee Report



Consent Calender

- Adoption of Resolution #2022-04, Declaring that Board meetings will continue to be held via Teleconference.
- Approval of January 20th Minutes
- Receive and File:
 - Budge Status Report
 - Bond Surcharge Collection, Account Balance and Payment Report
- Approval of FY 2022-23 Bond Surcharges
- Agreement with Outfront Media



SFPUC Report



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

 **Not full? Not today**

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

bawsca.org/conserve

Drought Conditions Update

Steven R. Ritchie

Assistant General Manager, Water

March 17, 2022

Ongoing Drought Conditions

- Statewide drought conditions persist.
- Hetch Hetchy Reservoir is likely to fill, but the entire storage system is unlikely to fill.
 - During the 2013-2016 drought, we filled Hetch Hetchy virtually every year by debiting Water Bank.
- State Water Board curtailments create significant uncertainty about how much runoff we can store.
- The drought may extend beyond this year.
- The State is emphasizing that this is truly a statewide problem.
- To date water use reduction performance is promising, but summer water use reduction will be the real test.

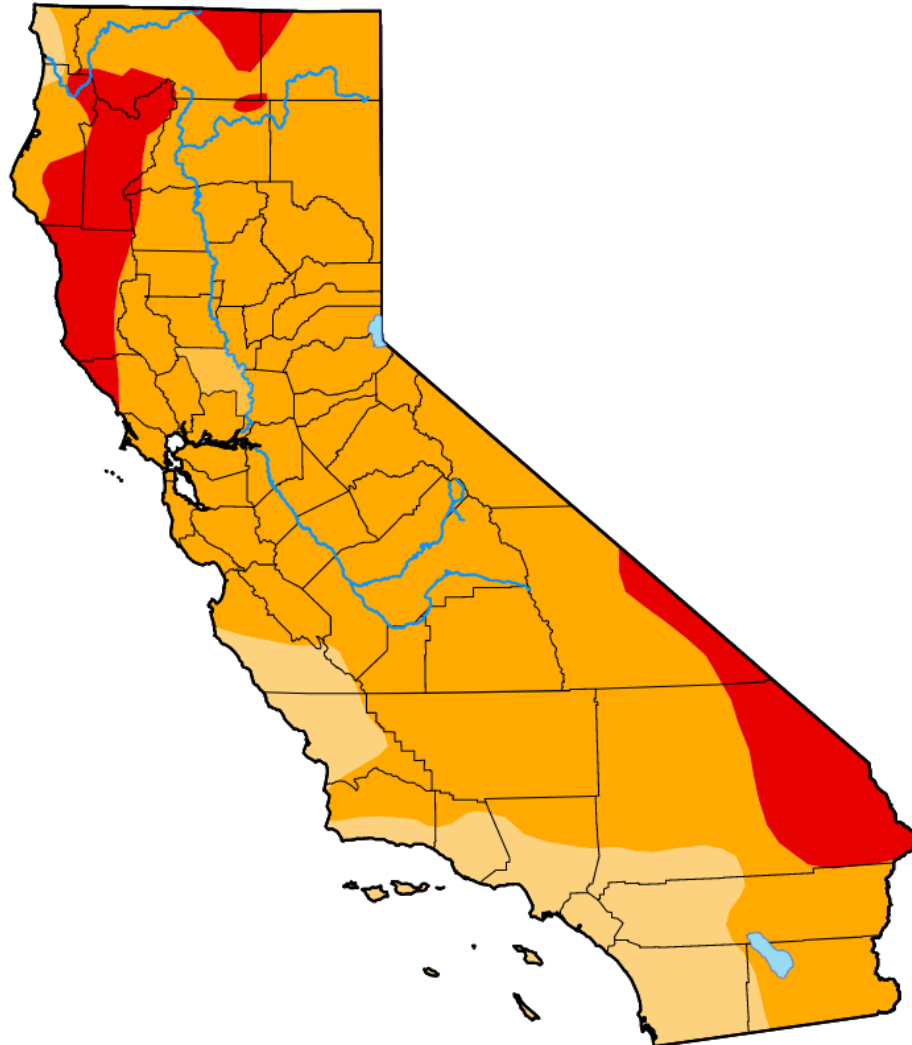
Governor Newsom's March 13 Announcement

- After California recorded its driest January and February in more than 100 years of records in the Sierra Nevada, the State is spending an additional \$22.5 million to respond to the immediate drought emergency.
- More than a third of the money will be used to increase outreach efforts to educate Californians on water conservation measures and practices.
- The funds are part of a comprehensive effort to increase water conservation. Earlier this month, the state launched new video ads to encourage Californians to reduce outdoor watering.
- With the additional funds, the Save Our Water campaign is gearing up to reach Californians with water-saving tips via social media and other digital advertising, geo-targeting counties with high water use.
- The campaign also is securing partnerships with retailers and other organizations to urge Californians to reduce water use immediately and make permanent changes to landscaping to build future resilience.

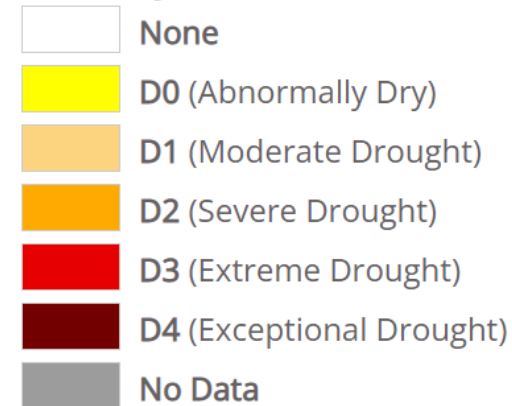
California Drought Monitor

Map released: Thurs. March 10, 2022

Data valid: March 8, 2022 at 7 a.m. EST



Intensity



Authors

United States and Puerto Rico Author(s):

Brian Fuchs, National Drought Mitigation Center

Pacific Islands and Virgin Islands Author(s):

Denise Gutzmer, National Drought Mitigation Center

*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying **text summary** for forecast statements.*

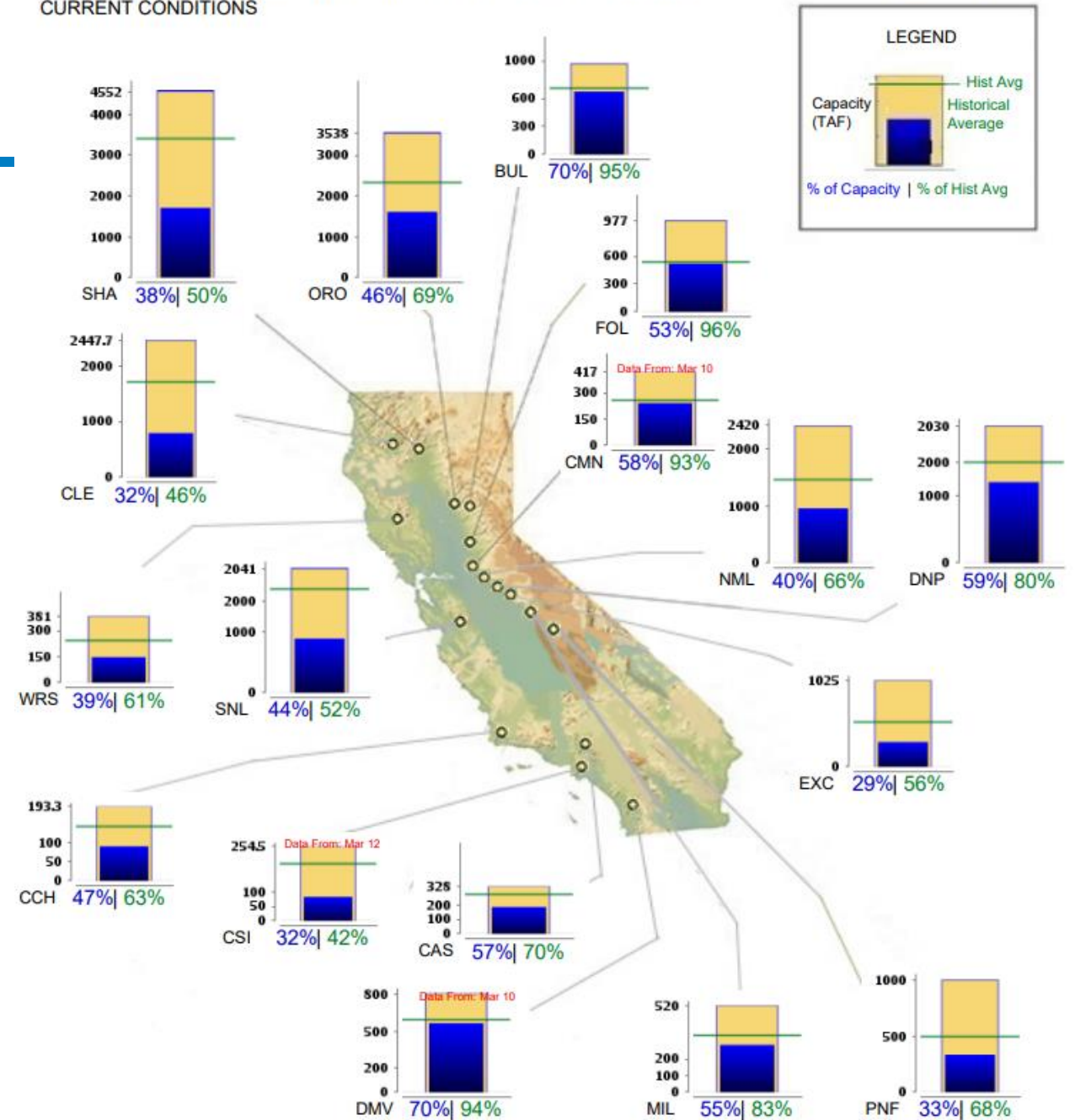
March 14, 2022 Reservoir Storage

Reservoir	Current Storage ^{1,2,3} (AF)	Maximum Storage ⁴ (AF)	Available Capacity (AF)	Percent of Maximum Storage	Normal Percent of Maximum Storage ⁵
<u>Tuolumne System</u>					
Hetch Hetchy	296,300	360,360	64,060	82.2%	63.5%
Cherry	228,300	268,800	40,500	84.9%	-
Eleanor	19,220	21,495	2,275	89.4%	-
Water Bank	346,903	570,000	223,097	60.9%	99.8%
Total Tuolumne Storage	890,723	1,220,655	329,932	73.0%	-
<u>Local System</u>					
Calaveras	64,843	96,670	31,827	67.1%	-
San Antonio	36,377	53,266	16,889	68.3%	-
Crystal Springs	43,132	58,309	15,177	74.0%	-
San Andreas	16,338	19,027	2,689	85.9%	-
Pilarcitos	2,708	3,030	322	89.4%	-
Total Local Storage	163,398	230,302	66,904	70.9%	-
Total System Storage	1,054,121	1,450,957	396,836	72.7%	81.0%
Total without water bank	707,218	880,957	173,739	80.3%	-

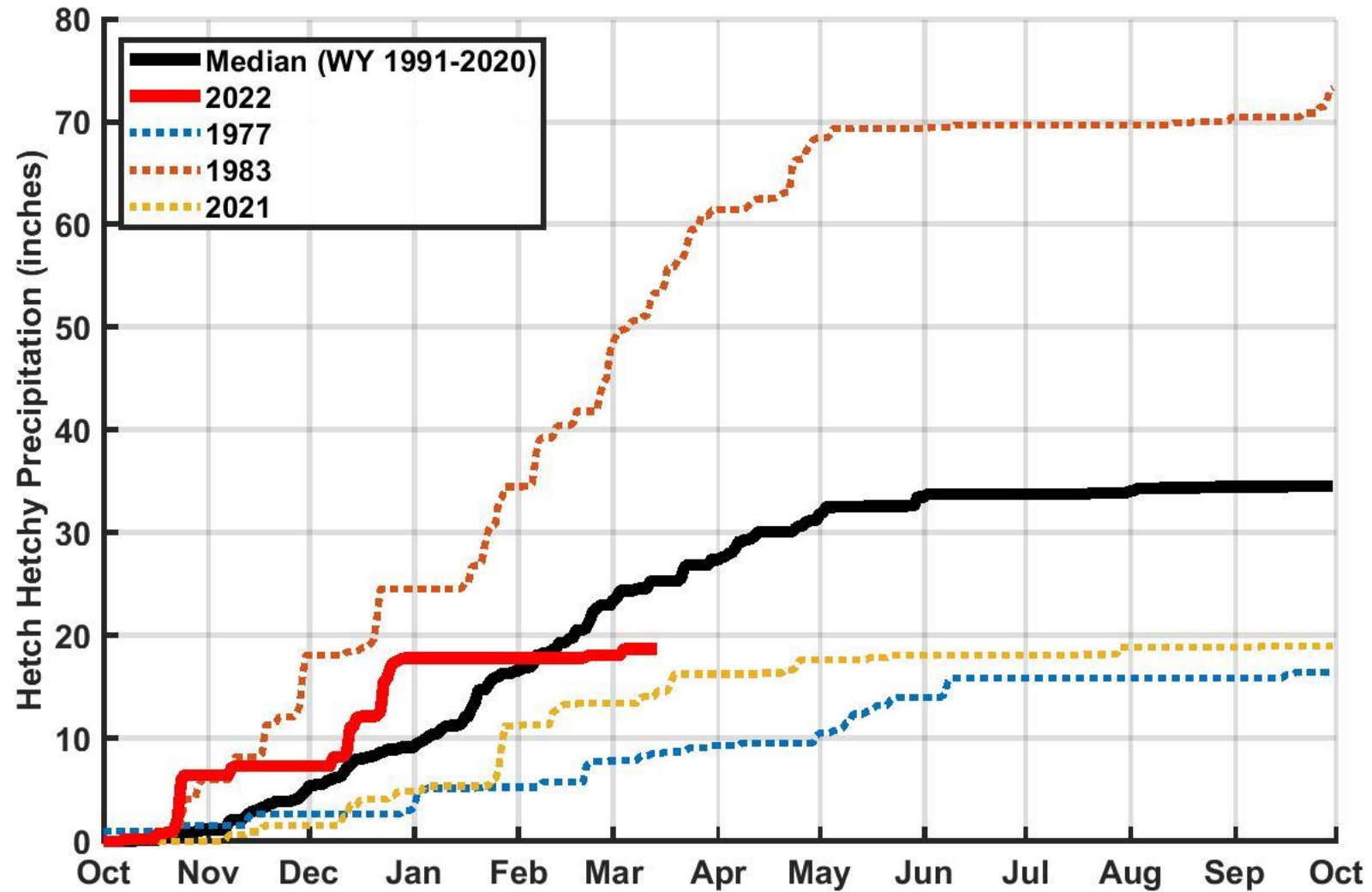
Other California Reservoirs

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS CURRENT CONDITIONS

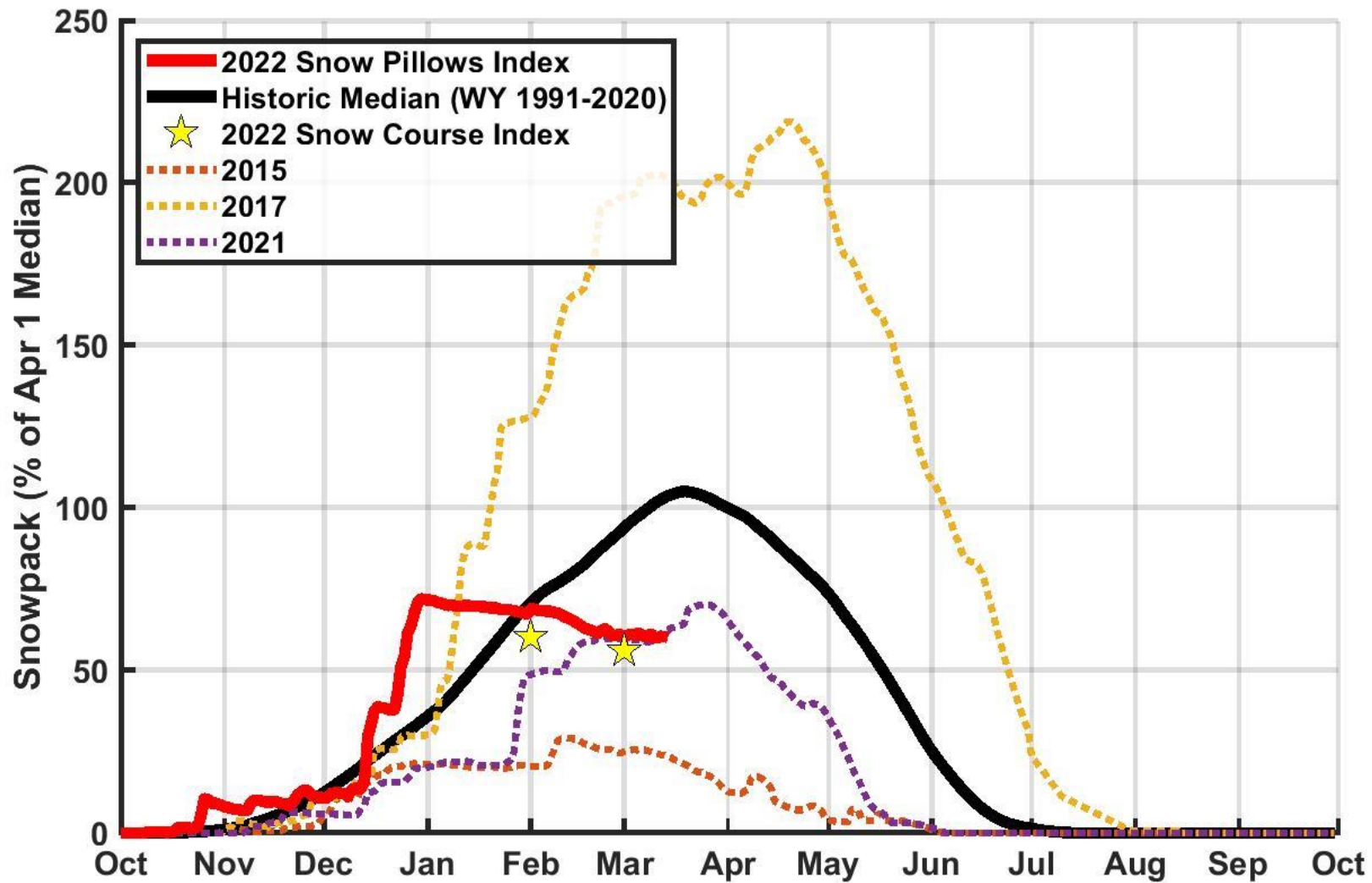
Midnight - March 13, 2022



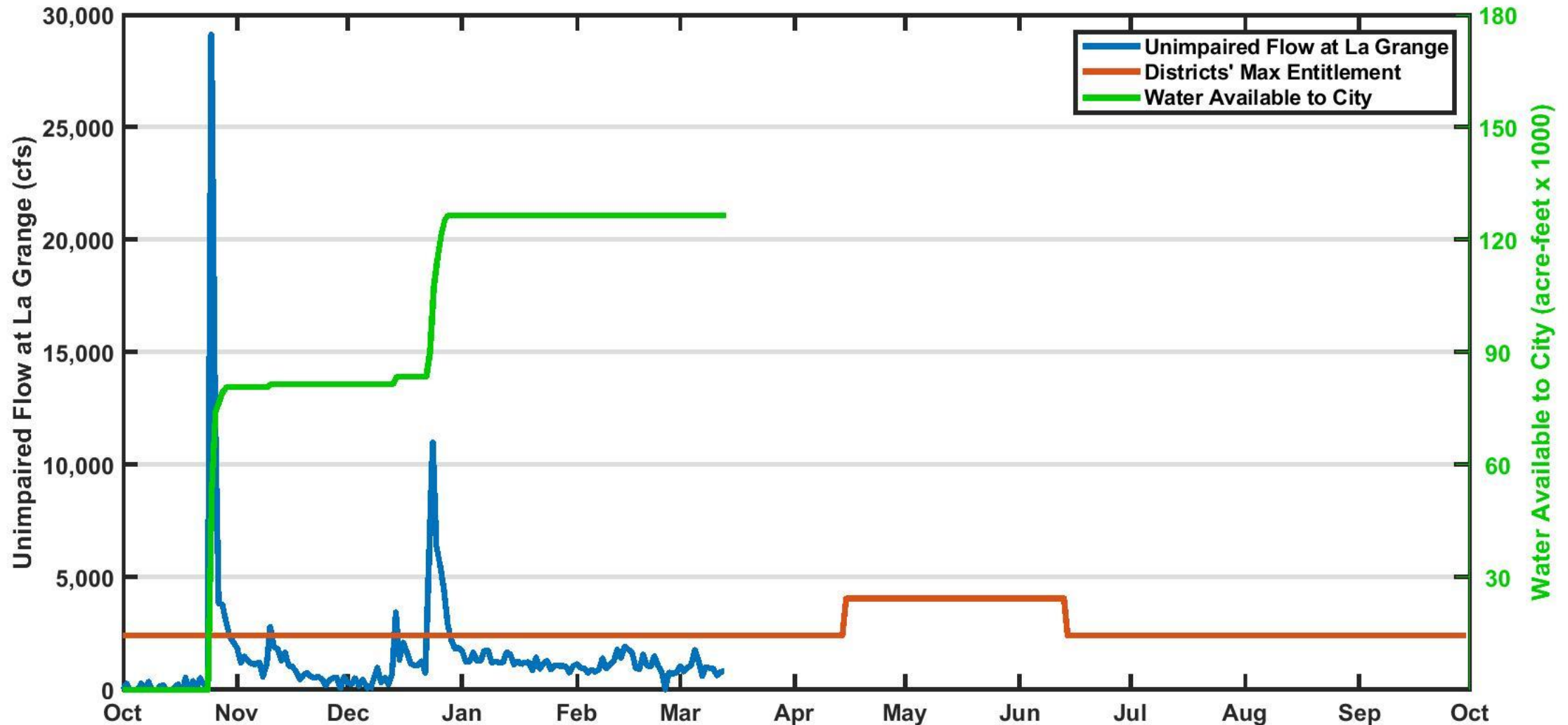
Hetch Hetchy Precipitation



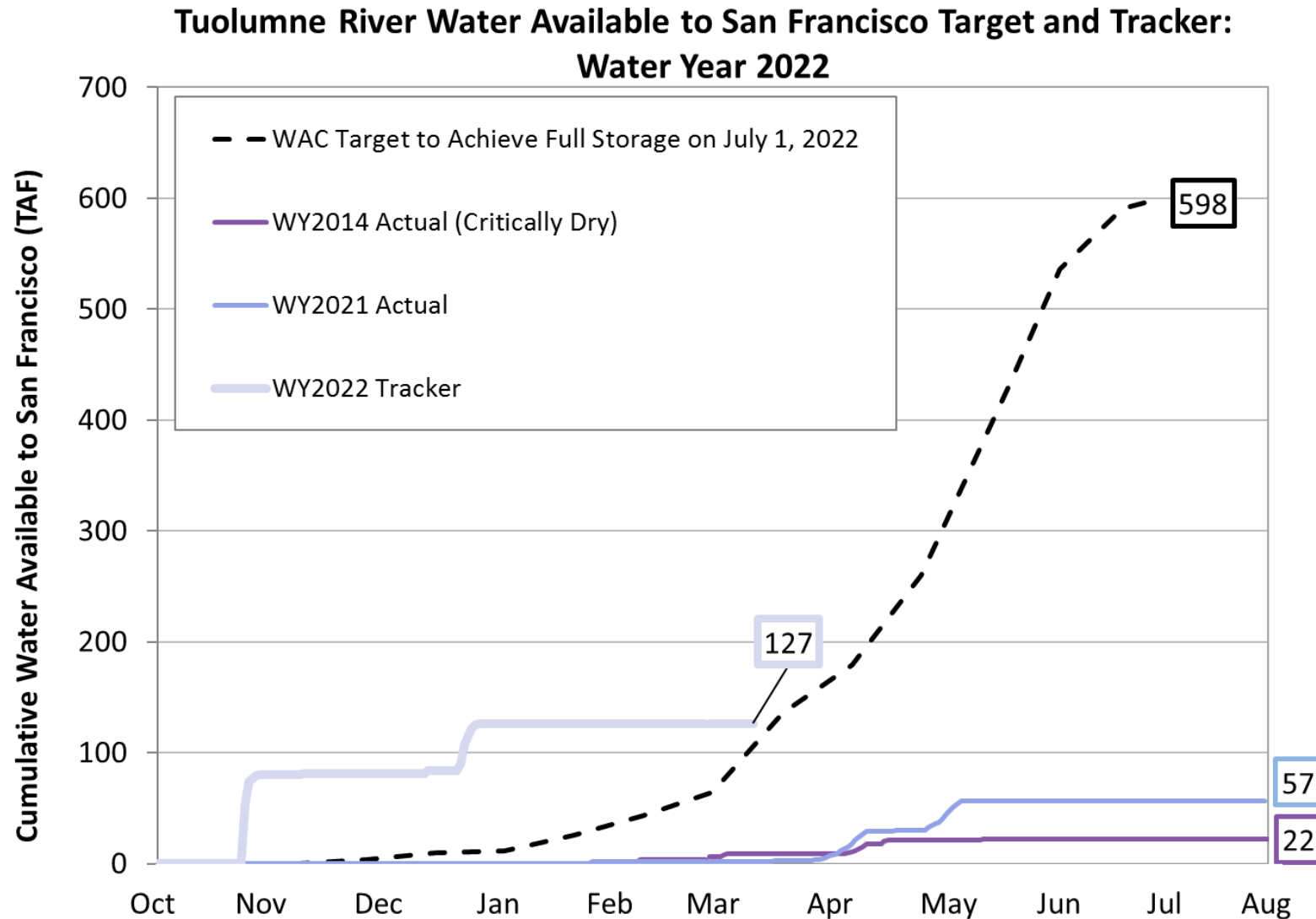
Upcountry Snowpack



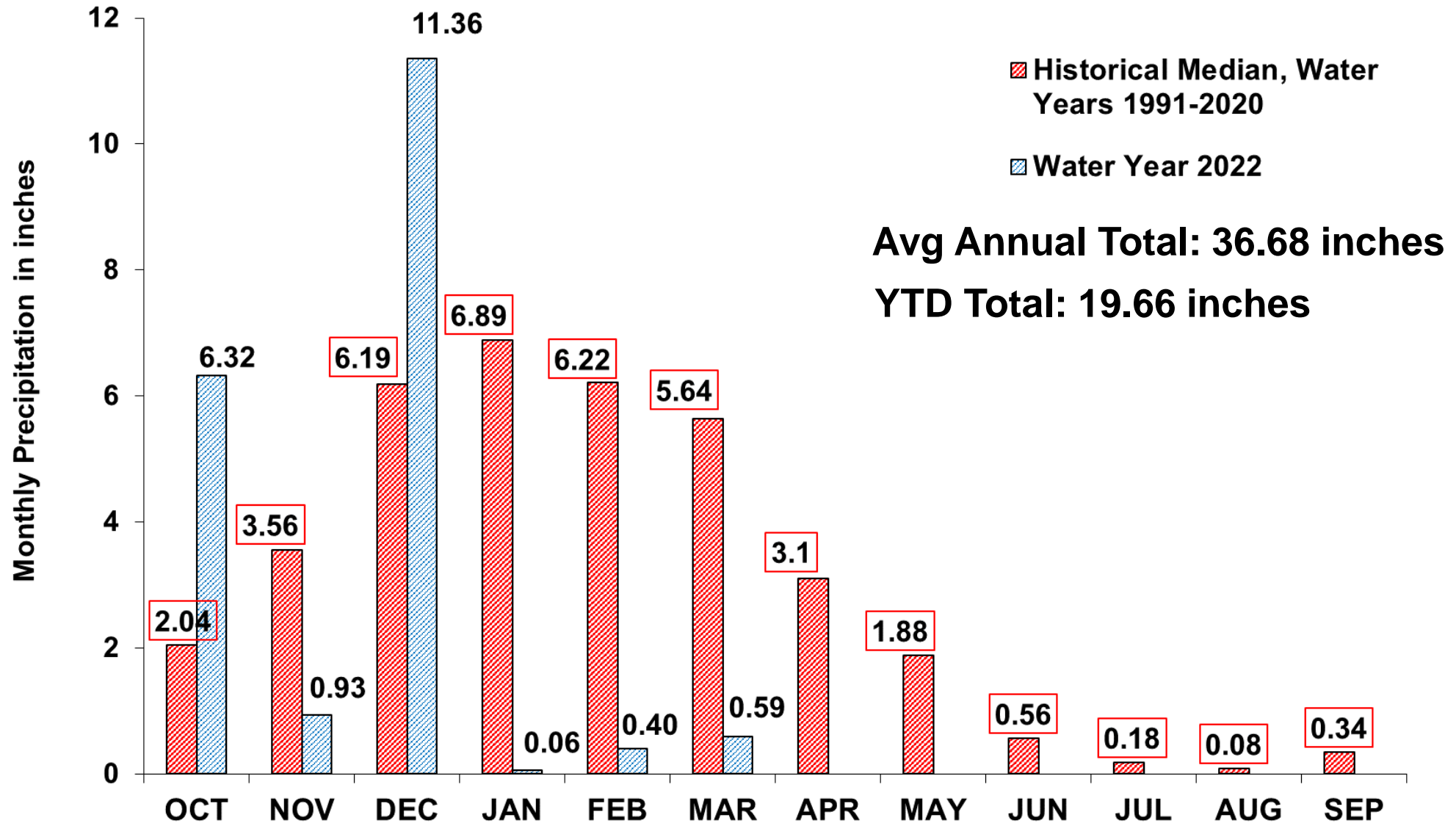
Water Available to the City



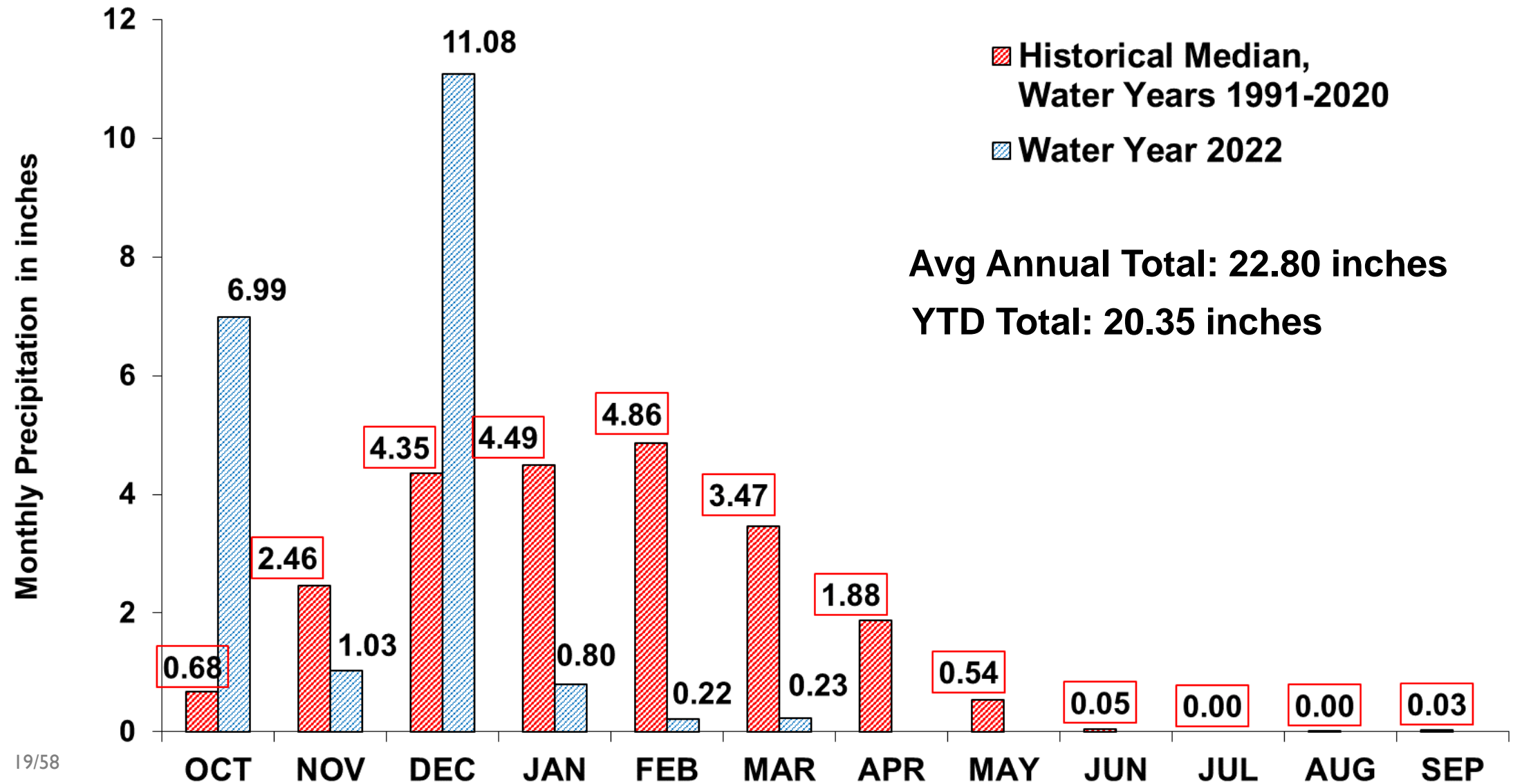
Tuolumne River Water Available to the City



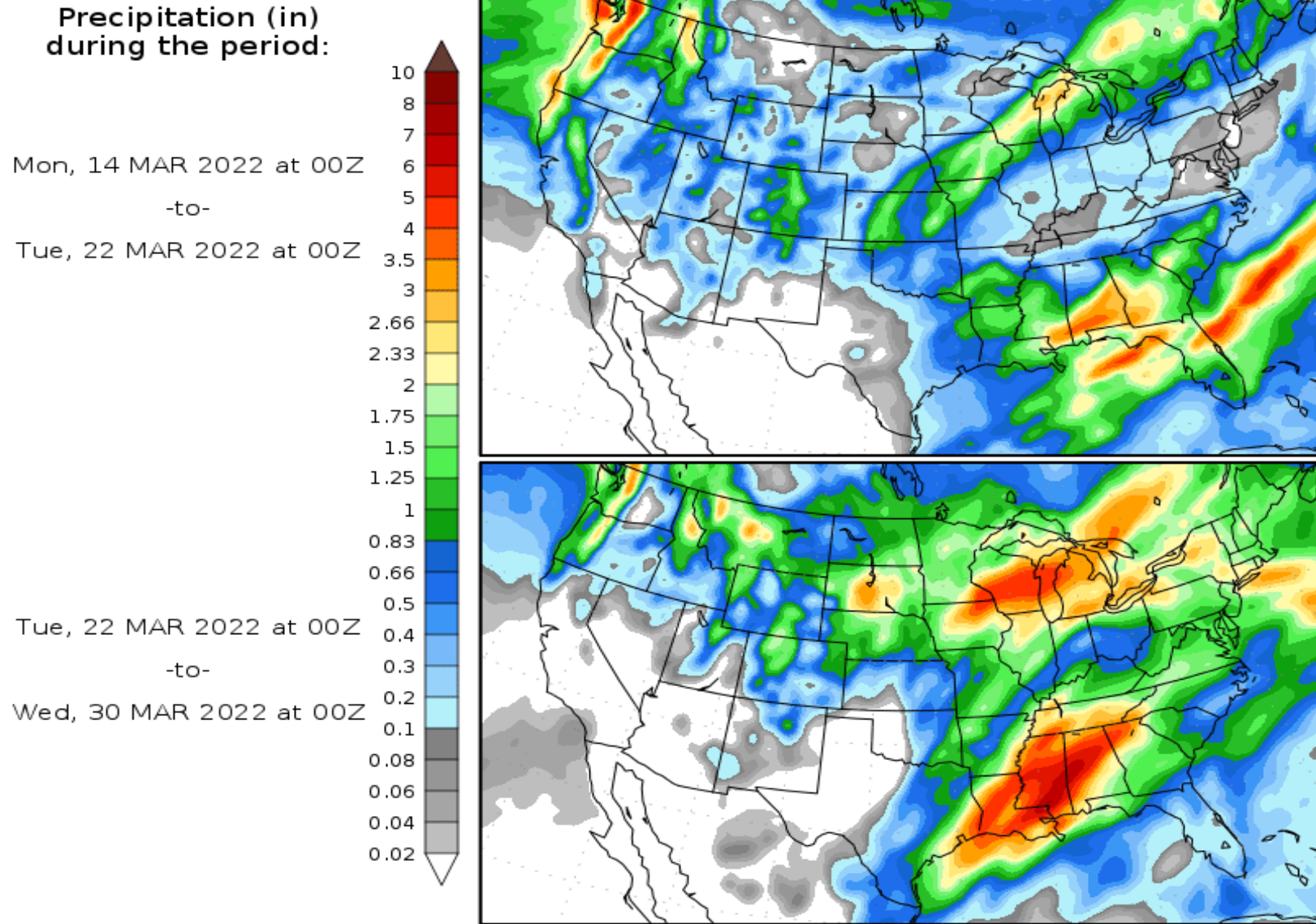
Upcountry 6-station Precipitation Index as of March 13, 2022



Bay Area 7-station Precipitation Index as of March 13, 2022

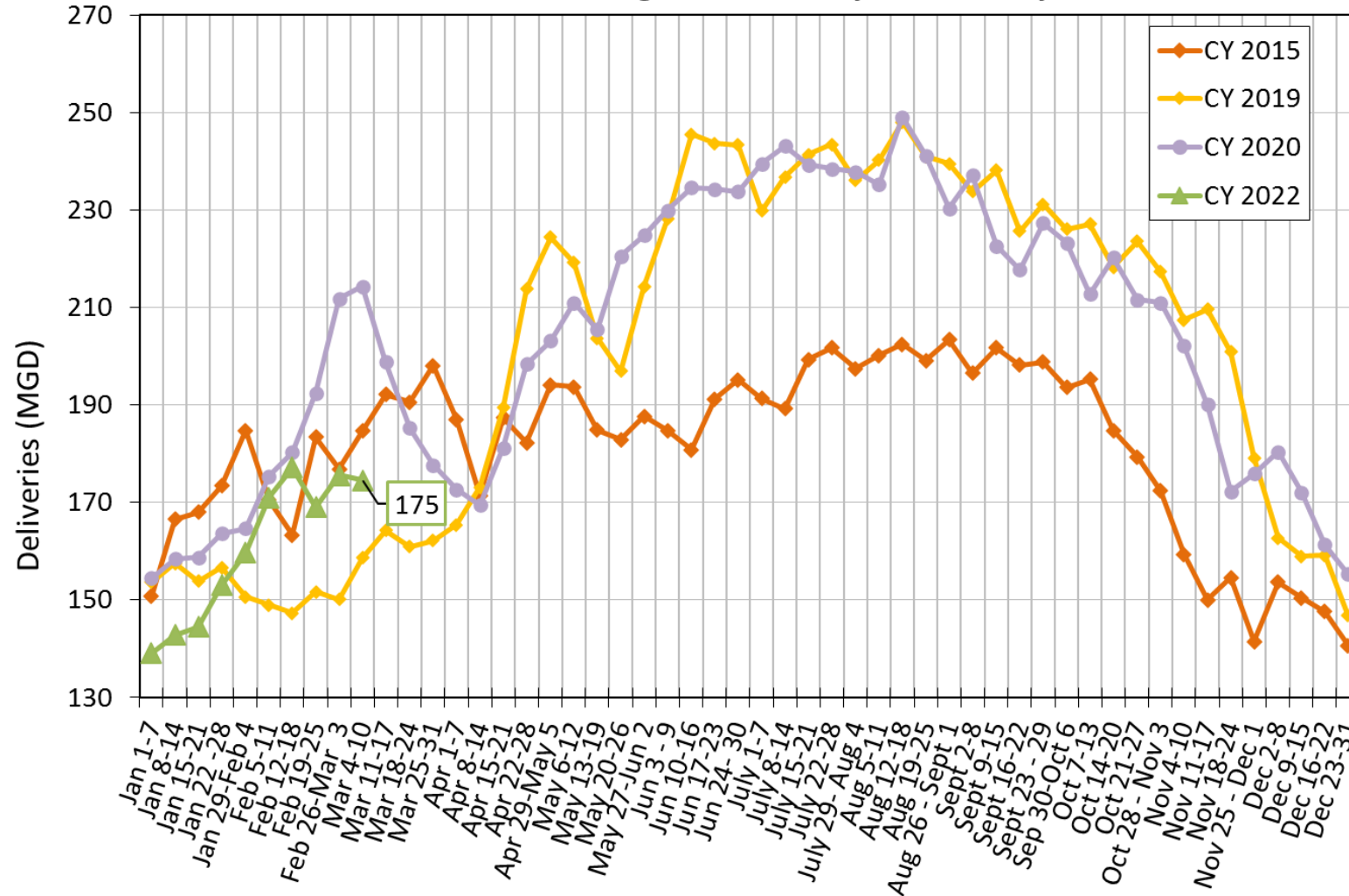


National Precipitation Forecast



Total Deliveries

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



Drought Tracker

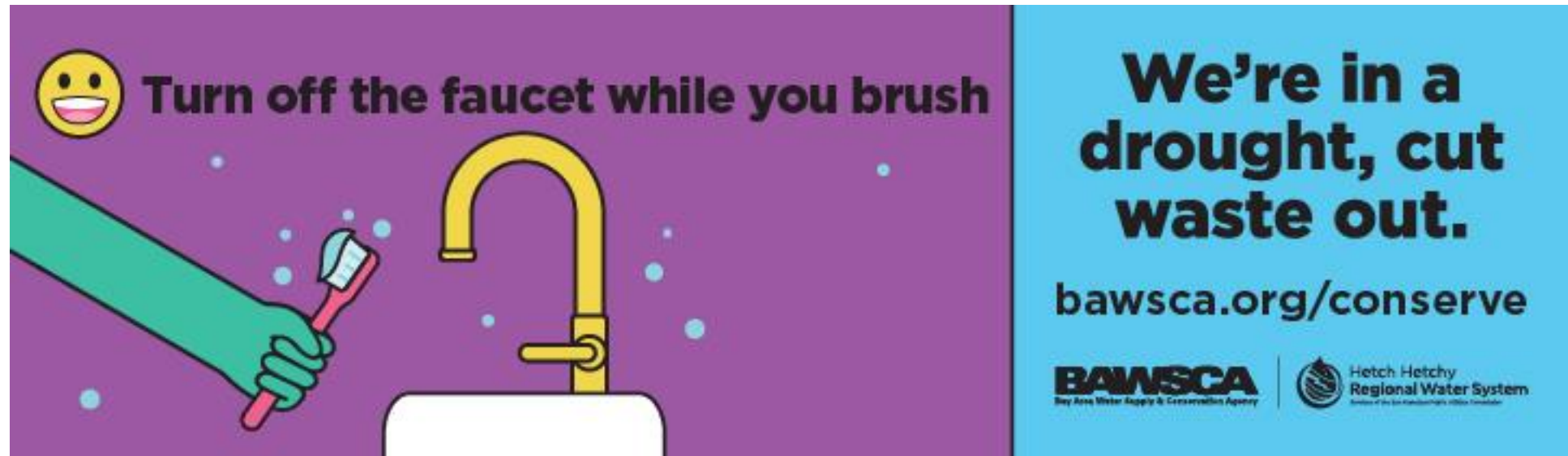
For the Period July 1, 2021 - March 3, 2022			
CUSTOMER GROUPS	FY2019/2020 AVG. MGD	FY2021/2022 AVG. MGD	% REDUCTION
San Francisco Customers	64.1	54.8	14.5%
Wholesale Customers	135.3	127.7	5.6%
TOTAL	199.4	182.5	8.5%

For the Period January 1, 2022 - March 3, 2022			
CUSTOMER GROUPS	FY2019/2020 AVG. MGD	FY2021/2022 AVG. MGD	% REDUCTION
San Francisco Customers	61.8	53.6	13.1%
Wholesale Customers	106.3	105.2	1.0%
TOTAL	168.1	158.9	5.5%

Public Comments on Items Not on the Agenda



Consideration of Resolution #2022-05 Concurring in Nomination of John Weed for ACWA-JPIA Executive Committee



Consideration of Resolution #2022-05 Concurring in Nomination of John Weed for ACWA-JPIA Executive Committee

- There is a vacancy on the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA)
- ACWA-JPIA has invited its member agencies to submit nominations
- ACWD has nominated John Weed (ACWD Board President and ACWA-JPIA Board Member for ACWD) for the vacant position
- ACWD and Director Weed have requested BAWSCA's support for his nomination
- ACWA-JPIA requires a resolution concurring the nomination
- Resolution 2022-05 meets the requirements of ACWA-JPIA

Recommended Action

That the Board adopt Resolution #2022-05 concurring in nomination of John H. Weed of Alameda County Water District to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority

Preliminary Fiscal Year 2022-23 Work Plan, Results to Be Achieved and Operating Budget



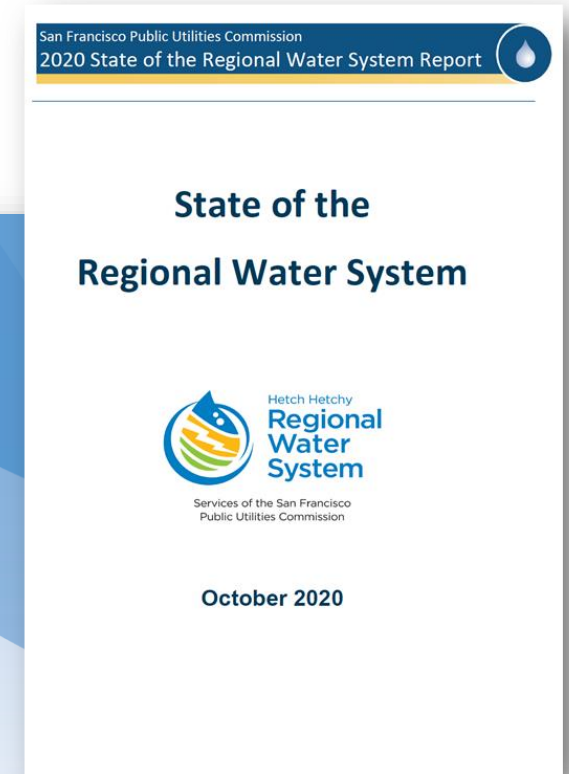
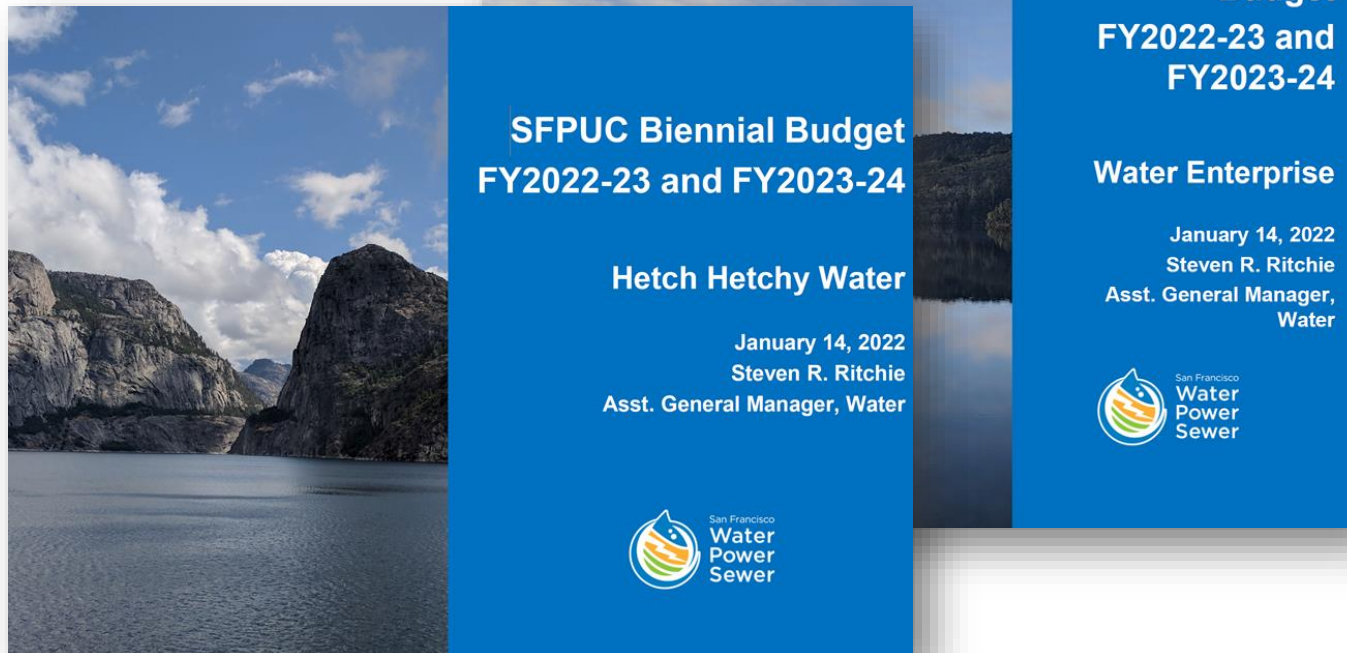
Preliminary FY 2022-23 Work Plan Will Achieve BAWSCA's Goals

- Preliminary Work Plan aligned with BAWSCA's legislated authority and three goals
 - Table 1 presents draft Preliminary Work Plan
 - Table 2 presents activities not included
- Addresses critical issues identified between now and 2050
- Includes additional program activity and staff time to:
 1. Provide drought support to member agencies
 2. Scope an update to BAWSCA's 2009 Long-term Reliable Water Supply Strategy (Strategy)
 3. Continue participation in next steps for the Potable Reuse Exploratory Plan (PREP)
 4. Support member agencies with water use efficiency legislation commercial, industrial, institutional (CII) performance measure requirements
 5. Update BAWSCA's Water Conservation Database (WCDB)
- Includes continuation of two previously approved multi-year projects
 1. Refresh and update BAWSCA 2020 Demand Study
 2. Facilitate development of update of Tier 2 Drought Plan

Major Tasks in FY 2022-23 Preliminary Work Plan

– *Reliable Water Supply*

I. Facility Reliability: Monitor SFPUC WSIP, 10-Year CIP, Asset Management Program and Emergency Response



Major Tasks in FY 2022-23 Preliminary Work Plan

– *Reliable Water Supply*

2. Long-Term Supply Solutions: Implement Strategy

- a. Complete Update and Refresh of BAWSCA 2020 Demand Study
- b. *Complete staff-led scoping activity for an update to BAWSCA's Strategy**
- c. Participate in development of BARR Phase 2 (Water Marketing Strategy) with other water agencies, including completion of SWAP final report
- d. *Continue participation in PREP pending results of Phase 3, due Spring 2022, including preparation of a Basis of Design Report (BODR)**
- e. Promote continued use of San Mateo Plain Groundwater Basin for long-term water supply reliability
- f. Facilitate development of other local water supply options
- g. Use BAWSCA Reliability Model to support water resources planning efforts
- h. Facilitate use of the BAWSCA Reliability Model by members via Subscription Program
- i. Host quarterly meetings of BAWSCA's Regional Water Supply Reliability Roundtable

Complete Staff-Led Scoping for an Update to BAWSCA's 2009 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
 - BAWSCA Pilot Water Transfer, Los Vaqueros Enlargement, PREP and BARR, BAWSCA reliability model, support for member agencies local projects, and increased efforts for water conservation
- Update timely given changes in member agency projections, SFPUC actions and Regional Water System reliability, and State efficiency requirements
 - Strategy provides the framework and information to support long-range future water resources investment decisions by Board and member agencies
- Originally included in FY 2021-22 Work Plan with \$50k budget allocation
 - Deferred to FY 2022-23 given ongoing drought conditions
- Staff-led effort proposed for FY 2022-23
- Estimated FY 2022-23 cost: \$5K

Continue Participation in Next Steps for PREP Project

- PREP is a purified water project that could provide 6-12 mgd of water supply through reservoir water augmentation at Crystal Springs Reservoir
- A multi-party project with Phase 3 scheduled for completion in Spring 2022
 - Will include recommendations for moving forward
- BAWSCA's active and independent participation has benefitted the project development
- BAWSCA's continued participation will enable BAWSCA to directly affect project's development to benefit member agencies
- Project partners estimate a \$1M cost for next level of planning work, with BAWSCA's potential share being 5%
 - Preparation of a Basis of Design Report (BODR) that will bring project to 10% design
 - BODR is used to support state and federal grant applications
- Estimated FY 2022-23 cost: \$51K

Major Tasks in FY 2022-23 Preliminary Work Plan

– *Reliable Water Supply*

3. Near-Term Supply Solutions: Water Conservation and Drought Response
 - a. Provide staff-only drought support to member agencies and their customers
 - b. Represent member agency interests in discussions related to “Making Water Conservation a Way of Life” requirements, including *developing an approach for member agencies to meet the new CII performance measure requirements and possible subscription program for additional assistance**
 - c. Provide coordination to support AMI implementation and data management
 - d. Implement existing core conservation programs that benefit all customers*
 - e. Implement existing subscription water conservation programs*
 - f. Continue development of a leak repair and training certification program for implementation in FY 2023-24
 - g. *Pursue partnership opportunities with San Mateo County C/CAG related to a potential greywater pilot program*
 - h. *Perform a review of greywater efforts within the BAWSCA region and document findings in a report*
 - i. Represent agencies in regional and State-level discussions relative to water conservation

Support Member Agencies with Water Use Efficient Legislation CII Performance Measure Requirements

- In 2018, State adopted expansive water use efficiency legislation to support California's "Making Water Conservation a Way of Life"
- To date, BAWSCA has assisted its member agencies in tracking overall effort and providing support to comply with residential efficiency requirements
- Legislation also requires State to develop new long-term standards for water use efficiency & performance measures for commercial, industrial, and institutional (CII) use
- DWR released preliminary recommendations for CII efficiency and performance measures in February 2022
- Compliance will require significant new work for most member agencies
- For FY 2022-23, BAWSCA proposes to develop an approach to meet the new requirements as well as a subscription program that offers additional consultant support
- Estimated FY 2022-23 cost: \$86K

Twelve Existing and Planned Core Conservation Programs for FY 2022-23

Water Efficient Landscape Education Classes <i>Virtual!</i>	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) <i>Revamp FY 22-23</i>	Public Outreach	Leak Repair Training Program <i>In Development FY 22-23!</i>	Residential Self-Audit Program

Fourteen Existing and Planned Subscription Conservation Programs for FY 2022-23

Lawn Be Gone! Turf Replacement Rebates	EarthCapades School Assemblies <i>Virtual & In- Person!</i>	Large Landscape Audits	Water Loss Management Program
Rain Barrel Rebates	Water-Wise School Education Kits & Curriculum	WaterSmart Customer Engagement	Customer Meter Accuracy Testing
Smart Controller Rebates	WaterSense Fixtures Bulk Orders	Lawn Be Gone! Inspection Services	DSS Model Support Services
	Water Use Efficiency Legislation Support <i>In Development FY 22-23!</i>	Irrigation Hardware Upgrade Rebates	

Major Tasks in FY 2022-23 Preliminary Work Plan

– *Reliable Water Supply*

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

Major Tasks in FY 2022-23 Preliminary Work Plan

– *Reliable Water Supply*

6. Pursue Grant Opportunities

- a. Pursue and use grant funds, including Prop I Integrated Regional Water Management conservation grant
- b. Pursue grant funding with regional partners
- c. Investigate potential grant funds to support Strategy implementation

7. Reporting and Tracking of Water Supply and Conservation Activities

- a. Annual Survey
- b. Annual Water Conservation Report
- c. *Scope, develop, and implement an update of the Water Conservation Database by June 30, 2023**

Update BAWSCA's Water Conservation Database

- BAWSCA's Water Conservation Database (WCDB) is used to collect and store all member agency water use and conservation program information
 - Conservation activity reporting
 - Annual Survey reporting
 - Demand projections modeling and support
- WCDB initially developed in 2010 and last updated in FY 2016-17
 - Development cost = \$261K
 - Cost of last update = \$39K
- WCDB is critical to BAWSCA's work on behalf of the member agencies
- Estimated FY 2022-23 cost: \$121K

Major Tasks in FY 2022-23 Preliminary Work Plan

– *High Water Quality*

8. Support Member Agencies in Receiving Reliable Communication on Water Quality Issues
 - a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs
 - b. Relay important information to member agencies
 - c. Review and act on, if necessary, State legislation affecting water quality regulations

Major Tasks in FY 2022-23 Preliminary Work Plan

– Fair Price

9. Perform Matters Delegated to BAWSCA in 2009 WSA
 - a. Administer WSA to protect financial interests of member agencies
 - b. Administer bonds issued by BAWSCA to retire capital debt owed to SF, including completing the settlement of 2023A refunding bonds in January 2023

**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**

\$135,115,000*
**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
REFUNDING REVENUE BONDS
(CAPITAL COST RECOVERY PREPAYMENT PROGRAM), SERIES 2023A
(THE "BONDS")**

CERTIFICATE OF FINALITY OF PRELIMINARY OFFICIAL STATEMENT

October 8, 2021

The undersigned hereby states and certifies:

1. That she is a duly authorized officer of the Bay Area Water Supply and Conservation Agency, and such is duly

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 8, 2021

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: Moody's: "Aa3"
S&P: "AA-"
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023A Bonds is not a specific preference item for purposes of the federal alternative minimum taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023A Bonds. See "TAX MATTERS" herein. Delivery of the Series 2023A Bonds and delivery of Bond Counsel's opinion with respect to the Series 2023A Bonds are subject to the satisfaction of certain terms and conditions provided in the Bond Purchase Contract as described under the heading "FORWARD DELIVERY OF THE SERIES 2023A BONDS."

BAWSCA
Bay Area Water Supply & Conservation Agency

\$135,115,000*
**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Refunding Revenue Bonds
(Capital Cost Recovery Prepayment Program), Series 2023A**

Dated: Date of Delivery **Due:** October 1, as shown on inside cover page

The Bay Area Water Supply and Conservation Agency Refunding Revenue Bonds (Capital Cost Recovery Prepayment Program), Series 2023A (the "Series 2023A Bonds"), will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2023A Bonds. Individual purchases of Series 2023A Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of Series 2023A Bonds will not receive certificates representing their interest in the Series 2023A Bonds purchased but will receive a credit balance in the records of DTC. Principal and interest are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2023A Bonds will be issued pursuant to a Revenue Bond Indenture, dated as of January 1, 2013, by and between the Bay Area Water Supply and Conservation Agency (the "Agency") and the Trustee, and a Second Supplemental Revenue Bond Indenture, dated as of October 1, 2021 (the "Second Supplement"), by and between the Agency and the Trustee (said indenture as amended and supplemented, including as supplemented by the Second Supplement collectively, the "Indenture").

Principal is payable on the dates set forth on the inside cover page. Interest on the Series 2023A Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2023. Upon receipt of payments of principal and interest, DTC is obligated in turn to remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to purchasers of the Series 2023A Bonds, as described herein. As used herein, the term "Bonds" means the Bay Area Water Supply and Conservation Agency Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

The Series 2023A Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2023A BONDS-Redemption" herein.

The Series 2023A Bonds are being issued to (i) refund a portion of the Bay Area Water Supply and Conservation Agency Revenue Bonds (Capital Cost Recovery Prepayment Program), Series 2012A and (ii) pay costs of issuance incurred in connection with the issuance of the Series 2023A Bonds. The Series 2023A Bonds will be secured by a pledge of and payable from surcharges imposed by the Agency and collected by the Public Utilities Commission of the City and County of San Francisco on water sold to certain retail water service providers in Alameda County, Santa Clara County and San Mateo County (the "Members") and interest and investment earnings on amounts held by the Trustee under the Indenture ("Revenues").

The Bonds are special, limited obligations of the Agency. The Bonds shall not be deemed to constitute a debt or liability of the Agency, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the faith and credit of the Agency, the State of California or of any political subdivision thereof, but shall be payable, except to the extent of certain amounts held under the Indenture pledged thereto, solely from Revenues. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for their payment. The Agency has no taxing power.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2023A Bonds are offered when, as, and if delivered to and received by the Underwriters, subject to the approval of legitimacy by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Agency by Hansen Bridgett LLP and for the Underwriters by Stridling, Yoon, Carlson & Bault, a Professional Corporation. The Series 2023A Bonds are expected to be available for delivery through the facilities of The Depository Trust Company on or about January 5, 2023. See "FORWARD DELIVERY OF THE SERIES 2023A BONDS" for a discussion regarding the delayed delivery of the Series 2023A Bonds, certain conditions to the obligations of the Underwriters to purchase the Series 2023A Bonds and certain risks to purchasers of the Series 2023A Bonds resulting from the delayed delivery thereof.

Goldman Sachs & Co. LLC **J.P. Morgan**

Dated: October __, 2021

* Preliminary, subject to change

DRAFT

Major Tasks in FY 2022-23 Preliminary Work Plan

– *Agency Effectiveness*

10. Maintain Community Allies and Contacts with Environmental Interests

- a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities
- b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability
- c. Maintain effective communications with members, customers, and others to achieve results and support goals
- d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants

11. Manage the Activities of the Agency Professionally and Efficiently

- a. Implement BAWSCA's Student Internship Program
- b. Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations
- c. *Maintain a motivated and effective workforce*

Preliminary FY 2022-23 Includes Continuation of Two Previously Approved Multi-Year Projects

1. Refresh and Update BAWSCA 2020 Demand Study

- Included in adopted FY 2021-22 work plan and budget
- Approved by Board at its September 16, 2021 meeting for a total 2-year cost of \$350K
- Scheduled completion December 2023
- Use of Balancing Account approved as a funding source for complete project
- Estimated FY 2022-23 cost: \$77K

2. Facilitate Development of Updated Tier 2 Drought Plan

- Included in adopted FY 2021-22 work plan and budget
- Year 1 cost of \$98K approved by Board at its January 20, 2022 meeting
- As planned and discussed with Board, additional consultant support is proposed for FY 2022-23 as part of work plan and budget process
- Estimated FY 2022-23 cost: \$109.5K

FY 2022-23: Initial Budget Considerations

- Operating budget continues to reflect Strategy implementation and updates
 - Demand study refresh and scoping for Strategy Update
 - Implementation of new conservation measures
 - Independent participation in BARR and PREP
- Regional Water System reliability remains critical work plan task
 - VSIP, CIP, and Asset Management oversight
 - Ensuring SF meets its legal and contractual water supply obligations
- Staff resources dedicated to supporting member agencies and their customers during ongoing drought
- Sustained level of effort for Phase I Bay Delta Plan and FERC
- CEO to examine forecast for end of year spending
 - Understand impact on year-end General Reserve balance
 - Identify options for bringing General Reserve back within budgetary guidelines

Considerations for Funding the Operating Budget

- BAWSCA's primary source of funding is its assessments on member agencies as provided for in its enabling legislation (AB 2058)
- BAWSCA has relied heavily on the use of General Reserve and Balancing Account funds to fund its operating budget and moderate the need for assessment increases in recent years
 - General Reserve has been used to fund a portion of the budget since FY 2007-08 (except FY 2015-16)
 - Balancing Account has been used to fund certain special projects for last 3 years
 - Current assessments of \$3,871,118 fund 81% of the adopted FY 2021-22 budget
- Funding the FY 2022-21 budget will require an assessment increase given
 - Current General Reserve levels
 - SFPUC's planned drawdown of Balancing Account in FY 2022/23 to offset impact of drought and wholesale rate increases

Three Funding Options Analyzed

	FY 2021-21	FY 2022-23		
Fund Source	Adopted Funding Plan as of 3/17/2022	Option 1 20% Assessment Increase	Option 2 25% Assessment Increase	Option 3 30% Assessment Increase
Assessments	\$3,871,118	\$4,645,885	\$4,838,897	\$5,032,453
Transfer from GR	\$281,676	\$0	(\$193,012)	(\$386,568)
Balancing Acct. Transfer	\$331,000	\$75,000	\$75,000	\$75,000
Bond Stabilization Fund	\$300,000	\$0	\$0	\$0
Total Op. Funds/Op. Budget	\$4,783,794	\$4,720,885	\$4,720,885	\$4,720,885
Est. EOY Transfer to GR	\$0	\$0	\$0	\$0
Est. EOY Reserves	\$758,794	\$758,794	\$951,806	\$1,145,362
% of Total Budget	16%	16%	20%	24%
Assessment to Budget Ratio	81%	98%	102%	107%

Preliminary Work Plan and Budget Enables BAWSCA to Meet its Goals and Provide Significant Cost Value and Savings to Customers

- Preliminary 2022-23 Work Plan will enable BAWSCA to meet its legislative obligations and agency goals
 - BAWSCA formed to protect the health, safety and economic well-being of the water customers outside of SF that depend on the Regional Water System
 - BAWSCA's goals are to ensure a reliable supply of high-quality water at a fair price for these water customers
- BAWSCA provides significant cost value and savings to water customers
 - BAWSCA's review of WRR has saved water customers \$47M over last 18 years
 - BAWSCA's bonds, including the recent refunding, will save water customers \$87.4M over life of bonds
 - Estimated cost of preliminary Work Plan and Operating Budget to water customers is \$2.56 per person

Next Steps

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

Reports



Annual Balancing Account Update

- In May each year, SFPUC adopts a wholesale water rate based on
 - Estimates of the Regional Water System operations cost; and
 - Estimates of Wholesale and Retail water uses
- At the end of each fiscal year, SFPUC computes actual costs attributable to the Wholesale Customers (Wholesale Revenue Requirement) based on actual use
- 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
- Unaudited 6/30/2021 Balancing Account – \$86.6 million
- Estimated 6/30/2022 Balancing Account – \$42.2 million

Balancing Account Serves Critical Wholesale Rate Stabilization Role

- Due to drought conditions in FY 2021-22, SFPUC intends to use \$44.4 million from Balancing Account to offset the impact of wholesale water use reduction
- SFPUC's five-year wholesale water rate projections:

	Projected Wholesale <u>Water Rate</u>	Projected BA Due <u>(To)/From Agencies</u>
FY 2022-23	\$4.75/Ccf	\$1.4 million
FY 2023-24	\$5.28/Ccf	\$14.1 million
FY 2024-25	\$5.28/Ccf	\$12.6 million
FY 2025-26	\$5.28/Ccf	\$7.2 million
FY 2026-27	\$5.32/Ccf	(\$0.1 million)

- SFPUC plans to use the entirety of remaining positive balance in Balancing Account to mitigate the immediate wholesale rate increase in FY 2022-23
 - First rate increase in the past five years

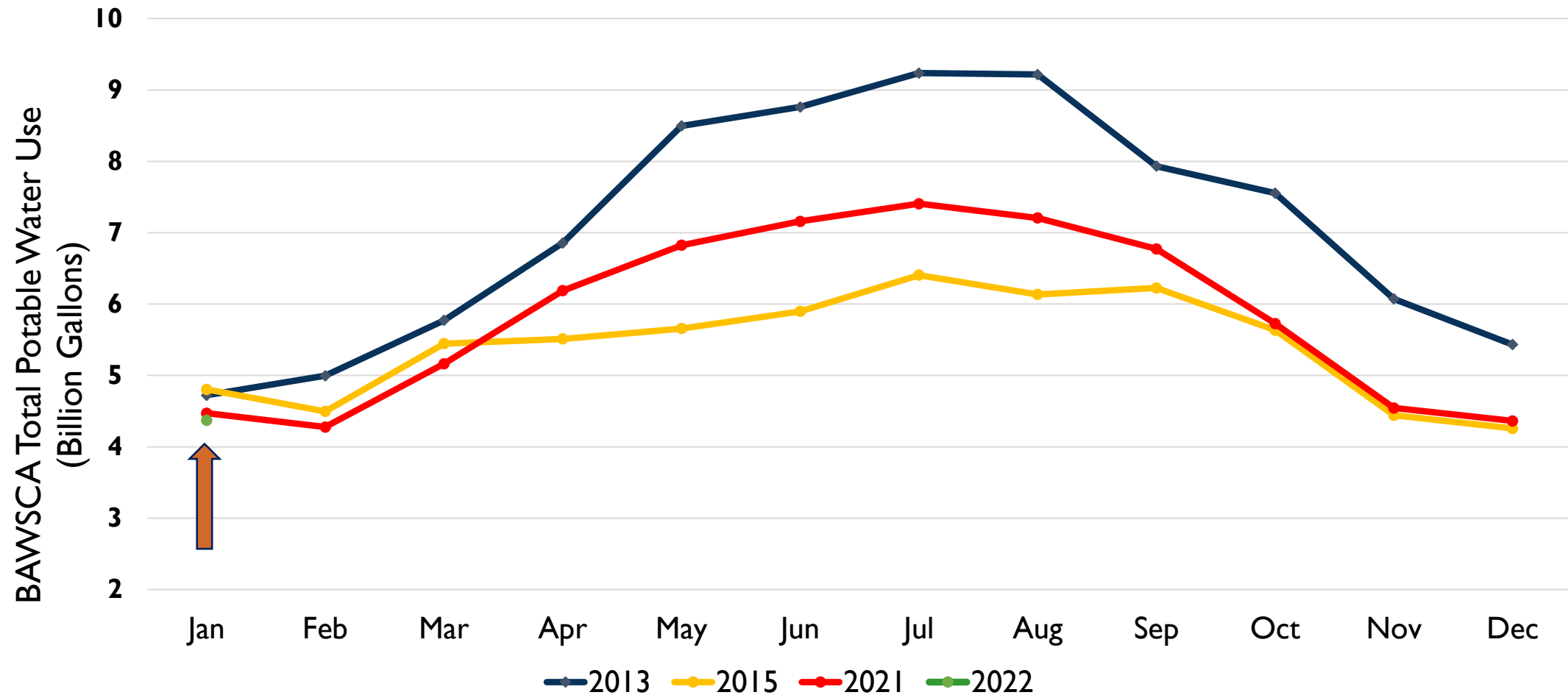
Balancing Account Policy Guides Use of Positive Balance for Other Purposes Allowed

- 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 for six 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

- FY 2019-20: BAWSCA projects
 - Regional Water Demand & Conservation Projections Study (\$450K)
 - LVE Project Studies (\$355K)
- FY 2020-21: Prepayment of existing asset balance under WSA Section 5.03.C
 - Prepaid the remaining unpaid existing asset balance as of 9/30/2020 (\$4.0M)
- FY 2020-21: BAWSCA projects
 - Funded the legal counsel's contract increase in connection with the implementation of the Strategy and core conservation program (\$197K)
- FY 2021-22: BAWSCA project
 - Update of 2020 Demand Study (\$275K)
- FY 2022-23: BAWSCA project – Under discussion
 - Completion of the update to the 2020 Demand Study (\$75K)

BAWSCA January 2022 Total Potable Water Use 8% Less Than January 2013



BAWSCA Focused on Protecting Water Users Interests in State's Bay Delta Plan Efforts

- No activity at State level or by SFPUC in last month on any voluntary agreement negotiations
- Given State's schedule for Plan, window of opportunity for successful negotiations is getting smaller
- BAWSCA renewing its press to SFPUC
 - It is the SFPUC's responsibility to resolve this issue given its obligations to BAWSCA agencies and the environment
- BAWSCA efforts are continuing on multiple fronts
 - Legal action remains ongoing
 - Pressing for negotiations on a voluntary agreement with State, SF, and others
 - TRVA remains a potential viable alternative, though State Board's receptivity is unclear
 - SFPUC Alternative Water Supply Program planning work continues as necessary
 - Working to identify other avenues for legislative support to protect water customers
- BAWSCA remains actively engaged with legislative and other allies

CLOSED SESSION



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

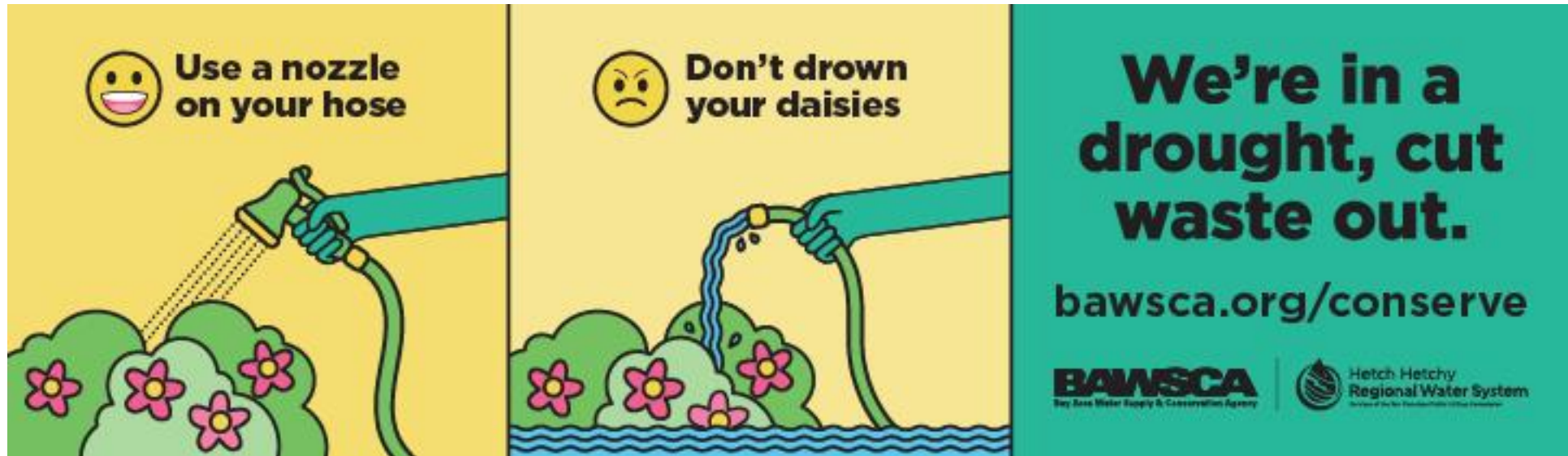
We're in a drought, cut waste out.

bawsca.org/conserve

BAWSCA
Bay Area Water Supply & Conservation Agency

 **Hetch Hetchy Regional Water System**
San Francisco Bay Area Watershed Council

Directors' Discussion: Comments, Questions and Agenda Requests



Next Meeting and Adjournment

Annual Conflict of Interest Form 700 Filing

- April 1, 2022 deadline
- Electronic filing through eDisclosure
- Email was sent from
BAWSCAForm700@BAWSCA.org

Next Meeting

May 19, 2022
6:30 pm
Location and Format TBA