

“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

October 9, 2024



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

# Call To Order/Roll Call



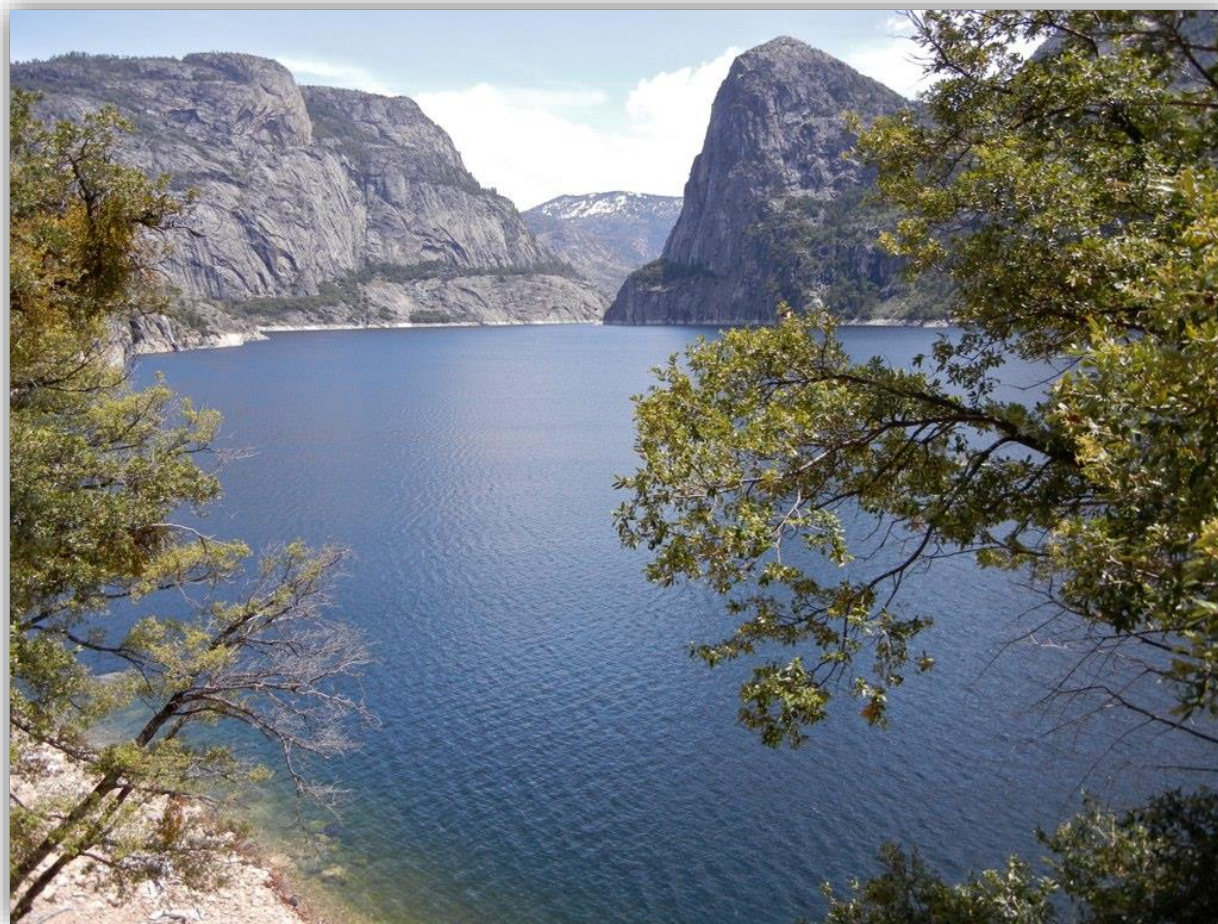
BAWSCA 2018



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# Comments by Chair



Jensen, 2011



# Consent Calendar

- Approval of June 12, 2024 Minutes





# Public Comments on Items Not on the Agenda



Sandkulla, 2023





# Approving the Extension of Tier 2 Drought Response Implementation Plan

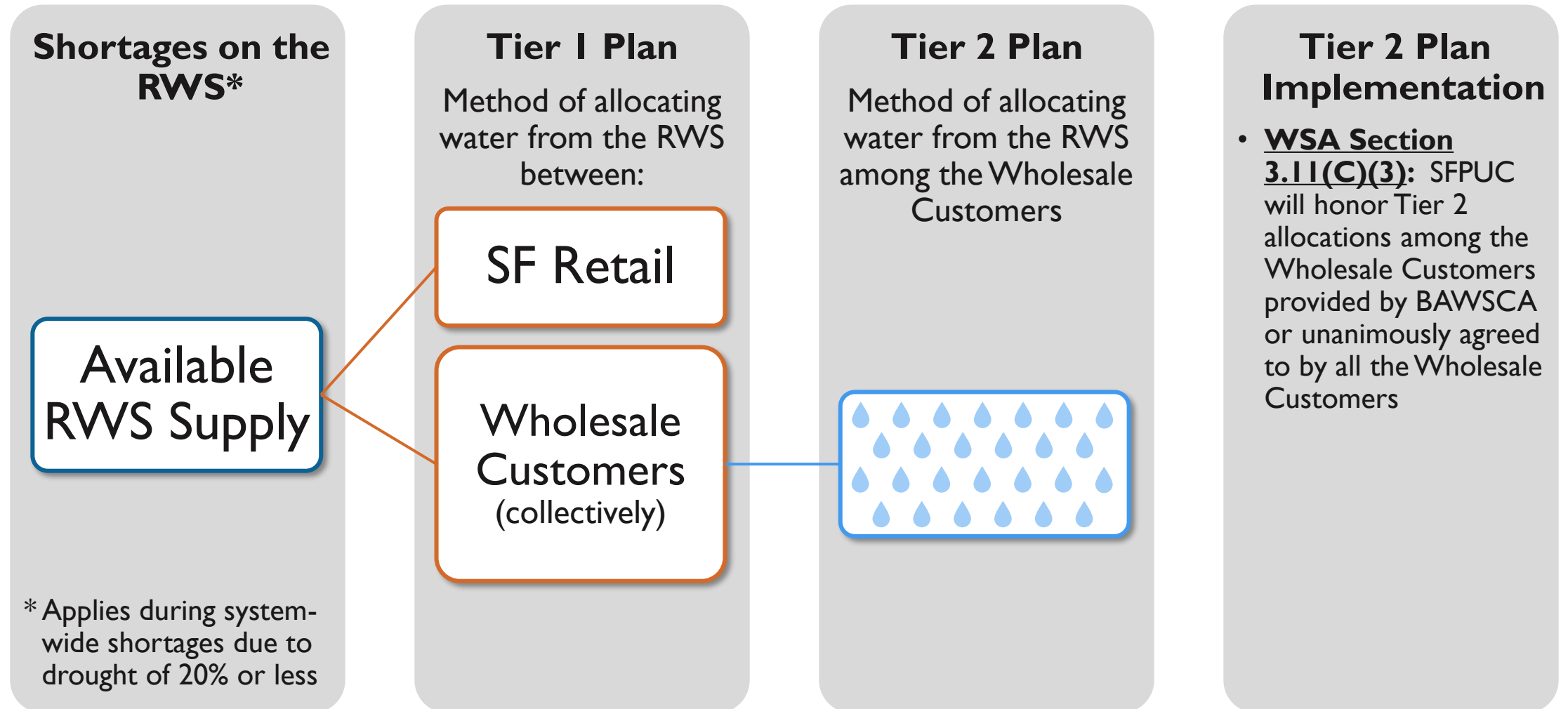


BAWSCA 2018

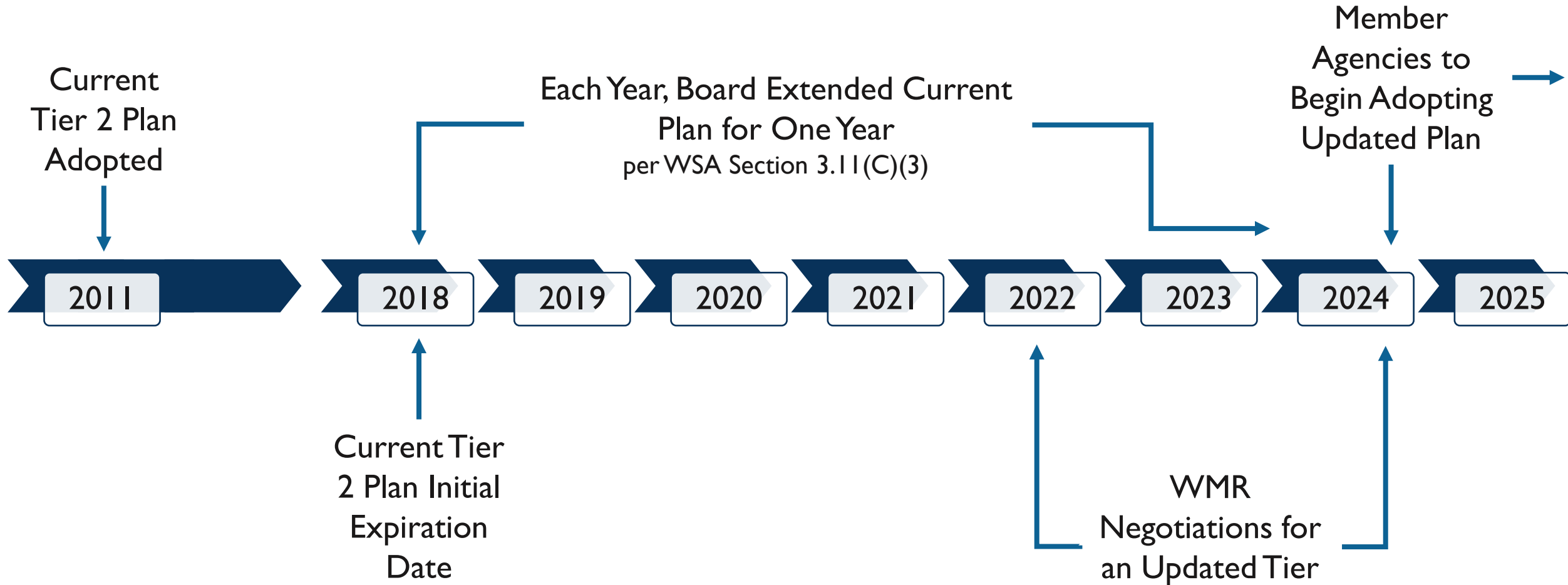


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# Drought Shortages on Regional Water System (RWS) are Governed by Two Plans



# Timeline of Current Tier 2 Plan and Negotiations of an Updated Plan





# Negotiations of an Updated Tier 2 Plan are Complete but Unanimous Adoption Not Possible Before Current Plan Expires

- 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 (1) update the Tier 1 Plan, and (2) address minimum purchase challenges
- WMR and BAWSCA continue to work towards an updated Plan that will be adopted by all agencies
- Adoption by all 26 agencies is anticipated to take approximately 6 months
- 2024 Board extension clarifies that the updated Tier 2 Plan will replace the current Plan once unanimously approved by all 26 member agencies



## Recommended Action

That the Board adopt Resolution 2024-03 extending the term of the 2021 Amended and Restated Tier 2 Plan through December 31, 2025.





# Annual Review and Consideration of BAWSCA's Investment Policy



BAWSCA 2018



# Annual Review and Consideration of BAWSCA's Investment Policy

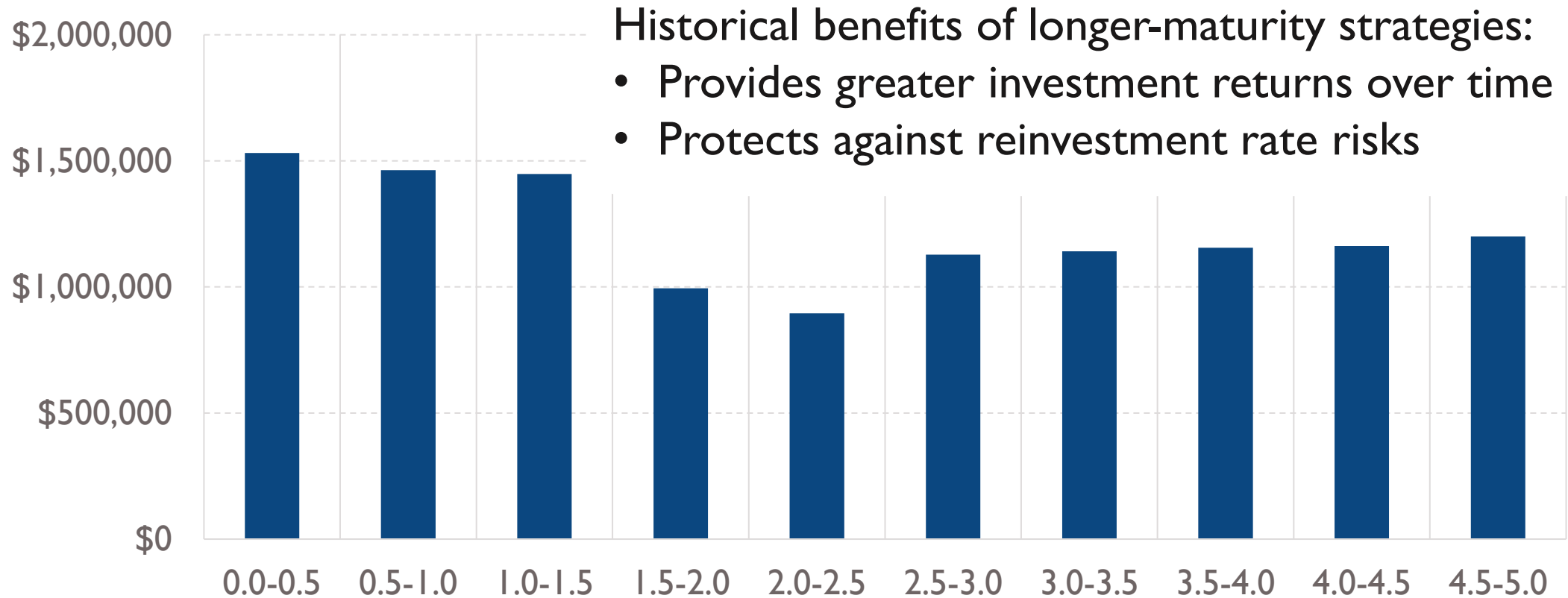
- BAWSCA's Investment Policy requires annual review of the Statement of Investment Policy
  - Primary objectives: safety, liquidity and yield
- Last reviewed in May 2023
  - Required bank deposits in excess of the FDIC limit be collateralized with securities in accordance with State law
  - Eliminated the maximum deposit limit of \$250,000
- Both agency funds and bond funds are invested per Investment Policy
  - Most agencies have the Policy govern operating funds, not bond funds
  - Permitted investments reflect the agency's circumstances and primary investment objectives
  - Current language is consistent with State law
- No changes to the policy are recommended



# Overview of Investment Strategy for Bond Stabilization Fund

- While Federal Reserve has begun reducing interest rates from their highest level in over 20 years, rates in the 0-5 year range still remain elevated since 2022
- BAWSCA's longer-term portfolio strategy is performing well
  - Continues to provide important yield curve diversification against both market price and reinvestment rate risks
- Total bond funds held by Trustee: \$17,132,713 (as of 10/8/2022)
  - \$5.0M bond surcharges – in Money Market Fund
  - \$12.1M stabilization fund – in U.S. Treasury Securities
- Based on a recent evaluation, the current 0-5 year ladder maturity investment strategy is determined appropriate

# Stabilization Fund Investment Portfolio Maturity Distribution as of 10/8/2024





# Recommendation

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That the Board Policy Committee recommend Board re-affirmation of the current Statement of Investment Policy.

# Creation of Transition Manager Position



SFPUC

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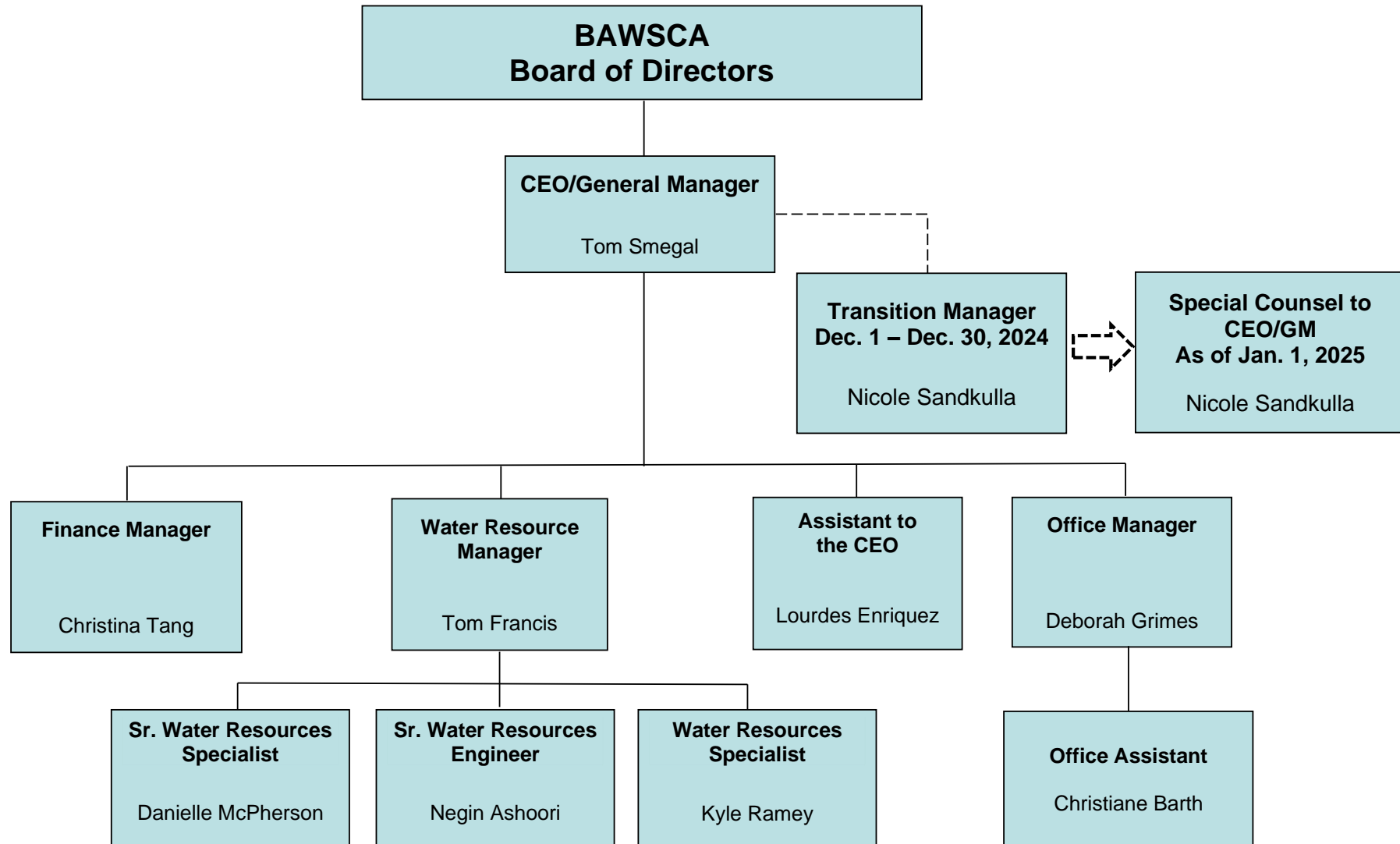
# Creation of Transition Manager Position and Appointing Nicole Sandkulla

- BAWSCA's current CEO has worked for BAWSCA and its predecessor agency, BAWUA, for 25 years including 11 years as CEO
- BAWSCA's new CEO/GM Thomas Smegal will start on December 1, 2024
- To ensure a successful transition from Ms. Sandkulla to Mr. Smegal, it is imperative that Ms. Sandkulla remains as a BAWSCA employee for a one-month transition period (December 2024)
  - Creation of a new position of "Transition Manager" for Ms. Sandkulla will ensure that her institutional knowledge and expertise will be carried over to BAWSCA's new CEO/GM
  - This role for Ms. Sandkulla as Transition Manager is recommended by the Ad Hoc Committee based on their deliberations and discussions with others
- Transition Manager position
  - is "at-will" and subject to all rules applicable to BAWSCA staff
  - Will receive same benefits and compensation that Ms. Sandkulla currently receives





# Proposed BAWSCA Organization Chart Effective December 1, 2024



# Recommended Action

That the Board Policy Committee recommend the Board:

1. Approve creation of the Transition Manager position;
2. Approve adding the Transition Manager position to BAWSCA's publicly available pay scale for FY 2024-25; and
3. Appoint Ms. Sandkulla to the Transition Manager position effective December 1, 2024.



# Approving the Temporary Appointment of Nicole Sandkulla as Special Counsel to the CEO/GM



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# Temporary Appointment of Nicole Sandkulla as Special Counsel to the CEO/GM

- BAWSCA's current CEO, Nicole Sandkulla, will retire effective Dec. 30, 2024
- Her services and executive strategic advice will continue to be essential to effect a smooth transition to her successor, Mr. Tom Smegal
- The California Public Employees Retirement System (CalPERS) allows the temporary employment of a PERS-covered retiree under specified conditions
  - No more than 960 hours per fiscal year
  - Salary consistent with the adopted salary range for the most closely related position
  - No other benefit, incentive, or compensation in-lieu of in addition to the hourly rate
  - If hired within 180 days following retirement, she fills a critically needed position
- The recommended resolution reflects these specified conditions and findings as required by CalPERS



# Recommended Action

That the Board Policy Committee recommend the Board adopt Resolution #2024-04 approving the temporary appointment of Nicole Sandkulla to the position of Special Counsel to the CEO/GM, adopting the pay scale for the Special Counsel position, and making associated findings in support of such an appointment.



# Adoption of BAWSCA Retroactive Pay Schedules for FY 2020-21 to FY 2023-24 and Pay Schedule for FY 2024-25



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# Adoption of BAWSCA Retroactive Pay Schedules for FY 2020-21 to FY 2023-4 and Pay Schedule for FY 2024-25

- BAWSCA is a participating agency in CalPERS
- CalPERS requires that BAWSCA's employees' reportable compensation comply with the California Public Employee's Retirement Law
  - Reportable compensation is the compensation that employees' retirement benefits are based on
- CalPERS recently informed BAWSCA that the Board needed to approve retroactive pay schedules for the preceding four fiscal years and the current fiscal year
  - For FY 2024-25, the pay schedule needs to include the two new positions being considered
- Following the Board's action, the adopted pay schedules will be posed on BAWSCA's publicly available website
- Moving forward, adoption of an updated pay schedule will be included as part of the Board's consideration of the annual Work Plan and Budget



# Recommended Action

That the Board Policy Committee recommend Board adoption of BAWSCA Retroactive Pay Schedules for FY 2020-21, FY 2021-22, FY 2022-23, FY 2023-24, and Pay Schedule for FY 2024-25.



# Adoption of Ordinance #2024-01 to Increase Board Member Compensation



L. Ash, 2017





# Adoption of Ordinance #2024-01 to Increase Board Member Compensation

- BAWSCA's existing Board compensation Ordinance was adopted on June 17, 2004
- Board members are currently compensated \$100 per day of service, up to 4 days per month
- At its last meeting, Board directed Legal Counsel to prepare a revised Ordinance for Board Member Compensation that
  - Increases the meeting attendance stipend from \$100 to \$200 per day of service, and
  - Requires Board review of member compensation every 5 years
- If the Board adopts this increase at its November 21<sup>st</sup> meeting, the earliest effective date for such an increase is January 20, 2025
  - Water Code requires a public hearing (November 21, 2024), noticed in a newspaper of general circulation (November 6 and 13) and an effective date 60 days from adoption



# Recommended Action

That the Board Policy Committee recommend that the Board hold a noticed public hearing in order to adopt Ordinance #2024-01 at the next available meeting, increasing the meeting stipend up compensation to \$200/day for attending meetings and each day of service by request of the Board meeting; and require review of Board member compensation on a five (5) year interval.



# CEO Reports



BAWSCA 2018





# FERC/Bay Delta Plan Update

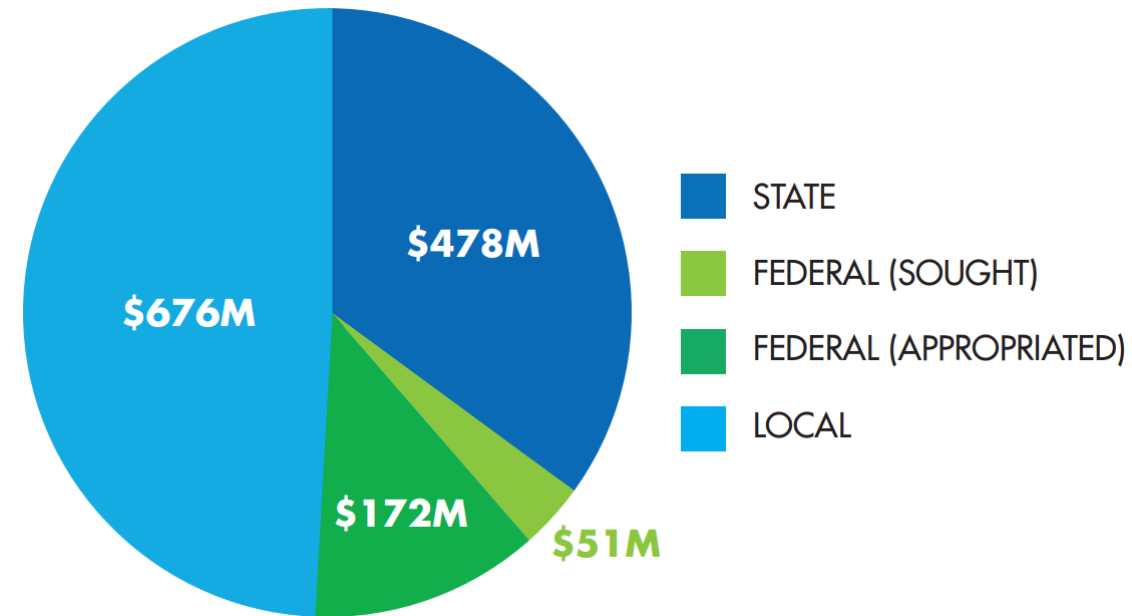
- Healthy Rivers and Landscapes Program (Program) (formerly Voluntary Agreements)
  - In August, Dept. of Water Resources, US Bureau of Reclamation and participating water agencies provided responses to questions raised in April 2024 State Board Workshops on the Program
  - Responses highlight how transparency, enforceability and accountability are fundamental to Program
- Current Phase I Timeline (including Tuolumne River)
  - Fall 2024: Release of draft Supplemental Scientific Basis Report for public review and external scientific peer review
  - Late 2024: Respond to comments on draft Scientific Basis Report
  - Early 2025: Release draft EIR and draft regulation for public review
- Current Phase 2 Timeline
  - 1st 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
  - 2nd Quarter 2025: Board meeting to consider adoption of Sacramento/Delta updates to Bay-Delta Plan and final Staff Report



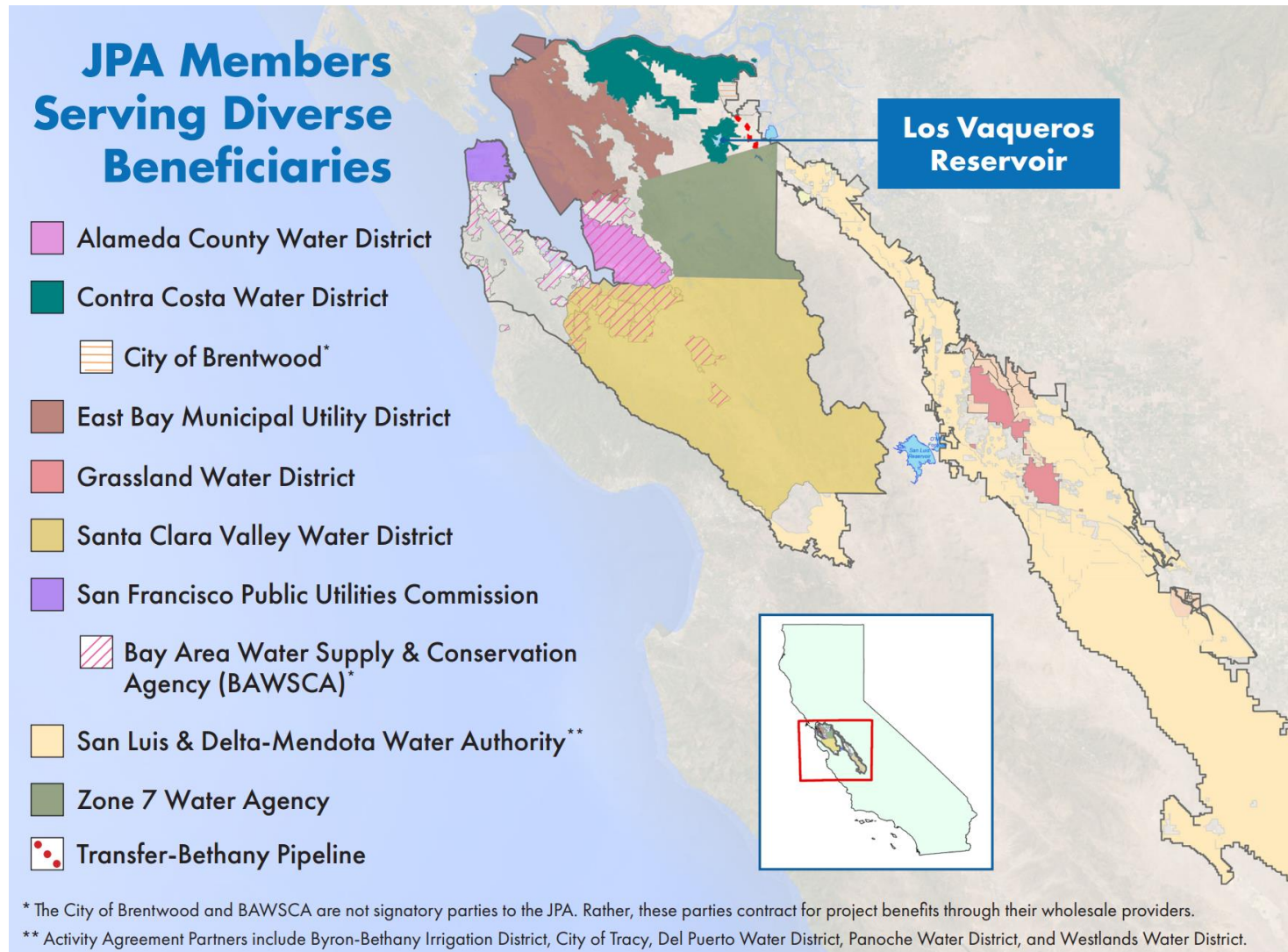
# Los Vaqueros Reservoir Expansion (LVE): A Regional Project to Improve Bay Area Water Supply and Provide Ecosystem Benefits

- LVE was envisioned
  - to improve Bay Area water supply reliability and water quality
  - Protect Delta fisheries and provide additional Delta ecosystem benefits
- Project components include:
  - an increase in the existing LV Reservoir capacity from 160,000 to 275,000 acre-feet,
  - a regional intertie (the Transfer-Bethany Pipeline), and
  - improved pump stations and pipelines
- Contra Costa Water District (CCWD) is a central figure in the LVE project
  - existing LV Reservoir owned by CCWD
  - a significant portion of the project lies in CCWD service area and utilizes CCWD-owned facilities

Project Implementation Funding Plan



# Los Vaqueros Expansion: A Regional Project with Diverse Beneficiaries



## Note:

*BAWSCA is not a partner in the JPA, however it would receive project benefits through its wholesale relationship with the SFPUC*





# Recent Action by CCWD Board Related to the LVE Project

- A presentation on the status of LVE was provided to the CCWD Board at its September 18, 2024 meeting
  - The CCWD Board directed its General Manager GM to develop an approach to end CCWD's participation in the project
  - The CCWD Board made this request based on its conclusion that facts showed the project was no longer viable
  - The information packet provided to the CCWD Board is available at this web link: [LVE Update - September 2024 \(legistarweb-production.s3.amazonaws.com\)](https://legistarweb-production.s3.amazonaws.com)
- The LVE Joint Powers Authority (JPA) issued a statement in response to the CCWD Board's direction
  - Conveyed the JPA's sincere and continued interest in LVE
  - Referenced on-going efforts by the Partner Agencies to develop and finalize key agreements critical to informing agencies' respective business cases
  - Noted that tremendous staff time and significant resources invested by all parties over the years
  - Stated that the JPA seeks to work with CCWD on the LVE effort in the hope that the project will continue



# Los Vaqueros Reservoir Expansion – Moving Forward

- Through the remainder of 2024, CCWD's GM will be developing an approach to end CCWD's participation in the project
  - The approach will include how to address the archiving of the work performed on behalf of CCWD and the JPA Partners
  - A portion of the State's \$478M in funding has been expended on the project's design efforts, and CCWD must engage with the State to determine if those funds must be returned
  - CCWD's GM committed to work with the JPA on the approach development
- The JPA will be meeting in the coming months to identify options and determine how best to proceed
- BAWSCA staff will keep the Board informed as this matter unfolds



# Closed Session



Ragsdale, 2023





# Comments by Committee Members



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Bay Area Water Supply & Conservation Agency

# Next Meeting and Adjournment

## Next Meeting

December 11, 2024  
1:30 pm

