



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)]

**BAWSCA Board of
Directors
Special Meeting
September 27, 2023**

Call to Order / Roll Call



Ragsdale, 2023

Comments by the Chair



L. Ash, 2017

SFPUC Report



Ragsdale, 2023

Water Supply Conditions Update

Alison A. Kastama
BAWSCA Liaison, Water
September 27, 2023

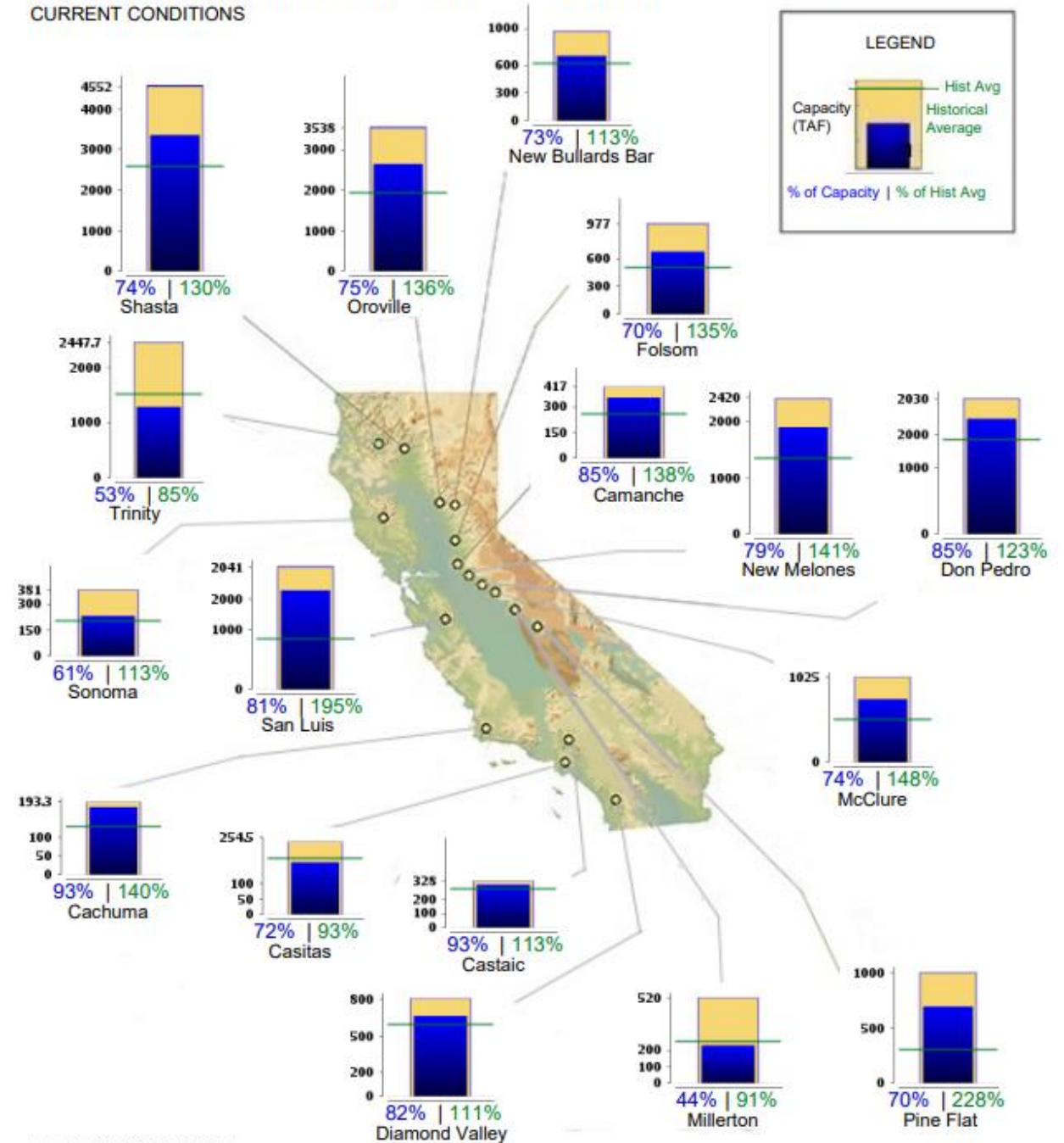


Sept. 25, 2023 Reservoir Storage

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	346,300	360,360	14,060	96.1%	80.9%
Cherry	249,100	273,345	24,245	91.1%	-
Eleanor	24,080	27,100	3,020	88.9%	-
Water Bank	570,000	570,000	0	100.0%	99.7%
Total Tuolumne Storage	1,189,480	1,230,805	41,325	96.6%	-
<u>Local System</u>					
Calaveras	90,044	96,670	6,626	93.1%	-
San Antonio	51,212	53,266	2,054	96.1%	-
Crystal Springs	49,950	68,953	19,003	72.4%	-
San Andreas	14,701	18,675	3,974	78.7%	-
Pilarcitos	2,708	3,125	417	86.6%	-
Total Local Storage	208,615	240,689	32,074	86.7%	-
Total System Storage	1,398,095	1,471,494	73,399	95.0%	81.3%
Total without water bank	828,095	901,494	73,399	91.9%	-

Other California Reservoirs

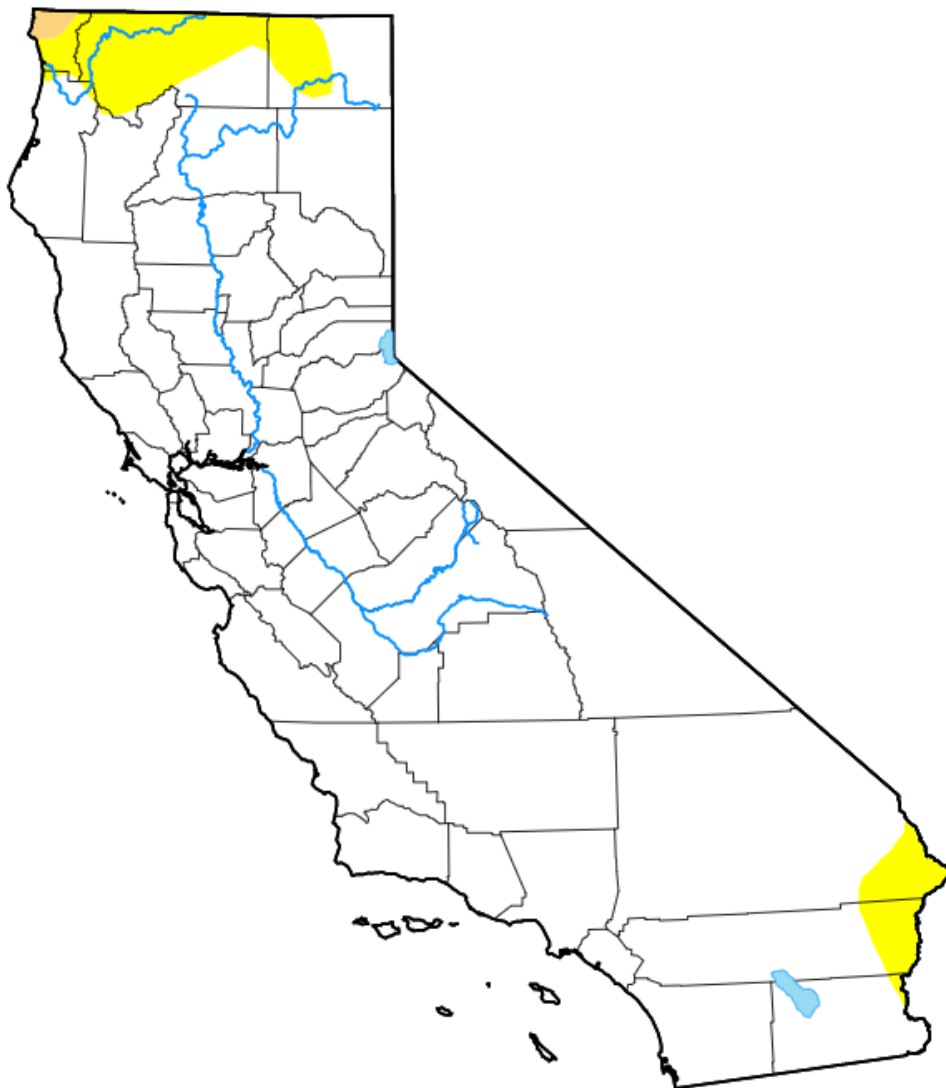
CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS CURRENT CONDITIONS



California Drought Monitor

Map released: Thurs. September 21, 2023

Data valid: September 19, 2023 at 8 a.m. EDT



Intensity

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

Authors

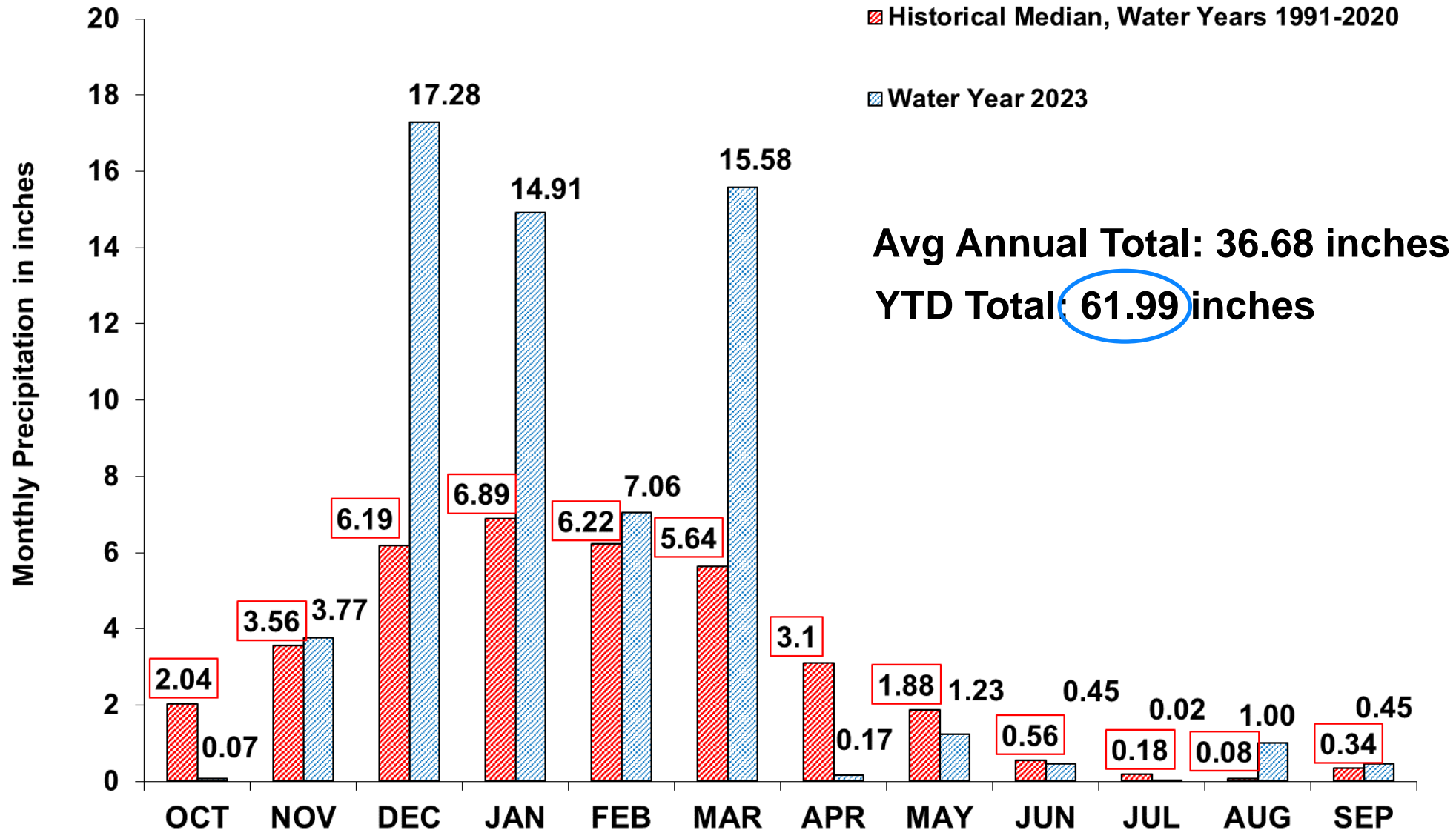
United States and Puerto Rico Author(s):

[Richard Heim](#), NOAA/NCEI

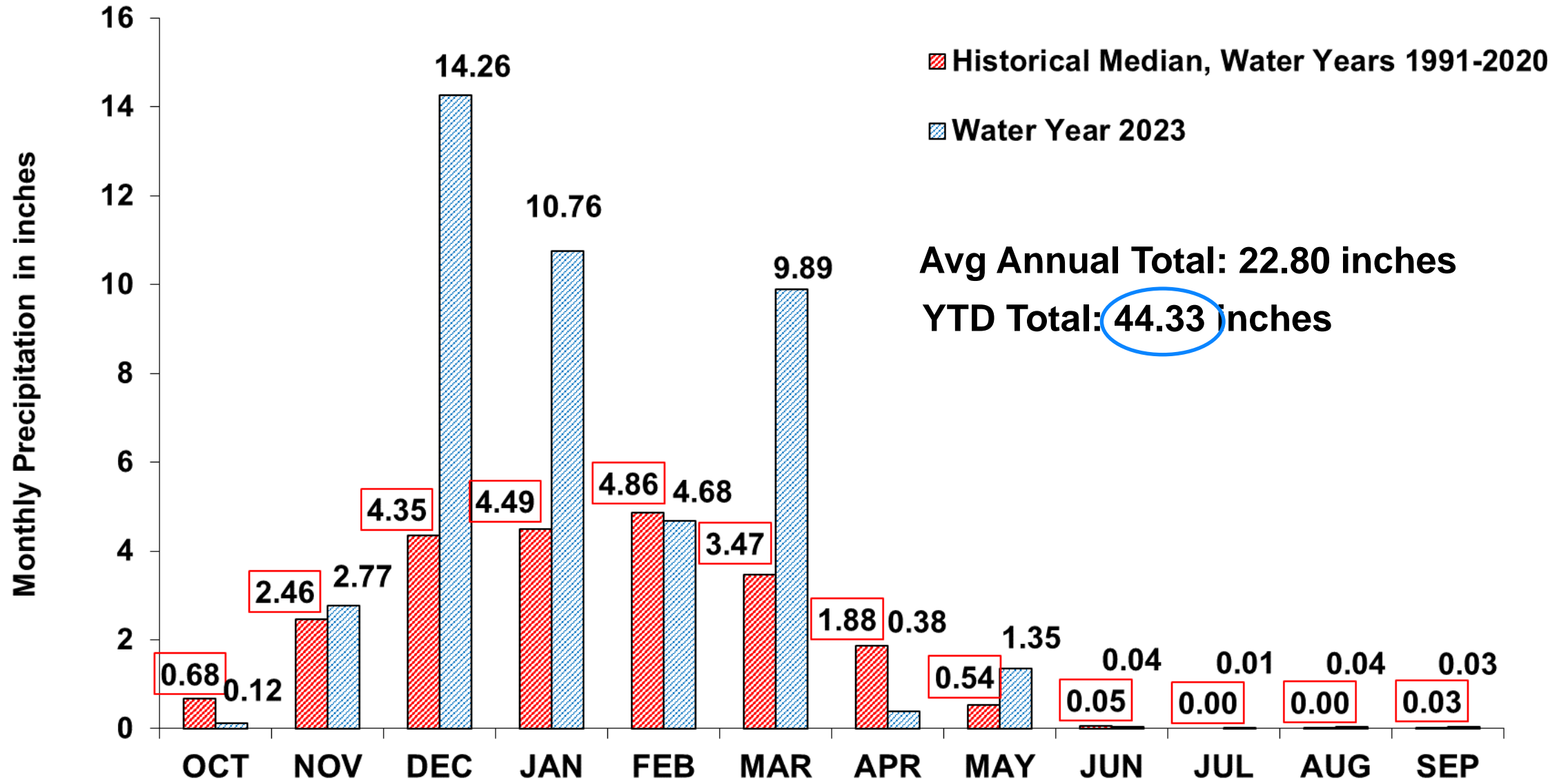
Pacific Islands and Virgin Islands Author(s):

[Richard Tinker](#), NOAA/NWS/NCEP/CPC

Upcountry 6-station Precipitation Index as of September 24, 2023

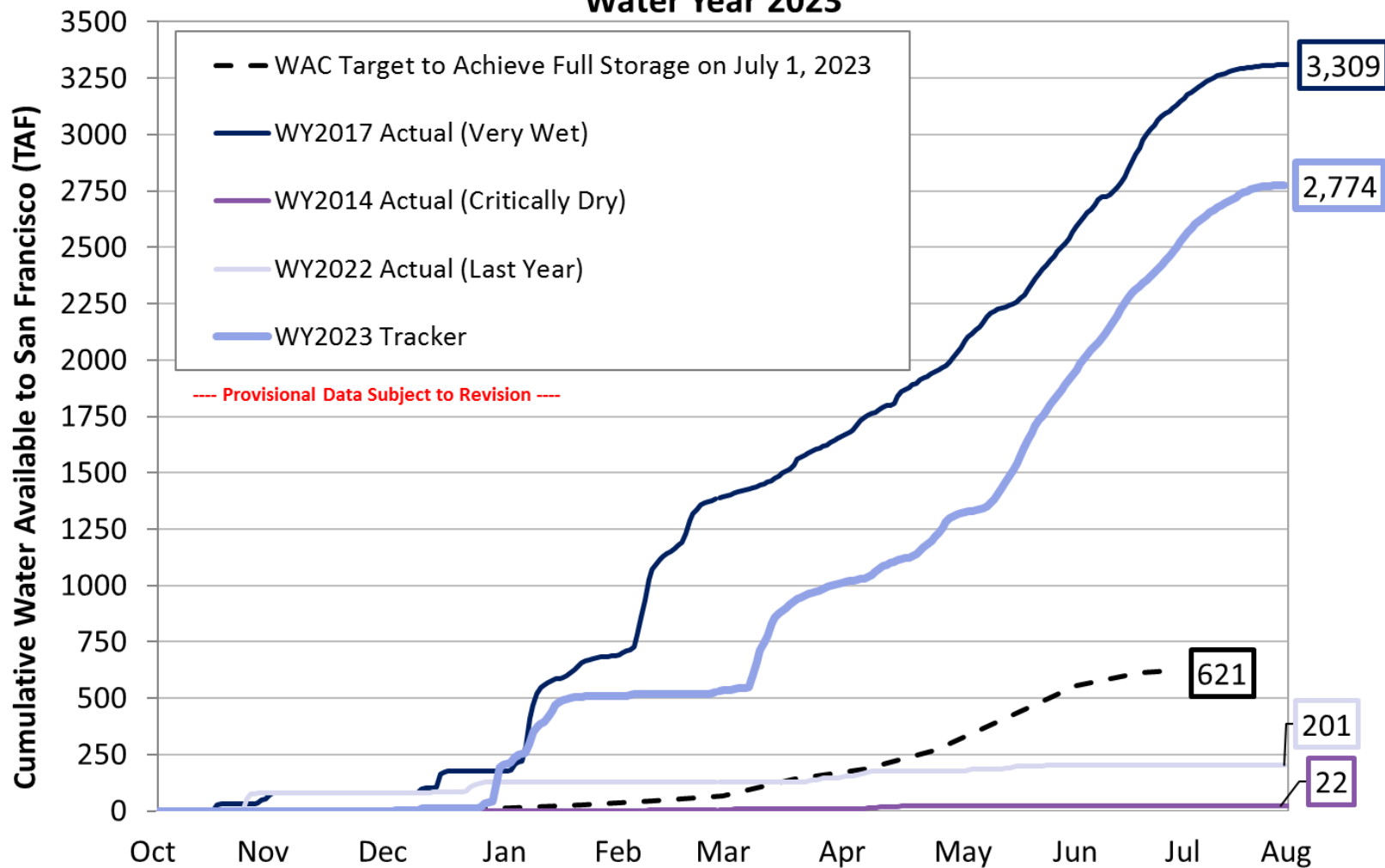


Bay Area 7-station Precipitation Index as of September 24, 2023



Tuolumne River Water Available to the City

**Tuolumne River Water Available to San Francisco Target and Tracker:
Water Year 2023**



Target value assumes a modified maximum capacity at Crystal Springs Reservoir due to Fountain Thistle

National Precipitation Forecast

Precipitation (in)
during the period:

Mon, 25 SEP 2023 at 00Z

-to-

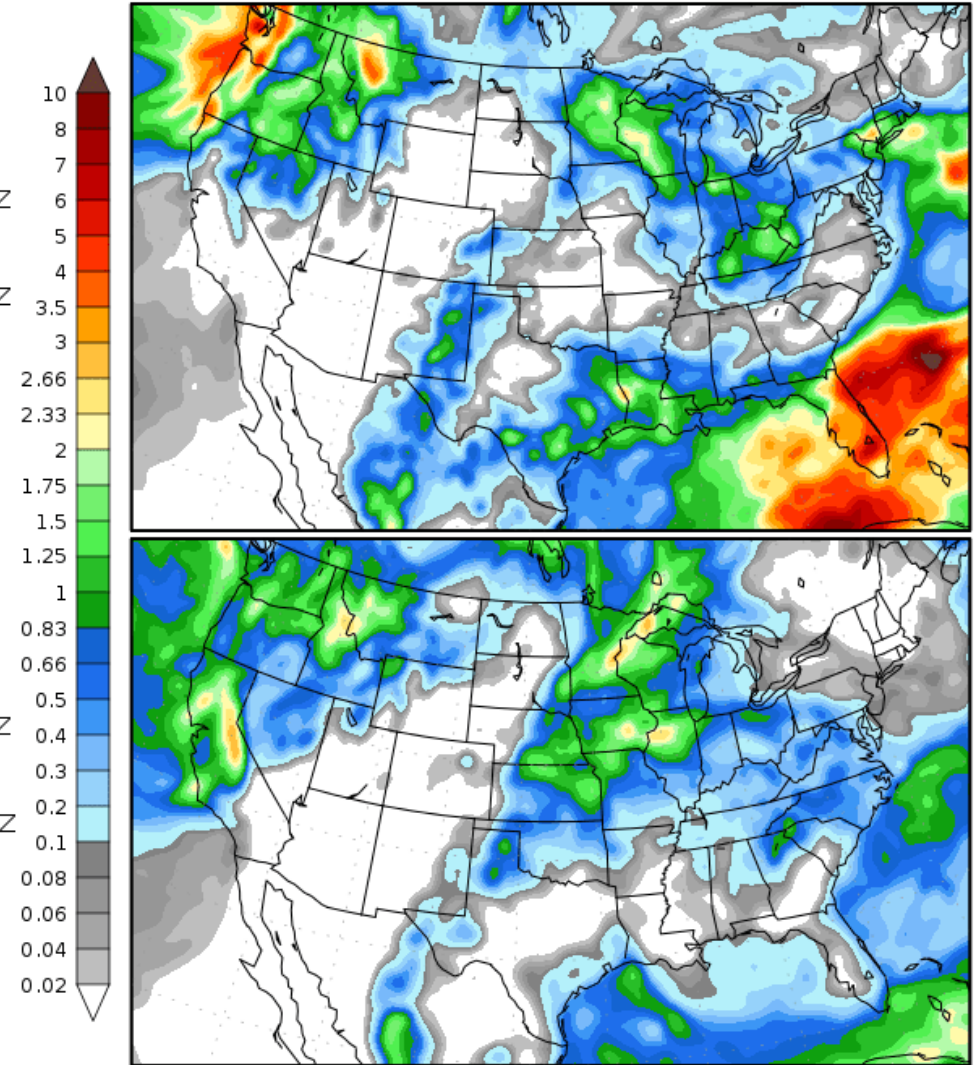
Tue, 03 OCT 2023 at 00Z

Tue, 03 OCT 2023 at 00Z

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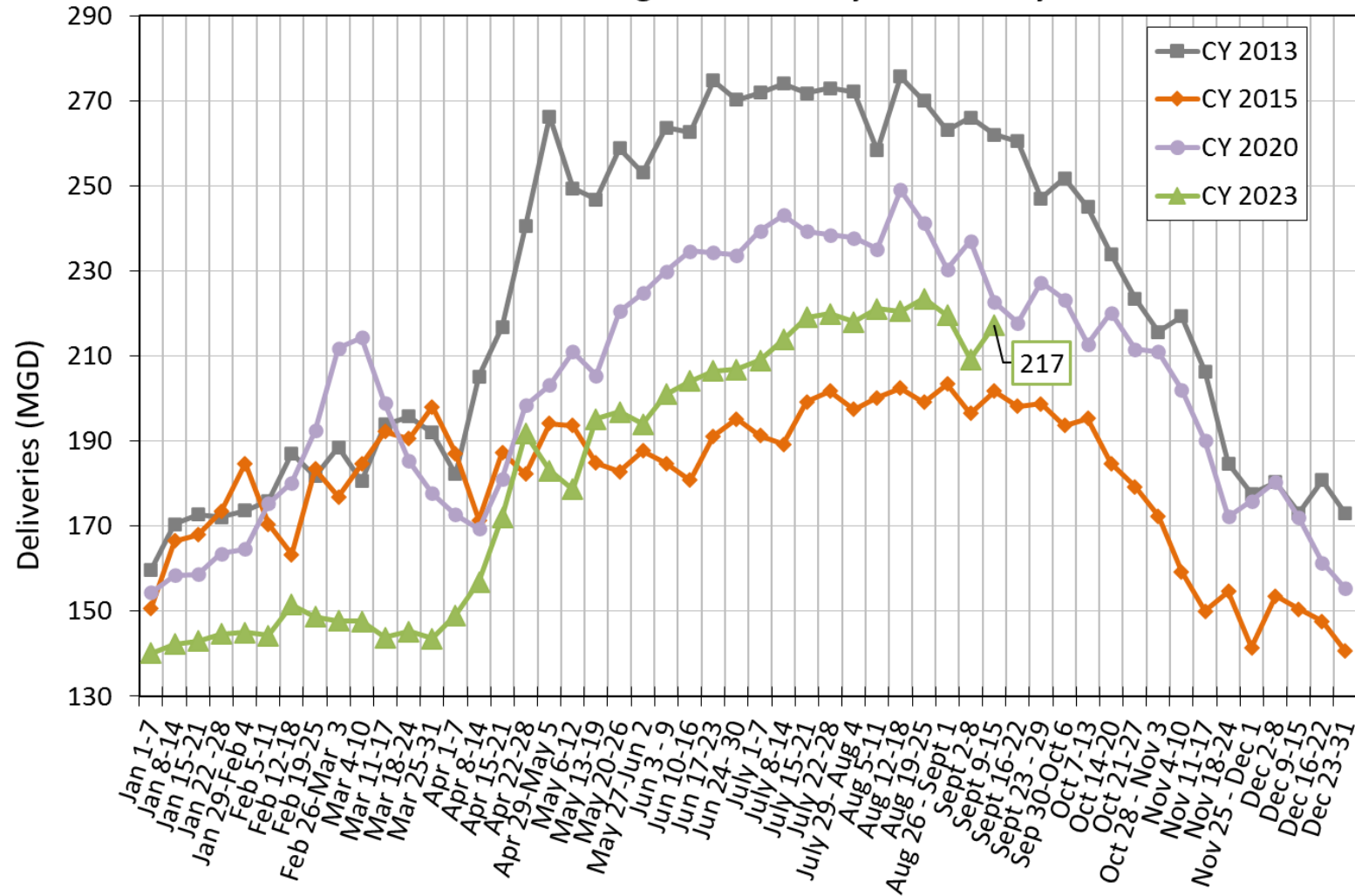
Wed, 11 OCT 2023 at 00Z

Precipitation Forecasts



Total Deliveries

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



Close of Session: Water Rights Legislation

Pulled from agendas in second house; May become 2-year bills

- [AB 460](#) (Bauer-Kahan) – State Board: water rights and usage: interim relief: procedures.
- [AB 1337](#) (Wicks) – State Board: Diversion Curtailment

Passed to Governor for signature; not yet signed

- [SB 389](#) (Allen) – State Board: Determination of water right.
- Significantly amended with water coalition input

Consent Calendar

- Approve Minutes of the July 20, 2023 Meeting
- Receive and File:
 - Pre-Audit Budget Status Report as of 6/30/23
 - Investment Report as of 6/30/23
 - Directors' Reimbursement Report as of 6/30/23
 - Bond Surcharge Collection, Account Balance and Payment Report for FY Year Ending June 30, 2023



Public Comments on Items Not on the Agenda



SFPUC, Eleanor Dam

Update on Negotiations of a New Tier 2 Drought Allocation Plan



Ragsdale, 2023

Progress on Important Topics Both Adjacent and Directly Related to the Strawperson Concept

- Tier 2 Plan lead negotiators have made progress over the past two months on important topics both adjacent and directly related to the strawperson concept
- Adjacent Topic: Early agreement on Plan term
 - To align with term of the VWSA (June 30, 2034)
 - Details to be finalized with support from legal counsel
- Strawperson Concept – Implementing policy principles, for example:
 - Policy Principle #3: “Provide predictability of drought allocations through consistent and predetermined rules for calculation, while allowing flexibility to respond to unforeseen circumstances”
 - Inherent contradiction as the Plan cannot be equally predictable and flexible
 - Lead negotiators have had productive discussions on how to weigh predictability and flexibility, what unforeseen circumstances the Plan can be expected to resolve, and how flexibility can be implemented given the short timeline to implement the Tier 1 and Tier 2 Plans

BAWSCA's Long-Term Reliable Water Supply Strategy 2045



Sandkulla, 2023

Scoping Strategy 2045: First Establish Purpose and Objectives

- BAWSCA has initiated scoping for Strategy 2045
 - Existing Strategy finalized in 2015
- BAWSCA proposes to establish new 2045 Strategy Purpose and Objectives
 - Update the 2015 Strategy Purpose to a new Strategy 2045 Purpose (long-term goal)
 - Identify Strategy 2045 Objectives (short-term goals that are specific, concrete and measurable)
 - Strategy 2045 Purpose and Objectives will guide BAWSCA to the desired outcomes/results
- Start by revisiting 2015 Strategy Purpose
 - Identify the work that member agencies have done since 2015 related to individual agency water reliability needs; and
 - Engage with agencies to understand what other considerations or regional needs should factor Strategy 2045

2015 Strategy Purpose Established with Board and WMR Engagement

- BAWSCA's established goal and water management objective guides its work
 - “Reliable supply of high-quality water at a fair price” (Goal)
 - “To ensure that a reliable, high-quality supply of water is available where and when people within the BAWSCA member agency service area need it” (Water Management Objective)
- Board and WMR actively engaged in scoping 2015 Strategy and its development including establishment of 2015 Strategy Purpose
- 2015 Strategy Purpose is:
 - Quantify the water supply reliability needs of the BAWSCA member agencies through the planning horizon
 - Identify the water supply management projects and/or programs (projects) that could be developed to meet those regional water reliability needs
 - Develop an implementation plan for the Strategy

2015 Strategy: 5 Findings and 5 Recommended Actions

Findings

1. No longer a normal-year supply shortfall for member agencies
2. Drought-year supply shortfall
3. Water transfers scored high in ranking of supply options
4. Desalination poor option due to costs and permitting
5. Other supply options worth investigating despite limited dry year regional benefits

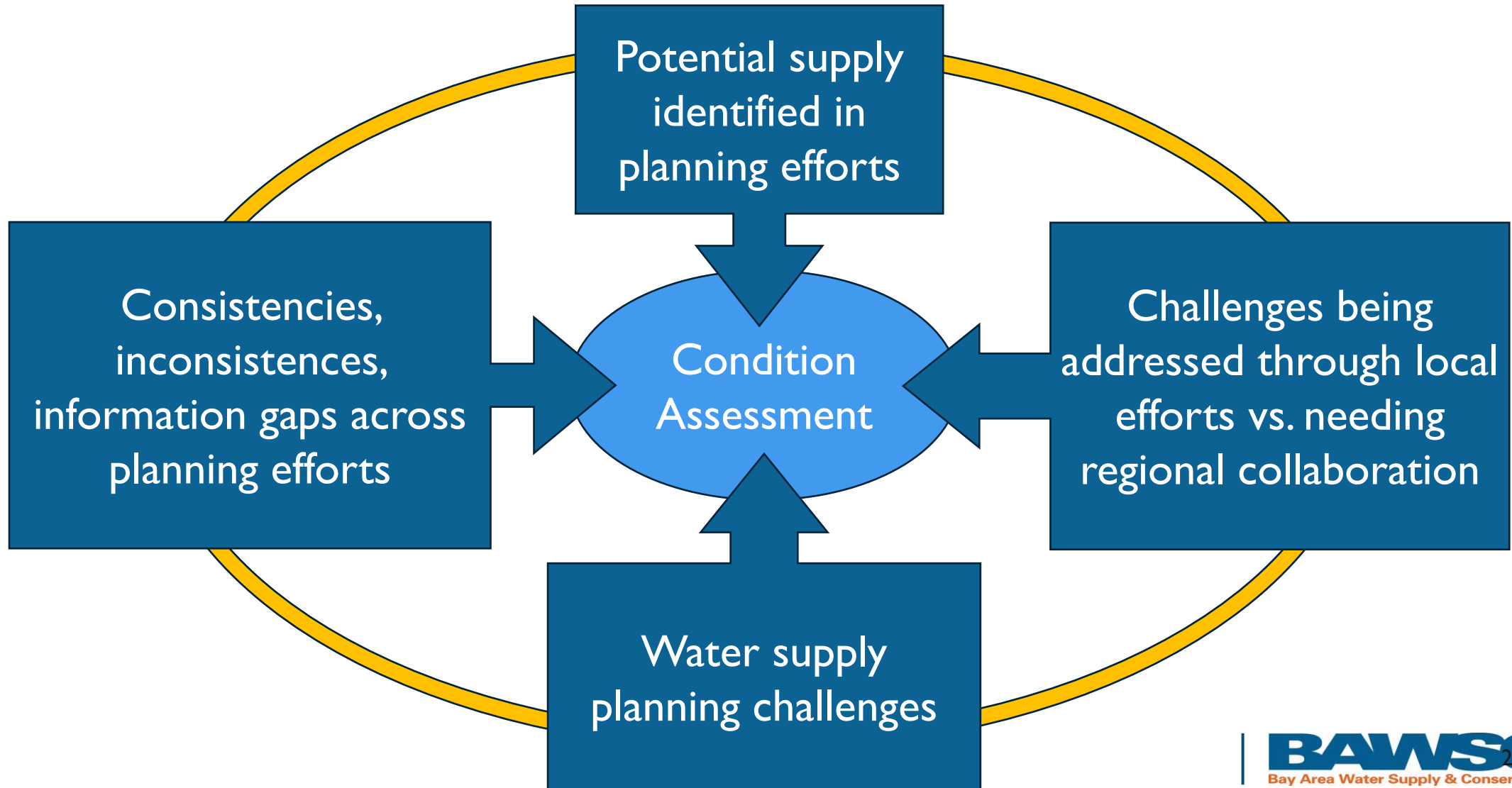
Recommended Actions

1. Lead transfer development and implementation
2. Facilitate desalination partnerships and funding
3. Support member agency identified projects
4. Participate in regional studies
5. Continue monitoring regional supply investments and policies

Why Does the 2015 Strategy Need Updating?

- Water demands in the BAWSCA region have changed
- Reliability of our existing water supplies is in question
 - A result of new regulatory pressures, climate change, and other system vulnerabilities
 - A “One-Water” approach to water supply planning has emerged
- Potential for BAWSCA’s future independent participation in other agencies’ water supply projects
 - SFPUC Alternative Water Supply Plan includes projects with partnership potential
 - Valley Water’s future water supply plans contemplate partnerships
 - Projects envisioned by other large Bay Area agencies are partnership driven
- Investments in new supplies directly impact water affordability and must be examined holistically

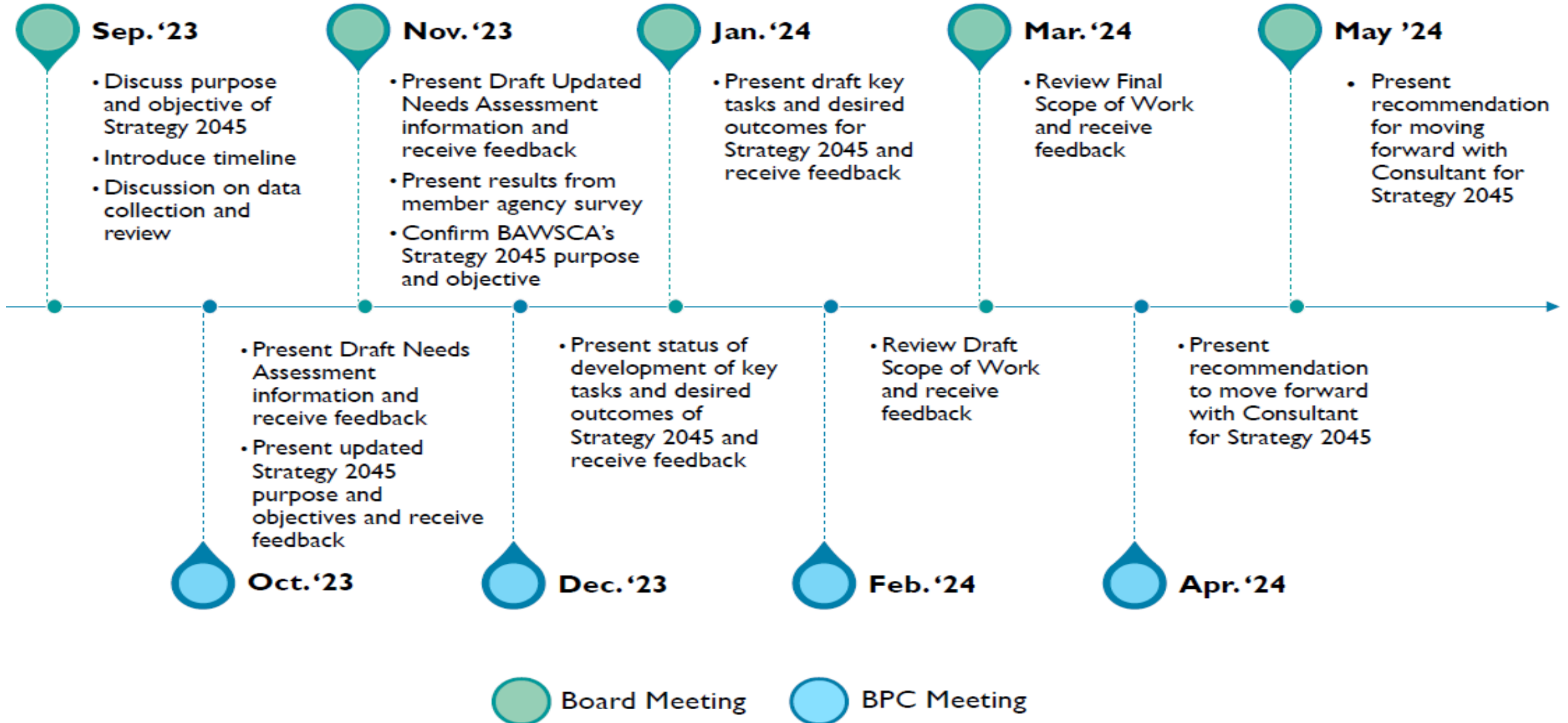
Strategy 2045 Purpose Will be Informed by a BAWSCA Region Water Resources Condition Assessment



Condition Assessment Provides Initial Step in Developing Strategy 2045 Scope



BPC and Board Will Be Engaged Throughout Scope Development for Strategy 2045



CEO Reports



Jensen, 2011

BAWSCA OPEB Liability Funded Status Update



Ragsdale, 2023

BAWSCA Participates in the California Employers' Retiree Benefit Trust Program (CERBT)

- BAWSCA has participated in CERBT since April 2014 to prefund BAWSCA's Other Post-Employment Benefits (OPEB) obligations
 - CERBT is administered by CalPERS
- Contributions made to CERBT allows BAWSCA to pay for future retiree benefits, reduce future cash flow requirements, and reduce OPEB liabilities
- BAWSCA has been fully funding the annual OPEB expenses
 - BAWSCA's FY 2023-24 Operating Budget includes a CERBT contribution of \$78,000
- BAWSCA's unfunded OPEB liability as of 6/30/2023: \$907,569
- BAWSCA's unfunded OPEB liability estimated to be paid off by 2036
 - Assumes a discount rate of 5.5%

BAWSCA's CERBT Account Summary as of June 30, 2023 with Estimated Paid Off Date of 2036

Total Contributions (Initial contribution made on 4/26/2014)	\$877,731
Total Disbursements	-
Total CERBT Expenses	(\$5,125)
Total Investment Earnings	\$226,760
Total Assets	\$1,099,366
Current Asset Allocation Strategy Selection	CERBT Strategy 2
CERBT 20-Year Expected Rate of Return	5.5%
BAWSCA's Discount Rate Used in OPEB Actuarial Valuation as of June 30, 2023	5.5%
BAWSCA Actual Cumulative Annualized Rate of Return* from Inception (4/26/2014) through 6/30/2023	4.1%
BAWSCA Net OPEB Liability as of 6/30/2023 (Estimated to Be Paid Off by 2036)	\$907,569
Funded Status	55%

*Net of fees

SFPUC's OPEB Liability Funded Status Update

- SFPUC participants in the single employer defined benefit plan
 - Pay-as-you-go plus a contribution to the Retiree Health Care Trust Fund (Trust Fund)
- San Francisco's Net OPEB Liability as of 6/30/2022: \$3.7 billion
 - Funded ratio: 16.3%
 - Estimated to be paid off by 2048 (assumed discount rate: 7.0%)
- SFPUC's share of SF's Net OPEB Liability: \$227.1 million
 - 6.15% of SF's unfunded liability of \$3.7 billion
 - Includes \$144.1 million for Water Enterprise & \$14.2 million for Hetchy Water
- SFPUC's FY 2022-23 Operating Budget: \$1.65 billion
 - Includes pay as you go benefits
 - Includes a share of contributions to Trust Fund: \$15.6 million

San Francisco's Unfunded OPEB & Pension Liabilities Are San Francisco's Obligations

- BAWSCA consulted with its auditors and legal counsel to understand potential risks of San Francisco's unfunded liabilities
- BAWSCA auditor and legal counsel confirmed that San Francisco's unfunded liability is not BAWSCA agencies' liability
 - No Accounting guidelines require the agencies to report San Francisco's unfunded liability
- BAWSCA agencies pay their share of the SFPUC's operation expenses through the wholesale water rates
 - Includes retirement benefits attributable to current employees
- Per the WSA, the Wholesale Customers only pay their share of expenses of SFPUC operations from which they receive benefits
 - Wholesale Customer expenses calculated based on the terms specified in the WSA

BAWSCA Pension Liability Funded Status Update



Ragsdale, 2023

BAWSCA Participates in the CalPERS Pension Plan

- BAWSCA offers its employees and retirees pension benefits via CalPERS, a State of California Pension Trust Program
- Every year, CalPERS provides BAWSCA an actuarial valuation report
 - Includes latest pension trust plan funded status and minimum required employer contributions for next fiscal year
 - BAWSCA's FY 2023-24 Operating Budget includes a CalPERS required employer contributions of \$250,154
- BAWSCA's unfunded pension liability as of 6/30/2022: \$1,101,421
- BAWSCA's unfunded pension liability estimated to be paid off by 2043
 - Assumed discount rate: 6.8%

BAWSCA's Pension Liability Funded Status as of June 30, 2022 with an Estimated Paid Off Date of 2043

Actuarial Calculation	CalPERS "Misc." Plan Value
a. Present Value of Projected Benefits (PVB)	\$7,495,375
b. Entry Age Normal Accrued Liability (AL)	\$5,540,750
c. Market Value of Assets (MVA)	\$4,439,329
d. Unfunded Accrued Liability (UAL) =b-c	\$1,101,421
e. Funded Ratio =c/b	80.1%



SFPUC's Pension Liability Funded Status Update

- SFPUC participants in a cost-sharing multiple-employer defined benefit pension plan that is administered by SF Employees' Retirement System (SFERS)
 - Benefits provided under the Plan are currently paid based on “pay as you go”
- San Francisco's unaudited Net Pension Liability as of 6/30/2023: \$2.7 billion
 - Funded ratio: 92.4% (assumed discount rate: 7.4%)
- SFPUC's share of SF's Net Pension Liability: \$194.8 million
 - 7.6% of SF's unfunded liability of \$2.7 billion
 - Includes \$111.7 million for Water Enterprise & \$31.3 million for Hetchy Water
- SFPUC's FY 2022-23 Operating Budget: \$1.65 billion
 - Includes a share of contributions to SFERS: \$59.1 million

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 - Wholesale Customer expenses calculated based on the terms specified in the WSA

FERC/Bay-Delta Update



BAWSCA 2018

Continued Progress on Bay Delta Phase I and Phase 2 Plan Amendments and Voluntary Agreements

- Adopted Phase I Plan: State Board moving forward with implementation
 - State Board adopted “Initial Biological Goals for Lower San Joaquin River Flow Objectives” earlier this month
- Phase I Voluntary Agreement (VA): CEQA review ongoing
 - Tuolumne River Scientific Basis Report Supplement for Phase I VA - Fall 2023 Draft Staff (delayed)
 - Staff Report (CEQA Equivalent) for Phase I VA – Winter/Spring 2024
 - State Board workshop & consideration of Phase I VA – Winter/Spring 2024
- Phase 2 Plan Amendment and VA: Progressing
 - Sept./Oct.: Expected release of Draft Staff Report and environmental report for Phase 2 Plan Amendment and VA

Initiation of Oral Arguments in State Water Board Cases

- Oral argument on the Porter-Cologne Act claims in the State Water Board Cases was held the week of August 28 through September 1
 - Oral argument continues the week of September 25th related to CEQA claims
 - The final arguments will be on October 23rd and 24th related to other claims such as reasonable use
- BAWSCA argued that in developing the Bay-Delta Plan the State Board:
 - Failed to consult with & consider the recommendations of local agencies as required by law
 - Did not consider BAWSCA member agencies' comments and prescribed actions in their UWMPs
 - The State Board rejected rationing as a response to the Plan's flow requirements
 - Failed to effectively consider the economic impacts and the need for developing housing in the region as required by law
 - Did not consider existing housing crisis and inability to meet RHNA and Plan Bay Area housing requirements
 - The State Board's analysis of housing was limited to just four sentences in the SED executive summary
 - Failed to adequately evaluate substitute water supply options evaluated by the SFPUC in its water planning documents

BAWSCA's Arguments Were Unique and Focused on Impacts to Regional Water System

- BAWSCA was the only party that addressed:
 - The impacts to the Bay Area
 - The Regional Water System in any depth
 - The Plan's impacts to housing
 - The feasibility of alternative water supplies
 - The likelihood of rationing and related risks/impacts
- The Judge appeared very interested in BAWSCA's arguments and asked several questions
- During the State Board's argument, the Judge asked it to respond to four questions, two of which focused on BAWSCA's arguments
 - Is there support in the record for the State Board's alternative supply options?
 - Did the State Board consider rationing?
- The Judge indicated that he will take a "deep dive" into the record to see if there is support for the State Board's positions
- The Judge has 90 days following the conclusion of oral arguments (currently set for October 24th) to distribute a draft order

Closed Session #1



SFPUC

Report from Closed Session #1



Sandkulla, 2023

Closed Session #2



Jensen, 2011

Report from Closed Session #2



Ragsdale, 2023

Action Item Following Closed Session #2



S. Ritchie, 2019

Consider Declaration that the Compensation and Benefits of the CEO are Uncertain as of 9/27/23 due to Ongoing Negotiations

- The Board evaluated the CEO's performance during FY 2022-23
- Negotiations regarding any adjustment to the CEO's compensation are ongoing
- Declaring the compensation and benefits uncertain preserves Board's ability to adjust compensation effective 9/27/2023 at a regularly scheduled meeting pending outcome of ongoing negotiations

Recommendation

- Legal Counsel recommends the Board approve the following recommended action:

That the Board approve a motion declaring that the compensation of the CEO/General Manager is under ongoing negotiation and is therefore uncertain and undetermined, ~~with the understanding~~ and that any such new compensation for the CEO/General Manager, as may be subsequently adopted by the Board of Directors, may be applied effective as of September 27, 2023, in consideration of the services provided by the CEO/General Manager henceforth, should labor negotiations result in such a recommendation.

Directors' Discussion



Sandkulla, 2023

Announcement & Adjournment to Next Meeting

Next Meeting

November 16, 2023

5:30 pm Reception

6:30 pm Board Meeting

Agency recognition and speakers
will be first item on meeting agenda

