



August 2, 2021

TO: Commissioner Sophie Maxwell, President
 Commissioner Anson Moran, Vice President
 Commissioner Tim Paulson
 Commissioner Ed Harrington
 Commissioner Newsha Ajami



THROUGH: Michael Carlin, Acting General Manager

Steven R. Ritchie

FROM: Steven R. Ritchie, Assistant General Manager, Water

RE: 2009 Water Supply Agreement Update

This memo provides our quarterly update on the SFPUC's activities required by the 2009 Water Supply Agreement (WSA).

Per the WSA, SFPUC provides the following to BAWSCA on an ongoing basis:

- Weekly water delivery data for San Francisco, South/East Bay, and the Peninsula;
- Monthly Hydrologic Conditions Report;
- Monthly water sales data, including "Suburban Resale" and City Retail water use data;
- Quarterly progress reports on meter maintenance and calibration;
- Water Quality "blend change" notices and other notifications as needed, in accordance with the Water Quality Notification and Communications Plan;
- Monthly BAWSCA Bond Surcharge Collection Report per Prepayment and Collection Agreement between BAWSCA and SFPUC;
- Monthly updates on regional Alternative Water Supply planning projects that BAWSCA is directly participating in; and
- Quarterly reports on the progress in planning for the Alternative Water Supply Program (not a WSA requirement but requested by BAWSCA).

Since the last update on May 3, 2021, the SFPUC has also completed the following actions:

1. Hosted BAWSCA staff for a COVID-safe tour of the Alameda Creek Watershed Center (under construction), Sunol Native Plant Nursery, and Sunol Yard on May 7, 2021.
2. Provided updates to the Wholesale Customers regarding Governor Newsom's Executive Order related to drought conditions, including the SFPUC's expectation of 15% reduction in water system demand from 2020 levels.

London N. Breed
 Mayor

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3. Met with BAWSCA and affected Wholesale Customers to discuss expectations related to the Minimum Annual Purchase in FY 2020-21 and FY 2021-22 given Governor Newsom's July 8, 2021 Executive Order on Drought Emergency (WSA Section 3.07.C). Issued a letter to the Minimum Purchase Customers waiving Minimum Annual Purchases in FY 2021-22.
4. Held several discussions with BAWSCA regarding progress and coordination for the continued planning of the Los Vaqueros Reservoir Expansion project.
5. Met with BAWSCA, San Jose and Santa Clara in May to collaborate on planning efforts regarding future needs in consideration for their request for permanent status.
6. Coordinated on member agency adoption of amendments to the Water Supply Agreement regarding Minimum Annual Purchases (WSA Section 3.07.C) adopted by the SFPUC on January 26, 2021.
7. In July 2021, reviewed revised project page format with BAWSCA from the FY20-21 Water Enterprise Managed Capital Improvement Projects Annual Report (formerly the FY 2020-21 Annual CIP Report on Capital Improvement Projects Under \$5 Million.) Final report is due to BAWSCA by September 30th each year. (WSA Section 6.09.i)
8. Signed WSA Section 7.06 settlement agreement for FY 2017-18 on June 9, 2021, concluding final open items from FY 2015-16, FY 2016-17, and FY 2017-18,. This schedule achieved compliance with extended tolling agreement related to Compliance Audit Review for FY 2017-18 (WSA Section 7.06).
9. Continued discussions with BAWSCA on improving efficiencies of the WSA Section 7.06 wholesale customer Compliance Audit Review, including meetings to review and resolve FY 2018-19 questions.
10. Held Quarterly Wholesale Operations Meeting on June 10, 2021 (WSA Section 8.03).
11. On July 21, 2021, provided an update to BAWSCA on continued internal work to implement financial reconciliation required by 2018 WSA Amendments to asset classification for specific Hetch Hetchy projects.

In the near-term, the SFPUC is working to complete the following actions:

1. Respond to and support BAWSCA's forward delivery refunding of its Revenue Bonds (Capital Recovery Prepayment Program), Series 2013A.
2. Draft settlement agreement to close items discussed as part of the FY 2018-19 Wholesale Revenue Requirement compliance audit Wholesale Customer Review. (WSA Section 7.06)
3. Help conduct the quarterly meeting of the Water Quality Committee on August 18th (WSA Section 3.08.C).
4. Continue to engage BAWSCA and member agencies in update of SFPUC Wholesale Customer website, including testing as pages are developed. The Wholesale Customer website update is currently estimated for launch in September 2021.
5. Continue to discuss with BAWSCA rate impacts of the SFPUC debt service coverage policy (revised in March of 2017) on debt service coverage requirements (WSA Section 6.06).
6. Complete the FY 2019-20 Wholesale Revenue Requirement compliance audit and issue the FY 2019-20 Statement of Changes to the Balancing Account.
7. Continue financial reconciliation work required by 2018 WSA Amendments to asset classification for specific Hetch Hetchy projects.

8. Continue preparation of final FY 2020-21 water supply J-table, due September 15, 2020 (WSA Section 3.14).
9. Commence the calculation of the Wholesale Revenue Requirement for FY 2020-21.
10. Provide BAWSCA with the FY 2020-21 Prepayment and Collection Agreement Annual Report (Section 3.06 B of the Prepayment and Collection Agreement).
11. Provide BAWSCA the FY 2020-21 annual total water sales.
12. Complete FY20-21 Water Enterprise Managed Capital Improvement Projects Annual Report (formerly the FY 2020-21 Annual CIP Report on Capital Improvement Projects Under \$5 Million.) Final report is due to BAWSCA by September 30th each year. (WSA Section 6.09.I)

Please contact me if you have any questions.

cc: Nicole Sandkulla, BAWSCA CEO/General Manager