

“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

December 13, 2023



Call To Order/Roll Call



BAWSCA 2018



Comments by Chair



Jensen, 2011



Consent Calendar

- Approval of October 11, 2023 Minutes



Public Comments on Items Not on the Agenda



Closed Session



Ragsdale, 2023



Report from Closed Session



BAWSCA 2018



Proposed FY 2024-25 Bond Surcharges



Ragsdale, 2023



FY 2024-25 Bond Surcharges Conform to BAWSCA's Bond Indenture

- BAWSCA calculates surcharges every year
 - To pay debt service payments,
 - Reimburse bond administration expenses, and
 - Replenish the Stabilization Fund as necessary
- Proposed FY 2024-25 surcharges reflect savings from the prepayment program in 2013 and the refunding completed in 2023
 - Total average NPV savings of approx. \$6 million per year from 2023 to 2034
- No change in the methodology from last year



Proposed FY 2024-25 Bond Surcharges – \$21,931,224

Agency	Annual Bond Surcharge	Monthly Bond Surcharge	Agency	Annual Bond Surcharge	Monthly Bond Surcharge
Alameda County WD	\$2,298,768	\$191,564	Mid Pen WD	\$427,236	\$35,603
Brisbane Water	\$73,536	\$6,128	Millbrae	\$221,388	\$18,449
Burlingame	\$667,968	\$55,664	Milpitas	\$791,844	\$65,987
Coastside County WD	\$38,772	\$3,231	Mountain View	\$1,209,876	\$100,823
CWS - Bear Gulch	\$1,586,292	\$132,191	North Coast WD	\$327,396	\$27,283
CWS - Mid Peninsula	\$2,045,292	\$170,441	Palo Alto	\$1,601,148	\$133,429
CWS - South SF	\$1,320,708	\$110,059	Purissima Hills WD	\$178,668	\$14,889
Daly City	\$590,628	\$49,219	Redwood City	\$1,279,584	\$106,632
East Palo Alto WD	\$263,640	\$21,970	San Bruno	\$231,384	\$19,282
Estero Municipal ID	\$601,416	\$50,118	San Jose (North)	\$721,008	\$60,084
Guadalupe Valley	\$23,916	\$1,993	Santa Clara	\$531,588	\$44,299
Hayward	\$2,297,412	\$191,451	Stanford University	\$293,916	\$24,493
Hillsborough	\$322,728	\$26,894	Sunnyvale	\$1,415,052	\$117,921
Menlo Park	\$439,428	\$36,619	Westborough WD	\$130,632	\$10,886
Total				\$21,931,224	\$1,827,602

Recommendation

That the Committee recommend Board approval of the proposed FY 2024-25 bond surcharges.



Mid-Year 2023-24 Work Plan, Budget and General Reserve Review and Recommended Changes



SFPUC



Mid Year Work Plan Review Identifies Need for Scope and Budget Changes Due to Current Conditions

- A review of the FY 2023-24 Work Plan was performed, and results are presented in Table I
- Six changes recommended as a result of this review
 - Reduced scope on 3 work plan items: 2g, 3b, and 3f
 - Increased technical and legal resources for work plan item 4e “Facilitate updated Tier 2 Plan”
 - Increased legal resources related to extraordinary agency/board administrative items



Reliable Water Supply (1 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
1. <u>Facility Reliability: Monitor the SFPUC's WSIP, 10-Year CIP, and Asset Management Program</u>	
✓	a. Monitor WSIP scope, cost, and schedule
✓	b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program
✓	c. Review and monitor SFPUC's Asset Management Program
✓	d. Promote increased emergency response coordination between member agencies, SFPUC, Valley Water and others
✓	e. Review and comment on SFPUC's current and long-term labor capacity to maintain and operate the RWS

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result/Effort



Reliable Water Supply (2 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
2. <u>Long-Term Supply Solutions: Implement BAWSCA's Strategy</u>	
✓	a. Complete scoping activity for Long-Term Reliable Water Supply Strategy 2045 (Strategy 2045) and initiate development
✓	b. Participate in the Bay Area Regional Reliability (BARR) Partnership
✓	c. Complete Basis of Design Report (BODR) for the San Francisco-Peninsula Regional Pure Water Project
✓	d. Facilitate development of other local water supply options by member agencies
✓	e. Use the BAWSCA Reliability Model (Model) to evaluate Bay Delta Plan Voluntary Agreement impacts on reliability, the prospective benefits that new alternative water supplies may provide, and to estimate the corresponding need to ration during droughts
✓	f. Facilitate use of the BAWSCA Model by members via Subscription Program
! ●	g. Host quarterly meetings of BAWSCA Regional Water Supply Reliability Roundtable to identify possible water supply options for consideration by BAWSCA and its members as well as potential local partnership opportunities. <u>Recommended Scope Change:</u> <u>Modify work plan item 2g to read "Host a BAWSCA Regional Water Supply Reliability Roundtable meeting to discuss Strategy 2045 proposed scope and receive feedback."</u>

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ☆ Extraordinary Result/Effort



Reliable Water Supply (3 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
3. Near-term Supply Solutions: Water Conservation and Drought Response	
●	a. Provide staff-only drought support to members & their customers, assuming dry conditions in FY 2023-24 and prepare a drought summary report following drought conclusion.
! ●	b. Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a California Way of Life" requirements, including developing an approach for members to meet the new CII performance measure requirements as well as a possible subscription program for professional consulting services for those members interested in more hands-on assistance. <u>Recommended Scope Change:</u> <u>Modify work plan item 3b to read "Represent members' interests in regional and statewide discussions on the development of and compliance with California's "Making Water Conservation a California Way of Life" requirements, including developing an approach for meeting the new requirements as appropriate."</u>
✓	c. Provide regional coordination to support members Advanced Metering Infrastructure (AMI) implementation and data management
✓	d. Implement BAWSCA's core water conservation programs
✓	e. Implement BAWSCA's subscription water conservation programs

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ☆ Extraordinary Result/Effort



Reliable Water Supply (3 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM (CONTINUED)
3. Near-term Supply Solutions: Water Conservation and Drought Response	
! ●	f. Continue development of a leak repair and training certification program for implementation in FY52024-24 <u><i>Recommended Scope Change:</i></u> <u><i>Modify work plan item 3f to read “Continue development of a leak repair and training certification program for future implementation by an outside entity.”</i></u>
✓	g. Pursue partnership with San Mateo County C/CAG related to a potential greywater pilot program
✓	h. Represent members in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible.

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ☆ Extraordinary Result/Effort



Reliable Water Supply (4 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
4. Take Actions to Protect Members' Water Supply Interests in the Administration of the 2009 WSA	
✓	a. Review and comment on SFPUC Alternative Water Supply (AWS) Plan, anticipated for Commission consideration Summer 2023
✓	b. Monitor SFPUC implementation of AWS Program and participate as appropriate
✓	c. Protect members' water supply interests to ensure that the SFPUC meets its legal and contractual obligations for RWS supply
✓	d. Adopt a temporary extension of the existing Tier 2 Plan that expires Dec. 2024 if necessary
! ✓	e. Facilitate negotiations of an updated Tier 2 Drought Plan <u>Recommended Budget Adjustment:</u> <u>(1) Increase consultant contract with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded by reallocation of available funds within the current approved FY 2023-24 Operating Budget; and</u> <u>(2) Increase consultant contract with Hanson Bridgett by an additional \$82K, funded by a transfer from the General Reserve.</u>
✓	e. Protect members' water supply and financial interests in SFPUC's required 2028 decisions
✓	f. Protect members' water supply and financial interests in the SFPUC's required 2028 decisions.
✓	g. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.
✓	h. Ensure correct implementation of the recent WSA amendment allowing for the paired transfer of a portion of an agency's ISG and minimum purchase obligation

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ☆ Extraordinary Result/Effort



Reliable Water Supply (5 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
5. <u>Protect Members' Interests in a Reliable Water Supply</u>	
✓	a. Participate in SWRCB Bay Delta Plan Update
✓	b. Participate in the Don Pedro Project/La Grange Project FERC licensing process
6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u>	
✓	a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs
✓	b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability
! ○	c. Develop and implement new core and subscription BAWSCA Grant Support Program <u>Recommended Scope Change:</u> <u>Delete work plan item 6c</u>
✓	d. Investigate potential for grant funds to support the implementation of the Strategy
7. <u>Reporting and Tracking of Water Supply and Conservation Activities</u>	
✓	a. Complete BAWSCA FY 2020-21 Annual Survey
✓	b. Complete BAWSCA FY 2020-21 Annual Water Conservation Report
✓	c. Operate and maintain BAWSCA's Updated Water Conservation Database

! Needs Attention ○ Experiencing Delay ✓ Complete/On Track ☆ Extraordinary Result/Effort



High Quality Water (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
8. <u>Support Member Agencies in Receiving Reliable Communication of Water Quality Issues</u>	
✓	a. Coordinate members participation in Joint Water Quality Committee
✓	b. Relay important water quality information to members
✓	c. Review and act on, if necessary, State legislation affecting water quality regulations

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result/Effort



Fair Price and Maintain Allies (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
9. <u>Perform Matters that Members Delegated to BAWSCA in the WSA</u>	
✓	a. Administer the WSA with SF to protect the financial interests of member agencies.
✓	b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco
✓	c. Monitor SFPUC's unfunded pension and OPEB liabilities, which is not a BAWSCA obligation
10. <u>Maintain Community Allies and Contacts with Environmental Interests</u>	
✓	a. Maintain close relationships with BAWSCA's local legislators and allies
✓	b. Maintain a dialogue with responsible environmental and other groups
✓	c. Maintain effective communications with member agencies, customers, & others
✓	d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ☆ Extraordinary Result/Effort



Agency Management (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2023-24 WORK PLAN ITEM
	<p>11. <u>Manage the Activities of the Agency Professionally and Efficiently</u></p> <p>! ✓ <u>Recommended Budget Adjustment:</u> <u>Increase consultant contract with Hanson Bridgett by an additional \$30K, funded by a transfer from the General Reserve.</u></p>
✓	a. Implement a 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
✓	d. Prepare a staff-led plan to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.

! Needs Attention ● Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result/Effort



Two Budget Changes Recommended to Complete Work Expected During FY 2023-24

- Change #1: Increase Woodard & Curran’s existing contract by an additional \$80K for a new contract amount of \$152K
 - Supports work plan item 4e “Facilitate negotiations of an updated Tier 2 Plan”
 - Fund through reallocation of available funds within current approved Operating Budget
- Change #2: Increase Hanson Bridget’s existing contract by an additional \$112K for a new contract amount of \$891K
 - \$82K for work plan item 4e
 - \$30K for work plan item 11 “Manage the activities of the Agency professionally & efficiently”
 - Fund via a transfer from the General Reserve
- Recommended budget adjustment would result in
 - \$112K increase in the FY 2023-24 Operating Budget to \$4,983,419
 - \$112K reduction in General Reserve to \$1,543,390 (31% of the modified Operating Budget)



Recommendation

That the Committee recommend Board approval of the following FY 2023-24 Work Plan, Operating Budget and funding changes:

- 1) For Work Plan Item 2g, change description to read “Host one meeting of BAWSCA Regional Water Supply Reliability Roundtable to discuss Strategy 2045 proposed scope and receive feedback”;
- 2) For Work Plan Item 3b, change description to read “Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements, including developing an approach for meeting the new requirements as appropriate”;
- 3) For Work Plan Item 3f, change description to read “Continue development of a leak repair and training certification program for future implementation by an outside entity”;
- 4) For Work Plan Item 4e, increase consultant contract budget with Woodard & Curran by an additional \$80K for a total contract amount of \$152K, funded using reallocation within the current approved FY 2023-24 Operating Budget;
- 5) Work Plan Item 6c, delete work plan completely; and
- 6) For Hanson Bridgett, increase consultant contract budget by an additional \$82K for **Work Plan Item 4e** “Facilitate negotiations of an updated Tier 2 Plan” and by \$30K for work plan item 11 “Manage the activities of the Agency professionally and efficiently”, for a total contract increase of \$112K and a total new contract amount of \$891,000, to be funded through a transfer from the General Reserve.



Update on Negotiations of a New Tier 2 Drought Allocation Plan



BAWSCA 2018



Lead Negotiators Making Progress Identifying Appropriate Balance of a Needs-Based vs. a Contract Based Allocation

- December discussions focused on how final steps in the strawperson concept should be weighted towards base period purchases (needs) vs. ISG (contract)
 - On either side of the spectrum, agencies have strongly held beliefs about what is appropriate
 - All sides will need to compromise
 - December discussions were successful at narrowing the range of what will be acceptable
- Earlier steps in the strawperson concept haven't changed for several months
- January's half-day workshop will continue this topic as well as minimum and maximum cutbacks
- BAWSCA anticipates at least one half-day workshop and virtual meeting, as well as several smaller group and one-on-one meetings, will continue monthly through June
 - BAWSCA selectively includes legal counsel and technical consultants at these meetings to control costs



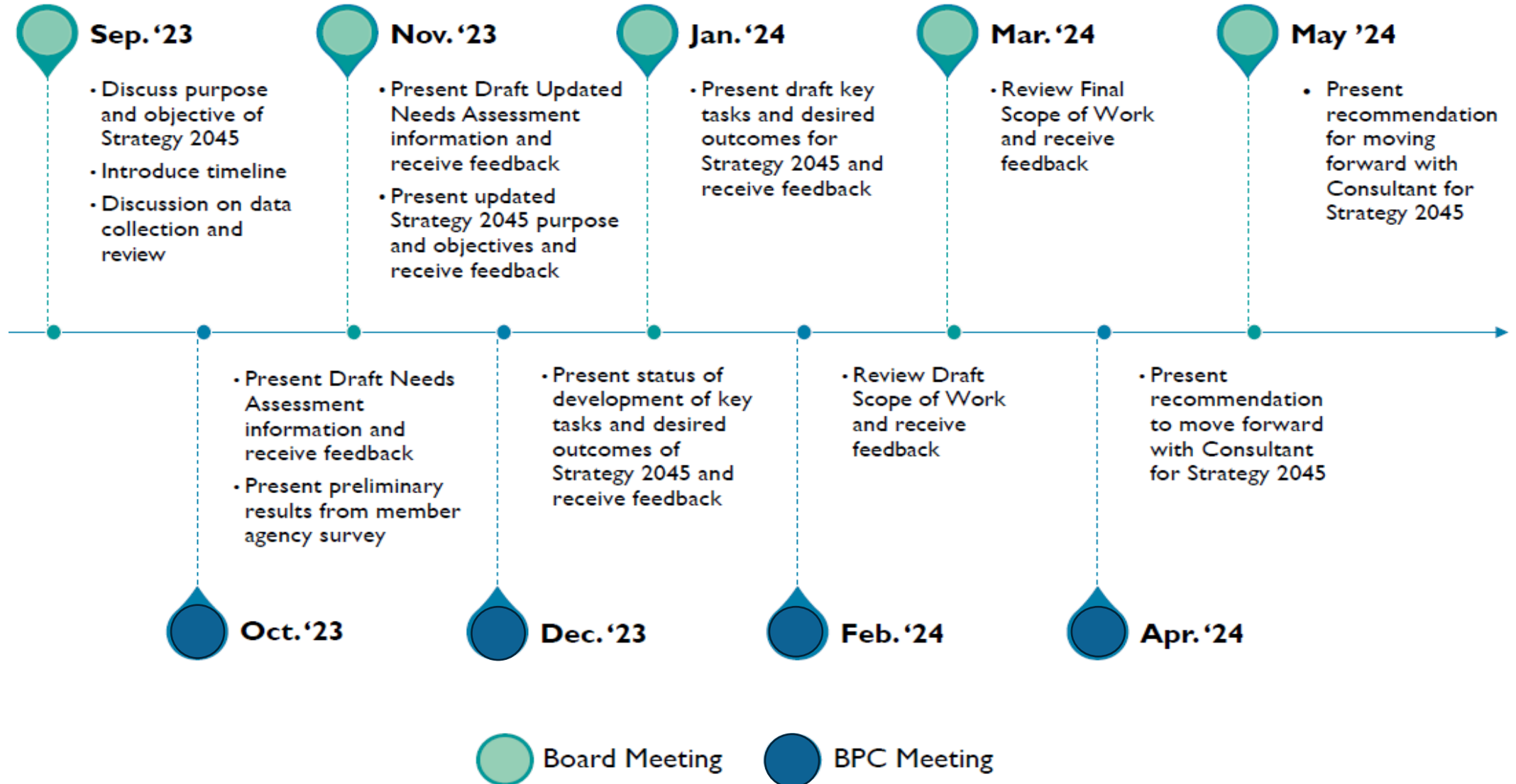
BAWSCA's Long Term Reliable Water Supply Strategy 2045



BAWSCA 2018



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



Strategy 2045 Regional Water Supply & Demand Management Purpose and Objectives Updated to Reflect WMR and Board Input

Strategy 2045 Purpose

Identify the water supply and demand management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience.

Strategy 2045 Objectives

- 1 Provide a comprehensive picture of the region's supply and demand management needs and options.
- 2 Establish a framework for collectively maintaining and improving regional water supply reliability and resilience.
- 3 Elevate awareness of and support the region's interests in new and emerging regulations that impact water supply and demand management.
- 4 Expand regional dialogue and collaboration to collectively address common needs.
- 5 Close the gap on funding needed for water supply resilience and reliability.
- 6 Support availability of affordable water supplies and demand management strategies to all customers.

Purpose and Objectives of Strategy 2045 Supports the Identification of 7 Preliminary Key Tasks for the Scope of Work

1. Evaluate Water Supply Reliability
2. Assess Regulatory Setting and Collaboration Opportunities
3. Evaluate Existing Project Concepts / Identify New Regional Project Opportunities
4. Provide Funding Support
5. Document Water Affordability Challenges and Opportunities
6. Develop Method to Track and Report on Status of Strategy 2045 Implementation
7. Report Preparation – Including Findings, Near and Long-Term Recommendations



Key Task #4: Provide Funding Support

Subtask 4A	Description	Anticipated Outcomes/Deliverables
<p>Develop Grants Tracking Tool</p>	<ul style="list-style-type: none"> • Develop a Grants Tracking Tool to identify existing and upcoming funding opportunities and provide ongoing updates to incorporate new funding opportunities. • Align with the Project Inventory (Task 3) to identify projects that are both eligible and competitive for funding, track funding applications submitted, and track funding received. 	<ul style="list-style-type: none"> • Grants Tracking Tool

Strategy 2045 Objectives Supported

2

4

5

6



Key Task #4: Provide Funding Support

Subtask 4B	Description	Anticipated Outcomes/Deliverables
<p>Establish Regional Funding Strategy and Advocacy Approach</p>	<ul style="list-style-type: none"> • Assess regional funding needs, considering project inventory and other data collected from WMRs • Establish a comprehensive regional funding strategy and advocacy approach to maximize funding in the BAWSCA region. • Funding strategy will outline potential opportunities, coordinate messaging, and recommend next steps. 	<ul style="list-style-type: none"> • TM - Regional Funding Strategy

Strategy 2045 Objectives Supported

2

4

5

6



Key Task #4: Provide Funding Support

Subtask 4C	Description	Anticipated Outcomes/Deliverables
<p>Provide Funding Application Support</p>	<ul style="list-style-type: none"> Support the BAWSCA Agencies in pursuing funding for individual and regional projects potentially including: (1) project development to increase funding readiness and fundability; (2) preparation of grant applications and associated materials; and (3) grant administration services. 	<ul style="list-style-type: none"> Tracking and recommendations on potential funding opportunities and grouping. Funding assistance subscription service.

Strategy 2045 Objectives Supported



Next Steps Towards Preparing a Draft Scope of Work

- Draft proposed key tasks and desired outcomes will be presented to:
 - Water Management Representatives at its January 4th meeting
 - Board of Directors at its January 18th meeting
- Inputs and comments received will be considered prior to finalizing the draft Scope of Work for Strategy 2045
- Draft Scope of Work for Strategy 2045 will be discussed with Board in early 2024
- Schedule anticipates Board action to authorize a recommended consultant contract and associated scope of work in Spring 2024



CEO Reports



BAWSCA 2018



Bay Delta Plan and FERC Process Update



BAWSCA 2018



Oral Arguments in State Water Board Cases Have Concluded

- Oral argument in the State Water Board Cases began the week of August 28 and concluded on October 24th
- On October 25th, the Judge issued an Order separating the case into two phases
 - “Merits” Phase
 - “Potential Remedies” Phase
- This change extends the timeline for final decision to potentially early summer
 - “Merits” Phase preliminary ruling by January 22, 2024
 - “Potential Remedies” Phase proceeding afterwards



Developments on Bay Delta Phase I and Phase 2 Plan Amendments and Voluntary Agreements

- Phase I Voluntary Agreement (VA): CEQA review ongoing
 - Tuolumne River Scientific Basis Report Supplement for Phase I VA – anticipated in Fall 2023 but is delayed
 - Staff Report (CEQA Equivalent) for Phase I VA – Winter/Spring 2024
 - State Board workshop & consideration of Phase I VA – Winter/Spring 2024
- Sacramento/Delta Updates to the Bay Delta Plan (Phase 2 Plan) and VA
 - September 28: Draft Phase 2 Plan Staff Report released for public review & comment
 - Deadline for written comments extended from Dec. 15, 2023, to Jan. 19, 2024
 - BAWSCA engaging its member agencies, SFPUC and Valley Water as part of its review and will comment as appropriate



Review of FY 2024-25 Work Plan and Operating Budget Preparation Process



BAWSCA 2018



FY 2023-24 Work Plan and Operating Budget Development

- BAWSCA's budget process begins with an assessment of long-term critical issues and major challenges
- Long-term view allows identification of critical results and associated timeline between now and 2060
- This information will form basis for FY 2024-25 Work Plan and Results to be Achieved
- Timeline:
 - Work Plan and Budget Planning Session at January 18, 2024 Board Meeting
 - Preliminary Work Plan presented to BPC in February and Board in March
 - Proposed Work Plan and Operating Budget presented to BPC in April and Board in May



Comments by Committee Members



BAWSCA 2018



BAWSCA
Bay Area Water Supply & Conservation Agency

Next Meeting and Adjournment

Next Meeting

February 14, 2024

1:30 pm

Burlingame Community Center

