Bay Area Water Supply & Conservation Agency

BOARD OF DIRECTORS MEETING

Thursday, November 20, 2025
Burlingame Community Center – Sequoia Room
850 Burlingame Ave., Burlingame

6:30 P.M.

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Four (4) members of the Board will participate in this meeting by teleconference at the following locations:

- 43885 S Grimmer Blvd, Fremont, CA 94538
- 225 W 200 S, Salt Lake City, UT 84101
- 255 S West Temple, Salt Lake City, UT 84101
- 69-1033 Nawahine Place, Unit #16c, Waikoloa, HI 96738

When any member(s) of the board participates by teleconference, all votes taken at this meeting will be by roll call vote.

AGENDA

Agenda Item	Presenter	Page
1. Call to Order/Roll Call/Salute to Flag	**(Chambers)**	
2. Comments by the Chair	**(Chambers)**	
3. Board Policy Committee Report *(Attachment)*	**(Hardy)**	*Pg 3*
4. Public Comments *Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of two (2) minutes.*	**(Chambers)**	
5. SFPUC Report	**(Ritchie)**	
6. Consent Calendar	**(Chambers)**	
A. Approve Minutes of the September 18, 2025 Meeting *(Attachment)*		*Pg 17*
B. Receive and File Budget Status Report – As of Sept. 30, 2025 *(Attachment)*		*Pg 25*
C. Receive and File Annual Audit Report for BAWSCA and Compilation Report for BAWUA for FY 2024-25 *(Under Separate Cover)*		*Pg 27*
D. Receive and File Directors' Reimbursement Report – As of Sept. 30, 2025 *(Attachment)*		*Pg 29*
E. Receive and File Employees' Reimbursement Report – As of Sept. 30, 2025 (*Attachment*)		*Pg 31*
F. Receive and File Investment Report – As of Oct. 31, 2025 *(Attachment)*		*Pg 33*
G. Adoption of Resolution #2025-02 Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan *(Attachment)*		*Pg 35*
H. Annual Review and Consideration of BAWSCA's Statement of Investment Policy *(Attachment)*		*Pg 41*
The Board Policy Committee voted unanimously to recommend approval of the proposed Board action for agenda items #6G and #6H.		

7. Reports and Discussions:

A.	BAWSCA's Long-Term Reliable Water Supply Strategy 2050 Affordability Assessment *(Attachment)*	**(Ashoori)**	*Pg 49*

8. CEO Reports **(Smegal)**

A.	Bay Delta Plan – State Water Board's Nov. 5th Workshop *(Attachment)*		*Pg 53*
B.	Results of FY 2022-23 Wholesale Revenue Requirement Review *(Attachment)*	**(Tang)**	*Pg 57*
C.	CEO's Letter *(Attachment)*		*Pg 59*
D.	Board of Directors Policy Calendar *(Attachment)*		*Pg 63*
E.	Correspondence Packet *(Under Separate Cover)*		

9. Closed Session #1

A. **Public Employee Performance Evaluation** **(Chambers)**
Title: Current CEO/General Manager
Closed Session Pursuant to Government Code Section 54957
(Under Separate Cover)

10. Closed Session #2 **(Schutte)**

A. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002.

B. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 - State Water Board Cases (Third Appellate District Court Case No. C101232).

11. Report After Closed Session **(Schutte)**

12. Additional Time for Public Comments (As Time Permits) **(Chambers)**

Members of the public may address the Board on any issues that are within the purview of the Agency

13. Directors' Discussion: Comments, Questions and Agenda Requests **(Chambers)**

14. Date, Time and Location of Future Meetings (See attached schedule of meetings) **(Chambers)** *Pg 65*

15. Adjourn to next meeting scheduled for January 15, 2026 at 6:30pm **(Chambers)**

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BAWSCA
Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: BAWSCA Board Members

FROM: Tom Smegal, Chief Executive Officer/General Manager

DATE: November 14, 2025

SUBJECT: Summary of Board Policy Committee meeting held October 8, 2025

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:32pm. CEO/General Manager Tom Smegal called the roll. Six members (6) of the Committee were present at roll call. Two members arrived after roll-call. A list of Committee members who were present (8) and other attendees is attached.

   The Committee took the following actions and discussed the following topics.

2. **Comments by Committee Chair:**. Director Hardy thanked the members of the Committee for their service. The Board Policy Committee was formed to carry the functions of advising the General Manager and making recommendations to the Board on matters of policy. Its composition fully reflects that of the board, therefore the Committee's dialogue and deliberations facilitate discussions and inform decisions by BAWSCA's Board of 26 members.

   Closed Session will be removed from the agenda as there are no new information that requires it.

   Committee members were reminded to speak into the mics to ensure sound quality on the recording and livestream.

3. **Consent Calendar:**

   Director Vella made a motion, seconded by Director Zigterman, that the Committee approve the Minutes of the June 11, 2025 Board Policy Committee meeting.

   The motion passed unanimously by acclamation.

   There were no comments from members of the committee or members of the public.

4. **Public Comments:** There were no comments from members of the public.

5. **Action Calendar:**

   A. Adoption of Resolution #2025-02 – Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan: Senior Water Resources Specialist, Danielle McPherson, presented the item to the Committee.

Ms. McPherson reiterated that system wide water supply shortages of 20% or less in the Regional Water System (RWS) due to drought are governed by two plans; Tier 1 Plan and Tier 2 Plan. The Tier 1 Plan is the method of allocating water from the RWS between San Francisco's retail customers and the wholesale customers collectively. The Tier 2 Plan is the method for allocating RWS water supply among the wholesale customers. The Water Supply Agreement (WSA) provides that the SFPUC will honor water supply allocations, set forth in the Tier 2 Plan, among the wholesale customers provided by BAWSCA or unanimously agreed to by the wholesale customers.

The wholesale customers negotiated an update to the Tier 2 Plan between January 2022 and June 2024, which included an amendment to the WSA. The updated Tier 2 Plan goes into affect once it is unanimously adopted by all twenty-six wholesale customers. Currently, twenty-five wholesale customers have adopted the new Tier 2 Plan and WSA Amendment.

The existing Tier 2 Plan expires on December 31, 2025. While BAWSCA believes that there will be unanimous approval by the wholesale customers before the expiration date, BAWSCA staff recommends that the Board extend the existing Tier 2 Plan through December 31, 2026 to ensure a plan is in place. The Committee is asked to make a recommendation to the Board to adopt Resolution #2025-02 extending the term of the 2021 Amended and Restated Tier 2 Plan through December 31, 2026, or until all Wholesale Customers' governing bodies adopt the updated Tier 2 Plan.

In response to Director Hardy's question about the provisions of the Tier 1 and Tier 2 Plans' implementation processes, Ms. McPherson explained that Tier 1 and Tier 2 are implemented at the same time when there is a systemwide shortage of 20% or less. The Tier 1 and Tier 2 Plans have only been implemented once during the 2021-2023 drought period.

Director Zigterman asked why the extension is for 12 months, and whether there is an option for a shorter period of time.

In addition to following past practice of extending for 12-months with a clause that states that the updated Tier 2 Plan will supersede the existing plan when unanimously adopted, Mr. Smegal explained that he prefers not to set a specific timeline should unanimous adoption is not achieved before December 31st.

Director Ragsdale expressed her gratitude to the BAWSCA team's efforts and diligence with the member agencies during the negotiation process.

There were no further questions or comments from members of the Committee. There were no comments from members of the public.

Director Ragsdale made a motion, seconded by Director Pierce, that the Committee recommend that the Board adopt Resolution #2025-02 extending the term of the 2021 Amended and Restated Tier 2 Plan through December 31, 2026, or until all Wholesale Customers' governing bodies adopt an updated Tier 2 Plan.

The motion passed unanimously by roll call vote.

B. Annual Review and Consideration of BAWSCA's Statement of Investment Policy: Finance Manager, Christina Tang presented the item to the Committee.

BAWSCA's Investment Policy requires the Board's annual review of the ***Statement of Investment Policy*** (Policy). The Policy's primary objectives are Safety, Liquidity, and Yield, in that particular order.

The Policy was last reviewed in November 2024, and no changes were made.

Ms. Tang noted that unlike most agencies whose investment policies only govern their general agency funds and not their bond funds, BAWSCA's investment policy applies to all funds and investment activities under the direction of the agency.

Based on the current review, BAWSCA's current permitted investment instruments reflect the agency's circumstances and primary investment objectives. BAWSCA's agency funds are currently invested in LAIF, and bond funds are invested in accordance with the Bond Indenture and the agency's Investment Policy. Legal Counsel has confirmed that the language in BAWSCA's Statement of Investment Policy reflects the language consistent with the current State law, therefore, no changes to the policy are recommended.

Ms. Tang provided an overview of BAWSCA's investment strategy for the stabilization fund. Among all the funds deposited at Bank of New York Mellon Trust Company (Trustee), there is a bucket of funds referred to as Stabilization Fund. The Stabilization fund serves as a reserve for debt service payments should there be a shortfall in the surcharge collection from member agencies. While the investment strategy of the Stabilization Fund is not part of BAWSCA's Investment Policy, BAWSCA evaluates it every year along with the review of the Policy.

Ms. Tang was pleased to report that BAWSCA's long-term portfolio strategy is performing well. It continues to provide important yield curve diversification against both market price and reinvestment rate risks. As of October 1st, the total funds held by the Trustee are $18.4M, with $5.7M bond surcharges invested in money market fund, and $12.7M stabilization fund invested in US Treasury Securities. Based on the recent evaluation, the current 0-5 year laddered maturity investment strategy continues to be appropriate for BAWSCA.

Ms. Tang further explained the current investment portfolio maturity distribution for the Stabilization Fund as of October 1, 2025. The funds are programmed to have approximately 10% invested in 6-month intervals to coincide with BAWSCA's debt service payments scheduled for the next 5 years. As the rate falls, funds are invested in the securities in a declining rate environment, however, the remaining portfolio that were previously purchased has higher locked-in rates available. As the rates increase, maturing proceeds will be reinvested programmatically into the higher interest rate environment. That is the benefit of having the current laddered maturity structure in place.

There were no questions or comments from members of the Committee. There were no comments from members of the public.

> **Director Schnieder made a motion, seconded by Director Vella, that the Committee recommend Board re-affirmation of the current Statement of Investment Policy.**
>
> **The motion passed unanimously by roll call vote.**

6. Report and Discussion:

A. BAWSCA's Long-Term Reliable Water Supply Strategy 2050 – Affordability Assessment:. Sr. Water Resources Engineer, Negin Ashoori, presented this item.

BAWSCA recognizes the importance of affordability as planning scenarios and decisions are considered for the development of Strategy 2050.

Dr. Ashoori stated that the goals for the informational report are to:

1. Share the findings from the analysis done on the affordability of water for typical and low-income customers in the region. In the analysis, "affordability" is defined as the concept that water bills should not be a burden on households, allowing them to meet other basic needs such as food, housing and healthcare;

2. Provide context on water affordability to inform decisions for developing Strategy 2050, particularly as projects and actions are considered;

3. Seek input from the Committee on what questions members have about the analysis and methodology, how does the performed analysis compare with committee members' understanding of water affordability conditions in their service area, and what changes, if any, would members suggest for the memo and presentation to the full Board in November.

Purpose:

The affordability analysis was done because one of the key objectives of Strategy 2050 is to support availability of affordable water supplies and demand management strategies to all customers within the BAWSCA region.

Goal:

The goal of the analysis was to establish a broad understanding of water affordability for both the average and underserved BAWSCA member agency single family residential households, and to inform Strategy 2050 decisions on both balancing reliability investments with affordability needs.

Method:

To understand what "affordability" looks like in the BAWSCA region, four key questions were used in the affordability analysis:

1. How affordable is average water use for the typical household in the BAWSCA region?
2. How affordable is basic water service for low-income households?
   "Basic" is defined as minimal expense for daily water use of 55 gallons per capita per day (gpcd). The water cost is calculated per household size and per an agency's water rate.
3. How have water costs changed relative to income growth and other essential household expenses over the past decade?
4. What is the extent of water affordability challenges in the BAWSCA region?
   Information data was gathered through a survey distributed to member agencies.

BAWSCA calculated an affordability indicator, which represents the percentage of household income spent on a water bill. As do most affordability assessments, BAWSCA looked at the average single-family household water bill and the median household income (MHI) to define a "typical" customer. BAWSCA went further to look at a second scenario that best represents a low-income customer by looking at a basic-needs water bill (basic is defined as 55 gpcd), and the lowest quintile income (LQI), in the 20th percentile, in a single-family household. Water cost was calculated per household size and per agency's water rate.

The affordability indicator is then compared to an affordability threshold, which is a target percentage of income for a customer water bill. BAWSCA's analysis used the State Water Board Affordability thresholds as follows:

Affordability Concern	Affordability Threshold (% of income spent on water bill)
Affordable	<1.5%
Potentially Unaffordable	1.5% - 2.5%
Likely Unaffordable	>2.5%

Source: SWRCB 2023 Drinking Water Needs Assessment

Dr. Ashoori walked through the methodology to calculate the affordability indicators for both the typical and low-income households in the BAWSCA region. BAWSCA looked at each individual census block group with consideration of the maximum household income and the minimum household income. This was done for each census block, each of which had different populations, number of people in the households, and varying 20th percentile. To ensure the analysis gathered the most granular data available for the BAWSCA region, the calculation was done 1,941 times to cover all the census blocks within the BAWSCA service area. The results were aggregated for the BAWSCA region to define affordability in the service area.

Results show that the average water bill is **likely unaffordable** for 1% of typical income households, which means that for 1% of median households, an average water bill is more than 2.5% of their household income. The average water bill is **potentially unaffordable** for 3.4% of typical income households, or 3.4% of median households spend equal to or more than 1.5% of their income on the average water bill.

For low-income households at the lowest quintile income, in the 20th percentile, the basic-needs water bill is **likely unaffordable** for 8.7% of low-income households, which means that about 8.7% of the lowest quintile households use more than 2.5% of their household income to pay their water bill. Lastly, the basic-needs water bill is **potentially unaffordable** for 25.7% of low-income households, or 25.7% of low-income households use more than 1.5% of their income to pay their water bill.

Results from the analysis show a baseline knowledge of what affordability looks like in the BAWSCA region. It provides information as BAWSCA looks at the various projects and actions that may come out of Strategy 2050 including the potential cost impacts projects may have on both the typical and low-income households in the BAWSCA region.

In looking at how water costs have changed in comparison to other essential household expenses over the past decade, the objective was to assess whether water remains affordable relative to median household income and other essential expenditures such as electricity, natural gas, food, healthcare, housing and transportation. Data were obtained from several sources including BAWSCA's annual survey for water rate and water use, Bureau of Labor Statistics Consumer Price Index for trends in household expenses such as food, housing, transportation and healthcare, Pacific Gas and Electric Company to capture energy costs, and the Federal Reserve Economic Data for the median household income in San Mateo, Santa Clara and Alameda counties.

With the data, average monthly household spending patterns in the Bay Area in FY 2013-14 were compared with that of FY 2023-24. The overall result of the analysis illustrates that, in a broader context of spending, water remains one of the most affordable essential services for the average household in the BAWSCA region, at about 1% of the average household budget in both fiscal years.

In comparing the average water bill with water rates to see how they have changed over time in the BAWSCA region, results show that while water rates have increased by about 72% since FY 2013-14, the average household water bill has only increased by about 35%. The results indicate how households are using less water because even though the price per unit of water has increased, customers have been able to offset the price increase through water use efficiency.

Finally, BAWSCA surveyed the member agencies to understand their current affordability-related programs and practices in their service area. Survey responses show that many agencies offer customer assistance that focus on bill management as opposed to direct rate reduction. The most common affordability programs include payment plans and arrearage forgiveness for 29% of the agencies, and flexible payment options such as extending due dates for 26% of the agencies.

A consistent theme received from the agencies is that Proposition 218 is the most significant challenge agencies face in implementing and administering affordability programs due to its limitations on how rates can be structured. The limitations make it difficult for agencies to design affordability programs that provide direct rate relief.

Takeaways:

- Water bills generally appear to be broadly affordable for the typical single-family water customers and for most low-income customers across the BAWSCA region.

- BAWSCA will bear in mind the households that pay over 2.5% of their income for water as it moves forward with Strategy 2050 and the programs being considered.

- Overall, income has risen at a faster rate than water costs in the region, and water bill increases are slower than water rate increases due to increased customer water use efficiencies.

Next steps:

Two key tasks include evaluating the impacts of potential Strategy 2050 investments on affordability and highlighting approaches that other water agencies have used to support water affordability.

Dr. Ashoori opened the floor for committee feedback, particularly on how the analysis compare with committee members' understanding of water affordability conditions in their home agencies, and what suggestions they have for how the findings should be presented to the full Board in November.

Discussions:

Feedback from members of the Committee was received by going around the room.

Director Schneider noted that averaging can be vague given that member agencies have various ranges of socio-economics. In addition to unconsolidated data, she would be interested in seeing data on water bills for the household income levels living in single-family townhomes and apartments that have very little or no yards. She noted additional factors worthy of consideration are the senior and disabled population who truly have a forever fixed income in addition to looking at low-income that pertains to those experiencing hardship; fire risk components; and cost impacts to cities due to blight in certain socio-economic areas.

Director Duncan asked what the goal is for affordability in the region, and in terms of the increasing gap between water rates and water bills due to declining use, he was curious If there is explanation to shifting more of that water price to the higher users.

Director Chambers pointed out that if the median household income is taken from each of the 1900 census block, and the data averaging is done within each census block, then the averaging should be representative. Secondly, cities and water districts have fixed costs to operate their respective systems. Rate increases are relative to revenue needed to support infrastructure maintenance and improvements. A way to decrease rates might be to postpone local capital improvement projects and let population growth increase revenue. And on a regional basis, member agencies can affect SFPUC water rates by postponing alternative water supply projects, but maintaining the SFPUC's contractual obligation to provide 184mgd to the wholesale customers.

Director Vella pointed out that while water bills remain at 1% of household expenses in FY 2013-14 and FY 2023-24, it has almost doubled from approximately $70/month in FY 2013-14 to $120/month in FY 2023-24 because median monthly household income has increased from $7,084 to $11,800 during the same time-period.

While he is pleased with the efforts of the study and with the information it provides, he questions if the goal of the analysis is to solve the issue of affordability for every single household and every single category. Should BAWSCA delve into the income and expense practices of water customers while knowing that people are willing to spend money on bottled water over drinking water from the tap that they already pay for? Should the study go into the intricacies of human behavior? How much should member agencies push water customers towards water use efficiency and still generate the revenue needed to pay for the fixed costs of maintaining the system? The infrastructure needs to exist, it will age, and upgrades will be necessary. At some point, we need water use to generate the revenue required to maintain a system that is reliable.

Director Ragsdale appreciated the report as affordability is an important topic on everyone's minds. She was interested if a survey of local Community-Based Organizations that provide payment assistance to qualifying people could be done to find other creative ways that can be considered to assist households in the lowest quintile without impacting fellow water bill payers.

Something to consider when the analysis is presented to the Board would be to differentiate between passive income, fixed income and current income. There can be someone who is retired with adequate savings versus someone who is retired with no savings. Would there be a way to account for those differences?

Director Zigterman appreciates the study because he sees the efforts as social justice. It is a sensitive and difficult topic, and BAWSCA would be remiss if these issues are not discussed. He understands how the basis can be questioned, but he believes that the important role BAWSCA has in this effort is to facilitate collective thinking among the member agencies to develop a policy that is agreed upon and provides methods of making water affordable for all customers. Because each agency will have their own unique challenges and their own appropriate practices, BAWSCA will not be able to prescribe specific steps, but the point is qualitative.

It would be helpful to have data on the percent of water use that accounts for the water used by households that fall in the unaffordable category. The percentage can provide water managers data to offset water use in that category with water savings achieved by reducing water leaks or outdoor water use by customers that fall in the affordable category.

He believes that instead of fine tuning the data, efforts moving forward should focus on exploring ways around practices and policies to develop guidelines that achieve unanimity among the agencies that making water affordable for all customers is the right thing to do.

Director Pierce stated that affordability is a tricky concept for the BAWSCA Region, and noted that while water can be made more affordable, the usage may not change because other household expenses are unaffordable. She would like the results of the analysis be used to inform Board decisions on Strategy 2050 projects and actions that give the biggest bang for the buck, provide the most impact for the water users, and resolve water supply issues to set the BAWSCA region for success. Finding ways to address unaffordability can perhaps be by other means. She noted caution on setting expectations, and re-iterated that BAWSCA's mission is to ensure reliable high-quality water at a fair price. She would support making investments to ensure there is water when and where it's needed. She liked Director Zigterman's idea of exploring ways to establish agreed upon methodologies for maintaining affordability by offsetting water use with potential savings.

Legal Counsel, Allison Schutte, noted that there was more discussion on various options to address unaffordability during the analysis, and explained that Prop 218, a voter initiative, makes it challenging for many jurisdictions to do the kinds of things that, perhaps, Cal Water can do as a public utility. There are limitations and risks in taking on different kinds of programs, and BAWSCA cannot be in a position to make recommendations. However, there are discussions among the Water Management Representatives about options.

Ms. Schutte further explained that while there are some elements of prop 218 that can be adjusted through legislation, the fundamentals can only be changed by another voter initiative. There are elected officials that are unhappy with the tools available under the law which may spur some changes in the future, but for now, the easiest subsidization schemes would be risky and scrutinized by certain rate payer advocates in the community.

Additional comments were provided by members of the Committee.

For clarification, Director Chambers noted that with the assumption of 55 gpcd minimum usage to calculate water bills across the region, for his agency, which has high rates and an average water use of 40 gpcd, the calculation would increase his agency's water bills by 20%

Dr. Ashoori explained that for the 9 agencies with water use below the 55 gpcd, the actual water usage data was used in the analysis.

Director Zigterman expanded on his earlier comment, and suggested the concept of setting a goal of not allowing unaffordability to increase, or reducing unaffordability by "x" amount by 2050. With that goal, look at ways to achieve it. For example, the cost of preserving system reliability by cities and districts in the peninsula is a big part of the water rates due to the aging system. In balancing the renewal to preserve reliability of the water system, think about pacing the renewal costs in ways that consider and are sensitive to the affordability consequence. Projects that reduce water waste could be an impactful way of increasing affordability. Additionally, in looking at alternative water supply projects, avoid or postpone the most expensive ones in ways to prevent the fast pace increase of water rates and help preserve affordability. These kinds of approach make sense for BAWSCA to consider as a general form of policy method for the member agencies.

Director Ragsdale added that Water Management Representatives can share their agencies' best management practices and coordinate efforts that can lead to finding opportunities and ideas to maintain affordability.

Director Hardy appreciated committee members' comments and noted the importance of being thoughtful and aware of actions and decisions that can lead to unintended consequences. Infrastructure maintenance is a basic necessity because the water and sewer system is what supports today's modern living. She noted that water and sewer outage is an emergency, and while increasing rates are a concern, supply is of greater concern because without supply, rates would not matter.

While expensive, alternative water supply is important, particularly efforts with purification of reclaimed water that provides cleaner water than water from underground aquifers as it is. It supports water reliability that is less expensive than converting Bay water to potable water (desalination).

In looking at the pie chart for the 10-year trend on household expenses, she noted that the category of "other" increased by 11% while housing, food, healthcare and transportation decreased. She suspects that it includes cell phones which are expensive initially as well as it is monthly. But it is an absolute necessity in all population including the low-income category to function, stay connected, and apply for jobs.

With Prop 218, Santa Clara's power company put together a program, that is separate from the rate-payers, called "Help your Neighbor" which assists residents with utility bills. Because it is not tied with the rate-payers, it is not subject to Prop 218 and allows people and organizations to make donations to help residents in the lowest quintile.

In support of Director Zigterman's comments on pacing alternative water supply projects to preserve affordability, and Director Hardy's comments on water purification, Director Schneider suggested prioritization of projects to "short", "medium" and "long-term".

Director Chambers added, that to Director Zigterman's point of setting a goal for affordability, it needs to be set up by each agency because each agency has different capital improvement programs and various fixed costs. He asked if data by agency can be shared with the Board for better understanding.

Director Duncan asked if BAWSCA's analysis should factor in waste-water rates since the EPA 's affordability included combined waste water and water rates.

Dr. Ashoori stated that the next steps to the analysis will look at waste water rates for representative agencies, which will have a different threshold percentage.

In response to some of the comments received from members of the Committee, Dr. Ashoori noted that BAWSCA and EKI wanted to include granular data in the analysis including multi-family, but that information from the census data is not available. With regards to the "other" category in the monthly household expenses comparison, the category includes expenses outside of the analysis including cell phones, childcare, entertainment, etc.

Director Schneider asked if a model can be developed that compares water usage from a typical 2-bdrm apartment to a 2-bdrm single-family, to calculate the percentage of water use for landscape. She highlighted that multiple family dwellings are different than single family dwellings.

CEO Smegal pointed out that results of the analysis serves as an indicator to help identify trends in the service area. It is one data point that can be referenced to inform the evaluation of projects and actions being considered for Strategy 2050. With legal counsel, BAWSCA will look at agencies' BMPs and efforts that have worked well under Prop 218.

7. **CEO Reports:**

A. New Tier 2 Plan and WSA Amendment Adoption Process: Mr. Smegal was pleased to report that 25 of 26 member agencies' governing bodies have adopted the New Tier 2 Plan and WSA Amendment, representing 89% of the water supply purchases. BAWSCA will continue to be available to assist in the process of the final agency adoption.

B. Water Supply Conditions: Mr. Smegal highlighted that there was measurable precipitation in both the Bay Area 7-station and Upcountry 6-station which puts a good start to the new water year. Based on statistics, he continued to caution against the expectations for a 4^{th} year of a very unique three average-to-above-average wet years in a row. But a 4th year, if possible, is welcome. Regional water system deliveries are consistent with past years'.

C. Bay Delta Plan and FERC Update: On September 19, 2025, the State Water Resources Control Board (State Board) released its Draft Scientific Basis Reort for the Tuolumne River. As stated in a statement released on September 26th, BAWSCA is pleased that the State Board has taken this step to advance the consideration of the Healthy Rivers and Landscape Plan for the Tuolumne River.

The report is a dense technical document that is over 500 pages with appendices and with not much conclusory statements. BAWSCA is currently evaluating the contents of the document, and will likely provide written or verbal comments at the workshop on November 5th, or by the comment deadline of November 7th.

On September 16, 2025 the State Board rescinded its draft Staff Report/Substitute Environmental Document for Phase 2 of the Bay Delta Plan which involves the Sacramento and the Bay Delta itself. The State Board pulled the report to make updates and plans to release it in December 2025 for public review and comments. Public hearings and comment periods scheduled for that document has been postponed until further notice.

Modesto Irrigation District (MID) and Turlock Irrigation District (TID) withdrew their application for a Water Quality Certification (WQC) with the State Board for the FERC re-licensing of the New Don Pedro and La Grange Hydrologic Projects. Based on the comments they received on the Initial Study/Mitigated Negative Declaration, the districts felt that they will not have enough time to complete the CEQA review within the CWA one-year statutory timeframe. MID and TID intends to file a new WQC application with the State Board within the next several months with confidence to complete the CWA statutory timeline for the CEQA process.

8. **Closed Session:** Closed Session was removed from the agenda.

9. **Report from Closed Session**: N/A.

10. **Comments by Committee Members:**

Director Hardy commented that given the good start to the water year, she noted the region's dependence on weather and the importance of long-term planning in advancement of the region's resources.

Director Ragsdale announced that a relatively newly formed California Association of Youth Commissions will be having two (2) free events, specifically a virtual conference on November 15th 2025 and an in-person event in March 2026. Topics are currently being developed. It is a very strong group of youth, in which many are environmentally inclined, that put on their first very successful event last year. Commission membership in not necessary to attend the events, as long as they are interested and within the group's age category.

Director Schneider praised BAWSCA's work on an informational handout on artificial turf in which the instructor for a landscape class hosted by Burlingame's Environmental Committee talked about for the first 20 minutes.

Director Vella reported that he participated in the Hetch Hetchy tour that BAWSCA coordinates with SFPUC. It is an excellent educational tour that he encourages Board Members, particularly new ones and those who have not participated in the last 5 years, to attend. As the Board discuss droughts, water supply and long-term planning, seeing the facilities and the regional system is helpful.

Additionally, he toured the Silicon Valley Clean Water (SVCW) facility in Redwood City and brought back a bottled water that SVCW is currently working on to emphasize that reclaimed water purification is a technology of the future. He is happy to reach out to his contacts at SVCW for a tour of the facility for the BAWSCA group after the Holidays.

Director Hardy appreciated the information and Director Vella's offer to coordinate a tour for BAWSCA Directors. She added that the Valley Water also has its purified treatment plant off of Zanker Rd. in the South Bay which also produces water bottle samples and offers facility tours virtually and in person. Tour registrations are available online. She is pleased with the efforts and believes that the more people are informed about the technology, the better.

CEO Smegal noted that the December BPC meeting will have a full agenda with reports and discussions on important topics including the 2025 Demand Study, Strategy 2050, Mid-year Budget and Workplan update, and evaluation of additional discretionary pension payment.

11. **Adjournment**: The meeting was adjourned at 3:12pm. The next meeting is December 10, 2025.

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting
Attendance Roster

Agency	Director	Oct. 8, 2025	Aug. 13, 2025	Jun. 11, 2025	Apr. 9, 2025	Feb. 12, 2025	Dec. 11, 2024
Santa Clara	Hardy, Karen (C)	✓	MEETING CANCELLED	✓	✓	✓	✓
Hillsborough	Ragsdale, Leslie (VC)	✓		✓	✓	✓	✓
Westborough	Chambers, Tom	✓		✓	✓	✓	✓
CalWater	Duncan, Darin	✓		✓	✓		✓
Redwood City	Pierce, Barbara	✓		✓	✓	✓	✓
Millbrae	Schneider, Ann	✓		✓	✓	✓	☎
Burlingame	Stevenson, Peter			✓			n/a
MPWD	Vella, Lou	✓		✓	✓	✓	✓
Stanford	Zigterman, Tom	✓		✓	✓	✓	✓

✓: present

☎ : Teleconference

October 8, 2025 Meeting Attendance (*In-Person Meeting)*

BAWSCA Staff:

Tom Smegal	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
Christina Tang	Finance Manager		
Danielle McPherson	Sr. Water Resources Analyst		
Negin Ashoori	Sr. Water Resources Engineer		
Kyle Ramey	Water Resources Analyst		
Lourdes Enriquez	Asst. to the CEO/General Manager		
Deborah Grimes	Office Manager		
Christiane Barth	Office Assistant		

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING

September 18, 2025 – 6:30 p.m.

MINUTES

1. **Call to Order/Pledge of Allegiance/Roll Call – 6:30 pm**

   BAWSCA Chair, Tom Chambers, called the meeting to order. Water Resources Manager, Tom Francis called the roll. Two members of the Board participated via teleconference in accordance with the traditional Brown Act Rule. Nineteen (19) members of the Board were present at roll call. Three (3) members arrived after roll call. A list of Directors present (22) and absent (4) is attached.

2. **Comments by Chair:**

   Chair Chambers was pleased to welcome the Board and attendees at BAWSCA's regular meeting location. He announced that CEO Smegal is absent due to a planned medical procedure that was successfully completed on Wednesday, September 17th. He is recovering and will be back to work the week of September 22nd.

   Closed Session #1 of the agenda is the Board's discussion of its evaluation of the CEO's performance. Discussion with CEO Smegal about his performance evaluation will be scheduled under Closed Session in November. Closed Session #2 is not necessary and was removed from the agenda.

   There are two very important items on the agenda, one of which is an action item to authorize the CEO to negotiate and execute an agreement with a selected consultant to implement workshops dealing with water use efficiency regulations. This effort is in partnership with Valley Water, which will be funding 50% of the costs.

   Secondly, the Board will be updated on the progress of the Tier 2/WSA amendment adoption process.

   The Board Policy Committee did not meet in August and there is no report.

3. **SFPUC Report:** Alison Kastama, SFPUC Liaison for BAWSCA, provided an update on the Regional Water System's water supply conditions.

   Assistant General Manager for Water Enterprise, Steve Ritchie, reported on SFPUC's Wildfire Management Program.

   Questions were received from members of the Board.

   There were no comments from members of the public.

4. **Consent Calendar:**

   Director Breault made a motion, seconded by Director Pierce, that the Board approve the consent calendar which includes: Approval of the Minutes from the July 17, 2025 meeting; Receive and file the Pre-Audit

Budget Status Report, Investment Report, Directors' Reimbursement Report, Employees' Reimbursement Report, and Bond Surcharge Collection, Account Balance and Payment Report as of June 30, 2025.

The motion passed unanimously by roll call vote. See attached voting log.

There were no comments or questions from members of the Board.

There were no comments from members of the public.

5. Public Comments:

There were no comments from members of the public on items not included in the agenda.

6. Action Calendar:

Director Pierce made a motion, seconded by Director Showalter, to authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Water Systems Consulting, Inc. (WSC), subject to legal counsel's final review, for a not-to-exceed amount of $160,000 to support BAWSCA's Water Use Efficiency Regulation Workshop efforts.

The motion passed unanimously by roll call vote. See attached voting log.

7. CEO Reports:

Tier 2 Plan and WSA Amendment
Tom Francis, BAWSCA's Water Resources Manager, reported that 24 member agencies have adopted the new Tier 2 Plan and WSA Amendment.

Bay Delta Plan and FERC Process
Mr. Francis reported that MID and TID withdrew their application for a water quality certification (WQC) as submitted to the State Water Board for the FERC licensing of the Don Pedro and La Grange Hydroelectric Projects. The withdrawal was due to the Districts' concern with their ability to complete CEQA review within CWA one-year statutory timeframe to act on the application and give the State Water Board time to properly review a final CEQA document.

The Districts indicated that they will be filing a new WQC request with the State Water Board within the next several months, completing the CEQA process once filed.

BAWSCA continues to work closely with the SFPUC in tracking and engaging with the State Water Board's efforts on the Bay Delta Plan..

Questions and comments were received from members of the Board.

There were no comments from members of the public.

8. Closed Session #1 – Public Employee Performance Evaluation:

The Board adjourned to Closed Session at 7:44pm.

Legal Counsel, Allison Schutte, reported that Closed Session ended at 7:56pm and no Board action was taken. The Board found CEO Smegal's performance outstanding since he assumed the position in December 2024.

Chair Chambers reported that pursuant to the CEO's employment agreement, the CEO's total compensation will be increased by 3% for a total of $351,030 beginning October 1, 2025 through September 30, 2026. Total compensation is comprised of base salary, car allowance, and deferred compensation plan contribution.

9. Reports and Discussions:

There were no further comments from Board members.

There were no comments from members of the public.

10. Closed Session #2: Removed from the agenda.

11. Additional Time for Public Comments (Time Permitting):

There were no additional comments from members of the public.

12. Directors' Discussion: Comments, Questions and Agenda Requests:

There were none.

13. Date, Time and Location of Next Meeting: The next meeting is scheduled on November 20, 2025 at 6:30pm at the Burlingame Community Center.

14. Adjournment: The meeting adjourned at 8:01pm.

Respectfully submitted,

Tom Francis for CEO Smegal
Water Resources Manager

TF/TS/le
Attachments: 1) Roll Call & Voting Log
2) Attendance Roster

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Roll Call & Voting Log - BAWSCA

Meeting Date: **Sept. 18, 2025**

Agency	Director	Present/ Absent	Item #4 Consent	Item #6 Agreement with Consultant	Other	Weighted Voting (2) Weighted "Yes" Votes	Weighted "No" Votes
Hayward	Andrews, Angela	y	y	y			
Brisbane	Breault, Randy	y	y	y			
Guadalupe	Breault, Randy	y	y	y			
Westborough	Chambers, Tom	y	y	y			
San Jose	Cohen, David	y	y	y			
CalWater	Duncan, Darin	y	y	y			
San Bruno	Hamilton, Tom	0	y	y			
Santa Clara	Hardy, Karen	y	y	y			
Purissima	Jordan, Steve	y tele	y tele	y tele			
Foster City	Kiesel, Art	y	y	y			
East Palo Alto	Lincoln, Webster	y	y	y			
Daly City	Manalo, Juslyn	0	0	0			
Sunnyvale	Mehlinger, Richard	0	0	0			
Coastside	Mickelsen, Chris	y	y	y			
Milpitas	Montano, Carmen	y	y	y			
Menlo Park	Nash, Betsy	y	y	y			
North Coast	Piccolotti, Tom	y	y	y			
Redwood City	Pierce, Barbara	y	y	y			
Hillsborough	Ragsdale, Leslie	y	y	y			
Millbrae	Schneider, Ann	y	y	y			
Mountain View	Showalter, Pat	y	y	y			
Burlingame	Stevenson, Peter	0	0	0			
Palo Alto	Stone, Greer	y	y	y			
Mid-Peninsula	Vella, Louis	y tele	y tele	y tele			
ACWD	Weed, John	y	y	y			
Stanford	Zigterman, Tom	y	y	y			

Vote Tally

					Weighted Vote Summary "Yes"	"No"
Yes (y)	22	22	22			
No (n)		0	0			
Absent (0)	4	4	4			
Abstain (a)		0	0			
Item Carries by Simple Vote?						
Item Carries by Weighted Vote?						

(1) Under simple voting, item carries if it receives an affirmative vote of a majority of the total membership (15 votes)

(2) Under weighted voting, item carries if it receives the affirmative vote of directors representing both

a) A majority of the members present and voting, and

b) a majority of the number of votes represented by directors present

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Bay Area Water Supply and Conservation Agency

Board of Directors Meeting
Attendance Roster

Director	Agency	Sept. 18, 2025	July 17, 2025	May 15, 2025	Mar. 20, 2025	Jan. 16, 2025	Nov. 21, 2024
Andrews, Angela	Hayward	✓	✓	✓	✓	✓	✓
Breault, Randy	Guadalupe	✓		✓	✓	✓	✓
Breault, Randy	Brisbane	✓		✓	✓	✓	✓
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓
Cohen, David	San Jose	✓			✓		✓
Duncan, Darin	Cal Water	✓	✓	✓	✓	✓	✓
Hamilton, Tom	San Bruno		✓	✓	✓	✓	✓
Hardy, Karen	Santa Clara	✓		✓	✓	✓	✓
Jordan, Steve	Purissima	☎	✓	✓	✓	✓	✓
Kiesel, Art	Foster City	✓	✓	✓	✓	✓	*
Lincoln, Webster	East Palo Alto	✓		✓	✓	*	*
Manalo, Juslyn	Daly City		✓		✓		✓
Mehlinger, Richard	Sunnyvale		✓	✓			✓
Mickelsen, Chris	Coastside	✓	✓	✓	✓		✓
Montano, Carmen	Milpitas	✓	✓	✓	✓		✓
Nash, Betsy	Menlo Park	✓	✓	✓	✓	✓	☎*
Piccolotti, Tom	North Coast	✓	✓		✓	✓	✓
Pierce, Barbara	Redwood City	✓	✓	✓	☎	✓	✓
Ragsdale, Leslie	Hillsborough	✓	✓	☎	✓	✓	✓
Schneider, Ann	Millbrae	✓	✓	✓	✓		✓
Showalter, Patricia	Mountain View	✓	☎	✓	✓	✓	✓*
Stevenson, Peter	Burlingame		✓	✓	✓	✓	✓
Stone, Greer	Palo Alto	✓	✓	✓	✓	✓	✓
Vella, Louis	Mid-Peninsula	☎	✓	✓	✓	✓	
Weed, John	ACWD	✓	✓	✓	✓	✓	✓
Zigterman, Tom	Stanford	✓	✓	✓	✓	✓	✓

✓ **:** Present

* **:** Predecessor

☎ : Teleconference

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Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, California 94402
(650) 349-3000 tel. (650) 349-8395 fax

TO: Tom Smegal, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: November 5, 2025

SUBJECT: Budget Status Report as of September 30, 2025

This memorandum shows fiscal year budget status for FY 2025-26. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the three-month period ending September 30, 2025, 25 percent into the fiscal year, total expenditures were $1,132,118 or 20 percent of the total budget of $5,547,732

Table 1. Operating Budget Summary as of September 30, 2025

Cost Category	Budget	Year-To-Date Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,563,088	250,192	16%
Fair Pricing	324,887	76,763	24%
Administration	346,000	37,953	11%
Subtotal	*2,233,975*	*364,908*	*16%*
Administration and General			
Salary & Benefits	2,694,282	656,059	24%
Other Expenses			
BAWSCA	554,300	111,151	20%
BAWUA	1,050	0	0%
Subtotal	*5,483,607*	*1,132,118*	*21%*
Capital Expenses	5,000	0	0%
Budgeted Contingency	57,500	0	0%
Regional Financing Authority	1,625	0	0%
Grand Total	*5,547,732*	*1,132,118*	*20%*

Overview:

Overall expenditures for FY 2025-26 are tracking within budget.

Consultants

The $100,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 6 percent expended. The Operating Budget allocation of $935,000 budget for legal counsel was 15 percent expended. The $271,600 budget for water management and conservation-related activities was 10 percent expended. Over the next two months, the CEO will be closely reviewing consultant expenses, including legal counsel, as part of the mid-year budget review and will present these findings and potential Work Plan and Operating Budget modifications to the Board at its January 2026 meeting.

Administration and Other Expenses

Budgets for salaries and other expenses were 24 percent and 20 percent respectively.

Use of CEO's Discretionary Spending Authority:

No use of CEO discretionary spending authority occurred during this period.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2024-25 were $500,997. The BAWSCA General Reserve balance as of October 31, 2025, shown below, does not reflect this deposit. Once the audited financial report has been accepted by the Board of Directors, the unspent balance from FY 2024-25 will be transferred to the General Reserve.

In accordance with the adoption of the FY 2025-26 annual budget in May 2025, the Board approved transferring $152,023 from the General Reserve to fund the FY 2025-26 Operating Budget. The General Reserve balance as of October 31, 2025 reflects this transfer and represents 22% of the adopted FY 2025-26 Operating Budget.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 06/30/25)	Account Balance (As of 10/31/25)
General Reserve	$1,356,288	$1,204,265

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Receive and File Annual Audit Report for BAWSCA and Compilation Report for BAWUA for FY 2024-25**

Summary:

An independent auditor report for BAWSCA and a compilation report for Bay Area Water Users Association (BAWUA) have been completed for the year ending June 30, 2025. An audit of BAWSCA accounts is required by Division 31, Section 81426 of the Water Code. The compilation of BAWUA accounts is prepared in accordance with its bylaws, Article 8, Section 8.2. Links to the reports are listed below. Hard copies are provided under separate cover for the Board's review. A financial audit of the Regional Finance Authority is not required at this time.

Fiscal Impact:

None

Board Policy Committee Action:

None. The reports became available on October 19th for staff review, allowing their inclusion in the BAWSCA board meeting agenda.

Recommendation:

That the Board receive and file the independent auditor's report for BAWSCA and the compilation report for BAWUA for the year ending June 30, 2025.

Discussion:

BAWSCA's and BAWUA's financial statements have been audited and compiled by the independent auditing firm of Chavan & Associates, LLP. The goal of an independent audit is to provide reasonable assurance that the financial statements are free from material misstatement.

Based on their review of the financial statements, the auditors have concluded that the financial statements are in conformance with generally accepted accounting principles, and fairly present, in all material respects, the financial position of both BAWSCA and BAWUA and the changes in financial position and cash flow for FY 2024-25.

As demonstrated by the statements, schedules and notes included in the auditor's reports, BAWSCA and BAWUA are meeting the requirements for sound financial management.

Links to Reports. Hard copies under separate cover:

1. BAWSCA FY 2024-25 Audit Report
2. BAWUA FY 2024-25 Compilation Report

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BAWSCA
Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, California 94402
(650) 349-3000 tel.   (650) 349-8395 fax

MEMORANDUM

TO: **Tom Smegal, CEO/General Manager**

FROM: **Deborah Grimes, Office Manager**

DATE: **November 6, 2025**

SUBJECT: **Directors' Reimbursement Quarterly Report for the Period Ending September 30, 2025**

In March 2006, the board adopted a directors' expense reimbursement policy consistent with the Government Code that requires a quarterly report on the Agency's reimbursement of directors' expenses. This report shall show the amount of expenses reimbursed to each director during the preceding three months.

There were no director expenses reimbursed for the quarter ending September 30, 2025.

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Bay Area Water Supply & Conservation Agency

155 Bovet Road, Suite 650
San Mateo, California 94402
(650) 349-3000 tel.   (650) 349-8395 fax

MEMORANDUM

TO: **Tom Smegal, CEO/General Manager**

FROM: **Deborah Grimes, Office Manager**

DATE: **November 6, 2025**

SUBJECT: **Employees' Reimbursement Quarterly Report for the Period Ending September 30, 2025**

This report is prepared pursuant to Government Code Section 53065.5: *Each special district, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars ($100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that district and shall be made available for public inspection.*

Table 1 presents the reimbursed expenses for BAWSCA employees during the quarter ending September 30, 2025.

Table 1. Employee Reimbursement Expenses

BAWSCA Employee	Expense Amount	Purpose
Deborah Grimes	$1,399	• QuickBooks annual renewal
Tom Francis	$2,217	• UWI Conference Registration • UWI travel expenses
Negin Ashoori	$949	• ACWA Fall Conference Registration • ACWA Fall Conference travel expenses
Tom Smegal	$215	• Pre-board meeting dinner - July
Lourdes Enriquez	$199	• Dropbox software

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Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 650
San Mateo, California 94402
(650) 349-3000 tel. (650) 349-8395 fax

MEMORANDUM

TO: **Tom Smegal, CEO/General Manager**

FROM: **Deborah Grimes, Office Manager**

DATE: **November 7, 2025**

SUBJECT: **Investment Report – As of October 31, 2025**

In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The required annual review of the investment policy by the Board is scheduled for the November 20th board meeting.

BAWSCA funds not deposited in banks are invested in BAWSCA's Local Agency Investment Fund (LAIF) account throughout the year to ensure compliance with BAWSCA's investment policy.

BAWSCA's prior and current period LAIF account balances are shown below:

06/30/25	10/31/25
$3,853,044	$3,935,623

Of the total in the BAWSCA LAIF account as of October 31, 2025, $1,204,265 represents BAWSCA's General Reserve Fund, equivalent to approximately 22 percent of FY 2025-2026 Operating Budget, within our goal of 20-35% of our current Operating Budget. The remaining amount consists of unrestricted funds.

Annualized interest rates for the most recent quarters for LAIF deposits are shown below:

06/30/25	09/30/25
4.40%	4.34%

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Adoption of Resolution #2025-02 Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan**

Summary:

The Tier 1 Plan Shortage Allocation Plan (Tier 1 Plan) is the method for allocating water available from the San Francisco Regional Water System (RWS) between San Francisco retail customers and the Wholesale Customers collectively during shortages of 20 percent or less caused by drought. The Tier 2 Drought Response Implementation Plan (Tier 2 Plan or Plan) allocates the collective Wholesale Customer share among each Wholesale Customer.

In January 2022, the Wholesale Customers began negotiating a new Tier 2 Plan, as well as updates to the Water Supply Agreement between San Francisco and the Wholesale Customers (WSA) regarding minimum purchase requirements and the Tier 1 Plan with San Francisco. Following the successful conclusion of negotiation of these matters, the Wholesale Customers have brought the amendments to their governing boards for approval.

As of November 13th, 25 of the 26 Wholesale Customers have adopted the updated Plan and amendments.

The existing Tier 2 Plan is set to expire on December 31st. However, due to the remaining adoption process, and to ensure a Plan is in place, the BPC was asked to recommend extending the existing Plan at its October 8th meeting for the full Board's consideration at its November meeting. BAWSCA believes the updated Tier 2 Plan will be unanimously adopted by the end of the calendar year, at which point it will supersede the existing Plan.

Board Policy Committee Action:

The Committee voted unanimously to recommend the proposed Board action.

Recommendation:

That the Board adopt Resolution #2025-02 extending the term of the 2021 Amended and Restated Tier 2 Plan through December 31, 2026, or until all Wholesale Customers' governing bodies adopt the updated Tier 2 Plan.

Background:

The WSA includes a Tier 1 Plan, which divides the available RWS supply between San Francisco retail customers and the collective Wholesale Customers during a drought. The WSA also provides that the SFPUC will honor allocations of water among the Wholesale Customers provided by BAWSCA, or unanimously agreed to by the Wholesale Customers. The Tier 2 Plan allocates the collective Wholesale Customer allocation from San Francisco among the Wholesale Customers.

The Tier 2 Plan applies when the SFPUC determines that a system-wide water shortage of 20 percent or less exists, as set forth in a declaration of water shortage emergency adopted by the

SFPUC pursuant to California Water Code Sections 350 *et seq.* The Tier 2 Plan applies only to water acquired and distributed by the SFPUC to the Wholesale Customers and has no effect on water obtained by a Wholesale Customer from any source other than the SFPUC.

The Tier 2 Plan was first adopted by each Wholesale Customer in 2011, pursuant to Section 3.11.C of the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA). That Tier 2 Plan, which initially expired on December 31, 2018, was extended three times in 2018, 2019, and 2020. In 2021, the Tier 2 Plan was amended to address unintended consequences as a result of changed circumstances over time and extended in anticipation of starting a comprehensive update of the Plan. Thereafter, that Tier 2 Plan was extended in 2022, 2023, and 2024, and now will expire December 31, 2025.

Attachments:

1. Draft Resolution #2025-02 Approving the Extension of the 2021 Amended and Restated Tier 2 Drought Response Implementation Plan

RESOLUTION NO. 2025-02
BY THE BOARD OF DIRECTORS OF THE
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

APPROVING THE EXTENSION OF
THE AMENDED AND RESTATED TIER 2 DROUGHT RESPONSE IMPLEMENTATION PLAN

WHEREAS, the Bay Area Water Supply and Conservation Agency ("BAWSCA") is organized and established pursuant to the Bay Area Water Supply and Conservation Agency Act, Water Code section 81300, et seq. (the "Act"); and

WHEREAS, the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers in Alameda County, San Mateo County and Santa Clara County (WSA) sets forth the terms for ensuring the Wholesale Customers receive a reliable supply of high-quality water at a fair price; and

WHEREAS, section 3.11(C)(1) of the WSA established the Water Shortage Allocation Plan (Tier 1 Shortage Plan) to allocate water from the Regional Water System between Retail and Wholesale Customers during system-wide shortages of 20% or less; and

WHEREAS, pursuant to section 3.11(C)(2) of the WSA and section 5.5 of the Tier 1 Shortage Plan, the Tier 1 Shortage Plan will remain in effect for the term of the WSA; and

WHEREAS, subsequent to the Tier 1 Shortage Plan, the Wholesale Customers adopted the Tier 2 Drought Response Implementation Plan (Tier 2 Plan), to document the method of allocating, among the Wholesale Customers, the collective Wholesale Customer share of the water made available by the San Francisco Public Utilities Commission (SFPUC); and

WHEREAS, the Tier 2 Plan was adopted in the Winter and Spring of 2011 by the governing bodies of each Wholesale Customer; and

WHEREAS, the 2011 Tier 2 Plan established December 31, 2018 as an interim expiration deadline in order to allow for the consideration of matters such as the inclusion of the cities of San Jose and Santa Clara as permanent customers and to allow for the development of a new Tier 2 Plan; and

WHEREAS, in 2015, the State Water Resources Control Board implemented water conservation targets for each BAWSCA member agency that effectively negated the implementation of the Tier 2 Plan during the 2015 to 2017 drought; and

WHEREAS, in May 2018, the BAWSCA Board of Directors adopted Resolution 2018-01 extending the Tier 2 Plan for one year until December 31, 2019; and

WHEREAS, in 2018, the California Legislature adopted Senate Bill 606 and Assembly Bill 1668 which established a process for developing and implementing long-term water use efficiency targets for urban water suppliers; and

WHEREAS, in November 2019, the BAWSCA Board of Directors adopted Resolution 2019-02 extending the Tier 2 Plan for one year until December 31, 2020; and

WHEREAS, in November 2020, the BAWSCA Board of Directors adopted Resolution 2020-03 extending the Tier 2 Plan for one year until December 31, 2021; and

WHEREAS, in November 2021, the BAWSCA Board of Directors adopted the 2021 Amended and Restated Tier 2 Plan, by Resolution 2021-03 to amend the Tier 2 Plan and extend the term through December 31, 2022; and

WHEREAS, on November 23, 2021, the SFPUC adopted a system-wide voluntary water use reduction of 10% consistent with Shortage Level 1 of its Water Shortage Contingency Plan (WSCP) and initiated implementation of the Tier 1 and Tier 2 Plans for the first time; and

WHEREAS, in January 2022, BAWSCA and the member agencies began to negotiate an update to the Tier 2 Plan; and

WHEREAS, in November 2022, the BAWSCA Board of Directors adopted Resolution 2022-11 extending the Tier 2 Plan for one year until December 31, 2023; and

WHEREAS, in November 2023, the BAWSCA Board of Directors adopted Resolution 2023-04 extending the Tier 2 Plan for one year until December 31, 2024; and

WHEREAS, in November 2024, the BAWSCA Board of Directors adopted Resolution 2024-03 extending the Tier 2 Plan for one year until December 31, 2025; and

WHEREAS, the BAWSCA member agencies have determined that an extension of the allocation method in the Tier 2 Plan is appropriate at this time given the additional time needed for the Wholesale Customers to unanimously adopt an updated Tier 2 Plan, which is expected by the end of the year; and

WHEREAS, if the Wholesale Customers' governing bodies unanimously adopt an updated Tier 2 Plan, it will supersede the existing Tier 2 Plan; and

WHEREAS, section 3.11(C)(3) of the WSA provides that the SFPUC will honor allocations of water among the Wholesale Customers provided by BAWSCA or if unanimously agreed to by all Wholesale Customers; and

WHEREAS, pursuant to section 3.11(C)(3) of the WSA, BAWSCA is authorized to provide the SFPUC with the allocations set forth in the Tier 2 Plan; and

WHEREAS, the BAWSCA Board of Directors desires to continue to rely on the allocation methodology set forth in the 2021 Amended and Restated Tier 2 Plan for one year, thereby effectively extending the Tier 2 Plan for one year until December 31, 2026.

BE IT RESOLVED, that the Board of Directors of the Bay Area Water Supply and Conservation Agency will rely on the methodology provided in the 2021 Amended and Restated Tier 2 Drought Implementation Plan for one additional year, through December 31, 2026; and

BE IT FURTHER RESOLVED, if the Wholesale Customers' governing bodies unanimously adopt an updated Tier 2 Plan, it will supersede the existing Tier 2 Plan; and

BE IT FURTHER RESOLVED that the Board requests the CEO/General Manager to transmit the methodology to the San Francisco Public Utilities Commission for drought planning purposes.

PASSED AND ADOPTED this ____ day of __________, 2025, by the following vote:

AYES:

NOES:

ABSENT:

____
Chair, Board of Directors

ATTEST:

____
Secretary

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Annual Review and Consideration of BAWSCA's Statement of Investment Policy**

Summary:

The Board's Investment Policy states that the CEO/General Manager shall annually submit a Statement of Investment Policy to the Board, which the Board will consider at a public meeting. The previous review occurred on November 21, 2024 and resulted in no modifications to the Investment Policy. Quarterly investment reports are provided to the Board as required by the policy. The last investment report was provided to the Board on September 18, 2025.

BAWSCA's Investment Policy applies to all funds and investment activities under the direction of the agency. It also specifies permitted investment instruments for the bond proceeds and delegates the management and oversight of the investments to the CEO/General Manager. Based on a recent review of the agency's circumstances, BAWSCA believes the current permitted investment instruments are consistent with the agency's risk tolerances and primary investment objectives. In consideration of the long-term nature of the stabilization fund, BAWSCA has determined that the current 0-5 year laddered maturity investment strategy is appropriate and continues to provide the agency opportunities to benefit from longer maturity and higher yielding investments over time.

Legal counsel has confirmed that the current Statement of Investment Policy reflects language consistent with the State law. A copy of the policy is attached. No changes to the policy, including the investment strategy for the bond proceeds, are recommended at this time.

Fiscal Impact:

No impact on BAWSCA's annual operating budget.

Board Policy Committee Action:

The Committee voted unanimously to recommend the proposed Board action.

Recommendation:

That the Board re-affirm the current Statement of Investment Policy.

Discussion

The primary objectives of BAWSCA's Investment Policy are safety, liquidity and return on investment. All BAWSCA funds shall be invested in accordance with the Investment Policy and the California Government Code.

Permitted Investments for Agency Funds

The current Investment Policy requires the agency funds that are not invested in the Local Agency Investment Fund (LAIF) to be deposited only in state or national banks and state or federal savings associations with offices in California that meet the requirements and conditions of the Government Code. The current policy also limits the maturity of any Certificate of Deposit to 12 months or less.

Although the current California Debt and Investment Advisory Commission (CDIAC) investment guidelines allow for community bank participation in holding local agency funds and for Certificates of Deposit with a maturity of up to 5 years, it is determined that a change to allow longer maturities of Certificates of Deposit is not needed at this time, given the agency's high liquidity needs. BAWSCA will continue investigating these additional investment options as the Investment Policy may be amended from time to time.

Permitted Investments for Bond Proceeds

BAWSCA's bond proceeds are held in a separate trust account at the Bank of New York Mellon Trust Company (Trustee) and are invested in accordance with the Bond Indenture and the agency's Investment Policy. The Bond Indenture specifies investments in which BAWSCA is permitted to invest bond proceeds. BAWSCA's Investment Policy further restricts allowable investments for bond proceeds to four specific instruments: Federal Securities, Money Market Mutual Funds, Certificates of Deposit, and US Agency Securities.

BAWSCA staff believes the current permitted investment instruments are consistent with the agency's risk tolerances and primary investment objectives. No changes to the permitted investments for the bond proceeds are recommended at this time.

Investment Strategy for Bond Stabilization Fund

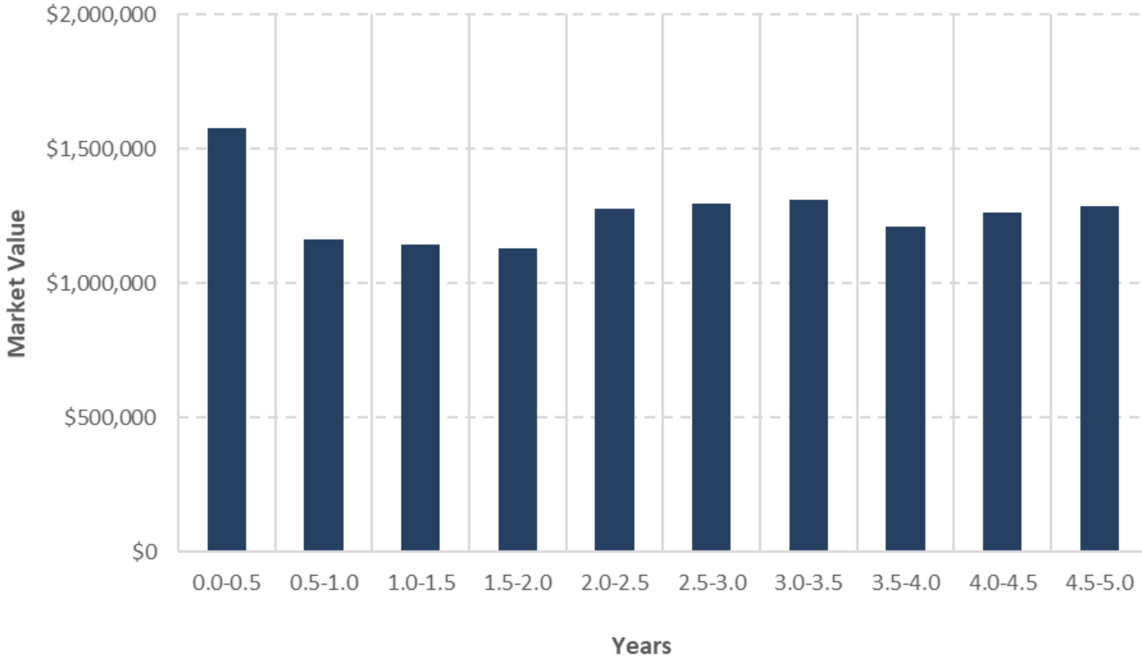
BAWSCA's bond stabilization fund held at the Trustee serves as a reserve to cover the debt service payments in case of shortfalls in the surcharge collection. As part of this annual review, BAWSCA reviewed the investment strategy for the stabilization fund given current market conditions.

Since 2018, BAWSCA has been utilizing a 0-5 year laddered maturity strategy to manage the investment portfolio. With risks to price stability and full employment roughly in balance, the Federal Reserve has begun reducing interest rates from their highest level in over twenty years. While rates in the 0-5 year range still remain elevated from post-pandemic lows, future developments with regards to continued progress on inflation and the health of the labor market will have important implications going forward. With a longer-term 0-5 year laddered maturity distribution, the fund has taken advantage of being able to reinvest into the higher interest rates available on longer-term bonds. The current investment strategy continues to provide important yield curve diversification against both market price and reinvestment rate risks consistent with BAWSCA's risk tolerances and primary investment objectives. For this reason, BAWSCA and its investment advisor believe that the current strategy remains appropriate as such longer-maturity strategies have historically provided greater investment returns and income over time.

As of October 1, 2025, the total balance held by the Trustee was $18,422,782, which includes: (1) the bond surcharges of $5,750,797 collected from the member agencies to pay the next semi-annual debt service payment, and (2) the stabilization fund of $12,671,985.

A summary of the current investment portfolio maturity distribution for BAWSCA's stabilization fund is shown in Figure 1. The CEO/General Manager anticipates another evaluation of the investment strategy during next year's Investment Policy review. The result of the evaluation will be reported to the Committee and the Board.

Figure 1: Stabilization Fund Investment Portfolio Maturity Distribution as of 10/1/2025



Attachment:

1. Statement of Investment Policy

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BAY AREA WATER SUPPLY & CONSERVATION AGENCY

STATEMENT OF INVESTMENT POLICY

1. Introduction

The investment policies and practices of the Bay Area Water Supply & Conservation Agency (BAWSCA) are based on state law and prudent money management. All funds will be invested in accordance with the Agency's Investment Policy and the California Government Code.

2. Scope

This policy applies to all funds and investment activities under the direction of the Agency, including funds held in the name of the Bay Area Water Users Association (BAWUA), a California nonprofit corporation of which the Agency is the sole member.

3. Prudence

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency.

Investments shall be made with the judgment and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived, and in accordance with the provisions of Government Code Section 53600 et seq.

4. Objectives

The primary objectives, in priority order, of the Agency's investment activities shall be:

A. Safety. Safety of principal is the foremost objective of the investment program. The Agency's funds shall be invested in a manner that seeks to ensure preservation of capital.

B. Liquidity. The Agency's investments will remain sufficiently liquid to enable the Agency to meet its cash flow requirements.

C. Return on Investment. The Agency's investments shall be designed with the objective of attaining a market rate of return consistent with the constraints imposed by its safety and liquidity objectives.

5. Delegation of Authority

The management and oversight responsibility for investments is hereby delegated to the CEO/General Manager who shall monitor and review all investments for consistency with this Investment Policy.

6. Investment of Funds

A. Permitted Investments and Depositories

(i) Agency funds may be deposited only in state or national banks and state or federal savings associations with offices in California that meet the requirements and conditions of the California Government Code, as it may be amended from time to time.

(ii) Collateralization will be required on all deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limit, in accordance with Government Code Sections 53630-53687 and Section 16522. Funds not deposited in banks or savings associations shall be invested in the Local Agency Investment Fund administered by the Treasurer of the State of California, in accordance with Government Code Section 16429.1.

B. Other Limitations

(i) The General Manager may maintain separate accounts for the Agency and for BAWUA.

(ii) Investment maturities shall be based on a review of cash flow forecasts and shall be scheduled to allow the Agency to meet all projected obligations. The maturity of any certificate of deposit shall not exceed 12 months.

7. Investment of Bond Proceeds

Permitted Investments and Depositories. Pursuant to Government Code section 53601(m), a local agency may invest bond proceeds "in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance of those bonds." Typically, a local agency will specify in its investment policy that the investment of bond proceeds is out of the scope of the investment policy because permitted investments are specified in the bond indenture.

Instead, BAWSCA has determined that it would like to at least temporarily use its Investment Policy to restrict the vehicles permitted for the investment of bond proceeds to more conservative investments than are permitted by the Revenue Bond Indenture, dated January 1, 2013, by and between BAWSCA and the Trustee (the "Indenture"). This gives BAWSCA the flexibility to, through amendments to future Investment Policies, gradually expand permitted investments for bond proceeds to include some or all of the investment vehicles permitted in the Indenture. As such, notwithstanding language allowing a broader range of investment vehicles in the Indenture, bond proceeds may be invested only in the following instruments:

(i) "Federal Securities" meaning direct and general obligations of the United States of America, or those which are fully and unconditionally guaranteed as to timely payment of principal and interest by the same;

(ii) "Money Market Mutual Funds" meaning funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of "AAAm-G" or "AAAm" and, if rated by Moody's, having a rating by Moody's of "Aaa," including money market funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund or for which the Trustee or any of its affiliates serve as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(iii) "Certificates of Deposit" (including those placed by third parties pursuant to an agreement between the Agency and the Trustee), trust funds, trust accounts, overnight bank deposits, interest bearing money market accounts, time deposits, savings accounts, deposit accounts, bankers' acceptances or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including those of the Trustee or its affiliates; and

(iv) "U.S. Agency Securities" meaning bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies: (1) senior debt obligations of the Federal Home Loan Bank System; (2) senior debt obligations of the Federal Home Loan Mortgage Corporation (FHLMC); (3) senior debt obligations of the Federal National Mortgage Association (FNMA); and (4) consolidated systemwide bonds and notes of the Farm Credit System. The investment in U.S. Agency Securities has a sector allocation limit not to exceed 40% of total stabilization fund market value at the time of purchase.

8. Reporting Requirements

The CEO/General Manager shall provide the Board a quarterly investment report, which shall include the information specified in Government Code Section 53646.

9. Annual Review of Investment Policy

The CEO/General Manager shall annually submit a Statement of Investment Policy to the Board, which the Board will consider at a public meeting. The Agency shall also annually verify that deposits are properly collateralized.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **BAWSCA's Long-Term Reliable Water Supply Strategy 2050 – Affordability Assessment**

Summary:

This memorandum provides an overview of the affordability analysis conducted as part of BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy 2050). The analysis includes three components:

1. **Affordability Assessment** - evaluating how household income and the cost of water affect affordability across the region.
2. **Comparative Analysis** – examining how water costs have changed relative to other essential household expenses over the past decade.
3. **Agency Survey** – gathering information on BAWSCA agencies' current affordability practices and challenges.

Findings from the affordability assessment indicate that water is broadly affordable for most households, with about 97% of typical households paying less than 1.5% of income on water. For low-income customers, defined as the income for the 20th percentile of households, about one-quarter (26%) spend more than 1.5% of income on basic water needs, and 9% exceed the 2.5% threshold for unaffordability.

The comparative analysis indicates that while water rates have risen over the past decade, median household incomes have generally increased at a faster pace, and declining consumption has helped moderate bill growth. As a result, water now represents a smaller share of median household income than it did a decade ago. The analysis also highlighted institutional challenges to addressing affordability, particularly Proposition 218, which restricts the use of ratepayer funds for customer assistance programs.

Together, these results provide a baseline for understanding current affordability conditions and will be used to inform the Board's future evaluation of Strategy 2050 Projects and Actions (P&As), ensuring that long-term reliability investments also advance equity and affordability. Input from the BAWSCA Board is requested at the November Board meeting.

Board Policy Committee Action:

During the October 8th Board Policy Committee meeting, the Committee was presented with the preliminary results of the affordability analysis conducted as part of Strategy 2050. This was an informational item and no Committee action was requested. However, input from the Committee was collected and incorporated into revisions to the November Board presentation.

Recommendation:

This item is for information and discussion purposes only. No action is requested at this time.

Discussion:

As part of Strategy 2050, a key task is to document water affordability challenges and opportunities facing the BAWSCA region. The objective of this effort is to provide a comprehensive understanding of current affordability conditions for both typical and low-income households to inform decisions on balancing reliability investments with affordability needs and improving water equity. To support this goal, the affordability analysis was developed to answer questions such as:

- How affordable is water for the typical single-family household in the BAWSCA region?
- How affordable is basic water service for low-income households?
- How have water costs changed relative to income growth and other essential household expenses over the past decade?
- What is the extent of water affordability challenges in the BAWSCA region?

Affordability Assessment

Affordability is defined as the general concept that water bills should not be a burden on households, allowing them to meet other basic needs like food, housing, and health care. The approach to assessing affordability for the BAWSCA region, consistent with the methodology used by the United States Environmental Protection Agency (USEPA) and California State Water Resources Control Board (SWRCB), included two main steps:

1. Affordability was calculated as an *Affordability Indicator,* which is the percentage of a household's income spent on their water bill.
2. The Affordability Indicator was then compared to an *Affordability Threshold* to assess whether water bills are expected to be manageable. For this analysis, the SWRCB water affordability thresholds, shown Table 1 below, were used.

Table 1: Affordability Thresholds

Affordability Concern	Affordability Threshold (% of income spent on water bill)
Affordable	<1.5%
Potentially Unaffordable	1.5% - 2.5%
Likely Unaffordable	>2.5%

Source: SWRCB 2023 Drinking Water Needs Assessment

The assessment was prepared using American Community Survey census block-level data for median household income (MHI); persons per households; and lowest quintile income (LQI), defined as the income for the 20th percentile of households. In addition, the assessment used individual BAWSCA agency data on water rate structures and average single-family residential water use from the BAWSCA Fiscal Year 2023-2024 Annual Survey. Water bills were estimated for single-family households at the census block level using individual BAWSCA agency water rate structures applicable to each census block. The assessment was completed only for single-family residential due to data availability. For each census block, single-family water bills were estimated for:

- Average single-family residential water bill: The average water bill was calculated based on the average single family residential water use for water agency serving the census block.
- Basic needs water bill: The water bill for basic, efficient indoor water use was calculated based on (1) the SWRCB standard for efficient indoor water use of 55 gallons per capita per day (GPCD)[1]; (2) the number of persons per household for each census tract; and (3) the rate structure of the respective water agency.

The affordability indicator for each census block was then calculated for both (1) average single family residential water bill and the MHI and (2) the basic needs water bill and the LQI. Results were then aggregated to the BAWSCA regional level.

Findings

Water Affordability for Typical Households

For households at the MHI and using the average amount of water for their respective communities, water bills are generally affordable within the BAWSCA region. About 97% of MHI households are estimated to pay less than 1.5% of their income for their water bills, considered to be affordable based on the SWRCB thresholds. About 3% of households pay more than 1.5% of their income for their water bills, which is considered potentially unaffordable based on the SWRCB thresholds. About 1% of households pay more than 2.5% of their income for their water bills, which is considered unaffordable.

Water Use for Low-Income Households

For low-income households at the LQI, water bills for basic needs are also affordable for most households in the BAWSCA region. However, about 26% of low-income households are estimated to pay more than 1.5% of their income for basic water needs, and about 9% of low-income households are estimated to pay more than 2.5% of their income for basic water needs.

Comparative Analysis

In addition to evaluating water affordability for typical and low-income households, BAWSCA conducted a comparative analysis of how water costs have changed relative to other essential household expenses over the past decade. Using BAWSCA's Annual Survey data and publicly available indices (e.g., Bureau of Labor Statistics Consumer Price Index, Pacific Gas and Electric Company, Federal Reserve Economic Data), the central objective was to assess whether water remains affordable relative to median household income and other essential expenditures, including electricity, natural gas, food, healthcare, housing, and transportation.

[1] For nine BAWSCA agencies, average single-family residential water use, as reported in the FY 2023-2024 Annual Survey, was below the 55 GPCD SWRCB standard for efficient indoor use. For census tracts served by these agencies, actual water use was used as a proxy for basic needs water us.

The analysis reveals that while water rates have risen, median household incomes have grown at a faster rate in the same period of time, and declining per-household consumption has tempered overall bill growth. For example, the average household water bill in the BAWSCA region rose from $67.27 in FY 2013-14 to $90.97 in FY 2023-24. During that time, the average of the Alameda, Santa Clara, and San Mateo county median monthly household incomes increased from $7,084 to $11,800. Consequently, water now represents a smaller share of median household income than it did ten years ago (Table 2). In contrast, average electricity and gas bills have grown at rates outpacing income, making them slightly less affordable.

Table 2: FY 13-14 vs FY 23-24 Average Monthly Household Expenses

Year	Water	Electricity	Housing	Food	Gas	Healthcare	Transportation	Other*
FY 13-14	0.95%	1.35%	35.21%	11.22%	0.52%	6.05%	16.83%	27.87%
FY 23-24	0.77%	1.62%	30.67%	9.98%	0.66%	4.78%	12.84%	38.68%

*Other covers any expenses outside the scope of this analysis (e.g. childcare, taxes, entertainment, etc.).

BAWSCA Agency Affordability-Related Practices and Programs

The Strategy 2050 team also conducted a survey of the BAWSCA agencies to gather insights from BAWSCA agencies on their current affordability related practices and support programs. Key findings included:

- The majority of the BAWSCA agencies have not performed affordability assessments.
- Of the affordability programs currently offered or planned among agencies, the most common were (1) payment plans and arrearage forgiveness (29%), (2) flexible payment options (26%).
- The most significant challenge that agencies identified to implementing and administering affordability programs is compliance with Proposition 218 requirements, which precludes use of ratepayer funds for these programs.

Next Steps

Informed by the affordability assessment, the Board will be asked to provide input in early 2026 on its priorities for evaluating potential Projects and Actions (P&As) for Strategy 2050. Once priorities have been identified, the affordability assessment framework will be used to analyze how different investments in P&As could impact water affordability in the BAWSCA region. In parallel, the Strategy 2050 team is researching and evaluating potential affordability program models implemented by other agencies to help ensure that any future water affordability efforts comply with Proposition 218.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Bay Delta Plan - State Water Board's November 5, 2025 Workshop**

Summary:

This memorandum provides details regarding the discussion that took place at the State Water Resources Control Board's (State Water Board) public workshop on the Draft Scientific Basis Report Supplement for the Tuolumne River Voluntary Agreement Proposal (Draft Scientific Basis Report) held on Wednesday, November 5, 2025, at the CalEPA Building in Sacramento. It also presents background regarding the process underway at the State Water Board leading to a possible amendment of the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta Plan).

During the workshop, staff from the State Water Board, the California Department of Water Resources, representatives from the Tuolumne River Parties (The SFPUC, Turlock Irrigation District and Modesto Irrigation District) as well as various environmental Non-Governmental Organizations (NGOs) took part in separate panel presentations. Oral public comments were taken from those who attended in-person and virtually. Members of the public that commented included elected officials, including several BAWSCA Board members.

Recommendation:

This item is for information and discussion purposes only. No action is requested at this time.

Background:

In December 2018, the State Water Board approved updates to the Lower San Joaquin River (LSJR) flow components of the Bay-Delta Plan for the reasonable protection of fish and wildlife. In 2016, the State Water Board finalized a Technical Report on the Scientific Basis for Alternative San Joaquin River Flow and Southern Delta Salinity Objectives (2016 Scientific Basis Report) to describe the science and rationale relied upon for the 2018 updates to the Bay-Delta Plan. In the State Water Board's 2018 adoption resolution, they allowed for voluntary agreements to be prepared that would revise proposed flow requirements yet still meet the objectives of the Bay-Delta Plan.

In March 2022, the State Water Board received a Memorandum of Understanding (MOU) Advancing a Term Sheet for a Voluntary Agreement (VA), also referred to as the Healthy Rivers and Landscape Plan (HRL Plan) to update and implement the Bay-Delta Plan. Subsequently, in November 2022, the State Water Board received a Revised MOU including additional signatories and the Healthy Rivers and Landscape Plan proposal for the Tuolumne River (Tuolumne HRL Plan). The incorporation of the Tuolumne HRL Plan would require an amendment to the Bay-Delta Plan supported by a staff report and a substitute environmental document.

As a step in the consideration process, the State Water Board developed the Draft Scientific Basis Report that presents the science analyzing the proposed provisions included in the Tuolumne HRL Plan. That report was issued on September 19, 2025. It was developed in collaboration with staff from the California Department of Fish Wildlife and California Department of Water Resources. The State Water Board collected public comments on the draft report in early November 2025 (via their workshop held on November 5, 2025, as well as through written comments on the draft report provided to the State Water Board on November 7, 2025). With the receipt of public comments, the Draft Scientific Basis Report will be revised by State Water Board staff as appropriate and a Revised Draft Scientific Basis Report will be submitted for scientific peer review pursuant to the requirements of California Public Health and Safety Code section 57004, which requires that the scientific basis of any statewide plan (e.g. basin plan, plan amendment, guideline, policy, or regulation) undergo external scientific peer review. Following peer review, the report may be further revised.

This process, assuming it continues to advance, will culminate with the State Water Board taking potential adoption action on an update to the Bay-Delta Plan.

November 5, 2025, State Water Board Workshop

A webcast of the November 5th workshop is available at the following link = https://www.youtube.com/watch?v=Pbg0wr4k3Dc

BAWSCA staff, including CEO/GM Tom Smegal, were in attendance, as were three BAWSCA Board members: Karen Hardy (Santa Clara), Webster Lincoln (East Palo Alto), and Leslie Ragsdale (Hillsborough.) Two other BAWSCA Board Members, Tom Chambers (Westborough Water District) and David Cohen (San Jose) made comments remotely as well as Aziz Akbari (Director at the Alameda County Water District) and Drew Bost (Water Resources Coordinator at Mid-Peninsula Water District.)

Table 1 provides a time-stamped listing of the workshop agenda items that may be of most interest to the Board (e.g., a particular panel discussion, elected public comments, closing comments by the State Water Board, etc.).

Table 1: State Water Board Workshop of November 5, 2025
Discussion Topics (in Order with Time Stamp for ease of viewing)

https://www.youtube.com/watch?v=Pbg0wr4k3Dc Video Length = (9:22:56)

Discussion Item #	Details	Time Stamp
1	Introduction by State Water Board Chair - E. Joaquin Esquivel	(0: 9:10)
2	Statement by Assembly Member Juan Alanis (as read by David Monroy)	(0:15:26)
3	State Water Board Presentation – given by Stephen Louie + staff	(0:19:48)

4	Cal. Department of Water Resources – given by Eric Loboschefsky	(0:52:13)
5	Public Comments – Elected Officials - in person and via remote	(0:55:43)
6	Tuolumne River Parties (MID, TID and SFPUC General Managers + key staff)	(1:23:10)
7	Tuolumne River Parties – Technical Presentation (TID, SFPUC (3 staff))	(2:03:03)
8	Environmental NGOs #1 – Friends of the River (Devon Pearse), SF Bay Keepers (Jonathan Rosenfield)	(4:20:16)
9	Environmental NGOs #2 – Yosemite River Alliance (Peter Drekmeier), CSPA (Chris Shutes), Golden State Salmon Association (Barry Nelson)	(4:55:06)
10	Public Comment – Senator Marie Alavarado-Gills (as read by Julianne Phillips)	(6:16:00)
11	Public Comments – General (Agency and organization staff, members of the public) *Note that BAWSCA's CEO/GM is up first in the order of public comments*	(6:17:46)
12	Closing comments by the State Water Board	(8:47:00)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Results of FY 2022-23 Wholesale Revenue Requirement Review**

Summary:

Pursuant to Section 7.06A of the Water Supply Agreement (WSA), BAWSCA conducted its review of SFPUC's calculation of the annual Wholesale Revenue Requirement (WRR) and the changes in the Balancing Account for FY 2022-23. On October 9, 2025, BAWSCA reached an agreement with the SFPUC pertaining to BAWSCA's concerns related to SFPUC costs allocated to the Wholesale Customers.

The adjustments made to the FY 2022-23 WRR due to the recent review and prior resolution resulted in a total credit of $3,477,285 to the Wholesale Customers.

Fiscal Impact:

There is no fiscal impact to BAWSCA. Within the total credit amount listed above, $3,371,450 is reflected in the opening balance of the Balancing Account as of June 30, 2023. The remaining credit of $105,835 owed to the Wholesale Customers will be applied to the opening balance of the Balancing Account as of June 30, 2025.

Recommendation:

This item is for informational purposes only. No Board action is requested.

Discussion:

Pursuant to Section 7.06A of the WSA, BAWSCA performed its review of SFPUC's calculations associated with the FY 2022-23 WRR and the changes in the Balancing Account. BAWSCA's review was assisted by its financial advisor KNN Public Finance and cost consultant IGService. BAWSCA's recent WRR review resulted in a total Balancing Account adjustment of $105,835, including interest, as a credit to the Wholesale Customers.

In addition, BAWSCA's negotiations with SFPUC during a prior WRR review resulted in a decrease to the FY 2022-23 WRR, or savings to the Wholesale Customers, of $3,371,450. In July 2016, BAWSCA raised a question to the SFPUC as to the proper wholesale proportional annual use for calculating the WRR when the minimum purchase requirements were waived during the drought. As a result of early investigations and discussions that occurred between SFPUC and BAWSCA staff, the difference between the requirements and the actual water sales are not included in the final proportional annual use calculation for the years when the minimum purchase requirement waivers were in place.

The adjustments resulting from BAWSCA's recent and prior WRR reviews associated with FY 2022-23 are summarized in Table 1.

In the process of reviewing the FY 2022-23 WRR calculations, the SFPUC identified some expenses that were classified incorrectly. Reclassifying those expenses resulted in a total Balancing Account adjustment of $168,791, including interest, as additional charges to the Wholesale Customers. Since these are not BAWSCA's findings, they are not included in Table 1.

ATTACHMENT

Table 1. Summary of Adjustments to FY 2022-23 WRR Resulting from BAWSCA's Reviews

	Type of Adjustment	Descriptions	Savings to Wholesale Customers
1	Interpretation of WRR error	At BAWSCA's identification in 2016, the imputed water sales are excluded from the Proportional Annual Use calculation due to the minimum purchase requirement waiver in place during the drought, resulting in a decrease to the WRR.	$3,371,450
2	Cost allocation error	Some management consulting services were classified incorrectly. This correction resulted in a decrease to the WRR.	$82,014
3	Cost allocation error	Some costs for urban agriculture programs were classified incorrectly. This correction resulted in a decrease to the WRR.	$2,941
4	Cost allocation adjustment	During the process of updating the space allocation at 525 Golden Gate Avenue based on changes in building use and occupancy, the office space associated with two positions were allocated incorrectly. This correction resulted in a decrease to the WRR.	$7,720
5	Accounting error	The total debt-funded capital expenses used to calculate the interim capital financing cost allocations erroneously included expenses funded by both water and power bonds for Hetch Hetchy Joint project costs, rather than only the water share of expenses. This correction resulted in a decrease to the WRR.	$9,670
		Interest on the credits that will be applied to the opening balance of the Balancing Account as of June 30, 2025	$3,490
		Total adjustments	$3,477,285

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO:	**BAWSCA Board of Directors**
FROM:	**Tom Smegal, CEO/General Manager**
DATE:	**November 13, 2025**
SUBJECT:	**Chief Executive Officer/General Manager's Letter**

Water Use Efficiency Workshops:

BAWSCA and Valley Water have partnered to offer their respective member agencies a series of workshops focused on the State's new water use efficiency regulations. Water Systems Consulting (WSC) was the firm selected to assist in this effort. These workshops will focus on critical aspects of the regulations including Urban Water Use Objectives (UWUO), CII performance measures, statewide and local bans on irrigating non-functional turf with potable water, and annual reporting requirements.

The primary objectives of these workshops are to provide participating agencies with comprehensive information about the new regulations, direct access to subject matter experts for questions and clarifications, and a collaborative forum for agencies to share experiences and learn from their peers. Workshops will be conducted in both virtual and in-person formats, held during the months of October through June 2026.

To date, BAWSCA and Valley Water (in conjunction with WSC) have held two virtual workshops focused on top user calculations and CII outdoor aspects of the regulations. The workshops each had over 50 attendees. The next workshop will be held on November 19th focusing on CII performance measures and best management practices.

C/CAG OneWatershed Initiative

In 2023, the City/County Association of Governments of San Mateo County (C/CAG) received a California Integrated Climate Adaptation and Resilience Program (ICARP) Adaptation Planning Grant Program grant to develop and pilot the "OneWatershed Framework", an equitable climate adaptation approach focused on integrated watershed management. BAWSCA as well as other San Mateo County agencies have partnered with C/CAG on this work effort.

Climate risks in San Mateo County include flooding due to sea level rise and extreme precipitation, water supply stress due to hydrologic drought, emergent groundwater, and urban heat. Underserved and vulnerable communities in San Mateo County are at disproportionate risk of climate impacts. The OneWatershed Framework brought together a collaboration of public infrastructure and water resource agencies to embark on a coordinated effort to ensure a climate resilient and equitable approach to watershed management in San Mateo County. Specifically, the OneWatershed Framework is designed to assess the regional and shared-risk of climate change to water infrastructure and resources (sewer, water, stormwater) and develop opportunities to build adaptive capacity to climate impacts for the most vulnerable communities.

The OneWatershed Framework approach is now being piloted in the San Bruno Creek Watershed. As part of the pilot, an Equity Priority Community Workgroup (EPC) was formed to help gather and provide technical and community focused input. Aside from BAWSCA, members of the EPC represent agencies such as Rise South City, South Coast Sustainable, Youth United for Community Action, Nuestra Casa, Thrive Alliance, Green Schoolyards America, SPUR, Grassroots Ecology, San Francisco Estuary Institute, Grief at Work, Save the Bay, Climate Resilient Communities, C/CAG, City of San Bruno, OneShoreline, County of San Mateo Sustainability Department, City of South San Francisco, Geosyntec Consultants, and Craig Communications.

Two community events, attended by approximately 50 members of the public in total, were held recently in San Bruno (one for English speaking residents on October 22nd and a second for Spanish speaking residents on November 3rd) where the EPC was present and discussion of the OneWatershed Framework took place. Tom Francis of BAWSCA was present at both events. Mr. Francis staffed a water conservation booth where he shared water conservation approaches residents could adopt during times of drought. Mr. Francis also shared details on rebate programs that area residents could apply for and handed out water conservation measures (such as moisture meters, low flow faucets, etc.) that BAWSCA provides at no charge during similar outreach events. BAWSCA's efforts were well received by the residents. The pilot project efforts will continue into early 2026.

BAWSCA Landscape Education Program Update:

BAWSCA is hosting 27 residential landscape education classes in the Fall of 2025. These classes range from in-person hands-on workshops to online webinars. This season, classes have been well-attended, particularly ACWD's online Rain Barrel & Rain Garden class that had 47 attendees, which is above average for this type of webinar. ACWD did a fantastic job marketing the webinar and choosing an appealing topic. The recording of this webinar is posted to BAWSCA's website.

BAWSCA Participation in East Side Preparatory School Event:

Eastside College Preparatory School's (ECPS) in East Palo Alto is a private 6-year middle and high school dedicated to supporting first-generation students through college and into their careers. BAWSCA has an ongoing partnership with ECPS through its Career Pathways Program, having hosted three student interns in the summers of 2022, 2023, and 2025.

On October 17, 2025, BAWSCA's Senior Water Resources Engineer, Negin Ashoori, participated in (ECPS) Virtual Informational Interview Day. The event connected 55 first-generation, college-bound high school seniors with professionals across various industries to discuss career paths and college preparation. During the event, Dr. Ashoori met with three seniors, offering advice on college readiness, career exploration, and networking skills. These conversations were designed to help students gain confidence in articulating their goals and to expose them to a wide range of professional possibilities.

Participation in this event continues to strengthen BAWSCA's community engagement and workforce development efforts while supporting local students in their pursuit of higher education and professional success.

SFPUC/Wholesale Customer Emergency Exercise:

On October 16, 2025, the SFPUC hosted an emergency planning and security exercise in collaboration with the Wholesale Customers. The goal of the event was to strengthen regional readiness and response procedures for a major emergency, with a focus on a hypothetical earthquake scenario.

The SFPUC facilitated breakout discussions where smaller groups shared their agency-specific procedures to respond to a system-wide emergency. The discussions specifically targeted how agencies would handle major challenges, including:

- Communications: Procedures for internal and public notification when communication channels are severely limited (e.g., no internet or landlines).
- Physical Access Constraints: Operational response when road and bridge closures block access to critical infrastructure and personnel.
- Evolving Information: Strategies for maintaining communication with Emergency Operations Centers and managing information flow to the public as the understanding of water supply and water quality impacts changes in the immediate aftermath of an event.

Participating agencies learned from each other's best practices and identified areas for future preparedness improvements. The SFPUC plans to conduct these joint emergency planning and security exercises on an ongoing basis to ensure continuous regional readiness.

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Board of Directors
Policy Calendar Through July 2026

Meeting Date	Purpose	Issue or Topic
January 2026	D&A D&A D&A R&D R&D R R	Mid Year Work Plan, Budget and General Reserve Review Proposed FY 2026-27 Bond Surcharges Review and Approve Potential Additional Discretionary Pension Payment BAWSCA's Strategy 2050 FY 2026-27 Work Plan and Budget Study Session Review of Consultant Billing Rate Market Analysis Review of Water Supply Forecast
March 2026	R&D R R	Presentation of Preliminary FY 2026-27 Work Plan and Budget BAWSCA's Strategy 2050 & Water Management Charge Update Review of Water Supply Forecast
May 2026	D&A D&A	Consideration of Proposed FY 2026-27 Work Plan and Operating Budget Consideration of Professional Services Agreements
July 2026	D&A R&D R&D	Review of CEO/General Manager Evaluation Procedure BAWSCA's Strategy 2050 & Water Management Charge Update SFPUC Alternative Water Supply Program Update

Key: R=Report, D = Discussion, S = Study Session, A = Action

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Bay Area Water Supply and Conservation Agency
and Regional Financing Authority

Meeting Schedule through December 2026

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
Date	**Location**
Thursday – November 20, 2025	Burlingame Community Center – Sequoia Room
Thursday - January 15, 2026	Burlingame Community Center – Sequoia Room
Thursday – March 19, 2026	Burlingame Community Center – Sequoia Room
Thursday – May 21, 2026	Burlingame Community Center – Sequoia Room
Thursday – July 16, 2026	TBD
Thursday – September 17, 2026	TBD
Thursday – November 19, 2026	TBD

Schedule for RFA Board Meetings (Meeting time will be announced)	
Date	**Location**
Thursday – January 15, 2026	Burlingame Community Center – Sequoia Room

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
Date	**Location**
Wednesday – October 8, 2025	Burlingame Community Center – Sequoia Room B
Wednesday, December 10, 2025	Burlingame Community Center – Sequoia Room B
Wednesday – February 11, 2026	Burlingame Community Center – Sequoia Room B
Wednesday – April 8, 2026	Burlingame Community Center – Sequoia Room B
Wednesday – June 10, 2026	Burlingame Community Center – Sequoia Room B
Wednesday – August 12, 2026	TBD
Wednesday – October 14, 2026	TBD
Wednesday – December 9, 2026	TBD