

“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 10, 2024**



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

# Call To Order/Roll Call



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# Comments by Chair



Jensen, 2011



# Consent Calendar

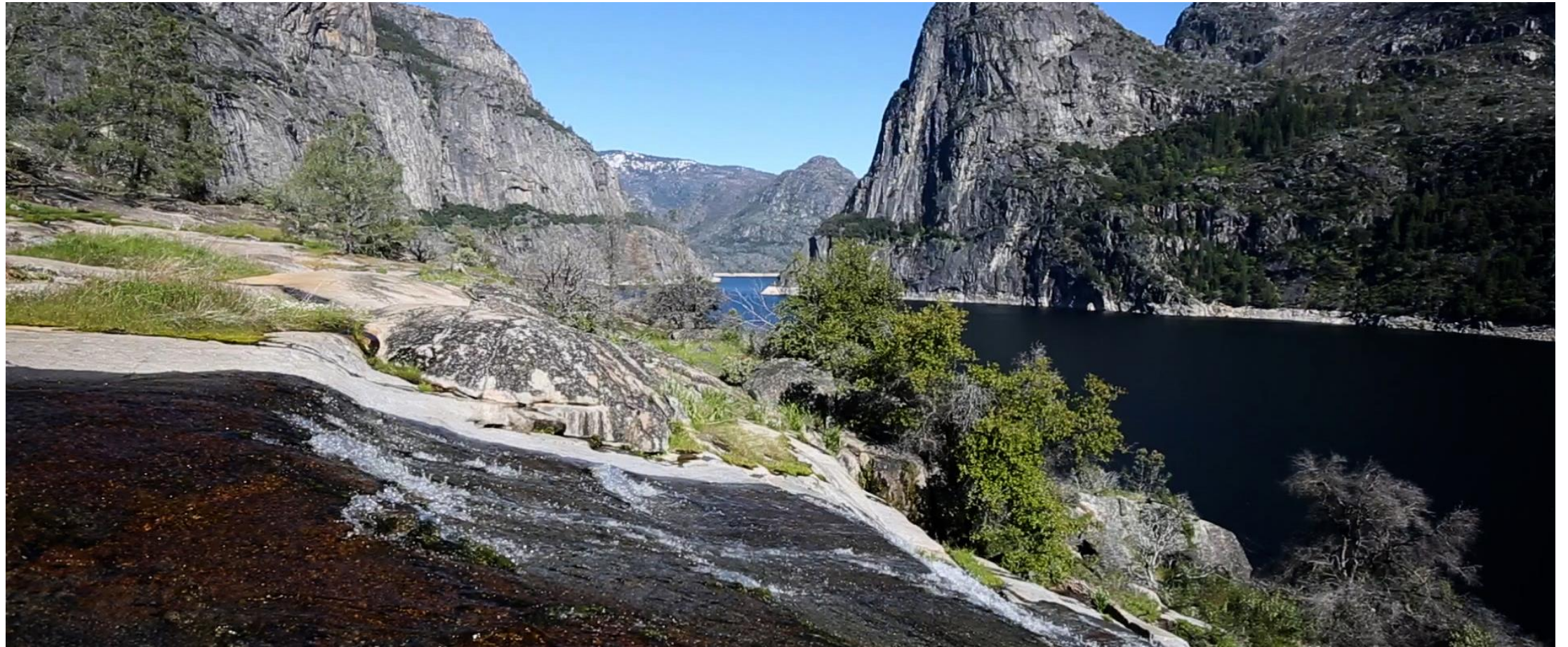
- Approval of February 14, 2024 Minutes



# Public Comments on Items Not on the Agenda



# Proposed FY 2024-25 Work Plan, Results to be Achieved, and Operating Budget



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# Proposed FY 2024-25 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
- Engage in SFPUC's Alternative Water Supply Plan implementation
- Participate in the Bay Delta and FERC Proceedings to protect regional water supplies
- Initiate development of BAWSCA's Strategy 2050
- Initiate development of Updated Regional Water Demand and Conservation Projections
- Facilitate adoption of updated Tier 2 Drought Plan
- Prepare a Drought Summary Report following drought conclusion
- Implement core and subscription conservation programs



# Proposed Work Plan and Operating Budget Reflects Several Necessary Changes from Last Few Months

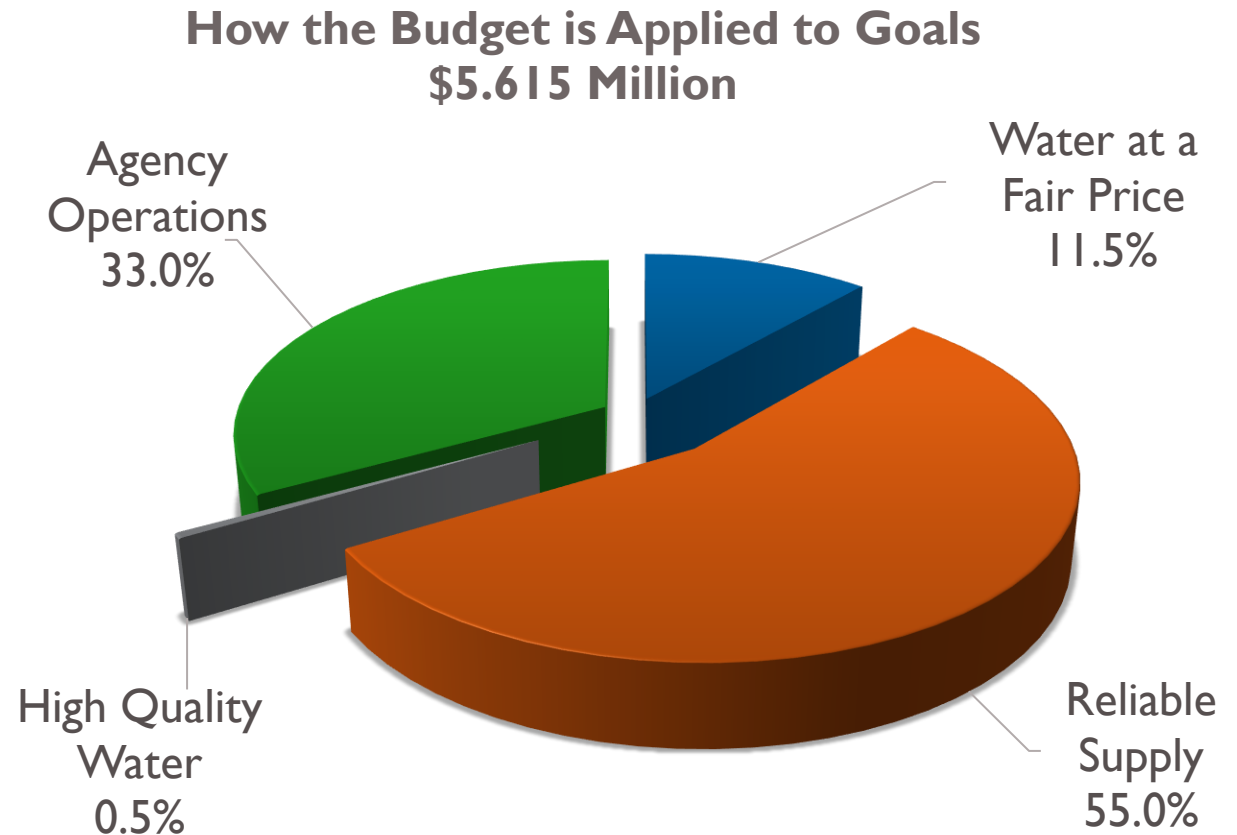
- Work Plan Item 2b “Initiate development of updated regional water demand projections”
  - Budget adjusted to reflect recommended consultant contract
  - FY 2024-25 budget increased by \$150K; FY 2025-26 budget increased by \$5k
- Work Plan Item 4h “Possible Proposed WSA Amendment re: Minimum Purchases”
  - Budget increased \$30K given recent SFPUC activity
- Work Plan Item 9a “Administer WSA to protect financial interests of members”
  - Budget increased \$20K given recent SFPUC activity on Regional Source Meter Testing Plan
- Eliminated one subscription conservation program as no longer needed
  - No longer using the DSS model for regional demand projections
- Work Plan Item 11 “Implement BAWSCA Internship Program”
  - On hold for Summer 2024 given inability to secure a qualified/interested candidate





# Proposed Operating Budget 12.7% (\$631K) Above Approved FY 2023-24 Budget

- FY 2024-25 Proposed Operating Budget = \$5,614,518
- 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 \$3 (+7 cents) per person



# Considerations for Funding the Operating Budget

- BAWSCA's primary source of funding is its assessments on member agencies (AB 2058)
- BAWSCA historically uses four principles when considering how to fund 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 2023-24 approved budget
- Funding plan for FY 2023-24 Operating Budget required no increase in assessments
- Current General Reserve balance: \$1,543,390
  - 31% of current adopted FY 2023-24 Operating Budget
  - If recommended increase in legal counsel contract is approved, General Reserve would be \$1,459,390



# Five Funding Options Analyzed: Option 2 or 3 Recommended

	FY 2023-24	FY 2024-25				
Fund Source	Adopted Funding Plan as of 1/18/2024	Option 1 7% Assessment Increase	Option 2 9% Assessment Increase	Option 3 10% Assessment Increase	Option 4 11.5% Assessment Increase	Option 5 16% Assessment Increase
Assessments	\$4,838,897	\$5,177,620	\$5,274,398	\$5,322,787	\$5,395,370	\$5,614,518
Transfer from GR	\$144,522	\$436,898	\$340,120	\$291,731	\$219,148	\$0
Total Op. Funds/Op. Budget	\$4,983,419	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518	\$5,614,518
Est. EOY Transfer to GR	\$1,543,390	\$0	\$0	\$0	\$0	\$0
Est. EOY Reserves	31%	\$1,106,492	\$1,203,270	\$1,251,659	\$1,324,242	\$1,543,390
% of Total Budget	97%	20%	21%	22%	24%	27%
Assessment to Budget Ratio	\$4,838,897	92%	94%	95%	96%	100%



# Recommendation

That the Committee recommend Board adoption of the:

1. Proposed Fiscal Year 2024-25 Work Plan and Results to be Achieved;
2. Proposed Operating Budget of \$5,614,518; and
3. Recommended funding plan Option 2 or 3.



# Authorize Consultant Contract with Hazen and Sawyer to Develop a Regional Water Demand and Conservation Projections Study



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# BAWSCA to Initiate Regional Water Demand and Conservation Projections Study

- BAWSCA released RFP for Regional Demand and Conservation Projections Study (2025 Demand Study)
- Study goal is to develop transparent, defensible demand projections for each agency to support
  - Development of 2025 UWMPs (due July 2026)
  - Conservation planning and implementation of “Making Conservation a California Way of Life” requirements
  - Regional planning efforts (e.g., Strategy 2050, SFPUC Alternative Water Supply Plan)
- 2025 Demand Study will provide each agency with a customized water demand and conservation projections model over a 20-year planning horizon
- 2025 Demand Study will also include a sensitivity analysis to evaluate impacts of a range of potential future scenarios on water demands



# Consultant Selection Followed BAWSCA Procurement Policies

- Released RFP: January 3, 2024
- Proposals due: February 16, 2024
  - Four proposals received
- Consultant interviews: March 8, 2024
  - EKI
  - Hazen Sawyer
  - Maddaus Water Management
- Hazen and Sawyer scored highest among the four proposals and stood out in the interview process
  - Review panel consisted of BAWSCA staff, member agency staff, and outside expert
- Consultant selection & begin contract negotiations: March 15, 2024
- Start work by July 2024



# Scope of Work Broken into Two Phases over Two Fiscal Years to Meet Agencies' Timelines for Results

## Phase I: FY 2024-25 Tasks

- Data Collection and Review
- Baseline and Future Demand Analysis
- Calculate Urban Water Use Objective
- Conservation Program Analysis and Selection
- Member Agency Coordination
- Stakeholder Engagement

## Phase I Work Products

- 3 technical memos documenting analysis
- 27 individual models

## Phase I Budget

- \$550K





# Scope of Work Broken into Two Phases over Two Fiscal Years to Meet Agencies' Timelines for Results

## Phase 2: FY 2025-26

- Stakeholder Engagement on Sensitivity Analysis
- Sensitivity Analysis
- BAWSCA Regional Model
- Methodology to Incorporate Future Droughts

## Phase 2 Work Products

- 2 technical memos documenting analysis
- Final Report and documentation

## Phase I Budget

- \$260K



# Recommendation

That the Committee recommend the Board authorize the CEO/General Manager to negotiate and execute an agreement with Hazen Sawyer, subject to legal counsel review, for a total amount of \$810,000, with \$260,000 subject to future Board approval as part of the FY 2025-26 Operating Budget adoption, to complete the Regional Water Demands and Conservation Projections Study.



# Second Amendment to Hanson Bridgett Professional Services Contract



SFPUC



# Additional Funds Needed for Legal Counsel in FY 2023-24 Due to Unanticipated Work

- BAWSCA staff works closely with legal counsel every year to identify tasks and resources needed to complete the Work Plan
  - Existing contract is \$891,000
- Legal counsel budget is prepared according to approved work plan and specific results
  - New or unanticipated items will generally require a contract amendment
  - Enables increased transparency with board and public regarding increased legal counsel resources
- Several items have arisen in FY 2023-24 requiring increased resources beyond what was anticipated:
  - SFPUC Wholesale Water Fixed Charge Study
  - SFPUC Water Meter Maintenance and Testing Procedures Manual
  - SFPUC's draft proposal regarding a possible WSA amendment related to Minimum Purchase obligations
- An \$84K budget increase for legal counsel is recommended to complete remaining critical work this fiscal year
  - Increase to be funded by an \$84,000 transfer from the General Reserve
  - Would increase FY 2023-24 Operating Budget to \$5,067,419
  - Would result in a General Reserve at 29% of revised Operating Budget



# Recommendation

That the Committee recommend the Board authorize the CEO/General Manager to:

1. Amend the professional services contract with Hanson Bridgett by \$84K for a total not-to-exceed amount of \$975K;
2. Authorize a transfer of \$84K from the General Reserve to the Operating Budget; and
3. Increase the approved FY 2023-24 Operating Budget by \$84K to \$5,067,419.

\*language in red is a correction/change from language in staff memo



# Update on Negotiations of a New Tier 2 Drought Allocation Plan



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# Update on Negotiations of a New Tier 2 Drought Allocation Plan

- Lead negotiators continue to make incremental progress finalizing the updated Plan at the April workshop
- Lead negotiators working towards finalizing updated Tier 2 Plan by end of June for unanimous adoption by governing bodies by December 2024
  - Approximately a 6-month process for unanimous adoption
- Existing Tier 2 Plan expires December 31, 2024
- Consensus not secured yet, however BAWSCA continues to believe that the lead negotiators will come to agreement on final key parameters by end of June
  - If progress appears to stall, BAWSCA plans to provide Board and BPC with increasingly thorough updates on the strawperson concept beginning in June
  - BAWSCA will facilitate Board decision by October/November on whether to extend the existing Tier 2 Plan or adopt a new Plan



# BAWSCA's Long-Term Reliable Water Supply Strategy 2050

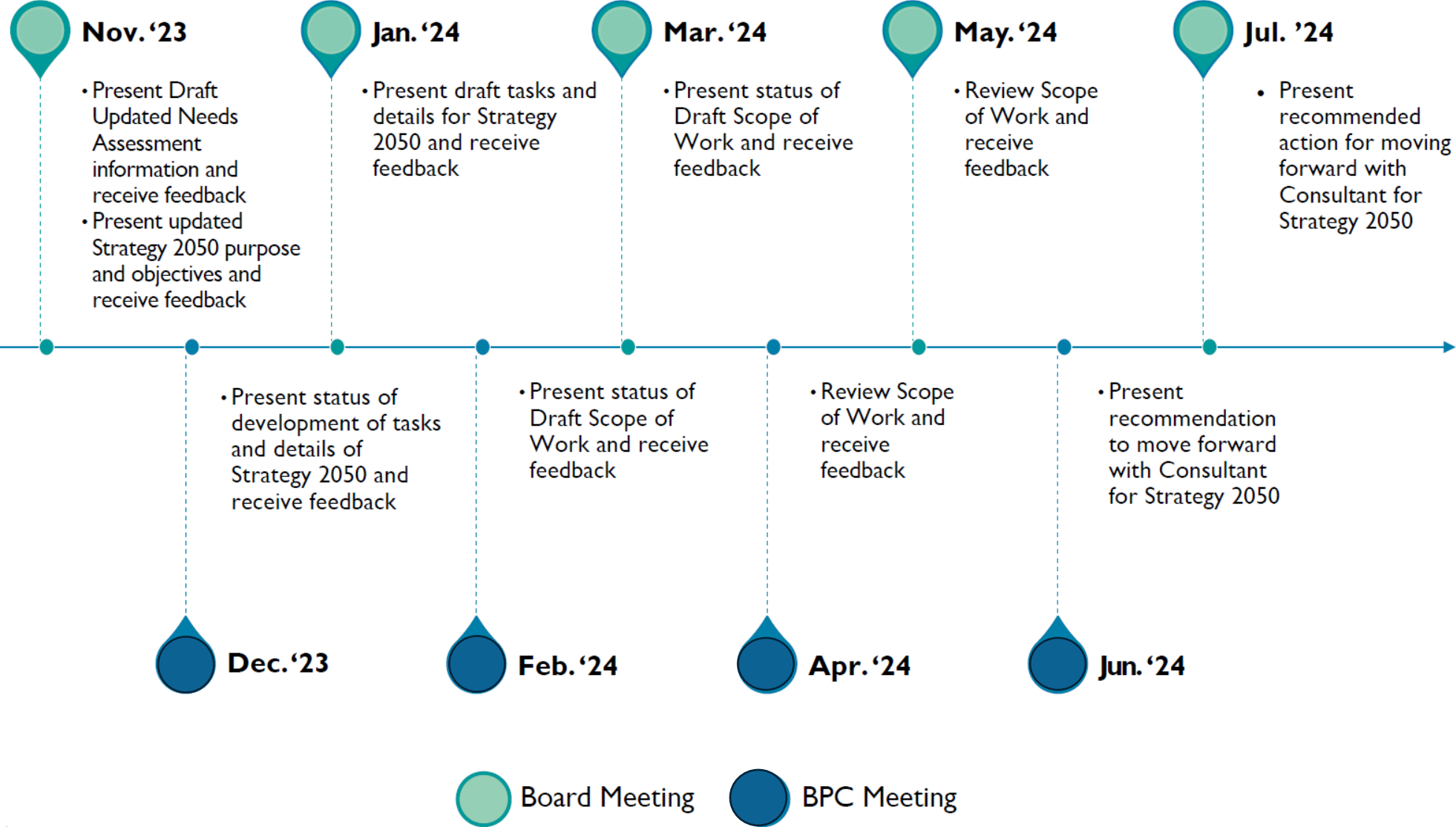


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# Feedback from BPC and Board are Critical Throughout Scope Development for Strategy 2050



# Strategy 2050 Purpose and Objectives Reflect WMR and Board Input

## Strategy 2050 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 2050 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 2050 Supports the Identification of 7 Preliminary Key Tasks for the Scope of Work – Key Tasks #1 and #2

## KEY TASKS

## DETAILS

**(1)  
Evaluate Water  
Supply and Demand  
Management  
Reliability**

- Conduct a Risk Assessment of Water Reliability
- Develop Preliminary Water Demand, Supply, and Reliability Assessment for 2025 UWMPs
- Assess Existing Risks and Emergency Framework
- Assess Regional Emergency Resilience Programs

**(2)  
Assess Regulatory  
Setting and  
Collaboration  
Opportunities**

- Identify Regulatory Setting
- Assess Framework for Future Regulatory Collaboration



# Purpose and Objectives of Strategy 2050 Supports the Identification of 7 Preliminary Key Tasks for the Scope of Work – Key Tasks #3 and #4

## KEY TASKS

## DETAILS

(3)

**Evaluate Existing Project Concepts/  
Identify New Regional Project Opportunities**

- Establish and Refine Project Inventory
- Develop Additional Water Supply and Demand Management Project Concepts
- Develop Comparative Metrics
- Develop Project Portfolios
- Update Regional Groundwater Model
- Provide Individual Reliability Planning Services (**Subscription Program**)

(4)

**Provide Support to Member Agencies in their Efforts to Obtain External Funding**

- Expand Grant Tracking Tool
- Establish Regional Funding Strategy and Advocacy Approach
- Provide Funding Application Support (**Subscription Program**)
- Pursue Funding for Strategy 2050



# Purpose and Objectives of Strategy 2050 Supports the Identification of 7 Preliminary Key Tasks for the Scope of Work – Key Tasks #5-7

## KEY TASKS

## DETAILS

(5)

**Document Drinking Water Affordability Challenges and Opportunities**

- Evaluate Affordability and Identify Affordability Challenges
- Assess Affordability Programs

(6)

**Develop Method to Track and Report on Status of Strategy 2050 Implementation**

- Develop Strategy 2050 Dashboard
- Develop Strategy 2050 Decision Support Tool
- Develop Metrics for Progress Tracking
- Develop Initial Strategy 2050 Progress Report and Action Plan

(7)

**Report Preparation – Including Findings, Near and Long-Term Recommendations**

- Develop Strategy 2050 Report
- Develop Strategy 2050 Communication Materials



# Strategy 2050 Scope of Work: Next Steps Towards Finalizing

- Draft Scope of Work (SOW) shared with the BAWSCA WMR on March 1<sup>st</sup> with edits received by March 15<sup>th</sup>
  - Feedback from both the Board and WMRs has helped guide task and subtask selection for the SOW development
- Further updates to WMR anticipated in May and June including proposed funding plan using Water Management Charge
- SOW will be shared the Board in May as an informational item
- Schedule anticipates recommended Board action in July 2024 on Strategy 2050
  - Consultant contract and associated SOW
  - Use of Water Management Charge as authorized by the Water Supply Agreement to fund consultant contract cost



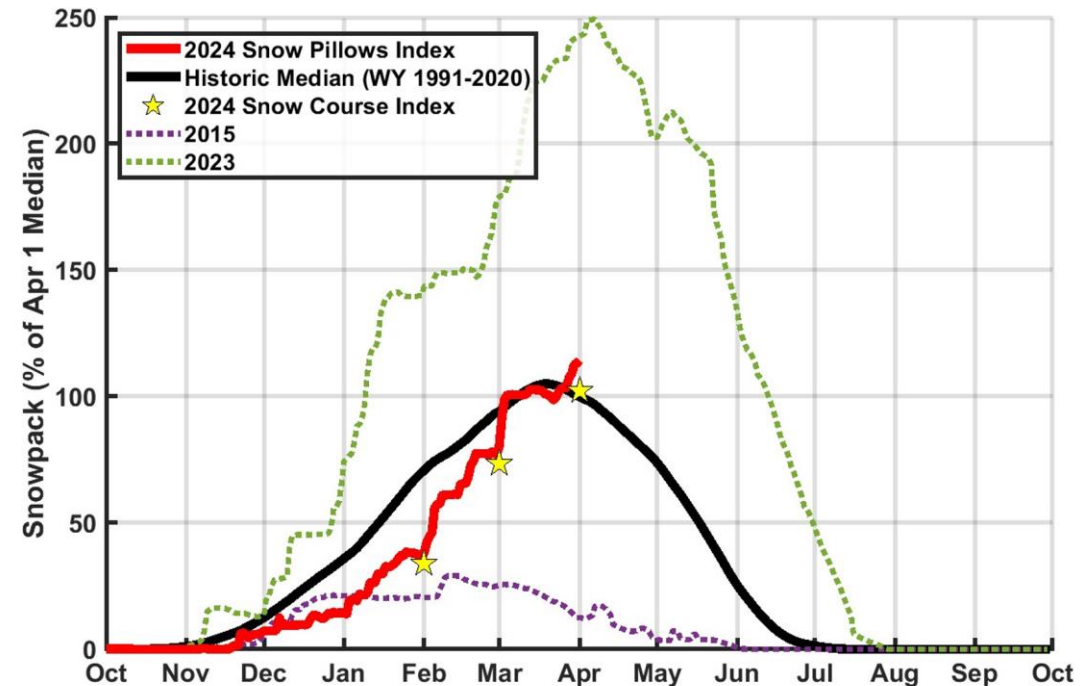
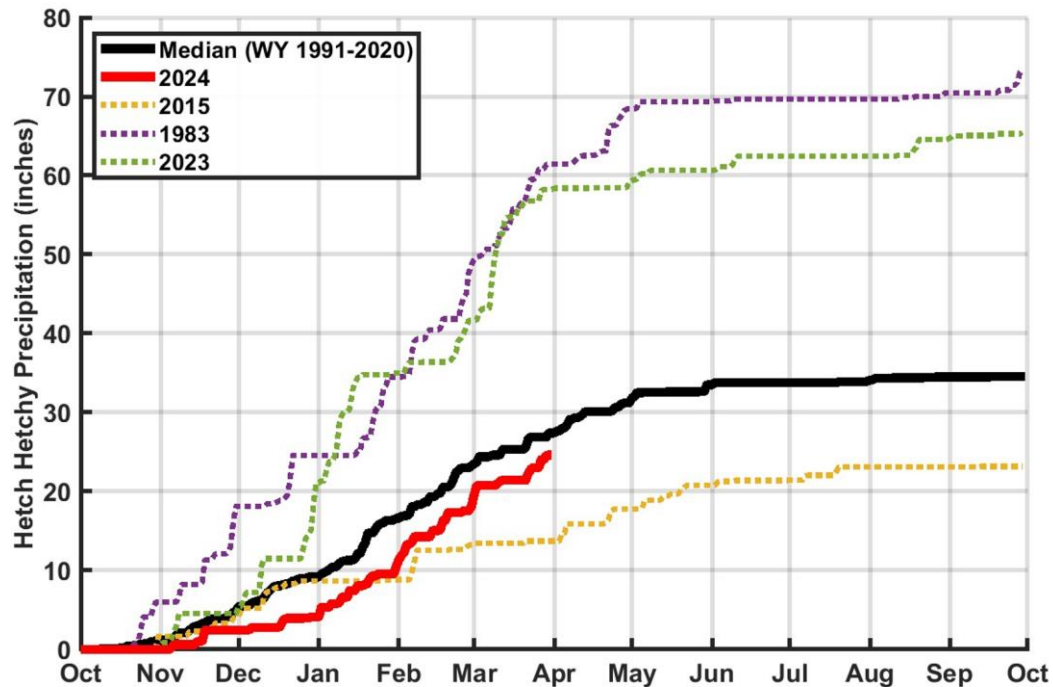
# Water Supply Conditions



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# Latest SFPUC Information Indicates Favorable Water Supply Conditions



- Hetch Hetchy Precipitation and Snowpack are both near the historic median
- Storage in the RWS is at 90.5% of maximum
- Water Demand from the RWS is approaching the 5-Year average (approximately 170 mgd for this time of year; expected to increase in the months ahead)



# Bay Delta Plan and FERC Process



L. Ash, 2017



# State Board Hosting a 3-Day Workshop on Proposed Voluntary Agreements

- Workshop to be held on April 24 , 25 & 26
  - In-person in Sacramento and Online
  - Link to watch remotely = <https://www.youtube.com/@BoardWebSupport/featured> (click tab for “live”; video recorded can also be viewed following the Workshops at that same link)
- Workshops will be focused on the proposed VAs
  - Primary focus is on Phase 2 VAs
  - VA parties to provide a detailed overview of the VAs
  - Receive input and answer questions from Board members; receive input from the public
- On March 28, key documents were released in advance of the Workshops including
  - A cover memo explaining the documents that were submitted
  - Flow Accounting Procedures
  - Non-Flow Measure Accounting Protocols
  - Implementing Agreements
  - Enforcement Agreements
  - Additionally, a VA flowchart will be available on or about April 5, 2024
- BAWSCA will monitor the Workshop and is reviewing the key documents



# Closed Session



Ragsdale, 2023



# Comments by Committee Members



BAWSCA 2018





L. Ash, 2017



# Next Meeting and Adjournment

## Next Meeting

June 14, 2024  
1:30 pm

**NOTE DIFFERENT LOCATION:  
Oak Room – San Mateo Main Library**

