BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING

January 9, 2026

Correspondence and media coverage of interest between December 8, 2025 and January 8, 2026

From: Dave Warner
To: SFPUC Commissioners
cc: BAWSCA Board of Directors
Date: January 5, 2026
Subject: Contrasting MWD Financial Discussions to the SFPUC's

From: Diane Papan, Assemblymember District 21
To: Dennis J. Herrera, General Manager, San Francisco Public Utilities Commission
cc: Tom Smegal, CEO/General Manager, BAWSCA
Tom Chambers, Chair, BAWSCA Board of Directors
Date: December 30, 2025
Subject: SFPUC Redevelopment Plans in Millbrae

From: Dennis J. Herrera, SFPUC General Manager
To: Diane Papan, Assemblymember District 21
cc: Tom Smegal, CEO/General Manager, BAWSCA
Tom Chambers, Chair, BAWSCA Board of Directors
Date: December 17, 2025
Subject: Response to letter dated December 4, 2025 re; Millbrae Operations Yard

From: Dave Warner
To: SFPUC Commissioners
cc: BAWSCA Board of Directors
Date: December 8, 2025
Subject: Is the Millbrae Yard an affordability opportunity?

Press Release

From: Department of Water Resources
Date: December 30, 2025
Subject: Late December Storms Deliver Much-Needed Snowpack and Water Supply for California

Water Supply Conditions:

Date: January 8, 2026
Source: SF Gate
Article: California is officially free of drought conditions for the first time in 25 years

Date: January 6, 2026
Source: Sacramento Bee
Article: Weekend storms boost California water, but thin snowpack poses risk

Water Supply Conditions, cont'd.:

Date: January 6, 2026
Source: Mercury News
Article: California's largest reservoir rises 36 feet as rains boost water supply statewide

Water Supply Management:

Date: January 5, 2026
Source: Valley Ag Voice
Article: CalWATRS Debut Overhauls Water Rights Reporting

Water Infrastructure:

Date: January 2, 2026
Source: Sacramento Bee
Article: Appeals court shoots down California water managers' plan to finance Delta tunnel

January 5, 2026

Re: Contrasting MWD Financial Discussions to the SFPUC's

Dear Commissioners,

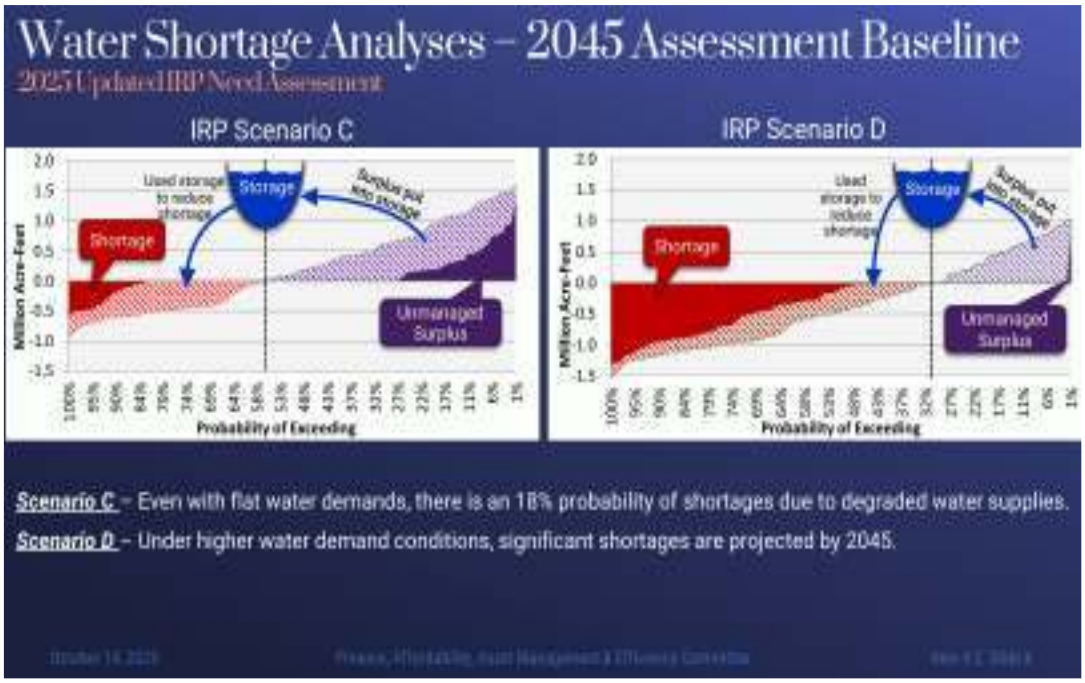
Thank you for your service!

As you know, the Metropolitan Water District of Southern California (MWD) has primary responsibility for Southern California's water supplies from the Colorado River and the State Water Project (SWP) and is a wholesaler to 26 Southern California water agencies.

At MWD's October 14th, 2025 Board Meeting, item 9-2 was a presentation on, "Integrated Overview of Near-term Budget Drivers and Long-Term Resource Planning." To my knowledge, SFPUC commissioners have never received such a presentation. Given the SFPUC's affordability issues, this is the kind of information that SFPUC commissioners should be discussing.

The entire 33 page presentation is attached. Here are some excerpts:

<u>Two demand scenarios are presented (slide 6)</u>. Also note that they have probability data for shortages (18% mentioned for scenario C). The SFPUC hasn't mentioned probability data.



Slide 6

<u>Rate impacts are broken out for major projects (slide 21)</u>. Projects broken out include the Pure Water Southern California recycling project (PWSC), Antelope Valley East Kern Water Bank (AVEK), Sites reservoir, SWP Surface Storage, and the Delta Conveyance Project (DCP). The SFPUC has not provided such a breakout of its major projects under consideration.

Funding Major Projects

Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037 – 2045 Avg %/yr
Needed to Maintain Current System Integrity (18%)	12%	6%	5%	5%	6%	6%	5%	5%	4%	4%	~ 4%/yr
Incremental Additional Impact											
PWSC – 45/75 MGD (Staged) *	1.6%	0.7%	2.4%	2.4%	4.8%	4.3%	2.2%	1.5%	8.3%	1.0%	~1.9%/yr
AVEK Expansion (Stage 2)				0.3%	1.1%	1.1%					
Sites (22% participation)	0.6%	0.8%	1.3%	1.5%	1.0%	0.3%	0.3%				
SWP Surface Storage							0.2%	0.4%	1.3%	2.3%	~1.3%/yr
DCP (47% participation)	0.5%	0.4%	1.0%	0.5%	0.7%	0.6%	0.7%	1.2%	2.8%	2.6%	~1.8%/yr
East-West Conveyance				0.3%	2.9%	10.0%	9.0%	1.9%	0.6%		
All Major Projects**	**3%**	**2%**	**5%**	**5%**	**11%**	**16%**	**12%**	**5%**	**13%**	**5%**	**~ 5% / yr**
Grand Total** (23%)	15%	8%	10%	10%	17%	22%	17%	10%	17%	9%	~ 9% / yr

** The staged PWSC 45/75 MGD is one of several potential options to be considered by the Board*
*** Displayed as simple summed total. Actuals will be slightly lower due to compounding*

Slide 21

<u>Rate impact presented for scenarios (slide 22)</u>. The chart shows that rates are forecast to be in the $3,500/af range in 2045 if none of the major projects are funded or in the $6,500/af range if all projects are funded. No such scenario projections provided by the SFPUC.

Slide 22

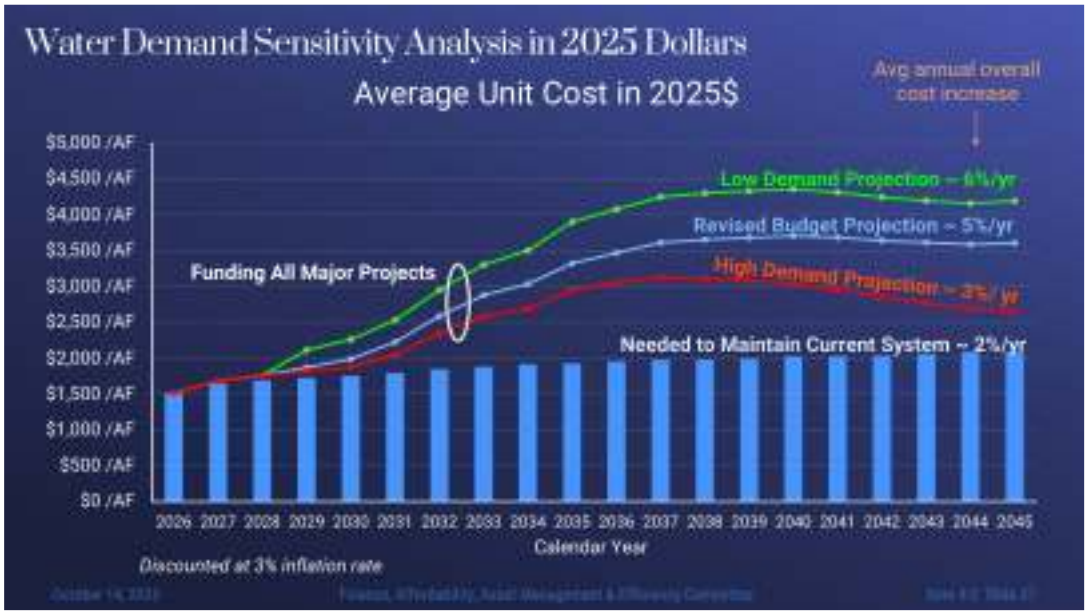
<u>Rate impact in 2025 dollars (slide 23)</u>. As stated on the slide, presenting in current dollars makes the data more understandable. In the funding all major projects scenario, in today's dollars prices are going to more than double by 2045. No such SFPUC projections.

Slide 23

<u>Adapted their cost analysis to different demand projections (slide 26)</u>. This slide is similar to a slide the SFPUC presents. But it is the basis for the slide after this, which the SFPUC has not presented.

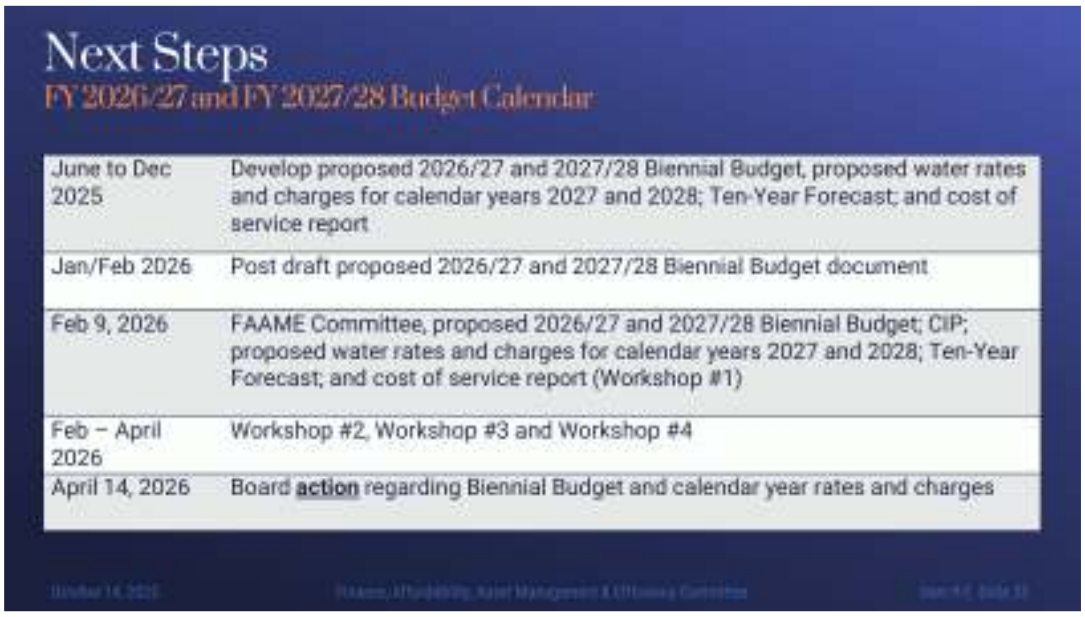
Slide 26

<u>Price sensitivity to demand (slide 27)</u>. This slide is informative to affordability risk. It shows what happens to prices in different demand scenarios. This is a critical slide for understanding affordability risk, which the SFPUC has not provided.



Slide 27

<u>Reviewing this information is built into their financial calendar (slide 33)</u>. The SFPUC has no such step in their financial planning process with commissioners. Commissioners need such information early in the planning process to provide guidance that can be acted upon.



Slide 33

Two more data points:

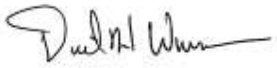
1) **The MWD has a Finance, Affordability, Asset Management, and Efficiency subcommittee (FAAME)** that reviews this information prior to the Board. Given how the SFPUC's average bill projections have exceeded (or hopefully soon to just come close to) affordability thresholds, perhaps the SFPUC should have such a committee.
2) **The SFPUC is of sufficient importance to warrant the above kind of analysis**. From a scale perspective, while MWD serves 19 million people and the SFPUC water related entities serve 2.7 million, the SFPUC's organization and population served is still substantial. Based on FY 2025 financial statements, the SFPUC's water related costs were ~$750 million or ~45% of MWD's, not an insignificant amount.

Without having access to these kinds of materials for understanding the SFPUC's financial plans and tradeoffs, you are not given choices, nor are you being asked for guidance. Please forgive these strong words, but such shortcomings are not acceptable. How can you represent 2.7 million people or 900,000 San Franciscans if you don't have the data nor influence on decisions?

The circumstance has been endemic to the SFPUC for years. But with increasing affordability concerns, increasingly uncertain demand, new heights of capital spending and new heights of debt, please take action to improve and have more say in the financial planning process.

Remarkably, changing the circumstance is modest: It means that you are just asking for more information and for it to be given to you in a timely manner such that you can provide guidance such that staff has time to respond to it.

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
BAWSCA Board of Directors

Attachment

Finance, Affordability, Asset Management, and Efficiency Committee

Integrated Overview of Near-term Budget Drivers and Long-term Resource Planning

Item 9-2

October 14, 2025

Item 9-2

Integrated Overview of Near-term Budget Drivers and Long-term Resource Planning

Subject

Integrated Overview of Near-term Budget Drivers and Long-term Resource Planning

Purpose

Provide the Board with Integrated Financial Overview of Near-term Budget Drivers and Long-term Resource Planning

Background and Context

- At the November 2024 FAAME meeting, the Board directed staff to analyze the anticipated rate increases in the next biennial budget based on current situations and anticipated challenges
- At the June 2025 FAAME meeting, the Board requested an analysis of Metropolitan's future financial capacity to support potential major capital projects

Objective

To provide an early estimate of the approximate rate increases expected for the next budget cycle using the following scenarios:

- Revised Forecast with Known Changes
- Estimated additional expenditures Needed to Maintain Current System Integrity
- Cost and rate impacts of major resource planning projects

This analysis is NOT intended to help select or compare projects

Disclaimers

- No assumption of costs associated with potential loss of Colorado River supplies
- The analysis does not include updated cost and supply projections from our current Budget and Ten-Year Financial Forecast. These items will be evaluated and updated as part of the upcoming biennial budget process
- There are no updates to cost drivers such as supply programs, SWP costs, power costs, or other variable operating costs
- The forecast also assumed $75M credits to be received from DWR for ongoing SWC costs
- The analysis includes on-going annual conservation programs at an assumed water savings of ~5,000/yr from continued conservation program
  - About $31M/yr in the adopted 10-yr forecast
  - Any additional costs needed to implement the “Conservation way of life” are assumed to be funded by other regional or local programs
- The analysis assumes that costs are recovered exactly as projected (no reserve changes)
- The analysis is intended to provide an early indication of the trend and will be refined as part of the budget process for additional considerations including - reserves, debt coverage considerations, and other factors that would typically be incorporated into a full cost-of-service and rate design analysis

Water Shortage and Reliability

2025 Updated IRP Needs Assessment

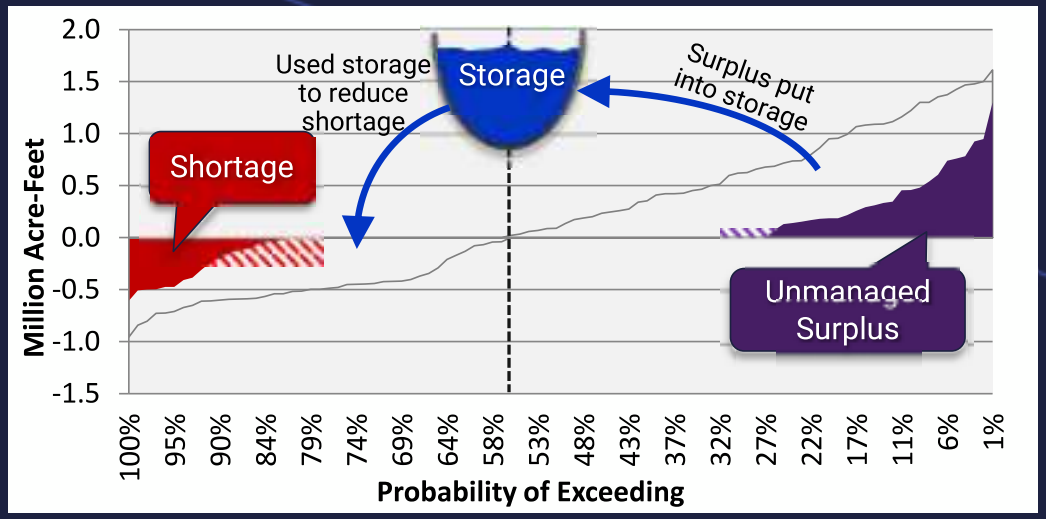
Updated for major changes in demographics, local supplies, SWP and Colorado River supplies, and storage programs

- Reflect potential outcomes of ongoing negotiations Colorado River Supply
- Capture updated 2023 Delivery Capability Report modeling with adjustments

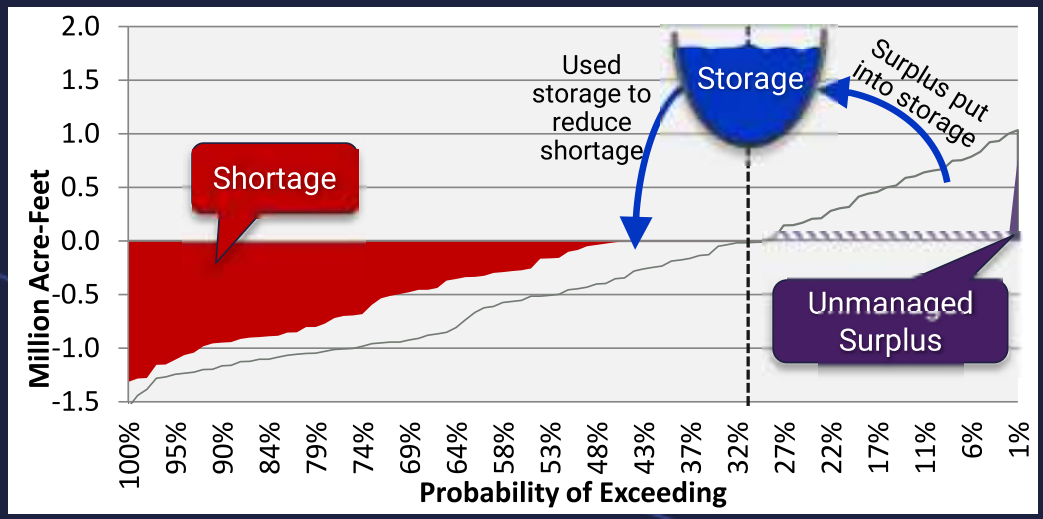
Water Shortage Analyses – 2045 Assessment Baseline

2025 Updated IRP Need Assessment

IRP Scenario C



IRP Scenario D



Scenario C – Even with flat water demands, there is an 18% probability of shortages due to degraded water supplies.

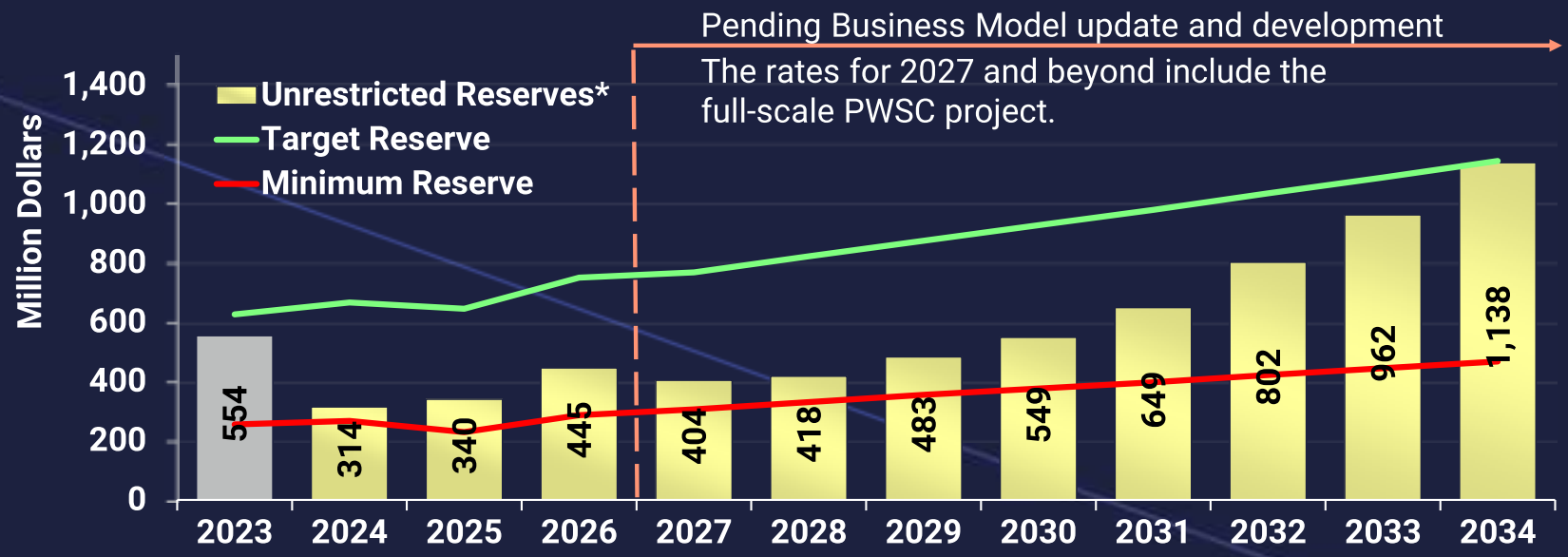
Scenario D – Under higher water demand conditions, significant shortages are projected by 2045.

Adopted Ten-Year Financial Forecast includes PWSC

Ten-year Financial Projection

Adopted FY 2024/25 and FY 2025/26 Budget

The 10-year Financial Forecasts do not include funding of any other large projects that will be considered in the CAMP4W process like Sites Reservoir, East-West Conveyance, or the Delta Conveyance Project.

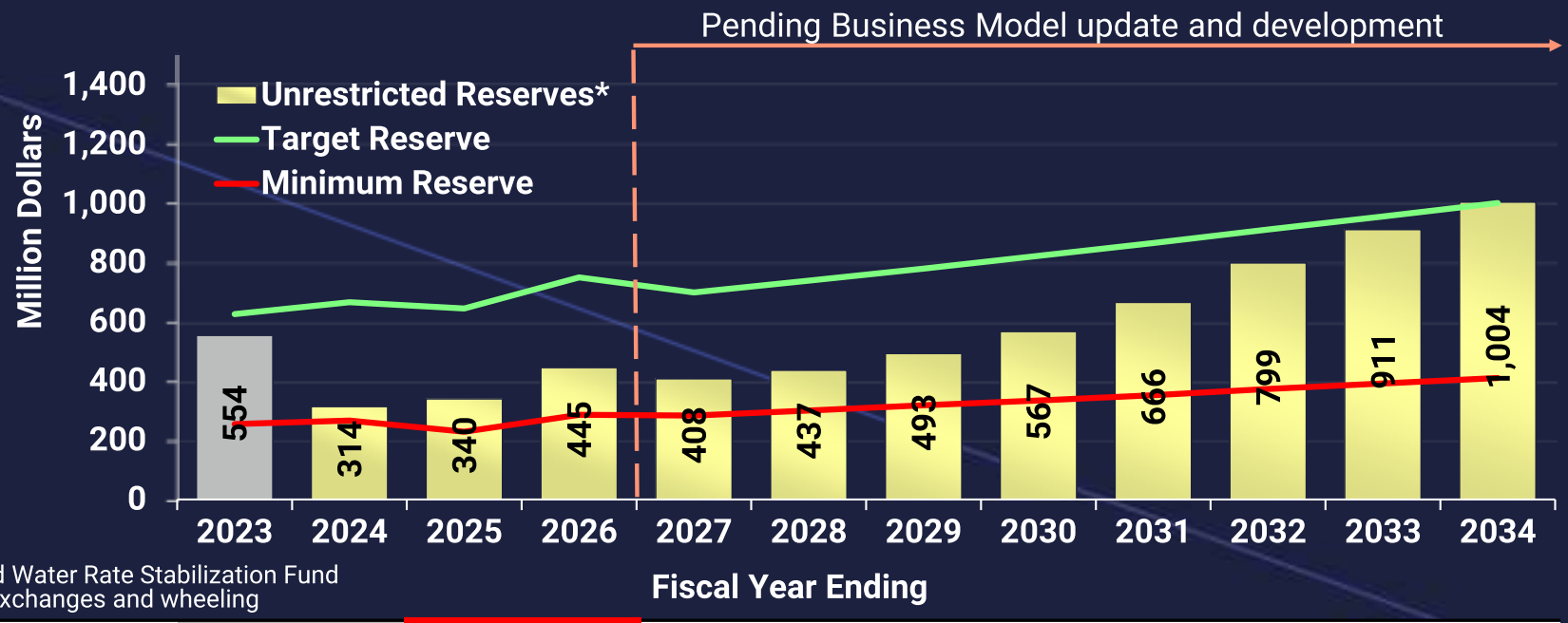


* Revenue Remainder and Water Rate Stabilization Fund
** Includes water sales, exchanges and wheeling

Overall Rate Inc.	**5%**	**5%**	**8.5%**	**8.5%**	**11.5%**	**11.5%**	**5.0%**	**5.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Ptax Rate	**.0035%**	**.0035%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.7	1.9	1.6	1.8	1.9	1.8	1.8	1.7	1.7	1.7
CIP, $M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, $M	135	35	175	175	175	250	275	275	250	225	230	240

Ten-Year Forecast Projection w/out PWSC

Ten-year Financial Projection without PWSC Project



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Overall Rate Inc.	**5%**	**5%**	**8.5%**	**8.5%**	**7.5%**	**5.5%**	**4.0%**	**4.0%**	**4.0%**	**3.0%**	**3.0%**	**3.0%**
Ptax Rate	**.0035%**	**.0035%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**	**.0070%**
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Rev. Bond Cvg	1.5	1.1	1.7	1.9	1.6	1.7	1.8	1.8	2.0	2.0	2.1	2.0
CIP, $M	247	353	312	324	337	351	365	380	395	411	427	444
PAYGO, $M	135	35	175	175	175	180	190	200	210	220	230	240

Revised Forecast with Known Changes

Revised Forecast with Known Changes

Approved Board actions

- Delta Conveyance Project (DCP) funding commitment of $141.6 M
- Fleet transition to Zero-Emission Vehicles
  - $35 M bond funding - Annual Debt service ~$5 M starting FY 2027

Revenue assumption revisions from Amended SDCWA-MWD Exchange Agreement

Other Updated items

- Higher property tax revenues reflect in the Q4 Report (~$74M increase)
- Revised water demand forecast reflecting updated conditions
  - 70% exceedance consistent with Board policy adopted in July 2025

Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035 - 2045
Water Sales (TAF)	**1,012**	**1,008**	**1,009**	**1,017**	**1,013**	**1,013**	**1,021**	**1,030**	**1,046 – 1,067**
Water Transactions (TAF)	**1,290**	**1,285**	**1,287**	**1,294**	**1,290**	**1,291**	**1,299**	**1,307**	**1,324 – 1,344**

Estimated Annual Overall Cost Increases

Revised Forecast with known changes

Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037– 2045 Avg %/yr
Adopted 10-Year Forecast w/ PWSC *	23% 11.5%	11.5%	5%	5%	4%	4%	4%	4%			
Forecast w/o PWSC *	13% 7.5%	5.5%	4%	4%	4%	3%	3%	3%			
Revised Forecast with Known Changes	15% 10%	5%	**3%**	**3%**	**4%**	**4%**	**5%**	**5%**	**4%**	**4%**	**~ 4%/yr**

** PWSC Phase 1 - 115 MGD using 2023 estimated costs ($6.4B in 2023$)*

Additional Expenditures Needed to Maintain Current System Integrity

Needed to Maintain Current System Integrity

Additional Operating Fleet Funding (Operating Equipment)

- Modernize MWD's operating fleet to meet state regulatory requirements
- $35 M funding and debt financing
- Additional annual funding of ~$12M/yr (including $5M debt service)

Funding Staffing Needs

- Ensure workforce capacity to support operations, maintenance, and CIP
- Collaborative review across departments to identify critical staffing gaps
- Targeted, phased hiring plan aligned with upcoming biennium budget
- Estimated additional costs:

Fiscal Year	2027	2028	2029	2030	2031	2032
Additional Staffing Costs	$10 M	$21 M	$29 M	$38 M	$46 M	$54 M

Needed to Maintain Current System Integrity… continued

Funding Additional Capital Investment Plan Expenditures (CIP)

- Drivers:
  - High cost: Inflationary pressures & supply chain volatility
  - Funding deferred refurbishment projects
  - Funding drought mitigation projects

- Next biennium CIP: projected at $950 M
  - Current biennium CIP budget = $636.5 M
  - Increase in CIP to be ~100% debt financed in the next biennium with long-term goal of ~ 50% PAYGO by 2034
  - CIP escalated at 4% per year

Estimated Annual Overall Cost Increases

Needed to Maintain Current System Integrity

Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037– 2045 Avg %/yr
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Forecast w/o PWSC *	13% 7.5%	5.5%	4%	4%	4%	3%	3%	3%			
Revised Forecast with Known Changes	15% 10%	5%	**3%**	**3%**	**4%**	**4%**	**5%**	**5%**	**4%**	**4%**	**~ 4%/yr**
Needed to Maintain Current System Integrity	18% 12%	6%	**5%**	**5%**	**6%**	**6%**	**5%**	**5%**	**4%**	**4%**	**~ 4%/yr**

** PWSC Phase 1 - 115 MGD using 2023 estimated costs ($6.4B in 2023$)*

Impact of Funding Major Projects

1. Addition of 45/75MGD PWSC (Staged)
2. Addition of all major projects

Major Resource Planning Projects

Project	Construction Year Start*	Production Year	MWD Share Capital Costs (in 2025 $)	Data Status / Notes
PWSC – 45/75 MGD (Staged) **	2027	45MGD – 2035 75MGD – 2037	$7.2 B (net of grants)	Staged to gradually build to 75 MGD, Sept 2025 estimate
AVEK Expansion (Phase 2)	2030	2035	$500 M	Preliminary estimate
Sites (22% participation)	2027	2033	$1.7 B	Updated costs projections expected Aug 2025
SWP Surface Storage	2033	2040	$2.6 B	Preliminary estimate
Delta Conveyance Project (DCP) (47% participation)	2029	2045	$10.1B ($9.5 B in 2023$)	Updated costs projections expected in 2026-2027
East-West Conveyance	2032	2042	$4.6 B	Preliminary estimate

** The construction start year is preliminary and subject to change.*

*** The staged PWSC 45/75 MGD is one of several potential options to be considered by the Board*

Funding Major Projects

Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037– 2045 Avg %/yr
Needed to Maintain Current System Integrity	12%	6%	5%	5%	6%	6%	5%	5%	4%	4%	~ 4%/yr
Incremental Additional Impact											
PWSC – 45/75 MGD (Staged) *	1.6%	0.7%	2.4%	2.4%	4.8%	4.3%	2.2%	1.5%	8.3%	1.0%	~1.9%/yr
Grand Total**	**14%**	**7%**	**7%**	**7%**	**11%**	**10%**	**7%**	**7%**	**12%**	**5%**	**~ 6% / yr**

18%

21%

** The staged PWSC 45/75 MGD is one of several potential options to be considered by the Board*

*** Displayed as simple summed total. Actuals will be slightly lower due to compounding*

Funding Major Projects

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East-West Conveyance				0.3%	2.9%	10.0%	9.0%	1.9%	0.6%		
All Major Projects**	**3%**	**2%**	**5%**	**5%**	**11%**	**16%**	**12%**	**5%**	**13%**	**5%**	**~ 5% / yr**
Grand Total**	**15%**	**8%**	**10%**	**10%**	**17%**	**22%**	**17%**	**10%**	**17%**	**9%**	**~ 9% / yr**

18%

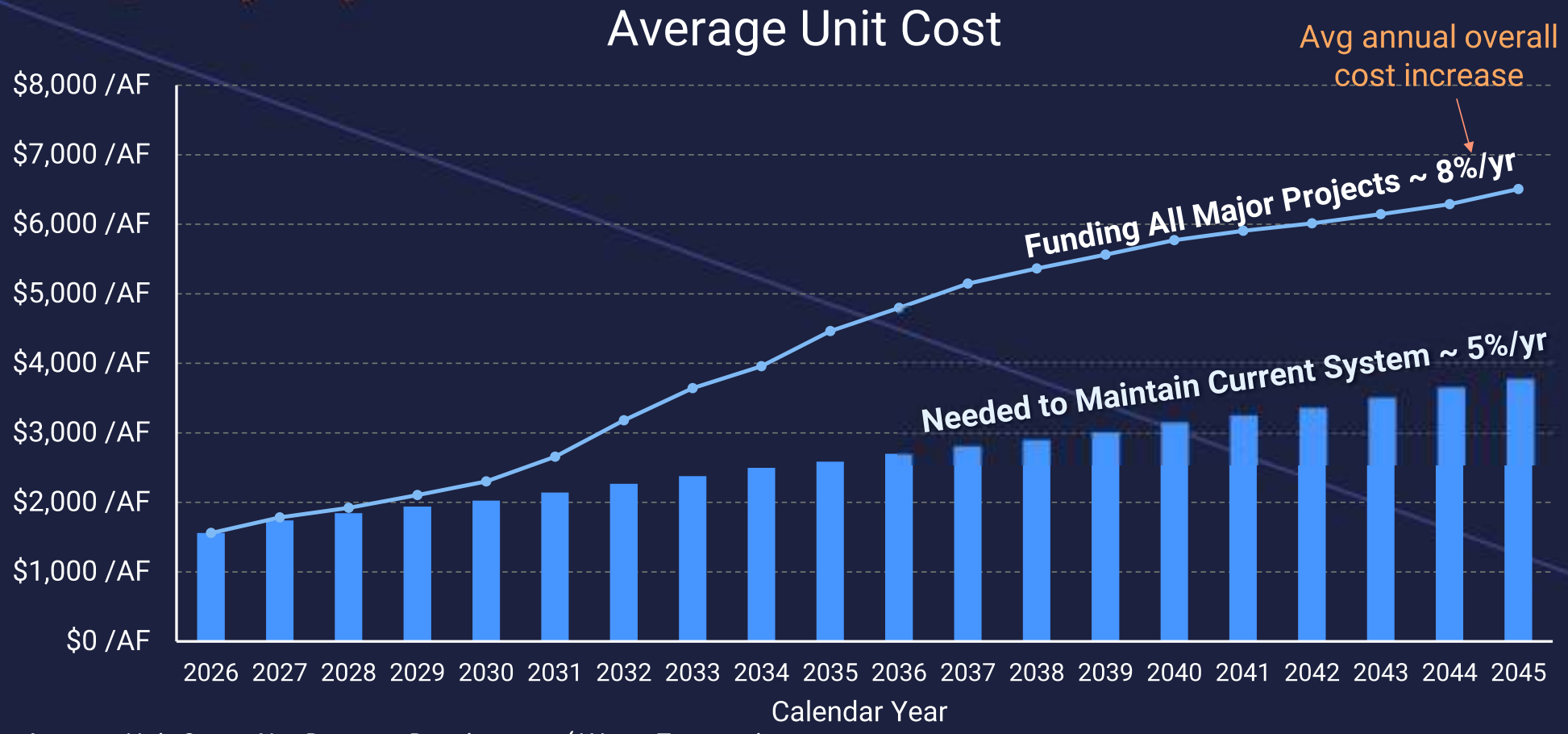
23%

** The staged PWSC 45/75 MGD is one of several potential options to be considered by the Board*

*** Displayed as simple summed total. Actuals will be slightly lower due to compounding*

Average Unit Cost Impact

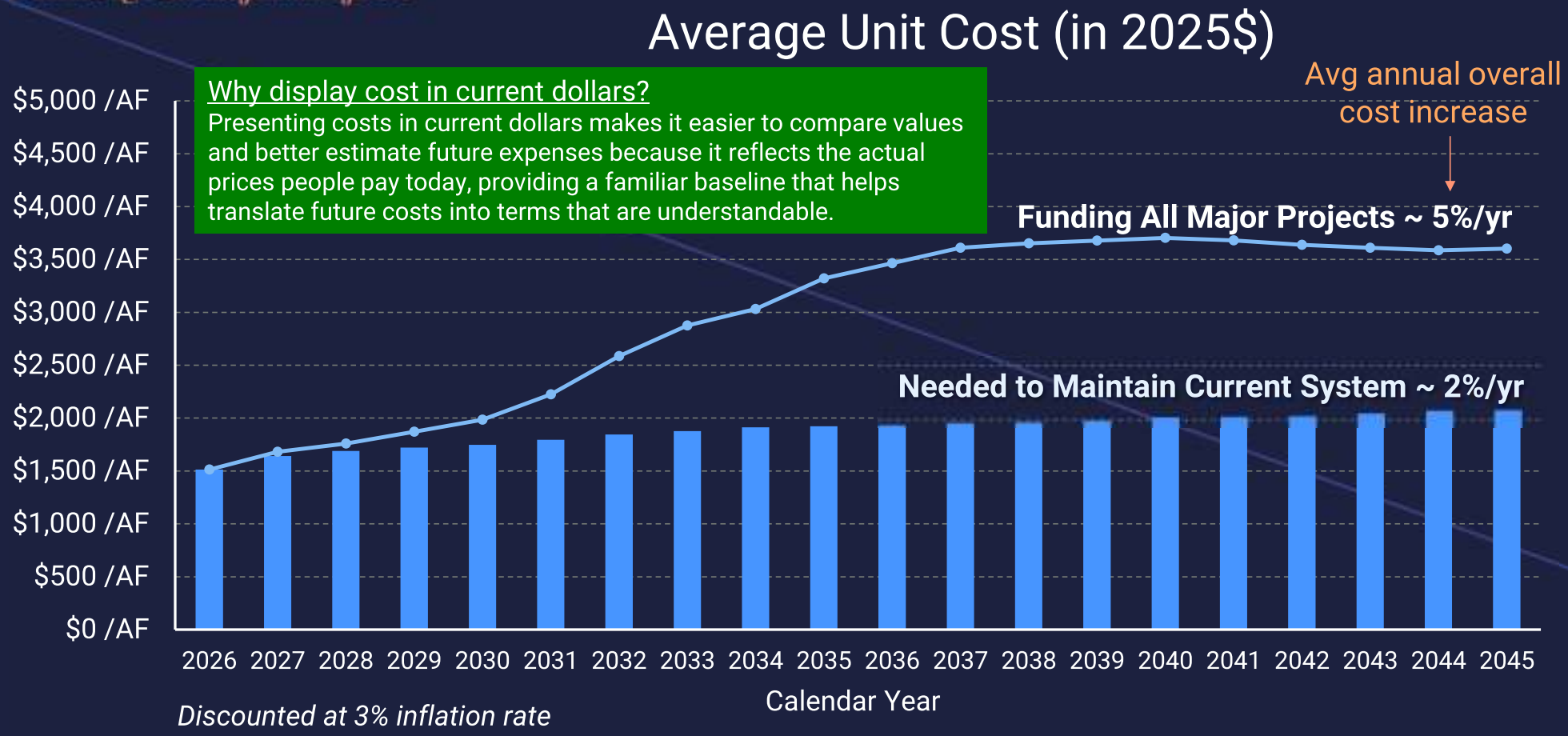
Funding All Major Projects



Average Unit Cost = Net Revenue Requirement / Water Transactions

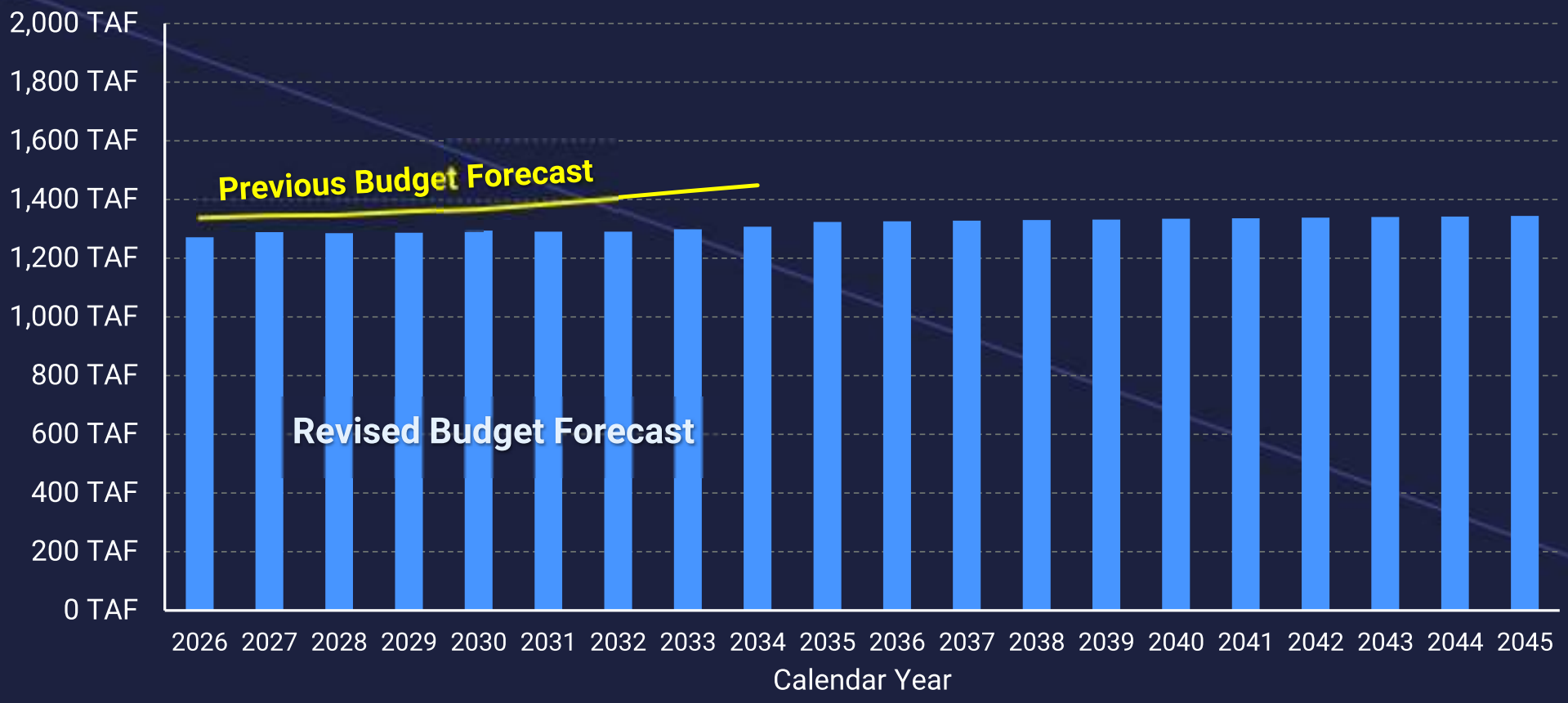
Average Unit Cost Impact in 2025 Dollars

Funding All Major Projects



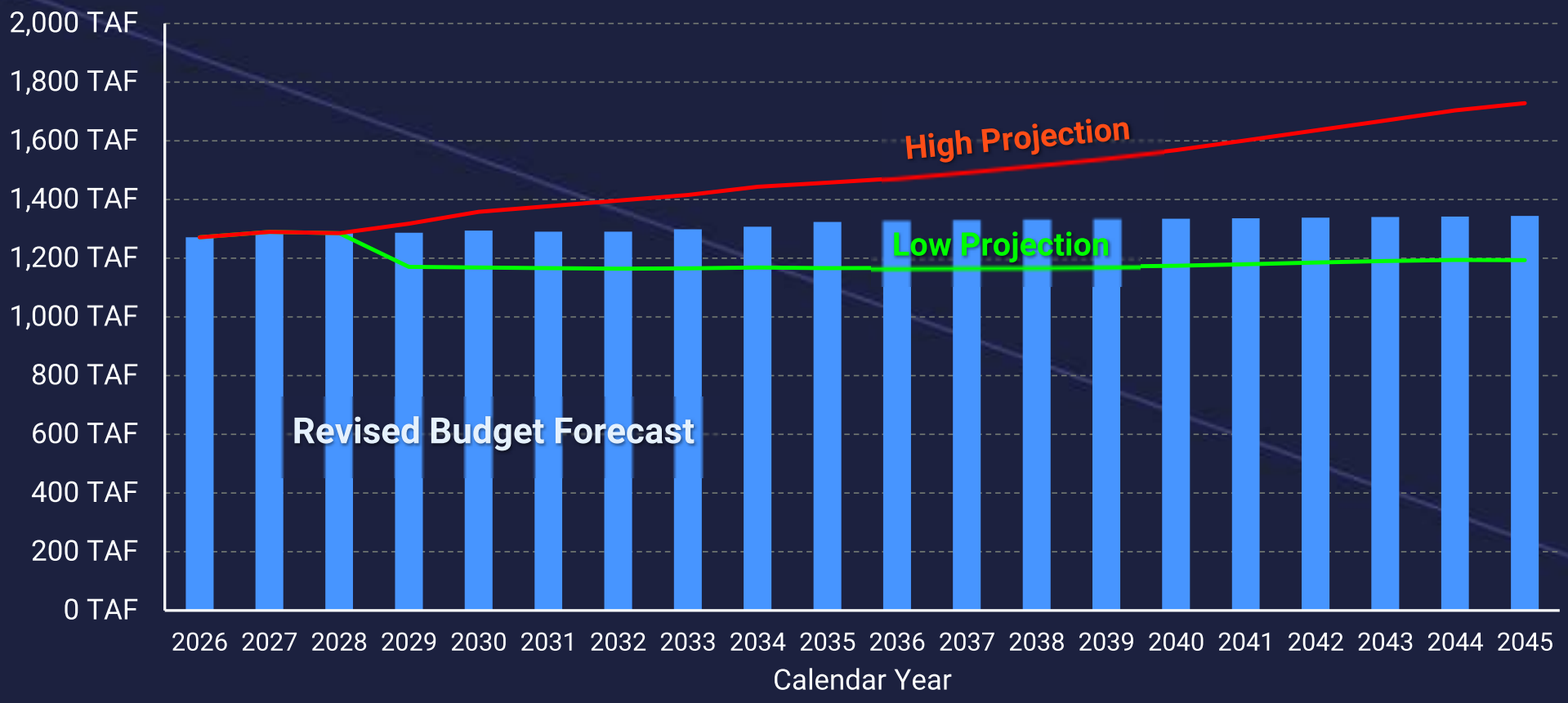
Water Demand Sensitivity Analysis

Water Demand Projections to 2045*



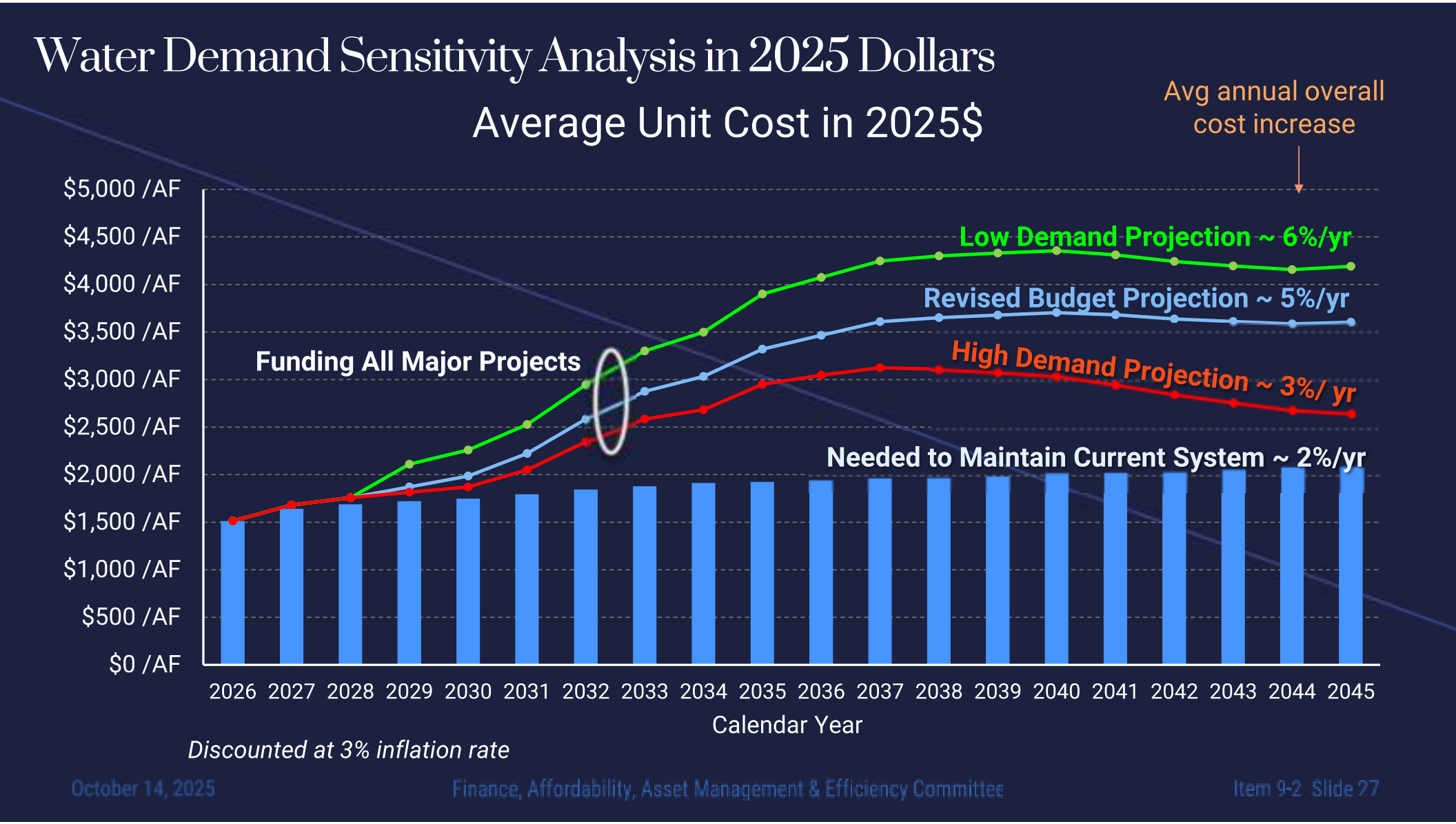
* Including SDCWA Exchange

Water Demand Projections to 2045*



* Including SDCWA Exchange

Water Demand Sensitivity Analysis in 2025 Dollars



Discounted at 3% inflation rate

Policy Discussion & Hypothetical 10-Year Forecast Update

Policy Discussion: Conservation Funding

"Conservation a way of life" adopted in 2024 establishes water use efficiency goals for urban water suppliers to help the state adapt to climate change and chronic water challenges. This regulatory framework requires suppliers, not individual customers, to meet these "urban water use objectives" by implementing flexible, locally appropriate solutions such as promoting native plants and reducing water waste, ultimately aiming to make sustainable water use a permanent practice.

- What roles should Metropolitan play in meeting the region's goal "conservation way of life"?
- Metropolitan's current financial projections includes conservation funding of $30.5M per year
- What role should Metropolitan play in encouraging and facilitating member agencies' efforts to meet the urban water use objectives?

Policy Discussion: Loss of Colorado Supplies

Potential significant supply loss post-2026 guidelines

- Short-term strategy
  - Given low water demand projection, use ICS to mitigate the initial loss of CRA supply while we develop long-term solutions
  - Current ICS ~ 1.5MAF
- Potential Long-Term Strategies:
  - Maximizing PVID fallowing
  - 2nd right of refusal to purchase of SDCWA Exchange Agreement water
  - Increase conservation
  - Other transfer purchases to be used or stored, when possible

Hypothetical 10-year Financial Forecast with PWSC & Supply Program Cost Increases

Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Needed to Maintain Current System Integrity	18% 12%	6%	5%	5%	6%	6%	5%	5%	4%	4%
With PWSC 45/75MGD (Staged) *	21% 14%	7%	7%	7%	11%	10%	7%	7%	12%	5%
Hypothetical 10-Yr Financial Forecast with PWSC & Estimated Supply Program Cost Increases**	21% 14%	7%	**10%**	**7%**	**11%**	**10%**	**8%**	**7%**	**12%**	**5%**

** The staged PWSC 45/75 MGD is one of several potential options to be considered by the Board*

**Assumptions:

Board approved PWSC project and funding

2027 and 2028 Colorado River reductions meet with ICS draws

2029 and beyond

- increase supply program costs by $45M in 2029 increasing to $112M by 2036
- continue to draw on ICS as needed to meet demands

--> cost increase of 3% in 2029 and <1%/yr beyond

This preliminary estimate is subject to updated cost and supply projections as part of the budget development

Take-Away Observations

- Substantial rate increases are needed to maintain our current system, including addressing organizational-wide staffing needs, operating equipment, and investing in R&R CIP projects
- Pursuing all major capital projects will further challenge affordability
- Balance objectives of supply and storage development, reliable system operation, and managing rate impacts
- CAMP4W process will help determine:
  - What amount of supply development does the Board want to pursue and when?
  - What are the most cost-effective projects and/or strategies to help achieve these goals?

Next Steps

FY 2026/27 and FY 2027/28 Budget Calendar

June to Dec 2025	Develop proposed 2026/27 and 2027/28 Biennial Budget, proposed water rates and charges for calendar years 2027 and 2028; Ten-Year Forecast; and cost of service report
Jan/Feb 2026	Post draft proposed 2026/27 and 2027/28 Biennial Budget document
Feb 9, 2026	FAAME Committee, proposed 2026/27 and 2027/28 Biennial Budget; CIP; proposed water rates and charges for calendar years 2027 and 2028; Ten-Year Forecast; and cost of service report (Workshop #1)
Feb – April 2026	Workshop #2, Workshop #3 and Workshop #4
April 14, 2026	Board **action** regarding Biennial Budget and calendar year rates and charges


THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

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Assembly
California Legislature

DIANE PAPAN
ASSEMBLYMEMBER, TWENTY-FIRST DISTRICT

December 30, 2025

Dennis J. Herrera
General Manager
San Francisco Public Utilities Commission
525 Golden Gate Avenue
San Francisco, CA 94102

RE: SFPUC Redevelopment Plans in Millbrae

Dear Mr. Herrera:

Thank you for your December 17, 2025, response to my December 4, 2025, letter regarding the San Francisco Public Utilities Commission's (SFPUC) redevelopment plans for the El Camino Real site in the City of Millbrae.

I appreciate your outlining SFPUC's internal planning history and current project objectives. However, as the Assemblymember representing the area of the project and as Chair of the Assembly Water, Parks and Wildlife Committee, the project remains of concern. The particulars and scope of SFPUC's plans remain unclear as does whether its plans, including the potential closure of Outdoor Supply Hardware (OSH), are best for its ratepayers and the City of Millbrae. My inquiry arises because of SFPUC's lack of transparency as to its plans and the nature and extent of its consideration of alternatives.

While your letter suggests that the City of Millbrae was engaged early and consistently, City leadership has made clear that this was not the case. The City first learned of the potential closure of the OSH in late fall of 2023 not from SFPUC, but from OSH employees and Millbrae residents. At that time, SFPUC provided no outreach, notice, or information to the City regarding the possible closure of OSH or future plans for the site.

Following this discovery, senior City staff made repeated attempts to contact SFPUC for clarification and dialogue. Direct outreach to SFPUC Real Estate Director Rosanna Russell and to Assistant General Manager Steven Ritchie went unanswered. Faced with continued silence, City leadership independently contacted OSH's parent company, Central Network Retail Group (CNRG), which confirmed that SFPUC intended not to renew the lease. Notably, CNRG indicated that SFPUC had provided no information regarding future plans for the site beyond the lease non-renewal.

After months without meaningful engagement from SFPUC, in May, 2024, the City of Millbrae retained outside public affairs support to help obtain basic information from SFPUC and initiate dialogue. Only through these efforts was the City able to confirm that SFPUC granted OSH a one-year lease extension to October 2026—again without any disclosure of SFPUC's long-term intentions for the site.

Most concerning is the lack of transparency surrounding the Request for Proposals (RFP) for the Millbrae Campus Improvements project. SFPUC did not notify the City that it was preparing or issuing an RFP, despite the project being wholly within Millbrae's city limits and represented potentially significant land use, economic, and community impacts. The City became aware of the RFP only through a third party, Truebeck Construction. SFPUC subsequently rejected the City's numerous requests to obtain a copy of the RFP.

When City staff formally requested the RFP—including through a Public Records Act request—SFPUC did not provide it and instead imposed extraordinary conditions, such as requiring a contractor's license, personal identification, and execution of a non-disclosure agreement. The reasoning for such extraordinary requirements is unclear. Nonetheless, the imposition of such onerous disclosure obstacles underscores the opaque manner in which this project has been advanced. Even with legal counsel engaged, the City was unable to obtain the RFP or substantive project details.

Regrettably, it seems that no alternatives have been meaningfully evaluated and the City's repeated requests to explore options that would allow OSH to remain open were declined. Proposals such as reconfiguring existing facilities, utilizing other portions of the site, or adding vertical capacity to the planned laboratory and office building were not substantively considered. Moreover, there was no indication that ratepayers would be better served by one of these alternatives or the alternative of leasing of office space nearby rather than constructing an entire office building for just 100 employees.

Throughout this process, the City of Millbrae has consistently sought collaboration, information, and compromise. The City has not sought to obstruct but has been excluded. The record demonstrates that outreach was initiated almost entirely by Millbrae and that critical decisions were made before the City had a reasonable opportunity to weigh in.

I appreciate your commitment to having Assistant General Manager Steven Ritchie brief the Millbrae City Council in January of 2026 and your willingness to consider an additional short-term lease extension for OSH. These are positive steps but they do not substitute for the early, transparent, and collaborative process that should accompany a project of this scale and consequence on an entire city.

I respectfully urge the SFPUC to pause further advancement of this project until the City of Millbrae receives full access to relevant records, feasibility analyses, and alternatives evaluations, and until good-faith efforts are made to identify a solution that could preserve OSH, protect local jobs, and meet SFPUC's operational needs, as well as protect ratepayers. A mutually beneficial outcome remains possible but only if the process moving forward reflects genuine partnership rather than after-the-fact consultation.

Thank you for your attention to this matter and your dedication to achieving a win-win for all stakeholders. I look forward to your continued engagement and collaboration.

Sincerely,

Assemblymember Diane Papan
Assembly District 21

CC:
San Francisco Mayor Daniel Lurie
Tom Smegal, General Manager, Bay Area Water Supply and Conservation Agency
Tom Chambers, Chair, Bay Area Water Supply and Conservation Agency Board of Directors
Joshua Arce, President, San Francisco Public Utilities Commission
Tom Williams, City Manager, City of Millbrae

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Hetch Hetchy
Regional Water System
Services of the San Francisco Public Utilities Commission

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sfpuc.gov

December 17, 2025

Assemblymember Diane Papan
P.O. Box 942849
Sacramento, CA 94249-0021

Dear Assemblymember Papan: DIANE

I write in response to your letter dated December 4, 2025 regarding our plans for our property on El Camino Real in Millbrae which include our existing Millbrae Operations Yard and the adjacent parcel currently leased to Outdoor Supply Hardware (OSH) and Kentucky Fried Chicken.

Our Millbrae facility is the central point of our operations on the Peninsula and South Bay and serves the needs of both our Retail and Wholesale customers. We have been evaluating alternatives for our future needs in Millbrae along with our other operational sites for many years, dating back to at least 2010 and have had a number of meetings with Millbrae representatives to discuss the development of our plans.

We have always been aware of the significance of the OSH operation, even when Orchard Supply Hardware closed its stores in California, and its lease was terminated in 2019. At that time, we decided to issue a Request for Proposals for a limited duration 5-year lease which was awarded to the new Outdoor Supply Hardware in Fall of 2020. The limited duration was in anticipation of completing our planning process for the Millbrae area, and we knew we might need the OSH area to accommodate our needs. As a result, the OSH lease was set to expire in October 2025. During the lease development process, we did meet with the City Manager and explained our lease plans but noted that we had not decided on the final plan for the overall site.

We evaluated many alternatives for our Millbrae facilities, and early alternatives avoided expansion into the leased area. However, in September of 2022 it became clear that expansion was necessary to accommodate our needs.

Several iterations brought us to the conceptual plan for our current proposed site configuration in September of 2023.

The Millbrae Operations Center Improvements Project has been developed to make sure that we can continue to meet our obligations to our customers well into the future.

The key elements of the project include:

- Updated facilities that will improve our performance in delivering services to our customers, including laboratory services, emergency response, and overall efficiency with both administrative responsibilities and maintenance activities for the Bay Area region

- Staff relocation from our Rollins Road building in Burlingame which is seismically unsafe and is planned to be sold at the completion of this project, plus additional staff from San Francisco. The number of staff relocating to Millbrae will be approximately 100, which includes additional laboratory staff.

- Replacing our outdated Millbrae laboratory which serves numerous water agency customers, including Millbrae, in addition to its core service to the SFPUC water system

- Replacing our South Shops building which is unsafe and unusable with new shops in a refurbished OSH building

- Consolidation of a large number of "temporary" outbuildings and storage containers

Since July 2024, we have had several meetings and communications with Millbrae to make sure our overall plans were clear and to identify particular opportunities for coordination. One item of discussion was the anticipated OSH lease expiration in October 2025. We agreed that an extension was possible and understood that to meet OSH's business needs, the extension had to be for at least a year. On January 31, 2025, we issued a lease extension through October 2026.

Regarding the RFP mentioned in your letter, that appears to be in reference to an RFP we issued to contractors to submit bids for a Construction Management/General Contractor contract for the project. It was issued on September 12, 2024. Millbrae staff requested a copy of the RFP, apparently not realizing it was for a competitive bid process and included a Non-Disclosure Agreement condition. This resulted in some confusion. To clarify that and to catch up on the project, SFPUC staff met with the City Manager on October 21,

2024, in Millbrae City offices. One particular item of discussion was the OSH lease and the potential for an extension which ultimately was negotiated, as noted above.

Subsequent communications have resulted in:

- The commitment of SFPUC's Assistant General Manager for Water, Steven Ritchie, to attend the Millbrae City Council meeting on January 13, 2026.

- The SFPUC's support for Millbrae's proposed Downtown and El Camino Real Community Benefit District.

- Assurance to Millbrae that the San Francisco's 2% for Art obligation for the project would be fulfilled in Millbrae, not transferred north to San Francisco.

- Millbrae will have representation on the Advisory Committee regarding the Art recommendation to the San Francisco Arts Commission. This is definitely in the best interests of the SFPUC and Millbrae.

- The establishment of a specific Millbrae staff person as the point of contact for Project details, particularly in how the project and ultimately the future facilities will fit into and enhance the frontage on El Camino Real.

In addition, we have carefully reviewed the project schedule. It appears that the start of construction will be delayed a few months, so we have reached out to OSH's parent company to discuss the potential for an additional lease extension of up to 12 months.

We are committed to continuing to work with Millbrae on the project. The project is a significant element of our commitment to all our customers to provide a high quality, reliable supply of water at agreed upon rates per our contract, and we look forward to continuing our conversations with Millbrae representatives. Should you have any questions or require additional information, please feel free to contact Maisha Everhart, Manager of State and Federal Policy and Government Affairs at (415) 407-1932 or Meverhart@sfwater.org.

Sincerely,

Dennis J. Herrera
General Manager

cc: San Francisco Mayor Daniel Lurie
Ben White, San Francisco Assistant Chief of Housing and Economic Development
Amar Bhardwaj, San Francisco Assistant Chief of Infrastructure, Climate & Mobility
Eileen Mariano, San Francisco Manager of State & Federal Affairs
Tom Smegal, General Manager, Bay Area Water Supply and Conservation Agency
Tom Chambers, Chair, Bay Area Water Supply and Conservation Agency Board of Directors
Joshua Arce, President, San Francisco Public Utilities Commission
Tom Williams, City Manager, City of Millbrae

December 8, 2025

Re: Is the Millbrae Yard an affordability opportunity?

Dear Commissioners,

Please excuse me for submitting this second letter for tomorrow's meeting.

It is an excellent step forward that the finance team is presenting a budget and capital plan progress update (item 5b). Thank you all! It's a little hard to make sense of it as neither the affordability impact nor the underlying demand assumptions are provided. Nonetheless, it is a good step towards improving your visibility on financial planning before your sign off is sought.

Of course, the $15.9 billion proposed 10-year capital plan on slide 11 would be yet another massive increase in capital spending. But it would be impressive if staff were able to reduce that figure to the $9.6 billion shown below it. Apologies if I am misinterpreting these figures.

The Water Enterprise Capital Improvement Program Quarterly Report (item 5d) indicates that the $428 million Millbrae Yard project is still in the planning stages and through September only $16 million was spent. This appears to be after the seismic upgrades project was completed. To my knowledge the Millbrae Yard project is not a critical component to the reliability of the regional water system (although of value in other ways).

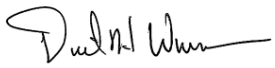
Against last year's 10-year capital plan for the Regional Water System, the Millbrae Yard project represents roughly 14% of the total. Please ask staff to explore ways to both defer the remainder of the project for some years and reduce its cost (taking into account construction costs might increase over time). The benefits include reducing debt service and improving affordability. Hopefully, there are work-arounds to mitigate delaying and reducing the cost of the project.

If the project does need to continue as-is, please understand the reasoning to a level that you can easily explain why it is worth the affordability impact.

Please take this suggestion in the context that I have little knowledge of the project other than what was provided with the agenda item.

In the bigger picture we should be prepared for a future of declining water demand despite population growth, a much more challenging financial situation.

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
Tom Smegal, BAWSCA CEO
BAWSCA Board of Directors

CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Late December Storms Deliver Much-Needed Snowpack and Water Supply for California
Published: Dec 30, 2025


DWR staff conducting the first snow survey of the season at Phillips Station. Photo taken Dec. 30, 2025

Series of atmospheric rivers provided significant snowpack gains, boosted water supply statewide

SACRAMENTO, Calif. – The Department of Water Resources (DWR) today conducted the first snow survey of the season at Phillips Station. The manual survey recorded 24 inches of snow depth and a snow water equivalent of 5 inches, which is 50 percent of average for this location. The snow water equivalent measures the amount of water contained in the snowpack and is a key component of DWR's water supply forecast. Statewide, the snowpack is 71 percent of average for this date.

Today's results are welcome news for water managers who rely on the statewide snow surveys to make water supply decisions for the year ahead. California's statewide snowpack had been lacking in early December with above-average temperatures and very little storm activity. Recent storms have turned that around and provided a significant boost to the snowpack and the state's water supply.

"The dry conditions and warmer temperatures in early December delayed our snow-building season, but the return of storm activity, especially in the last week, helped to build a solid base for this year's snowpack," said Angelique Fabbiani-Leon, State Hydrometerologist for DWR. "Thankfully, the recent storms that reached the state were cold enough to provide necessary benefits for the snowpack and our water supply. While California is in a better position now, it is still early in the season and our state's water supply for this year will ultimately depend on a continued cadence of storms throughout winter and early spring."

DWR's electronic readings from 130 stations placed throughout the Sierra Nevada indicate that the statewide snowpack's snow water equivalent is 6.5 inches, or 71 percent of average for this date, compared to 115 percent on this date last year.

On average, the largest snow-producing months in the Sierra Nevada are January, February, and March. Drought and flood always marked the California climate, but extreme whiplash between wet and dry is becoming more pronounced, not just year to year but often within the same season or month.

“It’s great to see so much fresh snow in the Sierra following a relatively dry December,” said DWR Director Karla Nemeth. “More than any other factor, the rain and snow that falls in these critical winter months dictates how much water can be delivered to Californians and farmland statewide. We make the most of what Mother Nature delivers with advance planning that enables Forecast Informed Reservoir Operations and groundwater recharge.”

Major reservoirs statewide are currently 123 percent of average thanks to recent precipitation on top of three consecutive years of above-average snowpack conditions.

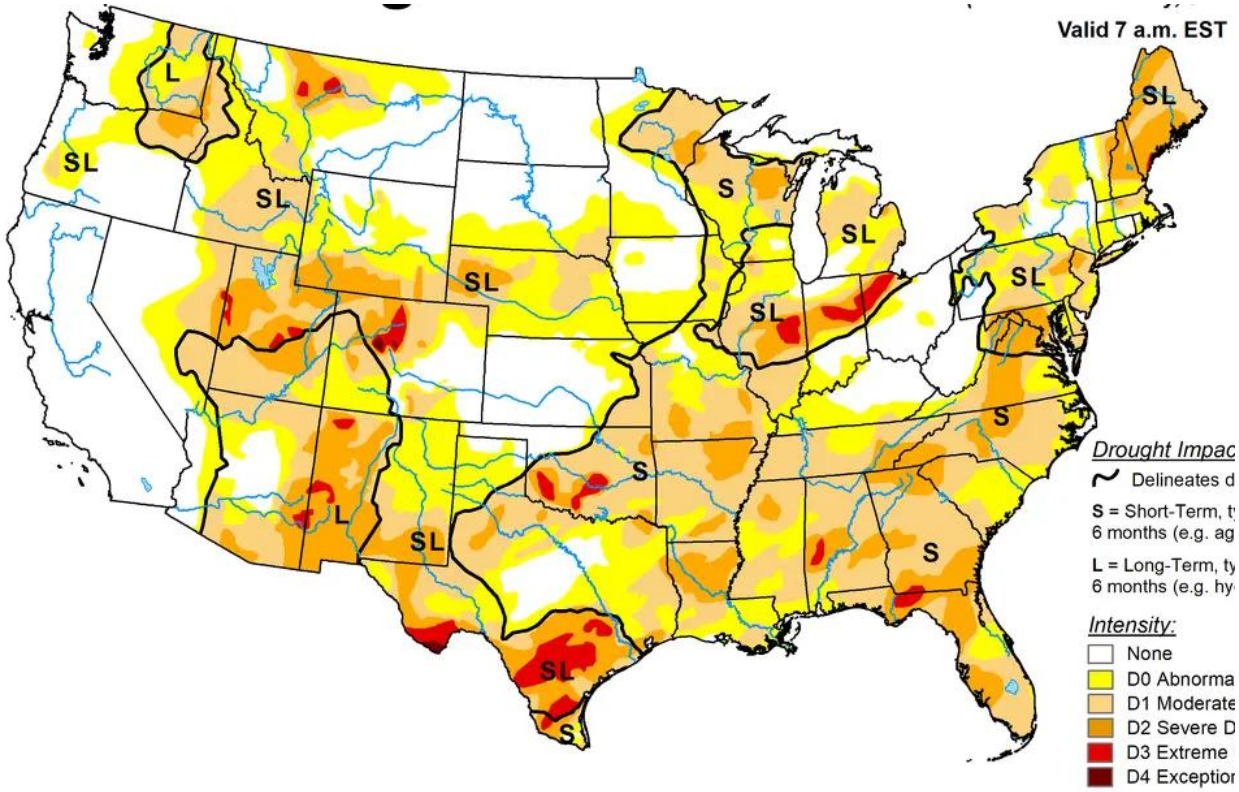
On average, the Sierra snowpack supplies about 30 percent of California’s water needs. Its natural ability to store water is why the Sierra snowpack is often referred to as California's “frozen reservoir.” Data from these snow surveys and forecasts produced by DWR’s Snow Surveys and Water Supply Forecasting Unit are key factors in determining how DWR manages the state’s water resources.

DWR conducts four media-oriented snow surveys at Phillips Station each winter near the first of each month, January through April and, if necessary, May. The next survey is tentatively scheduled for February 3.

For California’s current hydrological conditions, visit https://cww.water.ca.gov.

# # #

California is officially free of drought conditions for the first time in 25 years
SFGate | January 8, 2026 | Olivia Hebert,



The latest U.S. Drought Monitor map, from Jan. 6, 2026, shows the entire state of California is free of drought conditions. USDM

California's rainy start to 2026 has led to wet conditions pushing the state to break a 25-year record, according to the latest federal and state data.

The U.S. Drought Monitor map released Thursday, based on data valid as of Jan. 6, shows 100% of California classified as free of drought conditions, with no areas listed as abnormally dry or experiencing moderate, severe, extreme or exceptional drought.

The last time the state reached that threshold was about 25 years ago on Dec. 26, 2000, according to meteorologist Dalton Behringer from the National Weather Service's Bay Area office.

Currently California is the only state in the U.S. without any drought or abnormally dry conditions, according to the U.S. Drought Monitor.

"It's the first time I've seen it where there's no drought anywhere," Behringer told SFGATE.

Just three months ago, more than 70% of the state was experiencing some level of drought.

Behringer said the California drought monitor reflects both short- and long-term conditions, and the current status is not the result of a single storm or even a single season.

“It’s just different parts of the state have had more good years than bad years,” he said. In the Bay Area, he said, recent wet years helped erase lingering long-term deficits, while Southern California’s improved conditions came later after receiving more precipitation this year.

There was above-average precipitation across the state in recent months, with California receiving 14.39 inches of precipitation as of Jan. 7, or 155% of the average for that point in the water year, which started on Oct. 1.

The average for the same period is 9.26 inches, based on records dating back to 1981, according to the California Department of Water Resources.

While the early-season rainfall ranks among the wettest starts on record, it remains below the historical maximum of 18.43 inches measured by that date.

Historically, the majority of the state’s annual precipitation falls between November and March. The precipitation recorded so far accounts for about 60% of the rainfall California typically receives over a full water year, which runs through Sept. 30.

For Californians who remember the deep drought years of the 2010s, Behringer noted that the recent data shows how much conditions have changed.

# # #

Weekend storms boost California water, but thin snowpack poses risk
Sacramento Bee | January 6, 2026 | Chaewon Chung

Northern California saw a wet weekend that solidified the region's water supply, but experts urged caution, noting that snowpack and reservoir levels still remain below average.

The development follows the state's first snowpack reading last week, where the measurement recorded 24% of the April 1 average for California and 71% of normal.

As of Monday morning, some rainfall totals in the Sacramento area since Thursday include 2.29 inches at Sacramento Executive Airport, 2.25 inches at Sacramento International Airport, and 2.25 inches in Folsom. Since October 1, Sacramento Executive Airport has recorded 9.33 inches of rain — about 2.94 inches above the average for this point in the water year.

"As it stands, northern California is in great shape for overall precipitation at this point in the water year, but snowpack is still lacking a bit. Many of our early season storms were very warm, thus snowfall was low," said Scott Rowe, a senior service hydrologist at National Weather Service's Sacramento office.

State climatologist Dr. Michael Anderson agreed, pointing to a current split between Northern and Southern Sierra Nevada regions, and how snowpack in the Northern Sierra, which provides the largest reservoirs in the State Water Project, still stands at just 61% of normal.

"With dry weather in the forecast for the next two weeks, those numbers will likely decrease. California's weather is highly variable and the timing, pace, and scale of storms between now and April 1 will influence the water year outcome," Anderson said.

Warming winters and a shrinking snow bank
Paul Ullrich, a U.C. Davis professor in regional and global climate modeling, noted that California is currently in a good position compared to previous years, but much of it did not help build up the mountain snowpack, especially at lower elevations. It mostly fell as rain, not snow.

The mountain snowpack functions as nature's water bank, gradually melting to feed rivers and reservoirs through the dry months. But even a small rise in temperature can turn

snowstorms into rain, causing water to melt quickly instead of being stored as snow, making it much more difficult to save for the future.

“It is definitely a reflection of the fact that most of our warmest years on record have occurred in the past decade,” Ullrich said. “If the snow melts off early, then it only displaces water that we already have in our surface reservoirs.”

Surface reservoirs, when they are full to capacity, cannot hold additional water from future storms, and consequently, excess water is released downstream into rivers and ultimately flows to the ocean, leaving it unavailable for future use by the state.

The most pronounced warming due to climate change is happening during the summer months, though winter temperatures are also showing noticeable increases. Over the past 50 years, Sacramento’s average winter temperatures have risen by about 2 degrees.

Drought fears ease, flood risks rise

As of Wednesday — just before the main weekend storm system moved in — the U.S. drought map already showed little to no remaining drought across California.

Daniel Swain, a climate scientist at UC Agriculture and Natural Resources, said a major drought year is unlikely given how much precipitation the state has gotten, adding that the southern part of state is seeing one of the wettest starts to any water year on record.

“We didn’t have a pre-existing drought going into this winter, so conditions were okay to begin with, and then we’ve gotten a lot of water already so far this winter — so we’re in pretty good shape from a water supply perspective,” Swain said.

Northern California stands at 61% of normal snowpack, but the picture is more mixed across the state, Swain explained. He noted that snowpack is stronger in the central and southern Sierra and that this year’s situation is not one of low snowpack combined with low overall precipitation.

“We actually have above average precipitation, even in the same part of Northern California where snow pack is below average,” Swain added.

“We’ve been getting plenty of water, but a lot of it has been rain or has been snow that has melted rather than remaining part of the snow pack. That is a climate change related problem.”

Meanwhile, Jay Lund, a vice-director at UC Davis' Watershed Sciences Center, cautioned that when drought concerns ease, flood risks tend to rise during the heart of the rainy season. Over the weekend, flood advisories were posted in many parts of California, including Sacramento County, as a series of storms moved across the state, hitting areas where soils were already saturated.

"We're probably not worried about drought for this year, and the reservoirs are fairly full, so that makes it a little bit more likely that we'd have to worry about a flood sometime during this rainy season," Lund said, noting that climate change is amplifying the natural swings in California's hydrology between extreme wet and dry.

# # #

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California's largest reservoir rises 36 feet as rains boost water supply statewide
Shasta, Oroville and other massive reservoirs continue to fill following big storms
Mercury News | January 6, 2026 | Paul Rogers

San Luis Reservoir in Merced County, Calif., on Monday, Jan. 5, 2026. The reservoir is about 70 percent full. (Nhat V. Meyer/Bay Area News Group)

When it rains, it pours. And that's good news for California's water supply.

After a relatively slow start to the winter rainy season, a series of atmospheric river storms has sent hundreds of billions of gallons of water pouring into reservoirs across California over the past three weeks, easing the concerns of water managers and significantly reducing the likelihood of shortages next summer.

Since Dec. 16, the state's largest reservoir — Shasta, a massive 35-mile-long lake near Redding — has risen by 36 feet. On Monday, it was 77% full, at 129% of its historical average for this time of year and still rising.

Similarly, the water level at Oroville, the state's second-largest reservoir, has jumped 69 feet over the same three weeks. The reservoir, formed by Oroville Dam in Butte County, was 73% full and at 134% of its historical average as of Monday, having added nearly as much water in the past 24 hours as Crystal Springs Reservoir in San Mateo County holds when full.

"We're in great shape," said Jeffrey Mount, a professor emeritus at UC Davis and senior fellow at the Public Policy Institute of California's water center.

Together, Shasta and Oroville have captured 1.6 million acre feet of water in the past three weeks — the equivalent of four reservoirs the size of Hetch Hetchy, San Francisco's largest, and enough water for 9 million people for a year.

A similar shift has happened in the Sierra Nevada snowpack, the source of one-third of California's water supply. On Dec. 16, it was 18% of normal and ski resorts were struggling to open. On Monday, it was 90% of normal following another weekend of heavy snowstorms that dumped several feet of fresh powder across the Lake Tahoe region.

Typically, California receives most of its rain from December to March.

"We're not even halfway through the wet season," Mount said. "We don't know how it is going to turn out. We have had other years where we got early rains and then the taps were shut off. But what we do know is that we've seen a huge jump in the past few weeks. That reduces the likelihood of shortages this summer."

The past three winters have been at or above average across Northern California, where most of the big reservoirs are located. That has left more water in the reservoirs as they start the winter season.

As a result, nearly every major reservoir in California on Monday was above its historic average capacity for this time of year.

San Luis Reservoir, the vast inland sea between Gilroy and Los Banos, was 70% full. Los Vaqueros, the biggest reservoir in Contra Costa County, was 90% full.

In Southern California, Cachuma Reservoir, the largest in Santa Barbara County, was 100% full and spilling on Monday. Farther south, Diamond Valley Lake in Riverside County, a linchpin of the water supply for 20 million people in the Los Angeles region, was 94% full.

Smaller communities saw similar trends. All seven reservoirs operated by the Marin Municipal Water District were 99% full. And Loch Lomond, the main reservoir for 100,000 people in the Santa Cruz area, hit 100% full on Sunday, and began sending water down the spillway.

"We've gotten a foot of rain since Christmas Eve in the Santa Cruz Mountains," said Chris Coburn, deputy director of the Santa Cruz City Water Department. "As a water manager, it makes me happy. It gives us comfort. For at least the next year, we know we're good on storage and will be able to meet customer demand. We're always happy to see the rain."

Dam operators at some reservoirs, including Shasta, Oroville and Folsom near Sacramento, have increased releases in recent days to preserve space so they can catch more water in a controlled way if there are other big storms in the coming weeks.

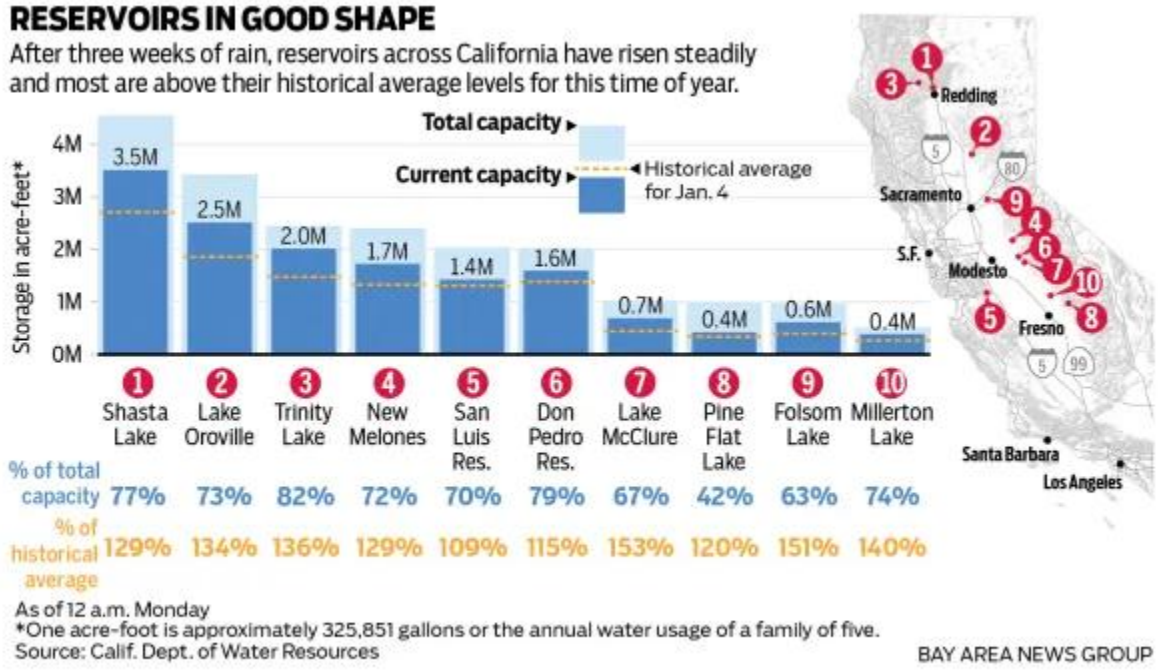
“If they fill the reservoir too soon, the next storm could cause them to have to spill,” Mount said, “which is what they don’t want to do. The goal is to control the flow to reduce the risk of flooding downstream on the river.”

The East Bay Municipal Utility District’s seven reservoirs, which serve 1.4 million people in Alameda and Contra Costa counties, were 82% full on Monday.

“This is all good news,” said Andrea Pook, an East Bay MUD spokeswoman. “We still have a number of months to go. We’ll know more in April. But these wet months are crucial now, so we can refill our reservoirs. We’re hoping for continued storms the rest of the winter and early spring.”

She had advice for homeowners.

“Make sure your irrigation is not on,” Pook said.



A chart showing the amount of water in the ten largest California reservoirs. After three weeks of rain, reservoirs across California have risen steadily and most are above their historical average levels for this time of year.

Nine reservoirs operated by the Santa Clara Valley Water District, which serves 2 million people in the South Bay, were 50% full on Monday, due in part to the fact that the South Bay received less rain than other areas in recent weeks, and because several of the reservoirs cannot be filled to the top under state rules without earthquake retrofitting. The largest in the district,

Anderson Reservoir, near Morgan Hill, is virtually empty as it undergoes construction to rebuild its dam to seismic standards.

So far, Northern California has escaped serious flooding. That luck should continue, as the forecast calls for 10 days of dry weather starting Tuesday.

“The good news is that we have seen just about every spot in the whole state going above normal for precipitation for this time of year,” said Jan Null, a meteorologist with Golden Gate Weather Services in Half Moon Bay.

“But starting Tuesday, we’re going to dry off. This is a year of big contrasts — multiple weeks of dry, then multiple weeks of wet.”

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CalWATRS Debut Overhauls Water Rights Reporting

Valley Ag Voice | January 5, 2026 | Natalie Willis

(Photo: Straight 8 Photography/Shutterstock.)

The deadline for all water right holders and reporters to submit their annual water use reports to the California State Resources Control Board's new data system is approaching on January 31, 2026.

The CalWATRS system — California Water Accounting, Tracking, and Reporting System — was fully launched in October, and there may still be some "minor performance issues" to address, according to the CalWATRS website portal.

CalWATRS is a component of the State Water Board's larger Updating Water Rights Data, UPWARD, project in the Division of Water Rights. In an email from State Water Board Information Officer Ailene Voisin, the final 2021-2022 California budget allocated $30 million for UPWARD, one-time, as part of the Water Resilience Package. Another $30 million was allocated one-time from the General Fund in the final 2022-23 California Budget, totaling $60 million in total for UPWARD.

“That total amount was for all Division of Water Rights modernization efforts, of which CalWATRS was the largest piece,” Voisin stated.

For CalWATRS specifically, $43 million was contracted to Deloitte, a global professional services network, to build the system and maintain it for three years.

According to a press release from the State Water Board, the online data system will make the state’s 40,000 water rights records easily accessible to the public, and they hope to streamline the reporting process. Additionally, several water rights records, dating back to the late 1800s, are stored in paper format and cannot be accessed online.

“With this new system, the board can rely on data that is more precise when making important decisions regarding our water resources,” Chief Deputy Director Erik Ekdahl said in the release. “CalWATRS introduces a new interface that makes reporting easier, helps the public find and learn about water rights using an interactive map and provides access to water rights information in a way that was never available before. Our previous records management was based on paper files, some with documents well over 100 years old. The ongoing work to digitize these records not only makes information available to the public but also provides a critical backup for these irreplaceable records.”

For background, CalWATRS replaced the legacy eWRIMS platform, that is, the Electronic Water Rights Information Management System. On November 12, State Water Board staff presented on the CalWATRS system and explained the transition.

“We had a real need for modernization. Yes, our previous system worked, but it was also a system that was built in 2006 and was just at the end of its technological lifespan,” Jeff Parks, senior engineer for the State Water Board and CalWATRS product owner said. “We also had changing conditions. Aside from drought and other things that come up, we have new regulations that come up, and our technology behind our system was just not keeping up, and we were at the end of what we could keep adding to it.”

EVERY POSSIBLE ACRONYM (EPA)

The primary driver for the new system stems from a lack of adequate data, which is problematic for California’s data-driven water management decisions such as setting water quality standards and allocating resources.

This issue of inadequate data and documentation is not limited to the State Water Board, rather it is an ongoing issue in California’s water management network. A 2023 audit of the Department of Water Resources and the State Water Board by the California State Auditor’s

office found several shortcomings in the administration of water supplies and criticized a lack of documentation.

The audit — submitted by California State Auditor Grant Parks — focused on the management of the State Water Project, noting that DWR had not developed a long-term plan for the SWP that adequately prepares for drought periods and did not provide sufficient reasoning for certain reservoir releases.

“However, we identified significant gaps in DWR’s available records related to its planned and actual water release activities. These gaps limited our ability during the audit to understand and evaluate DWR’s water release decisions,” the audit stated. “Specifically, we reviewed data regarding DWR’s releases of water from the Lake Oroville reservoir for a selection of 14 months during water years 2021 and 2022. Through that review, we identified two types of scenarios in which DWR made decisions regarding releases without documenting sufficient justification for its actions.”

Notably, the California State Auditor found that DWR released more water than required but did not document how it determined the volume of those releases.

“First, in nine of the 14 months, DWR released more water than the Fish and Wildlife agreement required it to release from Lake Oroville while also allowing more water to flow into the Delta and out to the ocean than related water quality or flow standards required,” the audit stated.

According to the audit, in October 2020, DWR released roughly 153,000-acre feet — about twice the amount required by the Fish and Wildlife agreement. The audit noted that while releases above the minimum required amounts may have been necessary, the records lacked meaningful details to support DWR’s rationale.

In their response to a draft version of the audit, DWR disagreed on various issues raised, including those pertaining to releases from Lake Oroville.

“DWR takes issue with multiple statements in the audit claiming that DWR released more water from Lake Oroville than the minimum required,” Director of DWR Karla Nemeth stated. “These statements imply that an alternative use exists for the water DWR released to meet multiple water quality and environmental requirements.”

However, the Auditor’s office offered a follow up response on the issue, stating that DWR’s response misconstrued the report.

“As we acknowledge here and elsewhere in the report, DWR’s water release decisions may have been necessary to maintain water quality and flow in the Delta,” the California State Auditor stated. “However, the often absent or limited documentation explaining how DWR determined the magnitude of these releases prevented us from evaluating DWR’s decisions, as directed by the audit’s objectives.”

As for the State Water Board, which works closely with DWR on water management issues and operates under the California Environmental Protection Agency, the audit explained that it establishes several standards that affect DWR’s and the Bureau of Reclamation’s operation of the State Water Project and Central Valley Project. This includes standards related to Delta outflow and water quality.

“The State Water Board does not participate in DWR’s development of water supply forecasts,” the audit stated. “However, several of the water quality standards that the State Water Board has established and that affect the State Water Project and Central Valley Project are connected to DWR’s B120 water supply forecasts: during various times of the year, the particular water quality or outflow standard that the State Water Project and Central Valley Project must meet is determined in part by those forecasts.”

DWR’s B120 refers to the official seasonal water supply forecasts — Bulletin 120.

While DWR disagreed with some of the audit’s findings, they reportedly implemented a recommendation to formally evaluate its forecasting models. In March 2025, DWR released a report on the implementation of Forecast-Informed Reservoir Operations, or FIRO, which utilizes “improved monitoring, weather, and runoff projections to build more flexibility and efficiency into reservoir operations,” according to a press release.

PUT A PIN IN IT

As the state attempts to rectify its water data and documentation issues — from outdated systems, paper records, and a lack of real-time integrated information — agricultural water right holders and reporters can, for now, concentrate on getting up to speed with CalWATRS.

Water right holders will need to create a CalWATRS account and submit their annual water use and diversion reports by January 31 as the old eWRIMS platform has been decommissioned.

In October and November 2025, the State Water Board mailed a personal identification number to primary owners and agents of water rights. Those with multiple water rights will receive multiple PINs.

According to Jessica Diaz, a water attorney for agriculture, public agencies, and landowners, from a practical standpoint, farmers and ranchers should check their mail and email for a letter from the State Water Board with a PIN for the new system.

“If there’s a law firm or engineering consulting firm has assisted in the past, that firm will need to be added as an agent,” Diaz said in an email.

According to Diaz, the CalWATRS system does not create new enforcement mechanisms, but data will be more transparent which could indirectly lead to new enforcement avenues for unlawful diversions of surface water.

Upon signing up for an account, users must migrate their water rights records to CalWATRS using the PIN provided. Water right holders cannot submit their report until the records are linked. Reports submitted more than 30 days after the deadline are subject to late reporting fees.

After the 30-day grace period, escalating late fees occur from 25%–60% of the annual water right fee for filings 31–60 days late, to 40%–75% for 61–90 days late, and 50%–85% for filings more than 90 days late. Larger rights incur higher fees.

“The enforcement section is aware that the introduction of the new reporting system may present a learning curve for water right holders to use and thus will take that into account when reviewing reporters that do not file by the deadline,” Voisin stated in an email. “The main focus of failure to file actions is on reporters that do not make any attempt to file their annual report, not on reporters that miss the deadline but still file their report within a reasonable amount of time.”

While late fees do not apply if the report is submitted within 30 days of the deadline, penalties for failure to file reports can be up to $500 per day, but penalties for unlawful diversions could be much higher.

“The State Water Resources Control Board will not be granting an extension to the January 31, 2026, deadline, so the best advice is to get set up in the new system now,” Diaz said. “Start preparing reports. It’s important to remember: there are penalties for failing to file a report on time, but no penalty for going back into the system and amending.”

According to a CalWATRS Rollout update at a State Water Meeting on December 2, they are receiving about 100 help requests daily, leading to extended response times. The State

Water Board website explained that responses for CalWATRS assistance may take up to two weeks.

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To receive assistance and information in navigating CalWATRS, email CalWATRS-help@waterboards.ca.gov or call 916-341-5333 — email is reportedly the fastest way to get help. Training videos and documentation are also available at https://waterboards.ca.gov/upward/calwatrs/resources/.

Appeals court shoots down California water managers' plan to finance Delta tunnel
Sacramento Bee | January 2, 2026 | Lia Russell and Chaewon Chung

A California appellate court dealt a setback this week to the state's Delta tunnel project, ruling that the Department of Water Resources lacks the legal authority to issue billions of dollars in bonds to dig the controversial conveyance under the Sacramento-San Joaquin Delta to Southern California.

In an opinion issued Wednesday, the state's 3rd District Court of Appeal said the bond plan — first approved by water managers in 2020 — was too vague and gave the department "unfettered discretion" to decide what to build and how to pay for it. The court upheld a 2024 decision by a Sacramento judge, siding with project opponents led by the Sierra Club and several capital region counties, including Sacramento.

The tunnel — officially called the Delta Conveyance Project — is a 45-mile underground pipeline that would divert water from the Sacramento River before it flows through the Delta and send it to Southern California. The Metropolitan Water District of Southern California, which supplies water to 19 million people around Los Angeles, is expected to fund a major share of the multibillion-dollar project.

State water officials say the tunnel is needed to modernize aging infrastructure and make the water system more resilient to climate change. But critics, including Delta-area counties and environmental groups, argue it would harm local ecosystems, farmland and communities already burdened by state water policies.

White Slough in the Sacramento-San Joaquin Delta meanders past farmland in a drone image from Tuesday, Nov. 1, 2022. The farm grows potatoes, grapes and other crops. HECTOR AMEZCUA hamezcua@sacbee.com

The court's opinion puts DWR and Gov. Gavin Newsom's administration at a crossroads. After years of trying to push the tunnel forward without going through the Legislature, the state may now have to either shrink the project or ask lawmakers — and possibly voters — to get bonds issued.

The court found that DWR's legal approach relied on a misapplication of a decades-old statute intended for minor modifications to existing infrastructure, rather than the creation of a new, large-scale project like the Delta Conveyance, which was narrowed from two tunnels under Gov. Jerry Brown to one and would take 13 years to complete. Specifically, the justices said, DWR had argued that the tunnel was a "further modification" of the Feather River Project under a provision tied to the original State Water Project from the 1960s.

DWR overstepped, court says

The court disagreed, ruling that DWR overstepped its authority.

"The Delta Program's scope is so opaque and ill-defined as to afford DWR nearly unlimited discretion to specify the facilities for which the bonds will be issued," Associate Justice Peter Krause wrote for the court. "The bond resolutions would give DWR authority to issue an unlimited amount of bonds to finance the work."

In practical terms, the decision disrupts DWR's ability to lock in financial commitments from water contractors and stalls the state's preferred path to funding the estimated $20 billion tunnel. Alternative financing routes remain, including legislative authorization or a public bond measure, but those options would likely require greater specificity about the project's scope and impacts.

The court also criticized DWR for bypassing a more appropriate statute that governs the creation of new State Water Project units but requires additional public and legislative oversight. According to the ruling, DWR appeared to avoid that statute deliberately, as it would have imposed higher barriers, including restrictions on using existing water contractor revenues to back the bonds.

Meanwhile, DWR emphasized that the court's ruling does not mean the department loses its authority to construct the project itself. "

The court has not said that DWR does not have the authority to build the project or borrow money to pay for it. The court finds the description of the action found in the first validation case to be overly broad," a DWR spokesperson said in an email.

“While DWR disagrees, it filed a subsequent validation action in January 2025. That case is pending.”

Environmental concerns remain unresolved

Tribal and environmental groups have raised concerns about the project’s environmental implications, arguing that DWR was seeking a blank check to proceed with an ill-defined and environmentally harmful project that could reshape the Sacramento-San Joaquin Delta and affect regional water quality, farmland and communities.

The Sierra Club said in a statement that it welcomed the court’s decision.

“Californians should not be forced to shoulder billions in debt for a risky megaproject that threatens the Delta while driving up water bills for working families,” the environmental group said. “We need water solutions that respect Tribal sovereignty, protect frontline communities, and invest in conservation, regional water reliability, and real climate resilience.”

For now, the ruling does not invalidate the Delta Conveyance Project itself or halt construction. The opinion makes clear that the court did not assess the project’s environmental merits or rule on compliance with the California Environmental Quality Act. CEQA-related litigation is ongoing in separate cases.

Other financing options available

What the court did strike down was the financial mechanism DWR had hoped to use to advance the tunnel without seeking new legislative or voter approval. As a result, the department must now either define a narrower project that fits within the constraints of existing law or pursue legislative authorization — potentially exposing the project to greater political risk and public scrutiny.

Still, the ruling marks a victory for a coalition of counties, water agencies and environmental groups that had sued to block the bond validation.

Newsom’s office did not respond to The Sacramento Bee’s request for comments on the ruling. The governor’s office has tried to fast-track the project without success, following opposition from Delta-area legislators.

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