BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING

April 4, 2025

Correspondence and media coverage of interest between March 24, 2025 and April 2, 2025

Correspondence

From: Peter Drekmeier, Policy Director, Tuolumne River Trust
To: Chair Chambers and Members of the BAWSCA Board
Date: March 25, 2025
Subject: SFPUC Rationing

From: Dave Warner
CC To: Tom Smegal
Date: March 24, 2025
Subject: Copy of letter to SFPUC with information on San Diego County Water Authority

Water Supply Conditions:

Date: April 2, 2025
Source: Mercury News
Article: Sierra Nevada snowpack sees most bountiful three years in a row in 25 years

Date: March 26, 2025
Source: The Cool Down
Article: New data reveals worrying trend in key water supply that could impact millions: 'We are quickly running out of time'

Miscellaneous:

Date: March 24, 2025
Source: Daily KOS
Article: Delta Tunnel project hearing cancelled after hacker takes over Zoom platform

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From: Peter Drekmeier
To: bawscaboardofdirectors
Subject: SFPUC Rationing
Date: Tuesday, March 25, 2025 10:21:22 AM
Attachments: Water Supply Agreement.pdf

Dear Chair Chambers, BAWSCA Board and Staff:

I've spoken with several people from BAWSCA member agencies who agree that the Design Drought probably isn't justified, but they believe that if the SFPUC says it might impose extreme rationing, then they have to be prepared. In reality, it would be very difficult for the SFPUC to impose rationing above 20% without the consent of the wholesale customers. The Water Supply Agreement states on page 18:

> "For Regional Water System shortages in excess of 20%, San Francisco shall (a) follow the Tier 1 Shortage Plan allocations up to the 20% reduction, (b) meet and discuss how to implement incremental reductions above 20% with the Wholesale Customers, and (c) make a final determination of allocations above the 20% reduction. After the SFPUC has made the final allocation decision, the Wholesale Customers shall be free to challenge the allocation on any applicable legal or equitable basis."

Imagine what would happen if the SFPUC tried to impose rationing above 20%. People would visit Crystal Springs Reservoir and see that it was virtually full. They might visit Hetch Hetchy or another SFPUC reservoir and witness similar conditions. Prolonged droughts impact the SFPUC's water bank at Don Pedro Reservoir, which was established to maintain high storage in the SFPUC's reservoirs. If the SFPUC were to attempt to impose rationing above 20%, there would be an uproar, and they would be forced to acknowledge how much water they had in storage – likely enough to last at least three years.

I'm attaching the Water Supply Agreement.

-Peter

Peter Drekmeier
Policy Director
Tuolumne River Trust
peter@tuolumne.org

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From:	Dave Warner
To:	Tom Smegal
Subject:	Copy of SDCWA letter to SFPUC commissioners
Date:	Monday, March 24, 2025 3:12:46 PM
Attachments:	Learning from the SDCWA 2025-03-24.pdf

Hi Tom,

Thank you for your leadership of BAWSCA! I copied you on the attached letter to the SFPUC commissioners giving them information on our SDCWA call. While you are already familiar with most of the letter, there might be some charts on pages 3 and 4 that you haven't seen.

Best regards,

Dave

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March 24, 2025

Re: Learning from the San Diego County Water Authority

Dear Commissioners,

As you may know, General Manager Herrera hosts regular meetings on various topics with a number of NGO's including the Tuolumne River Trust and the Bay Area Council (referred to as Bay Area Water Stewards (BAWS) meetings).

At last week's meeting Jeff Stephenson, Director of Water Resources at the San Diego County Water Authority (SDCWA) **provided a review of events that led up to their current financial challenges and multiple years of large past and projected annual water rate increases.** The popular press (and I) had characterized the problem as them having built the Carlsbad desal plant while demand fell off, leading to big rate increases and financial problems. But he provided a more insightful bigger picture. There are some remarkable similarities to SDCWA's experiences and with what the future might hold for the SFPUC.

What led to the SDCWA's current situation

The SDCWA is a wholesale water supplier to 22 retail agencies that serve 3 million residents.

Mr. Stephenson started with their 1991 drought situation where the region came close to running out of water and there was a massive cry across the region for "never again," and included wanting to have independence from the Metropolitan Water District of Southern California (MWD). The SDCWA started making a series of investments, including dams and lining canals that eventually included the Carlsbad desal plant. In the meantime, other local agencies started pursuing other supplies. They all were forecasting increasing demand as they had done for years. But demand declined. Not only did they see gross per capita demand (GPCD) decline but two agencies dropped out and others reduced their purchases. Jeff described that for the last several years they've had major annual rate increases (he mentioned in the 14% range). Not stated by Jeff but financially SDCWA reserves and a number of metrics have fallen below their policy minimum thresholds along with going through budget cuts. It's also worth noting that the San Diego mayor objected to a proposed 18% rate increase that was later scaled

back to 14%. The latest financial plan has a number of years projected with 10% rate increases and projects declining demand.

Mr. Stephenson's recommended learnings

Things he recommended learning from SDCWA's experiences:

- Collaboration with other water agencies. If they had collaborated better, they as a group might have been able to better manage regional investments.

This is relevant to the SFPUC and BAWSCA. For example, the SFPUC is looking at a 30+ mgd local recycled water project within San Francisco (project leveraging the Southeast Pollution Control Plant, not a part of the regional water system (RWS) alternative water supply (AWS) plan). Should this happen, this could cause a major drop in demand on the RWS, causing a further jump in water rates, which at some point could cause a ratepayer revolt.

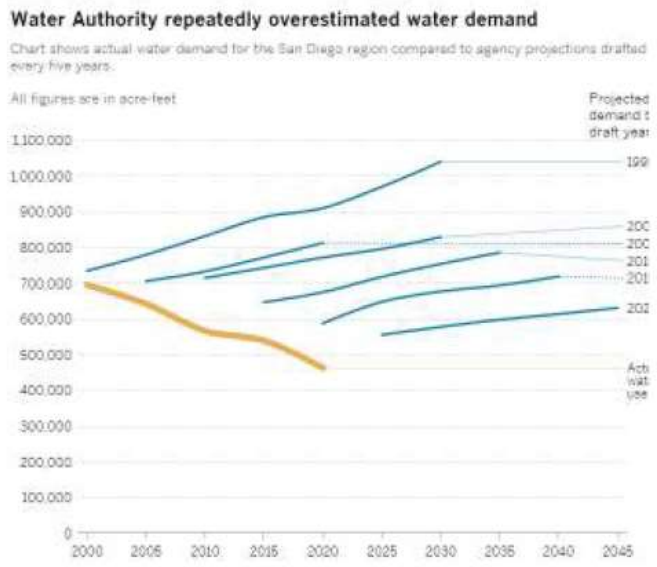
- Be nimble. Jeff emphasized that there were so many unknowns that came along, that just weren't predictable. Be nimble to be able to adapt to changes.

The SFPUC is anything but nimble. Its costs are at least 95% fixed in part due to the large debt loads it is carrying (on a percentage of budget basis, more than double SDCWA's load). And while SDCWA's debt is mostly declining, the SFPUC's debt is substantially increasing.

- Look carefully at your demand forecast. Jeff thought maybe flat line (perhaps a poor choice of words) despite population growth.

While the SFPUC's finance department's demand projections are close to flat for retail, BAWSCA's still show substantial increases. Should these increases not occur, as San Diego experienced, rates will need to increase more than projected.

Remarkable similarities in demand projections



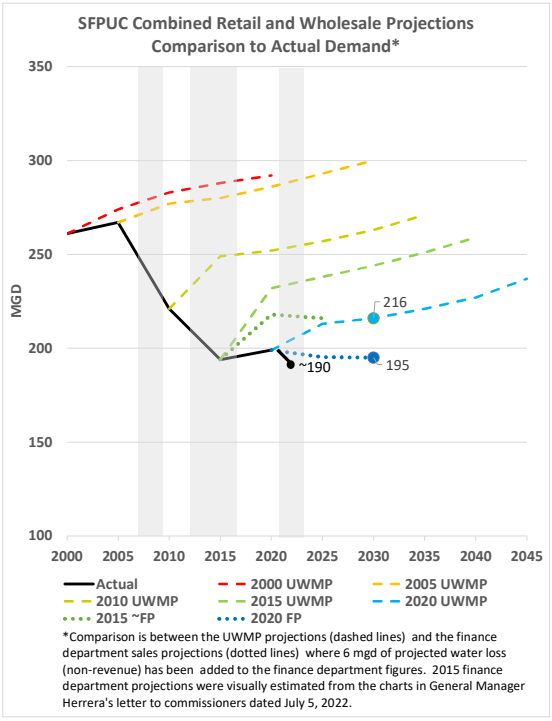


Figure 1: Past history of demand projections compared to actual demand. SDCWA (on the left) and the SFPUC on the right are remarkably similar. Both projected increasing demand against a trend of long term declines.

The two charts in figure 1 show how both the SDCWA (chart on the left) and SFPUC (chart on the right) have been projecting increasing demand since 2000 while demand has declined. Since 2020 the SFPUC's finance department made somewhat more conservative projections.

The SDCWA five year financial forecast now projects a 24% decline in demand as shown as shown in figure 2 while the SFPUC continues to project increasing demand.

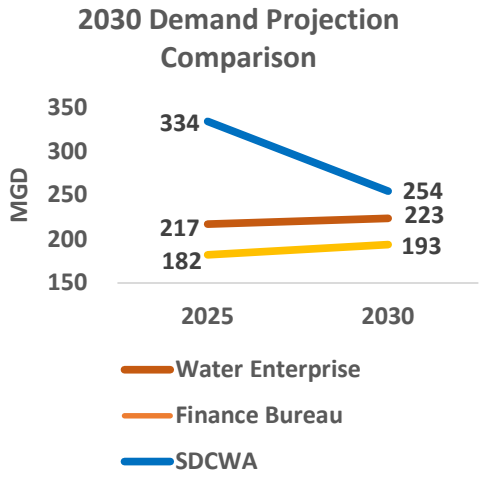


Figure 2: Comparison of SFPUC and SDCWA demand projections to 2030. The SDCWA is now projecting declining demand.

The SFPUC's larger debt service means reduced ability to meet unknowns

As shown in figure 3, SFPUC has significantly higher debt service costs than the SDCWA, which means higher fixed costs both in the short term and long term along with higher overall costs. It reduces the ability to address unknowns and adapt to changes in both the short term and for long term trends. It also increases exposure to adverse changes in capital markets particularly with increases in debt issuances in the next 10 years.

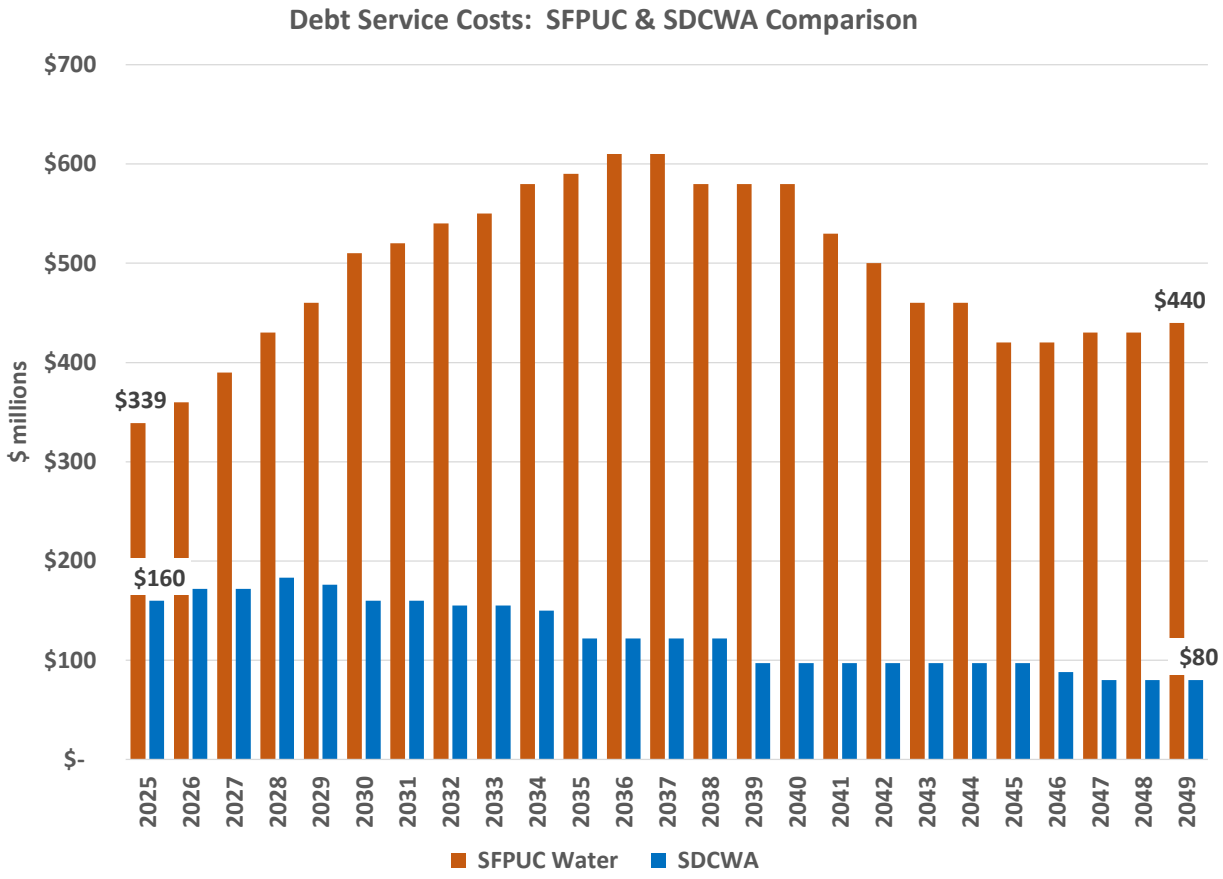


Figure 3: The SFPUC's water enterprise has much higher debt service costs than the SDCWA. Note that the SFPUC's debt service costs are increasing while SDCWA debt service costs are declining.

For 2025 the SFPUC's debt service costs are 49% of water sales. By 2030 that is expected to grow to 54% of water sales, which during that timeframe water sales are expected to grow from ~$700 million to ~$900 million, meaning that debt service costs are growing faster than water sales, a troubling trend.

For the SDCWA, 2025 debt service costs are 21% of water sales and by 2030 debt service costs are expected to decline to 17% of water sales.

The SDCWA has a current debt/cash funding mix of 35%/65% compared to the SFPUC's 71%/29% (which is an improvement from last year's 78%/22%).

The SFPUC's higher fixed costs also reduces adaptability

While the SDCWA was able to mitigate a portion of its declining demand with reduced water purchases, the SFPUC does not have such an ability. The vast majority of the SFPUC's water enterprise costs do not vary with water sales. This means that the SFPUC has little ability to address unexpected downturns in demand.

The SDCWA has also been trying to mitigate its downturn in demand by selling excess supply to the other agencies. Mr. Stephenson did not report success with that approach although he remains hopeful.

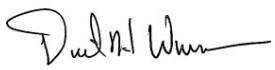
Possible Actions

1) Both Mr. Herrera (despite a health issue) and Mr. Ritchie were in the meeting. Please ask them for their views on what the SFPUC should take from the discussion.
2) Consider starting the process to be prepared for a downside scenario. It's hard to image demand declining by 24% by 2030 but ask to see a downside financial scenario, perhaps using a decline in demand in the 8-10% range in five years, consistent with the SFPUC's long term trend since 1990. What would retail and wholesale rates look like? What would affordability look like? What would the SFPUC's policy metrics look like? Understanding the scenario is a first step towards being prepared.
3) Check that Mr. Ritchie and the executive team have all the financial tools they need in order to assess the cost/benefit tradeoffs for all contemplated and in-process capital projects. For example, do he and the team have at their fingertips how specific projects affect water rates along with how the timing of those projects affect rates? Do he and the team also have an understanding of debt implications of each project?

4) Consider asking for recommendations on how SFPUC's operating costs could be reduced.

Hopefully SDCWA's experiences will help the SFPUC avoid similar problems, or at least be better prepared.

Kind regards,



Dave Warner

cc: Dennis Herrera, SFPUC General Manager
Steven Ritchie, SFPUC Assistant General Manager, Water Enterprise
Nancy Hom, SFPUC Chief Financial Officer
Laura Busch, SFPUC Deputy Chief Financial Officer
Erin Corvinova, SFPUC Financial Planning Director
SFPUC Citizens' Advisory Committee
Tom Smegal, BAWSCA CEO

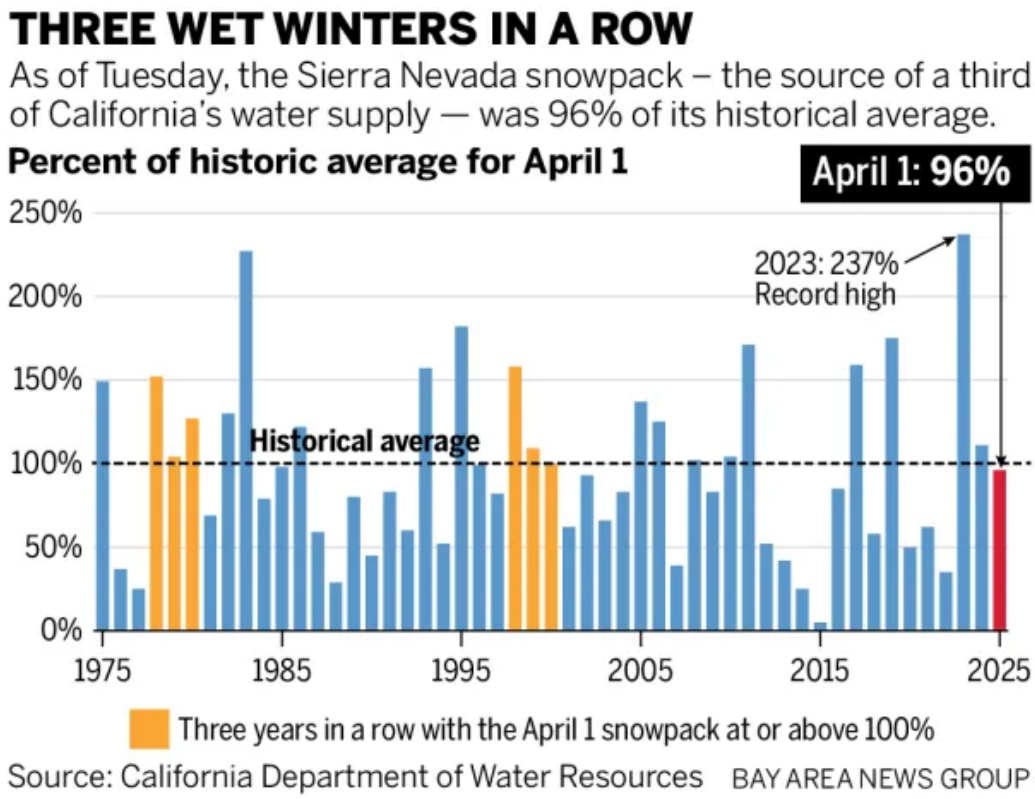
Sierra Nevada snowpack sees most bountiful three years in a row in 25 years
After years of drought, California water supplies in good shape as summer months approach
Mercury News | April 2, 2025 | Paul Rogers

State Hydrometeorologist Angelique Fabbiani-Leon, left, Water Resources Engineer Manon von Kaenel, Deputy Director for Flood Management and Dam Safety Laura Hollender and Snow Surveys and Water Supply Forecasting Unit Manager Andy Reising conduct the fourth media snow survey of the 2025 season at Phillips Station in the Sierra Nevada on March 28, 2025. (Photo by Ken James, California Department of Water Resources)

In a much-needed break after multiple years of severe droughts over the past two decades, California's statewide Sierra Nevada snowpack, which provides nearly one-third of the state's water supply, was at 96% of its historical average on Tuesday, up from 83% a month before.

The April 1 reading, considered the most important of the year by water managers because it comes at the end of the winter season, follows two previous years when the snowpack reached 111% of normal on April 1 last year and 237% in 2023.

Although Tuesday fell just short of a third year in a row above 100%, together the past three years represent most bountiful three-year period for the Sierra snowpack in 25 years. The last time there was this much snow three years in a row came in 1998, 1999 and 2000.



"Gosh, what a relief," said Jay Lund, a professor of civil and environmental engineering at UC Davis. "We're in good shape. This is one of the better years in recent decades. We've had quite a lot of good precipitation this winter, especially in Northern California. And we haven't had any major flooding. It's been a near-Goldilocks amount. Just right."

Sierra-at-Tahoe ski resort in El Dorado County, about 6 miles south of Lake Tahoe, reported Tuesday that 20 inches of snow fell in the previous 24 hours and another foot was expected by Wednesday. In March, the resort had 81 inches of accumulated snow — nearly 7 feet.

"This storm was a cold one and has done some great things for our snowpack," said Andrew Schwartz, lead scientist at UC Berkeley's Central Sierra Snow Lab near Donner Summit. "If you are a skier or snowboarder, I would encourage you to get up because conditions are fantastic."

California struggled with three severe droughts over the past generation: From 2007-2009, then 2012-2016, and most recently from 2020-2022. Brown lawns and water restrictions were the norm.

But the past three winters have shown how the state's hydrology can vary widely.

That "weather whiplash" is being exacerbated by climate change, scientists say. Warming temperatures make droughts more severe, increasing fire risk. But in wet years, when big

atmospheric river storms come off the Pacific, warmer conditions can cause more water to evaporate into those systems, bringing more rain.

One big benefit of multiple wet winters is that the rain and snow, as it melts, fills California's reservoirs.

"It's pretty remarkable to see after what we have been through," said Andy Reising, snow survey manager at the state Department of Water Resources. "The reservoirs are above average for this time of year. It's a great sign moving forward."

The biggest reservoirs statewide averaged 117% on Tuesday of their historical April 1 amounts.

Shasta Lake, the state's largest reservoir, near Redding, was 89% full and rising. The second-largest Oroville, in Butte County was 88% full. San Luis Reservoir, east of Gilroy, was 89% full. To the south, Diamond Valley Reservoir in Riverside County, a key to water supplies in Los Angeles and surrounding cities, was 97% full.

All that water means most cities and suburbs across the state won't have any water restrictions this summer, Davis professor Lund noted.

"There will still be small communities in some rural areas with issues, but on the whole we probably should be more worried about complacency," he said.

Storms haven't hit the state evenly. On Friday, the snowpack in the Northern Sierra was 118% of average, and 91% in the Central Sierra. But in the Southern Sierra, it was only 84%.

Rainfall totals this winter have been even more lopsided. The farther north communities are located, the more rain they have received. Since Oct. 1, Santa Rosa rainfall totals have hit 135% of average. San Francisco is at 96%, and San Jose is at 75%. But Los Angeles rainfall is at just 59% of normal.

"If you are north of the I-80 corridor, it's been a pretty good year," said Michael Anderson, state climatologist with the Department of Water Resources. "If you are south of there, it's been a little wanting."

As a result, Southern California counties from Santa Barbara to San Diego have been categorized in recent weeks as entering various levels of drought by the U.S. Drought Monitor, a weekly report put out by the federal government. No Bay Area counties or areas from Modesto to the Oregon border are classified as being in any level of drought.

Lund noted that if half of California is going to be wet and the other half dry, it's far more important to have a year like this one, when the north is wet. That's because nearly all the state's largest reservoirs are in the north.

Overall, California was in a drought for 11 years out of the 16 years between 2007 and 2022. Cities, counties, and state officials put in place major policies during those droughts that helped reduce the impact of future droughts.

They included voluntary programs to pay residents to replace lawns with drought-tolerant landscaping; the construction of several new off-stream reservoirs such as Los Vaqueros in Contra Costa County and Diamond Valley in Riverside County; a landmark state law requiring more sustainable management of groundwater; tougher building standards requiring more water-efficient toilets, appliances and industrial equipment; and a state law to encourage smaller, cash-strapped water districts to merge with larger ones.

“A year like this is a good time to prepare for the next drought,” Lund said. “We should be building projects, upgrading old facilities, and hiring new water engineers to replace the ones who retire. It’s like Benjamin Franklin said: ‘When the well’s dry, we know the worth of water.'”

Snow is cleared Tuesday April 1, 2025 at Sierra-at-Tahoe ski resort south of Lake Tahoe. The resort received 20 inches over the prior 24 hours. (Photo: Sierra-at-Tahoe)

# # #

New data reveals worrying trend in key water supply that could impact millions: 'We are quickly running out of time'

"We're likely losing ground."

The Cool Down | March 26, 2025 | Timothy McGill

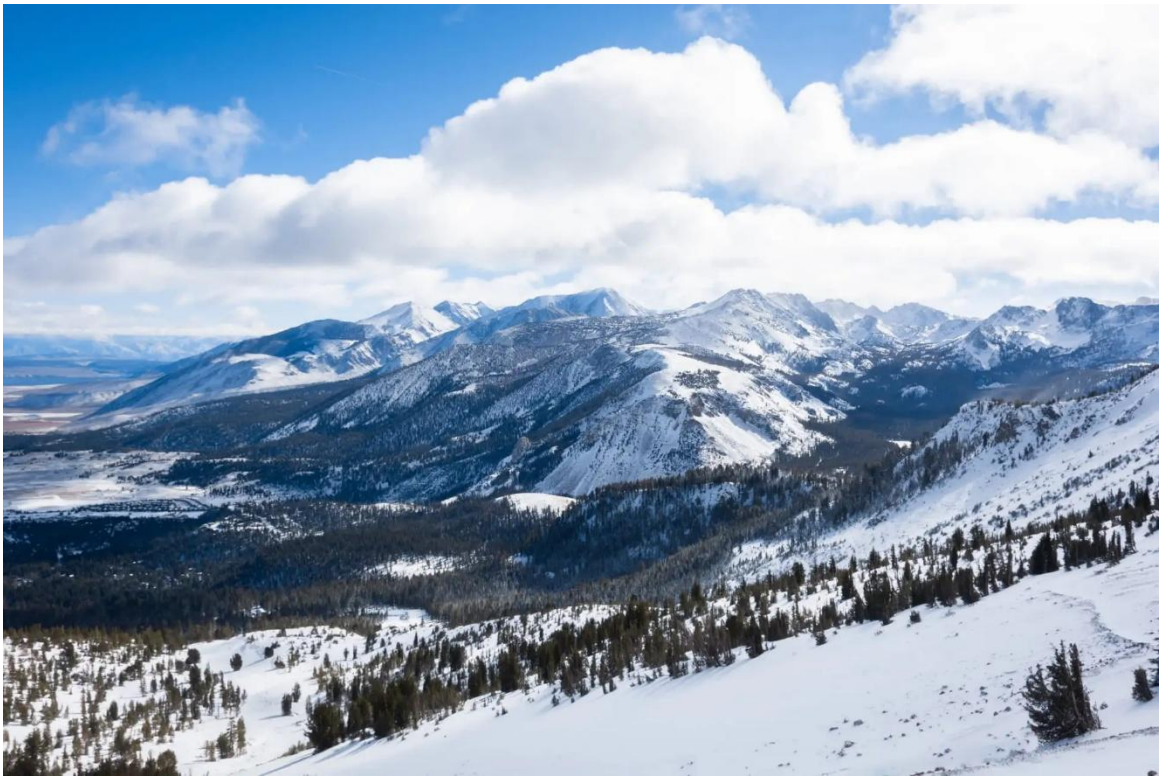


Photo Credit: iStock

The long-term trend for Sierra Nevada snow at lower elevations shows a reduction in snowfall, a crucial part of the water supply in the Western U.S.

What's happening?

California's snowpack fell in late February to 85% of the average for the end of the second month of meteorological winter. By the middle of March, the snow water equivalents in the Sierra Nevada ranged from 96% in the northern part of the mountain range to only 77-80% in the central and southern portions.

The snowpack in the Sierra Nevada is monitored closely because it impacts the region's water supply. Almost a third of California's water supply comes from mountain snow.

"Every day it's not actively snowing or raining, we're likely losing ground, and that's exacerbated with warmer temperatures," Andy Reising, California's Department of Water Resources's manager of snow surveys, told the Los Angeles Times. "While we still have about one month left in the traditional snow accumulation season, we are quickly running out of time to catch up to what would be an average snow year like we had last year."

The observations reveal a troubling trend seen in California. As an overheating planet warms winters, the state is seeing less snow at lower elevations in the Sierra Nevada.

Why is less snow at lower elevations in California important?
A 2023 study published in Climate Dynamics warned that snowlines are moving up California's mountains, which are projected to be 1,600 feet higher by the end of the century. Not only are Sierra Nevada snowlines creeping higher, but most of the country is seeing less snow now compared to the early 1970s.

An analysis of 2,041 U.S. locations by Climate Central revealed nearly two-thirds of them are getting less snow now compared to 1970.

"The amount of mountain snowpack and the timing of snowmelt largely determine the supply of water to rivers and reservoirs in the western U.S. during the high-demand spring and summer," noted Climate Central's analysis. "But since the mid-20th century, the western U.S. has experienced declining snowpack, earlier snowmelt and streamflow, and a shift toward less precipitation falling as snow."

A lack of snowfall was the major contributing factor that forced major ski resorts in Canada, France, and Switzerland to close within the past year.

What's being done about the reduction in snow?
Sophisticated computer models can help guide decisions as they reveal the impacts of a warming world.

"They use simulations called Earth systems models that include many different parts of the climate system that shape the global environment," according to the U.S. Department of Energy. "These models help us predict what the impacts will be for each additional degree of warming."

"With this knowledge, we can work to reduce greenhouse gas emissions and make adaptations to minimize the impacts that are already happening," added the DOE. "Water is essential to every person and ecosystem on our planet. With scientific research, we can better understand water systems, reduce our effects on them, and help communities be more resilient in the face of these changes."

A massive move to renewable energy sources is critical. It is also important to learn about critical climate issues and share the information with friends and family. Voting for and supporting pro-climate candidates who are fighting for the future of the planet is also important.

# # #

Delta Tunnel project hearing cancelled after hacker takes over Zoom platform
Daily KOS | March 24, 2025 | Dan Bacher

A large number of people were scheduled today to testify and comment on the Delta Conveyance Project (DCP), potentially the most environmentally destructive public works project in California history, when a bizarre hacking incident occurred on the Zoom platform that the California State Water Resources Control Board was using for a hearing.

The hearing was regarding the pending petitions for a change in water rights by the California Department of Water Resources that are required to move forward with the Delta Tunnel. The project is opposed by a coalition of Tribes, fishing groups, environmental organizations, Delta counties, Delta water districts, Delta farmers, Southern California water ratepayers and the public.

When the hearing started, one of the attendee windows displayed a graphic obscene video with a synthetic or altered voice saying loudly, “Shut this Zoom Call Down.” The hacker took over the audio so the Hearing Officer could not speak, so she shut the hearing down.

I had tried to get on the call myself, but it had been shut down before I could access their Zoom platform.

Delta Tunnel opponents expressed their concern that that the Zoom link hadn’t been secured enough to stop the hacking from occurring.

”We are extremely concerned that this meeting was hacked after we have worked for one month to turn out ppl for policy statements,” said Barbara Barrigan-Parrilla in a email at 9:27 a.m. “If the water board insists on doing virtual meetings, they must secure their online platforms. Organizing for today has cost Restore the Delta tens of thousands of dollars. We do not get to recoup from these kinds of errors. We are waiting right now to hear from the Water Board what is going to happen for today’s meeting.”

On Facebook, Barrigan-Parrilla added later: “For those who wanna know the hearing was hacked and loaded up with extreme porn, pornographic images, swastikas and racist language. The state board failed to take it down quickly. They then gaslit us about whether the hearing was going on later in the afternoon and they have no regard for the fact that this was our community day. We spent tens of thousands of dollars organizing this effort and now they think we’re gonna rush it and redo it in eight days when our members are traumatized.”

In response to the platform hacking, the Water Board finally sent out two emails to those on the list to speak at the hearing. The first, sent from the Administrative Hearings Office at 11:53 a.m., indicated the hearing would be rescheduled for 1 pm today:

“The AHO is consulting with the Board’s internet security team to determine whether and how the hearing can be safely reconvened on the Zoom platform. At this time we intend to attempt to reconvene at (and no sooner than) 1 p.m. Additional security measures will likely be required so entry into the Zoom teleconference may not be immediate. If any interested person who intended to make a statement today is not able to join this afternoon, the AHO will provide another opportunity for making those statements.”

But then the second email, sent out at 1:04 p.m, said the hearing had been cancelled for today, March 25 and April, 2025 — and will reconvened on April 3.

“After meeting with the Board’s Division of Information Technology, I am cancelling the hearing days in this proceeding scheduled for today (March 24), March 25, and April 1,” wrote Nicole L. Kuenzi, Presiding Hearing Officer, Administrative Hearings Office State Water Resources Control Board. “The AHO will reconvene the hearing at 9 a.m. on April 3. The Zoom account and host credentials used to conduct AHO proceedings were compromised, and I will not reconvene these proceedings until the matter has been fully investigated and the virtual hearing space is secure.”

“The assault on this public proceeding was vicious, cowardly, and abhorrent,” Kuenzi continued. “We will conduct a fair and open hearing, and it will be conducted respectfully and with civility. I personally ask each of the parties and their representatives for your support in ensuring that end.”

“The AHO will follow up with additional information this week about accessing the Zoom platform and any additional security measures that may be required,” she concluded.

The Delta Conveyance Project is Governor Gavin Newsom's multi-billion dollar project to build a 41-mile long tunnel that would divert water from the Sacramento River at Hood and Courtland before it flows through the Delta for use by San Joaquin Valley corporate agribusiness interests and Southern California water agencies.

The tunnel would hasten the extinction of Sacramento River spring-run, winter-run and fall-run Chinook salmon, Central Valley steelhead, Delta and long fin smelt, green sturgeon and other imperiled fish species. It would cause immense harm to Delta communities, coastal fishing communities, Tribal cultures and Southern California water ratepayers.

Specifically, the State Water Resources Control Board Administrative Hearings Office is holding the public hearings on the pending Petitions for Change of Water Right Permits 16478, 16479, 16481, and 16482 (Applications 5630, 14443, 14445A, and 17512, respectively) of the Department of Water Resources.

# # #