

“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

June 12, 2024



BAWSCA
Bay Area Water Supply & Conservation Agency

Call To Order/Roll Call



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Bay Area Water Supply & Conservation Agency

Comments by Chair



Jensen, 2011



Consent Calendar

- Approval of April 10, 2024 Minutes



Public Comments on Items Not on the Agenda



Sandkulla, 2023



Contracting and Funding to Initiate the Development of the Long-Term Reliable Water Supply Strategy 2050



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BAWSCA is Ready to Initiate Development of Strategy 2050

Recommended Action – Recommend Board authorize CEO/GM to:

- Negotiate and execute a contract with EKI to develop Strategy 2050 for a cost not to exceed \$2,267,000;
- Execute a new contract with Hanson Bridgett to provide legal services in support of the development of Strategy 2050 with a cost of \$180,000; and
- Approve the enactment of the Water Management Charge to fund the development of Strategy 2050 work up to a not-to-exceed amount of \$2,447,000



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 Support the Identification of 7 Key Tasks for the Scope of Work

1. Evaluate Water Supply and Demand Management Reliability
2. Assess Regulatory Setting and Collaboration Opportunities
3. Evaluate Existing Project Concepts / Identify New Regional Project Opportunities
4. Provide Support to Member Agencies in their Efforts to Obtain External Funding
5. Document Drinking Water Affordability Challenges and Opportunities
6. Develop Method to Track and Report on Status of Strategy 2050 Implementation
7. Report Preparation – Including Findings, Near and Long-Term Recommendations



Strategy 2050 Development–Consultant Resources Needed (Technical Services)

- EKI – Technical Services
 - Technical consultant for Scope of Work development
 - Proposed technical consultant for development of Strategy 2050
 - Proposed contract = \$2,267,000
- BAWSCA considered numerous factors in deciding whether to engage EKI to develop Strategy 2050, including but not limited to the following:
 - The quality of the scoping services performed (answer: excellent)
 - Whether the scoping services were completed on time and on budget (answer: yes)
 - The reasonableness of EKI's proposed key business terms for preparing Strategy 2050, such as schedule, price, and key staff (answer: proposed terms are reasonable)



Strategy 2050 Development–Consultant Resources Needed (Legal Services)

- Hanson Bridgett – Legal services
 - Provide legal support for development of Strategy 2050
 - Proposed contract = \$180,000
- BAWSCA is recommending a separate contract for legal services associated with Strategy 2050 to allow for:
 - Flexibility to pay for legal fees in the 2+ year Strategy development
 - More directly track legal fees specifically associated with Strategy 2050
 - Ensure direct relationship with separate funding source, Water Management Charge



Water Management Charge was Previously Used to Successfully Fund the 2015 Strategy

- Proposed funding for Strategy 2050 is similar to the successful funding method for the 2015 Strategy
 - An estimated \$2,447,000 is to be collected over 18 months (\$135,944 per month)
 - Charges allocated to agencies in proportion to their FY 2000-01 Regional Water System purchases
 - SFPUC would collect funds via a new line “Water Management Charge” added to each wholesale customer’s water bills beginning in September 2024
 - SFPUC would remit funds to BAWSCA for its use on behalf of its member agencies
 - As required by the WSA, BAWSCA would provide an annual fiscal year report to San Francisco stating how much money was received and how the funds were expended

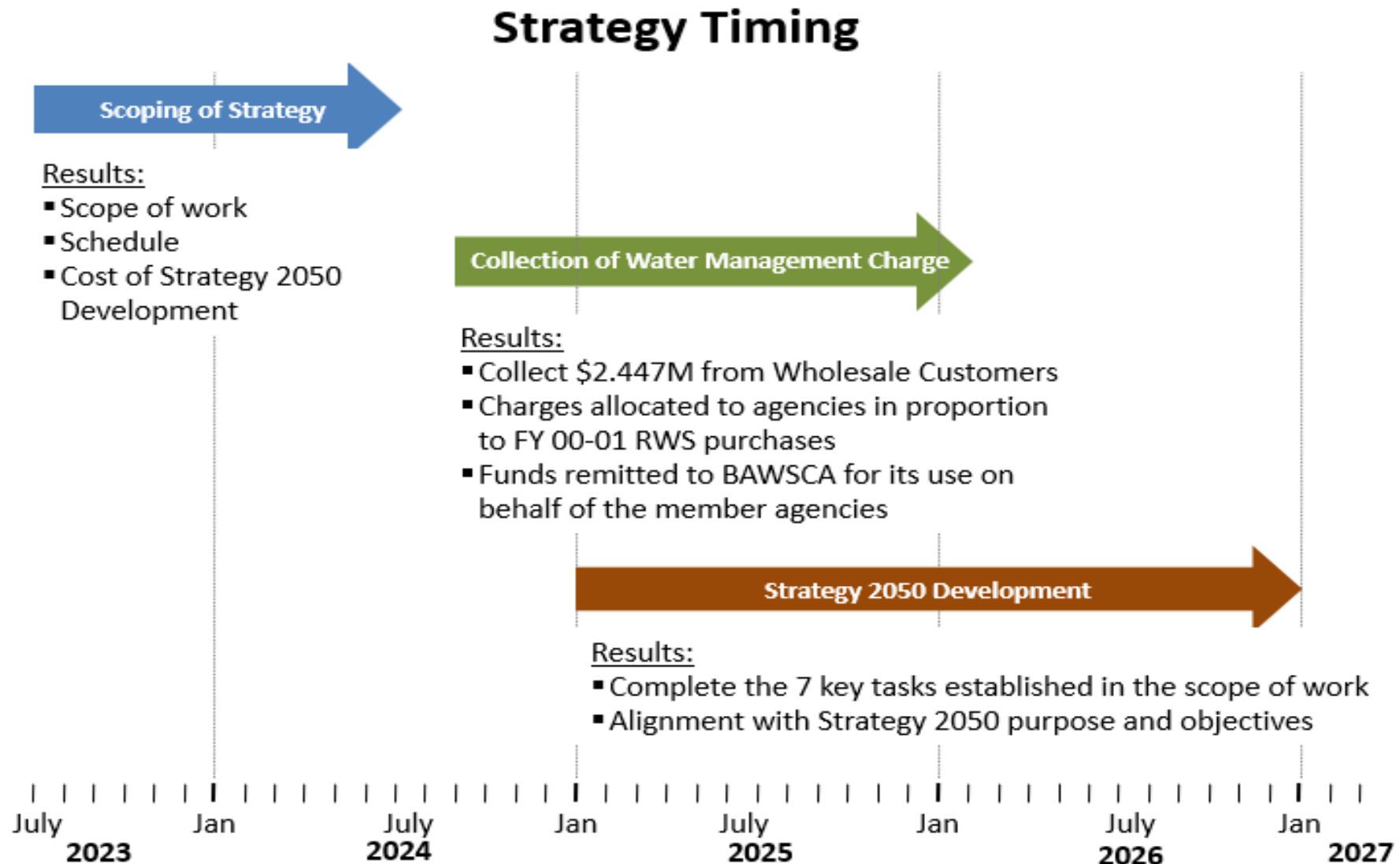


Funding Strategy 2050 Using a Water Management Charge Offers Unique Benefits

- Benefits of using a Water Management Charge:
 - Flexibility to collect revenue & allocate costs differently from BAWSCA assessment process and rules
 - Becomes a discrete project budget that can be tracked and monitored separately from BAWSCA operating budget
 - Agencies able to include the Water Management Charge in customer's bills as part of the cost of water from San Francisco



BAWSCA has Completed the Scoping for Strategy 2050 and Is Prepared to Move Forward with Strategy 2050 Development



Recommendation

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

1. Negotiate and execute a contract with EKI for the development of Strategy 2050 for a cost not to exceed \$2,267,000;
2. Execute a new contract with Hanson Bridgett to provide legal services to support of the development of Strategy 2050 with a cost of \$180,000;
3. Enact the Water Management Charge to fund the development of Strategy 2050 work up to a not-to-exceed amount of \$2,447,000.



CEO/General Manager Performance Evaluation Process



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CEO/General Manager Performance Evaluation Process

- CEO FY 2023-24 evaluation being initiated in July
- No changes proposed to evaluation process this year
- Evaluation materials will be e-mailed to Board following the July 18th Board meeting
 - CEO's "Summary of Annual Activities" report
 - Link to CEO evaluation form
- September Board meeting closed session discussion and possible open session action
 - Results of FY 2023-24 evaluation
 - Consideration of any changes to CEO evaluation for FY 2024-25
 - Consideration of any changes to CEO compensation



Board Member Compensation and Expense Reimbursement



SFPUC



Legal Framework for Board Member Compensation

- BAWSCA Board member compensation is set by statute at the rate of \$100 per day of service, for up to four days of service per month
- Both can be increased by ordinance, limited to:
 - (i) no more than 5% for each year following the date of the last adjustment for compensation, and
 - (ii) no more than 10 days of service in a calendar month
- BAWSCA Board compensation ordinance adopted June 17, 2004, becoming effective on September 1, 2004
- Maximum allowable increase using simple adjustment is to \$200 per day of service effective September 1, 2024



Expanded Agency Board Member Compensation Comparison (from June 2023 BPC memo)

Table 1: Agency Board Member Compensation Comparison

Public Agency ¹	Compensation per Day of Service	Limitation on Days of Service per Month
BAWSCA	\$100/day	4 days/month
Alameda County Water District	\$290/day	10 days/month
Coastside County Water District	\$150/day	6 days/month, max of \$600/month
Contra Costa Water District	\$100/day	10 days/month
East Bay Municipal Utility District	\$1,397/month	11 days/month
Golden Gate Bridge, Highway, and Transportation District	\$50/meeting day	\$5,000/year (\$7,500/year for President)
Irvine Ranch Water District	\$315/day	10 days/month
Mid-Peninsula Water District	\$100/day	10 days/month
Marin Municipal Water District	\$200/day	10 days/month
Metropolitan Water District of Southern California	No compensation ²	N/A
North Coast County Water District	\$100/day	10 days/month
Purissima Hills Water District	\$100/day	6 days/month
San Francisco Public Utilities Commission	\$100/month	N/A
Santa Clara Valley Water District	\$331.86/day	15 days/month
Westborough Water District	\$100/day	N/A

¹ Peninsula Clean Energy and Silicon Valley Clean Energy do not provide compensation to Board members.

² At least some members receive a per diem and have a monthly meeting limitation from their home agency.

Existing Reimbursement Policy Provides for Reimbursement of Specific Expenses

- Board members may be reimbursed for “actual, necessary, and reasonable expenses incurred in the performance of duties performed at the request of the board”
- BAWSCA’s “Policy on Reimbursement of Expenses Incurred by Members of the Board of Directors” (Board Resolution 2006-02) specifies the types of activities that qualify, and do not qualify, for reimbursement
- To date, reimbursed expenses have generally been related to direct travel by the Board Chair, or designee, to a specific meeting or conference as a representative of the agency
- Any change to the reimbursement policy must be adopted by the Board in a public meeting

Board Consideration of an Increase in Board Member Compensation Has Been Requested

- It has been requested that the Board consider an increase in compensation from \$100/meeting to \$200/meeting
 - Committee discussed this issue in April and June 2023 with no further action at that time
- Increasing stipend from \$100 to \$200/meeting would result in
 - \$21K increased meeting cost
 - For FY 2024-25, this increased cost would need to be funded by a transfer from the General Reserve and an associated increase to the approved Operating Budget
- It has also been suggested that the Board consider modifying BAWSCA's ordinance related to compensation to require a compensation review every 5 years
- Anticipated that this item will be provided to Board at its July 18, 2024 meeting for consideration and possible action
- This item is for Committee discussion purposes only to aid Board's consideration



Tier 2 Drought Allocation Plan Update



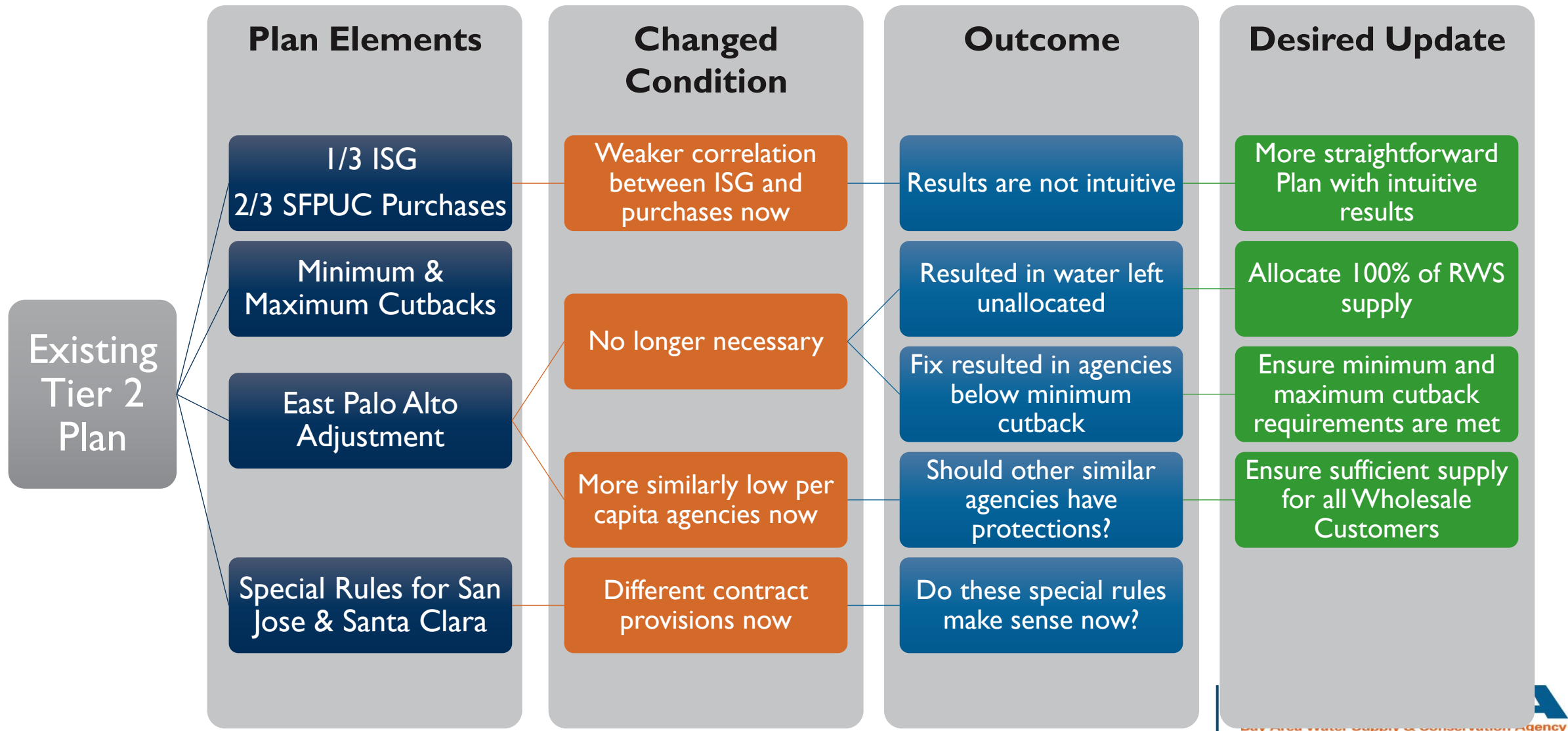
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Lead Negotiators Agreed to All Elements of Updated Tier 2 Plan at June Workshop

- Final elements of the Tier 2 Plan were agreed to at the June workshop
- Lead negotiators supportive of a final deal that includes:
 1. New Tier 2 Plan, and
 2. WSA amendment to address minimum purchase challenges
- BAWSCA is confident the updated Plan will be adopted by all agencies
- Given additional minimum purchase element in deal, schedule will be impacted
 - Strong potential Board will need to act to extend existing Plan until new Plan is unanimously adopted
- BAWSCA team meeting with negotiators, agency executive staff, and others

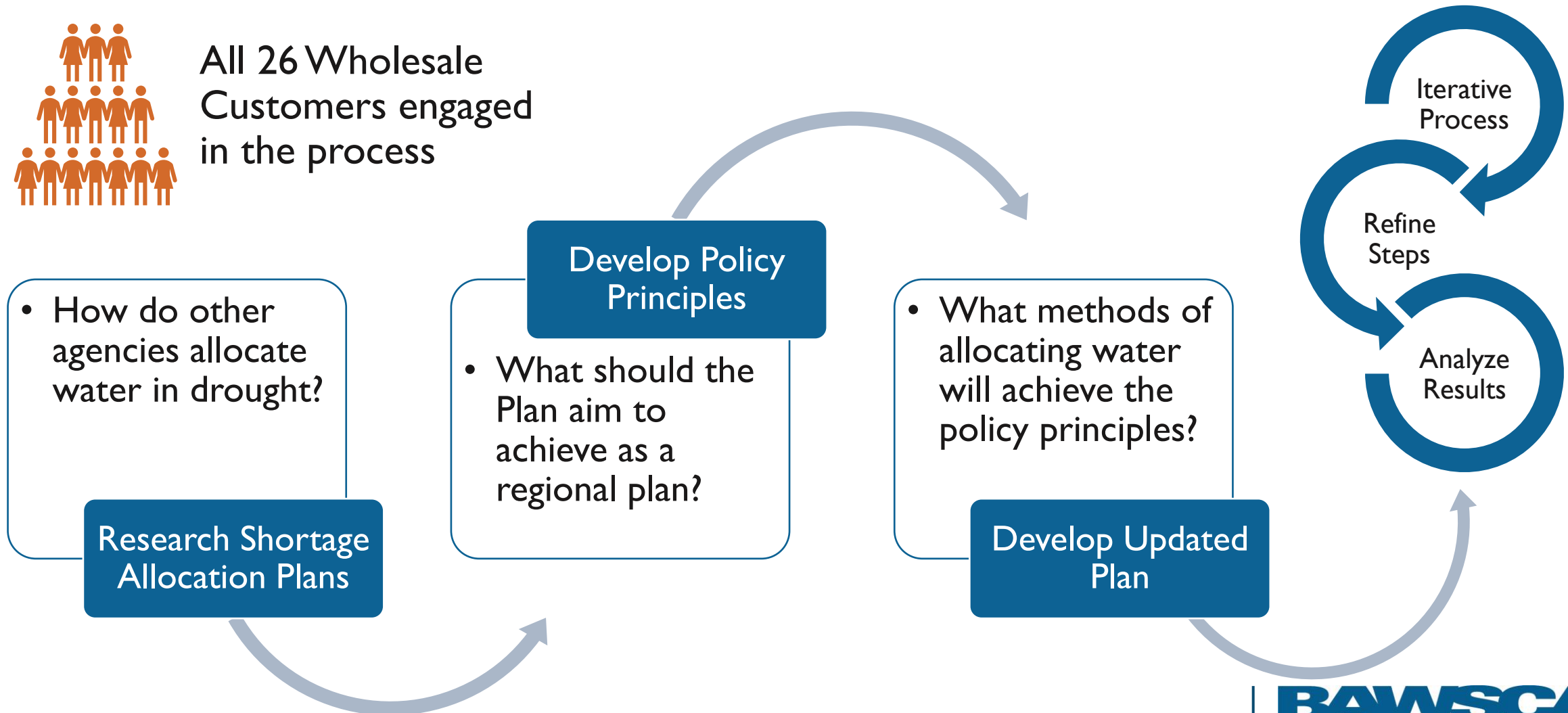
Existing Plan Elements and Why an Updated is Needed



Tier 2 Plan Update Process Centered Around Policy Principles



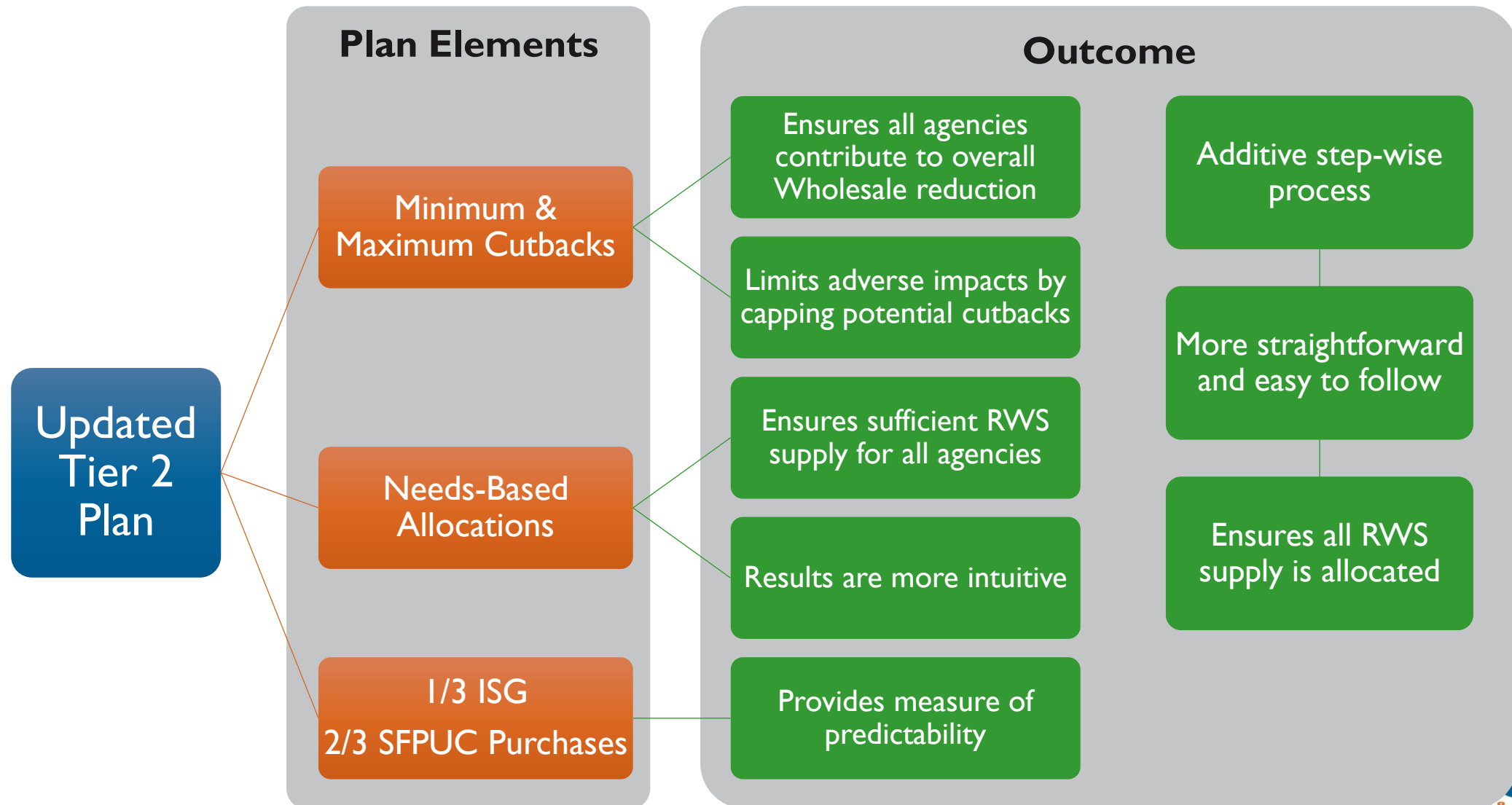
All 26 Wholesale Customers engaged in the process



Tier 2 Plan Policy Principles

1. Provide sufficient water for the basic health and safety needs of customers.
2. Minimize economic and other adverse impacts of water shortages on customers and the BAWSCA region.
3. Provide predictability of drought allocations through consistent and predetermined rules for calculation, while allowing for flexibility to respond to unforeseen circumstances.
4. Recognize benefits of, and avoid disincentives for, water use efficiency and development of alternative water supply projects.

Updated Tier 2 Plan Achieves the Policy Principles and Intended Objectives



Next Steps to Finalize Updated Tier 2 Plan

- BAWSCA, technical consultants, and legal team will develop adoption packet materials for lead negotiator review over coming months
- Terms of minimum purchase amendment undergoing further evaluation
- Adoption process expected to take approximately 6 months
 - Board action on temporary Tier 2 Plan may be required in November if all agencies have not yet adopted updated Tier 2 Plan and minimum purchase amendment
 - New Tier 2 Plan would be in effect once all agencies have adopted it

CEO Reports



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Bay Delta Plan and FERC Process



L. Ash, 2017

State Board's Anticipated Timeline for Sacramento/Delta Update (Phase 2)

- **Mid-2024**: Consider input received during 3-day workshop to inform development of draft program of implementation language
- **Summer/Fall 2024**: Release specific draft Sacramento/Delta updates to Bay-Delta Plan (including program of implementation language) for public review and comment and hold public workshop
- **First Quarter 2025**: Release for public review final draft Sacramento/Delta updates to Bay-Delta Plan with final draft Staff Report, including response to comments on draft Staff Report
- **Second Quarter 2025**: Board meeting to consider adoption of Sacramento/Delta updates to Bay-Delta Plan and final Staff Report



Ongoing State Board Efforts Toward the Development of Proposed Agreements for Lower San Joaquin River/South Delta including Tuolumne River (Phase I)

- Phase I experiencing overall schedule delays
- Implementation of 2018 Phase I Update
 - Current effort: Preparing draft Environmental Impact Report (EIR) and regulation to implement the updates the Board adopted in 2018
 - Early 2025: Release draft EIR and draft regulation for public review and hold public workshop
- Consideration of proposed agreement for the Tuolumne River
 - Environmental and technical review ongoing
 - Incorporation would require changes to the Bay-Delta Plan updates adopted in 2018
 - Summer 2024: Release draft Scientific Basis Report for public review, hold public workshop, and submit report for external scientific peer review
 - Late 2024: Respond to comments on draft Scientific Basis Report, including peer review comments



CEO Recruitment Ad Hoc Committee Report



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Ad Hoc Committee Has Initiated Recruitment Effort

- Chair has formed an Ad Hoc Committee to lead the recruitment process for new CEO
- Ad Hoc Committee has initiated process to secure services of an executive recruitment firm
- Ad Hoc Committee will work with selected firm to develop necessary recruitment materials
- Schedule currently anticipates
 - Release of job announcement in early July
 - September 19, 2024: Candidate recommendation for Board consideration
 - November 2024: New CEO start, allowing for overlapping “hand-off” with current CEO
- Another update will be provided at July Board meeting



Closed Session



Ragsdale, 2023



Comments by Committee Members



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Next Meeting and Adjournment

Next Meeting

August 14, 2024
1:30 pm

