



BAWSCA Service Area

“A multicounty agency authorized to plan for and acquire supplemental water supplies, encourage water conservation and use of recycled water on a regional basis.”

[BAWSCA Act, AB2058 (Papan-2002)]

Board Policy Committee Meeting

April 12, 2023

Call to Order / Roll Call



SFPUC, Eleanor Dam

Comments by Chair



L. Ash, 2017

Consent Calendar

- Approval of February 8, 2023 Minutes



Public Comments On Items Not On The Agenda



Lake Eleanor Overtopping/SFPUC, January 2017

Action Calendar



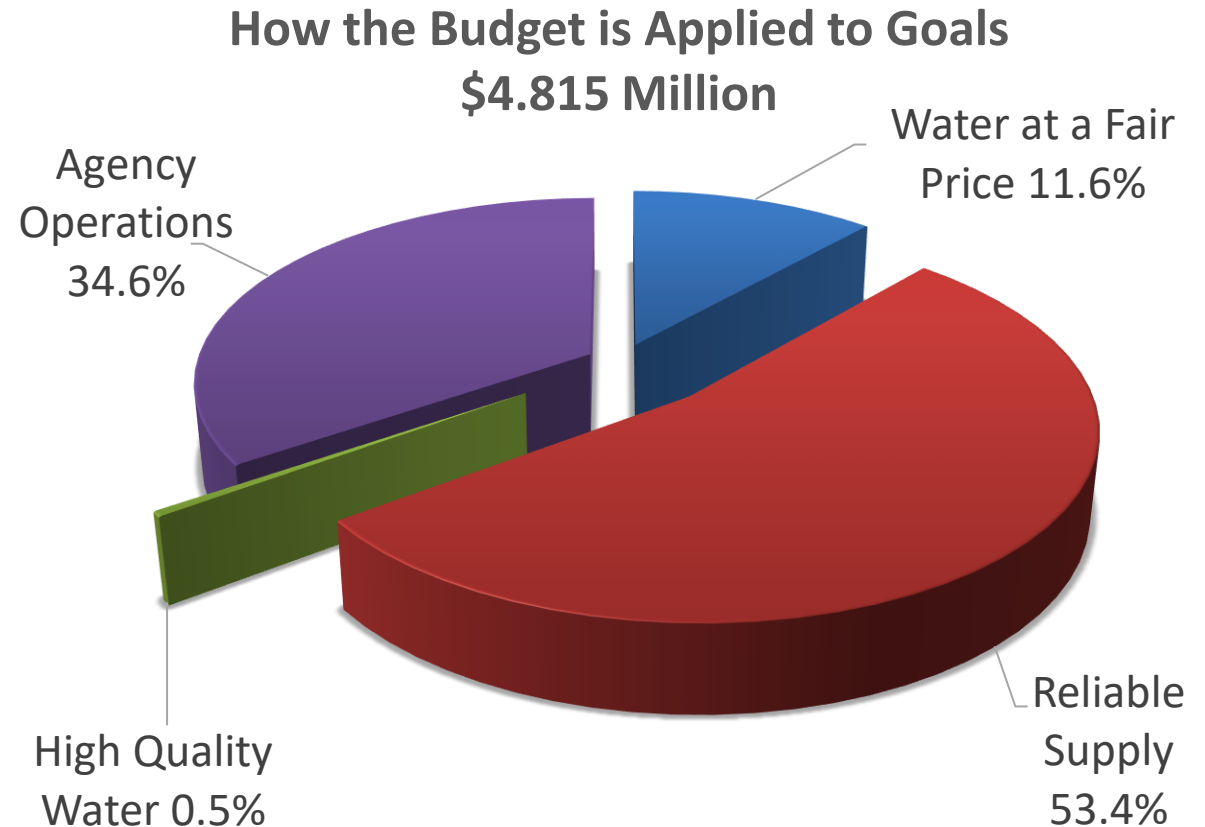
L. Ash, 2017

Proposed FY 2023-24 Work Plan Addresses Critical Issues Between Now and 2060 to Achieve BAWSCA's Goals

- Continue BAWSCA's role in managing the Water Supply Agreement with San Francisco to protect the member agencies' financial and water supply interests
- Administer BAWSCA's bonds
- Oversight of SFPUC's WSIP, 10-Year CIP, and Asset Management
- Participate in the Bay Delta and FERC Proceedings to protect regional water supplies
- Complete scoping for BAWSCA Strategy 2045
- Facilitate development of updated Tier 2 Drought Plan
- Prepare a Drought Summary Report following drought conclusion
- Implement core and subscription conservation programs
- Prepare a staff-led plan to address BAWSCA's long-term policy and operations resilience

Proposed Operating Budget 2% (\$64K) Above Approved FY 2022-23 Budget

- FY 2023-24 Proposed Operating Budget = \$4,814,667
- Fully funds annual OPEB expense
- Includes budget allowance for up to a 5% adjustment to existing salaries for both COLA and merit-based increases
- Total water customer cost of \$2.59 (+3 cents) per person



Considerations for Funding the Operating Budget

- BAWSCA's primary source of funding is its assessments on member agencies (AB 2058)
- Four principles used historically by BAWSCA when considering how to fund the Operating Budget
 - Budget sufficient resources to achieve the desired Work Plan results.
 - Spend only what is needed to achieve the results.
 - Apply incremental and prudent increases in assessments as necessary.
 - Maintain a prudent General Reserve balance within Board guidelines.
- Currently estimating spending 90-95% of FY 2022-23 approved budget
- Board approved 25% increase in assessments in FY 2022-23 to (1) fully fund the Operating Budget and (2) replenish the General Reserve to lower end of budgetary guideline
 - BAWSCA FY 2022-23 Operating Budget \$4,720,885
 - BAWSCA FY 2022-23 Assessments \$4,838,897

Three Funding Options Analyzed: Option 1 Recommended

Fund Source	FY 2022-23	FY 2023-24		
	Adopted Funding Plan as of 1/19/2023	Option 1 0% Assessment Increase	Option 2 1% Assessment Increase	Option 3 2% Assessment Increase
Assessments	\$4,838,897	\$4,838,897	\$4,887,286	\$4,935,675
Transfer from GR	(\$163,012)	(\$24,230)	(\$72,619)	(\$121,008)
Balancing Acct. Transfer	\$75,000			
Total Op. Funds/Op. Budget	\$4,750,885	\$4,814,667	\$4,814,667	\$4,814,667
Est. EOY Transfer to GR		\$0	\$0	\$0
Est. EOY Reserves	\$1,046,550	\$1,070,780	\$1,119,169	\$1,167,558
% of Total Budget	22%	22%	23%	24%
Assessment to Budget Ratio	102%	101%	102%	103%



Recommendation

That the Committee recommend Board approval of the:

1. Proposed Fiscal Year 2023-24 Work Plan and Results to be Achieved;
2. Proposed Operating Budget of \$4,814,667; and
3. Proposed funding plan of a 0% assessment increase (\$4,838,897) to fund the Operating Budget.

Authorization of Professional Services Contract to Support the Scoping of BAWSCA's Long-Term Reliable Water Supply Strategy



SFPUC

Two Phase Approach Being Used for Strategy 2045

- Phase 1 – Scoping Strategy 2045
 - Task 1 – Document Review
 - Task 2 – Stakeholder Engagement
 - Task 3 = Attend Meetings and Provide Technical Support
 - Task 4 – Prepare the Scope of Work for Strategy 2045
- Phase 2 – Develop Strategy 2045
 - Work will be performed in accordance with the Task 4 approach developed in Phase 1
- Worked with legal counsel to enable BAWSCA to have the ability to either (1) negotiate directly with the Phase 1 consultant to perform Phase 2 work, or (2) to go out to bid

BAWSCA Relied on Agency's Procurement Policy and Expanded Outreach to Solicit Proposals

- BAWSCA solicited proposals from qualified water resources planning consultants to assist BAWSCA in the development of a scope of work for Strategy 2045
 - RFP issued on February 21, 2023
 - Proposals received on March 24, 2023
 - Eleven consultants invited to propose (in addition, RFP was posted on BAWSCA's website)
 - BAWSCA received one proposal (two from those invited teamed); nine did not propose
- Discussion with those that chose not to propose
 - Two firms indicated a conflict of interest, due to their extensive work as consultants for the SFPUC
 - Several indicated that the staff they'd assign to the work were committed to other projects
 - Others indicated that they viewed they lacked the necessary expertise to provide assistance

Proposal Review and Possible Negotiations Underway

- BAWSCA is reviewing the proposal received
 - A panel, consisting of representatives from BAWSCA, two member agencies, and one outside agency, is in performing the review
 - Proposal review will be completed in mid-April, followed by a consultant interview
- The proposal received will be evaluated based on the criteria specified in the RFP:
 - Qualifications and experience of firm and key personnel
 - Understanding of the project and approach to the scope of work
 - Ability to meet project timeline
 - Overall value illustrated by the proposer as provided within the project budget
- If appropriate, BAWSCA will negotiate with the consultant in an effort to address any cost or scope concerns
- Agreement execution is contingent upon approval by the BAWSCA Board

Strategy 2045 Scoping – Fiscal Impact

- FY 2022-23 budget included an allocation of \$30,000 under the assumption that work would begin during the last quarter of FY 2022-23
- Proposed FY 2023-24 budget includes a \$35,000 allocation for Strategy 2045 scoping assistance
- The proposal received had a cost estimate of \$211,200
 - The proposal included optional tasks, which BAWSCA may or may not view as necessary
- BAWSCA's negotiation with the consultant would include an effort to identify areas where cost reduction is possible
- No changes to the proposed FY 2023-24 budget are recommended at this time
- A funding proposal would be included as part of any Board consideration on any contract

Recommendation

That the Board Policy Committee recommend the Board authorize the CEO/General Manager to negotiate and execute a contract with the selected consultant, subject to legal counsel's final review, to support the scoping for BAWSCA's Long-Term Reliable Water Supply Strategy 2045.

Proposed Modifications to Investment Policy to Ensure Safety of Bank Deposits Over \$250,000



L. Ash, 2017

Proposed Modifications to Investment Policy to Ensure Safety of Bank Deposits Over \$250,000

- Primary objectives of BAWSCA's Investment Policy: Safety, liquidity and yield
- Last reviewed November 2022: No changes made
- The Policy applies to all BAWSCA funds and investment activities
 - Requires funds not invested in LAIF deposited in state/national banks and savings associations
 - Further limits maximum deposits to \$250,000
 - Specifies permitted investments for bond funds
- BAWSCA recommends modifying the policy
 - To require all bank deposits over the FDIC limit be collateralized, and
 - To eliminate the bank deposits limit of \$250,000
- Proposed modified policy language is consistent with State law

Collateralization Safeguards Public Funds Deposits

- Collateralization: Securing a loan/bank deposit with an eligible asset (e.g., securities)
 - Account owner may seize and sell the securities to offset its loss, in the event of a bank default
 - No out-of-pocket expense
- California Government Code Sections 53630-53687 govern the reporting and collateralization of local agency deposits
 - Specifies the types of securities may be used as collateral
 - Requires a minimum collateral amount as a % of total deposits
 - Mandates weekly and quarterly reporting by depository institutions
- BAWSCA will secure a collateralization agreement
 - FDIC will honor the collateralization agreement, in the event of the failure of a bank
 - BAWSCA will verify that deposits are properly collateralized on an annual basis

Proposed Modification Languages

Section 6.A. Permitted Investments and Depositories

- (i) Agency funds may be deposited only in state or national banks and state or federal savings associations with offices in California that meet the requirements and conditions of the **California** Government Code, as it may be amended from time to time.
- (ii) **Collateralization will be required on all deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limit, in accordance with Government Code Sections 53630-53687 and Section 16522.**
- (iii) Funds not deposited in banks or savings associations shall be invested in the Local Agency Investment Fund administered by the Treasurer of the State of California, in accordance with Government Code Section 16429.1.

Section 6.B. Other Limitations

- (i) ~~The maximum amount of funds deposited with any bank or savings association shall be \$250,000; provided that if funds are each separately insured by the Federal Deposit Insurance Corporation (“FDIC”), the General Manager may maintain separate accounts for the Agency and for BAWUA (to a maximum of \$250,000 for each entity) at one bank or savings association. The temporary increase from \$100,000 to \$250,000 in the standard maximum deposit insurance amount has been permanently extended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.~~
- (ii) Investment maturities shall be based on a review of cash flow forecasts and shall be scheduled so as to allow the Agency to meet all projected obligations. The maturity of any certificate of deposit shall not exceed 12 months.

Section 9. Annual Review of Investment Policy

The CEO/General Manager shall annually submit a Statement of Investment Policy to the Board, which the Board will consider at a public meeting. **The Agency shall also annually verify that deposits are properly collateralized.**

Recommendation

That the Board Policy Committee recommend Board approval of the proposed modifications to the current Statement of Investment Policy by requiring the bank deposits in excess of the FDIC limit to be collateralized with securities in accordance with State law and to eliminate the maximum deposit limit of \$250,000.

Report and Discussion



L. Ash, 2017

Discussion of Board Member Compensation



L. Ash, 2017

Legal Framework for Board Member Compensation

- Under BAWSCA's enabling legislation, BAWSCA is authorized to compensate Board members up to \$100 per day for each day's attendance at meetings of the Board, not to exceed four meetings in any calendar month.
- Both the compensation per day of service and number of compensable days of service per month may be increased by Ordinance adopted pursuant to California Water Code section 20200 *et seq.*
 - (i) the compensation per day of service may be increased by no more than 5% for each year following the date of the last adjustment, and
 - (ii) the days of service per month may be increased to no more than 10 days in a calendar month.
- Currently, BAWSCA Board members are compensated at the rate of \$100 per day of service, for up to four days of service per month.

Comparator Agency Compensation

Comparison Agency	Compensation per Day of Service	Limitation on Days of Service per Month
BAWSCA	\$100/day	4 days/month
Coastside County Water District	\$150/day	6 days/month, max of \$600/month
Mid-Peninsula Water District	\$100/day	10 days/month
North Coast County Water District	\$100/day	10 days/month
Westborough Water District	\$100/day	N/A
Purissima Hills Water District	\$100/day	6 days/month
Alameda County Water District	\$290/day	10 days/month
Contra Costa Water District	\$100/day	10 days/month
Santa Clara Valley Water District	\$331.86/day	15 days/month

Draft Survey Questions

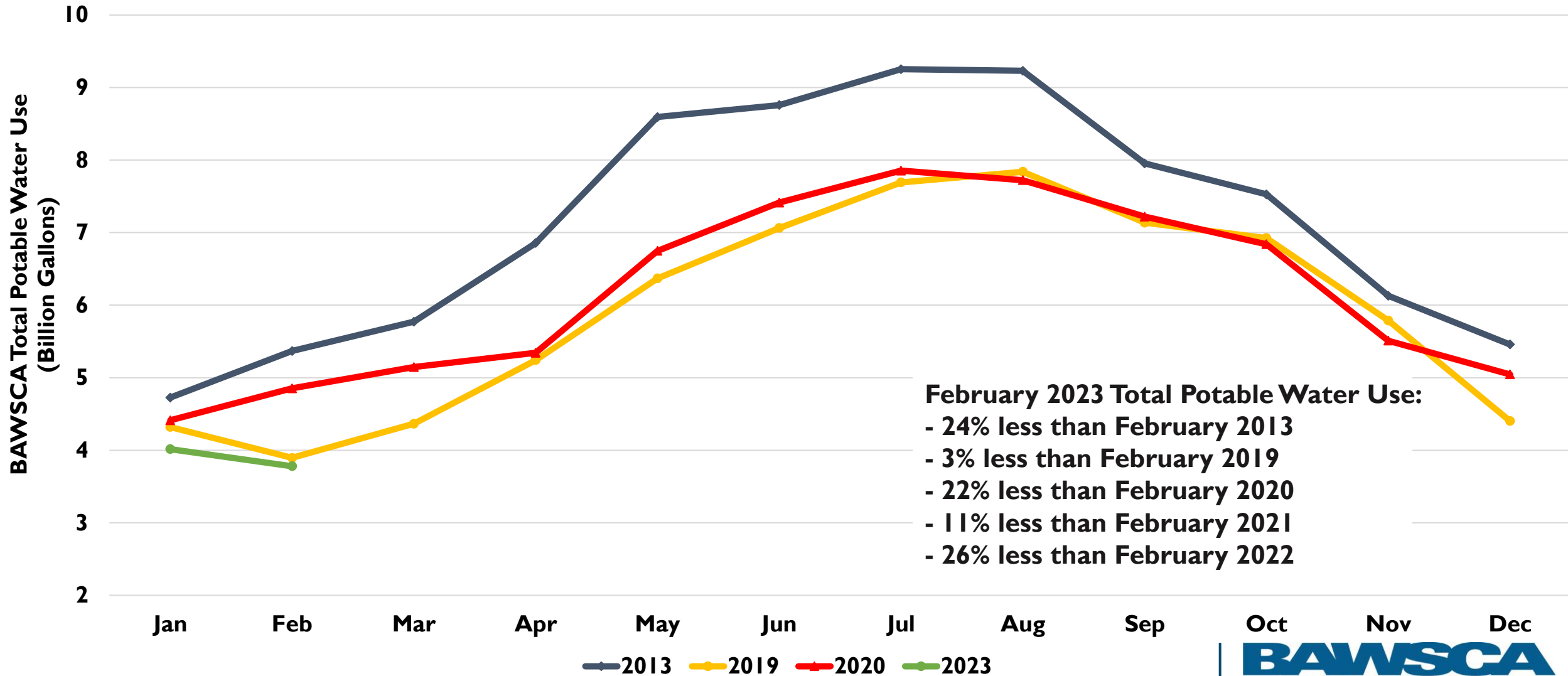
1. How far away do you live from the BAWSCA administrative office in San Mateo?
 0 – 10 miles 10 – 20 miles 20 – 30 miles 30+ miles
2. How many hours per month do you estimate you spend on BAWSCA work?
 0 – 10 hours 10 – 20 hours 20 – 30 hours 30+ hours
3. What are the costs associated with your attendance at Board of Directors meetings, e.g., childcare, lost wages, etc.?
4. How many days of service for BAWSCA do you usually render per month?
 1 – 2 day 3 days 4 days 5+ days
5. Would a larger compensation amount for each day of service increase your participation in BAWSCA activities?
 Yes No

CEO Reports



L. Ash, 2017

BAWSCA February 2023 Total Potable Water Use 24% Less Than February 2013



Drought Update: Continued Need for Voluntary Conservation

- On March 24, 2023, Governor Newsom issued Executive Order N-5-23 in light of improving drought conditions
- The State Emergency Drought Declaration Continues... with 33 EO provisions remaining operative
 - Wasteful practices prohibited by State Board's drought emergency regulations remain in effect (i.e., ban on irrigation of non-functional turf in commercial/institutional properties)
- Eliminated Governor's directive for Stage 2 of drought contingency plans, however State Board's drought emergency regulations requiring implementation of State 2 plans remains in effect
- On April 11, Commission rescinded its drought emergency declaration while maintaining its call for an 11% voluntary system-wide water use reduction
- SFPUC request for voluntary conservation will be rescinded when State Board's requirement goes away (June 10th or before)

Bay-Delta Plan Update: State Water Resources Control Board Issues an NOP Regarding the Tuolumne River VA

- On April 11, 2023, the State Board issued a Notice of Preparation (NOP) for the development of an Environmental Document related to the Tuolumne River VA
 - Possible Amendment of the Bay-Delta Plan to incorporate the Tuolumne River VA
 - Would tier, as appropriate, from the environmental document (SED) adopted in 2018
 - Scoping meeting to take place on May 18, 2023 (virtual only format)
 - Written comment due by May 25, 2023
- VA discussions and State Board efforts progressing on schedule to meet following deadlines
 - Fall 2023
 - Scientific Basis Report for Tuolumne River VA submitted for peer review
 - Draft Staff Report for Bay-Delta Plan amendment for Tuolumne River VA
 - Winter/Spring 2024
 - Board workshop & consideration of Tuolumne River VA
 - Final draft EIR and regulation implementing Lower San Joaquin River flows
 - Board consideration of regulation implementing Lower San Joaquin River flows
- BAWSCA remains engaged with SFPUC and others in support of a VA for the Tuolumne River as an alternative to the adopted Plan

BAWSCA's FY 2021-22 Annual Survey – Key Takeaways

- The drought had a major impact on water demand
 - In FY 2021-22, the BAWSCA member agencies reported SF RWS purchases of 128.11 mgd, 5% lower than the total of 134.45 mgd purchased in FY 2020-21
 - If FY 2021-22, the BAWSCA member agencies reported total water demand (all sources) of 193.38 mgd, 5.8% lower than the total of 205.38 recorded for FY 2020-21
- Residential per capita water use continues to drop, tied strongly to drought actions
 - Average residential per capita consumption (excluding Stanford) in the BAWSCA service area was 60.27 gpcd in FY 2021-22
 - 5% less than the year before
 - 48% less than the estimated peak residential per capita consumption of 114.9 gpcd in FY 1975-76
- No significant changes were observed regarding water use distribution by source, nor by customer class
- Population slightly increased
 - Population in FY 2021-22 was 1,855,289, up slightly from that reported by the agencies for FY 2020-21 (1,842,939), an increase of 0.67%

BAWSCA's Water Supply Reliability Roundtable – Key Takeaways

- Hosting roundtable meetings proved valuable as a means of engagement with outside parties (NGOs, County agencies, business groups, etc.)
- There is significant interest in, and activity towards, developing local projects to increase supply diversity and resiliency within the BAWSCA service area
- There is interest in having BAWSCA continue to facilitate the Roundtable Series
- Funding appears to be a significant and common hurdle for the development of local water supply projects

Bay Area Regional Reliability (BARR) Shared Water Access Program (BARR SWAP) – Key Takeaways

- By working together, Bay Area water agencies can enhance water supply reliability and leverage existing infrastructure investments by facilitating water transfers during critical shortages
- The regional perspective of BARR SWAP:
 - Bridges both institutional and physical barriers
 - Enables more efficient sharing of water resources, especially when rapid responses are needed to address emergency conditions
 - Shares lessons learned from past transfer/exchanges, and exploring new concepts
- BARR SWAP aligns and supports other relevant regional and local planning efforts and policies, including long-term water supply planning on a regional scale

Closed Session



SFPUC, Eleanore Dam

Report from Closed Session



Lake Eleanor Overtopping/SFPUC, January 2017

Comments by Committee Members



SFPUC

Next Meeting and Adjournment

Next Meeting

June 14, 2023

1:30 pm

Burlingame Community Center
Unless Otherwise Noticed