



**NOTICE OF  
SPECIAL MEETING  
of the  
BAWSCA BOARD OF DIRECTORS**

**on March 19<sup>th</sup>, 2026 at 6:30PM**

**at Burlingame Community Center  
850 Burlingame Ave.,  
Burlingame CA 94010**

A second teleconference location is added on the agenda.

Teleconference locations shall be:

- 2-15-1 Hon-Machi, Kanazawa-Shi, Kanazawa, 920-0853, Japan
  - 2035 Dumbarton Ave. East Palo Alto, CA 94303

If you have any questions, please call the  
BAWSCA office at (650) 349-3000.

See next page for Agenda



**SPECIAL MEETING**

of the

**BOARD OF DIRECTORS**

Thursday, March 19, 2026

6:30pm

**Burlingame Community Center – Sequoia Room**  
**[850 Burlingame Ave., Burlingame](#)**

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*(Two Members of the Board will participate in this meeting by Teleconference. Locations shall be: 2-15-1 Hon-Machi, Kanazawa-Shi, Kanazawa, 920-0853, Japan, and 2035 Dumbarton Ave. East Palo Alto, CA 94303. When any member of the board participates by teleconference, all votes taken at this meeting will be by roll call vote.)*

**AGENDA**

<b><u>Agenda Item</u></b>	<b><u>Presenter</u></b>	<b><u>Page</u></b>
<b>1. Call to Order/Roll Call/Salute to Flag</b>	(Vella)	
<b>2. Comments by the Chair</b>	(Vella)	
<b>3. Board Policy Committee Report (<i>Attachment</i>)</b>	(Ragsdale)	<i>Pg 3</i>
<b>4. Public Comments</b> <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of two (2) minutes.</i>	(Vella)	
<b>5. SFPUC Report</b>	(Ritchie)	
<b>6. Consent Calendar (<i>Attachments</i>)</b>	(Vella)	
A. Approve Minutes of the January 15, 2026 Meeting		<i>Pg 15</i>
B. Receive and File Budget Status Report – As of January 31, 2026		<i>Pg 21</i>
C. Receive and File Investment Report – As of January 31, 2026		<i>Pg 23</i>
D. Receive and File Bond Surcharge Collection, Account Balance and Payment Report – As of December 31, 2025		<i>Pg 25</i>
<b>7. Action Calendar</b>		
A. Consider Resolution #2026-01 Concurring in Nomination of John H. Weed of Alameda County Water District to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) Captive Insurance Company ( <i>Attachment</i> ) <i>This item was not considered by the Committee at its February 11th meeting because the formal request from ACWD was received after the BPC meeting.</i>	(Smegal)	<i>Pg 27</i>

- 8. Public Hearing** (Vella)
- A. Public Hearing and Status of BAWSCA's Employee Vacancies and Recruitment and Retention Efforts as Required by Assembly Bill 2561 (Government Code Section 3502.3) (*Attachment*) Pg 33
- 9. Reports and Discussions**
- A. Preliminary Fiscal Year 2026-27 Work Plan, Results to be Achieved and Operating Budget (*Attachment*) (Smegal) Pg 37
- B. Wholesale Water Rate Setting in Accordance with the Water Supply Agreement (WSA) (*Attachment*) (Tang) Pg 71
- C. BAWSCA's Long-Term Reliable Water Supply Strategy 2050 First Year Accomplishments and Affordability Program Update (*Attachment*) (Ashoori) Pg 75
- 10. CEO Reports** (Smegal)
- A. Water Supply Conditions
- B. Bay Delta Plan/FERC Update
- C. CEO Letter (*Attachment*) Pg 83
- D. Board of Directors Policy Calendar (*Attachment*) Pg 91
- E. Correspondence Packet ([Under Separate Cover](#))
- 11. Closed Session** (Schutte)
- A. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002.
- B. **Conference with Legal Counsel – Existing Litigation pursuant to** Paragraph (1) of subdivision (d) of Government Code Section 54956.9 - State Water Board Cases (Third Appellate District Court Case No. C101232).
- 12. Report from Closed Session** (Schutte)
- 13. Additional Time for Public Comments (Time Permitting)** (Vella)
- Members of the public may address the Board on any issues that are within the purview of the Agency.*
- 14. Directors' Discussion: Comments, Questions and Agenda Requests** (Vella)
- 15. Date, Time and Location of Future Meetings** (Vella) Pg 93  
(See attached schedule of meetings)
- 16. Adjourn to next meeting scheduled for May 21, 2026 at 6:30pm** (Vella)

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# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

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## **MEMORANDUM**

TO: BAWSCA Board Members

FROM: Tom Smegal, Chief Executive Officer/General Manager

DATE: March 13, 2026

SUBJECT: Summary of Board Policy Committee meeting held February 11, 2026

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1. **Call to Order:** Committee Chair, Leslie Ragsdale, called the meeting to order at 1:34pm. CEO/General Manager Tom Smegal called the roll. One member of the Committee participated in the meeting by teleconference in accordance with the traditional Brown Act Rule. Eight (8) members of the Committee were present at roll call. A list of Committee members who were present (8), absent (1) and other attendees is attached.

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

2. **Comments by Committee Chair:**

Committee Chair Ragsdale noted that committee actions will be taken by roll call vote, and confirmed with Director Pierce, who was participating by teleconference, that there are no members of the public over 18 years old at her remote location. She thanked the Board Chair for entrusting her with the role of Committee Chair and welcomed Directors Hamilton and Andrews as new members of the Committee.

As a reminder, the Board Policy Committee carries the functions of advising the General Manager and Board on matters of policy, and therefore substantially discusses topics prior to the full Board's consideration. Given the small size of the Committee, she reminded members to be mindful of the Brown Act Rules and encouraged members to read the correspondence packets assembled for the Committee and for the Board each month. Lastly, she encouraged members of the Committee to reach out to Board Chair Vella if there are items that should be considered for the agenda.

3. **Consent Calendar:**

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

**The motion passed unanimously by roll call vote.**

4. **Public Comments:**

Public comments were received from Dave Warner.

**5. Reports and Discussions:**

- A. SFPUC 10-Year Capital Improvement Program (10-Year CIP): Water Resources Manager, Tom Francis reported that SFPUC staff prepares a 10-year CIP for Commission adoption every 2 years. In accordance with the Water Supply Agreement (WSA), SFPUC provided BAWSCA with a Draft 10-Year CIP for BAWSCA's review 14-days prior to SFPUC's first budget hearing held on January 29<sup>th</sup>. BAWSCA submitted a comment letter dated January 28<sup>th</sup>, 2026, and delivered a statement to the Commission at the January 29<sup>th</sup> budget hearing.

The WSA requires SFPUC to provide BAWSCA a written response to its comment letter. SFPUC's response to BAWSCA's January 28<sup>th</sup> letter was received on February 9<sup>th</sup>. The Commission held its second budget hearing on February 10<sup>th</sup>, at which the 10-Year CIP was adopted, and where BAWSCA delivered a statement.

The adopted 10-Year CIP includes the budget for the coming 2 years, 2027 and 2028. It will move to the San Francisco Board of Supervisors for approval in June 2026.

BAWSCA reviewed and commented on projects under the Water Enterprise (WE) CIP and the Hetch Hetchy Enterprise CIP. The WE CIP is \$1.2 B over a 10-year period and includes all the water supply projects in the Peninsula that serves the BAWSCA region. The Hetch Hetchy CIP is \$1.42 B over a 10-year period and includes projects that meet the water supply needs as well as projects with both water and power focus.

Beyond the 10-Year CIP, SFPUC estimates approximately \$10.1 billion of capital improvement projects over the next 30 years that will mostly focus on rehabilitation of dams and spillways for reservoirs throughout the regional water system to comply with California dam safety regulatory requirements. For comparison, Mr. Francis referenced the Water System Improvement Program (WSIP) which has a total cost of \$4.8 billion and is nearing completion after 20+ years. Staff will continue to work with SFPUC in keeping BAWSCA and its member agencies informed and engaged as the 10-year CIP and future CIPs move forward.

Key projects in the adopted WE 10-year CIP include:

- Millbrae Operations Center at approximately \$365M in the next 3-5 years. It is one of the largest projects in the WE CIP that entails both facility upgrades as well as building new structures.
- An ozone treatment component that is anticipated to be completed by 2028 at the Sunol Valley Water Treatment Plant.
- A UV treatment system at the Tesla facility in Tracy.
- Interim dam work required at Pilarcitos, San Andreas and Turner Dams until final dam repair to comply with the State dam safety regulatory requirements are put in place in the next 30-years.

Key projects in the Hetch Hetchy 10-Year CIP include building facility construction, and the replacement of the 100-year-old moccasin penstocks at an estimated cost of around \$500 M.

BAWSCA's review found the 10-year CIP as robust and support the Commission's adoption. BAWSCA's January 28<sup>th</sup> comment letter and statement to the Commission at the January 29<sup>th</sup> hearing supported SFPUC's approach to its budget priorities that focus on level of services (LOS) goals and considers rate and financing sensitivity. At the same time, however, BAWSCA emphasized the following points:

- the need for further information on the Millbrae Operations Center to better understand the selection of projects that was decided upon;
- anticipate that rate affordability concerns will become a greater factor in the future as the SF RWS dam rehabilitation work begins and spread over the next 30 years;
- the need for greater engagement on specific projects as they move forward, including the replacement of the Moccasin Penstocks that will cost around \$500M;
- BAWSCA supports the deferment of alternative water supply projects in this 10-year CIP but these may need to be revisited given uncertainties with the adoption of the Healthy Rivers and Landscapes Program for the Bay Delta Plan.

In response to Director Andrews' inquiry about the concerns with the Millbrae Operation Center, Mr. Smegal explained that BAWSCA is concerned with the cost effectiveness of the projects as it pertains to the wholesale water rates. It is important to recognize the reliability and water quality function as well as the emergency response function that takes place out of the facility. It is a critical facility that is vital for the region in order to address incidents that happen from time to time and is essential for preparing for incidents of greater severity.

Director Pierce appreciated the explanation of the WSA's prescribed framework for how BAWSCA and the SFPUC coordinate the notice and review process of the 10-Year CIP. She would like to hear more from staff about the debt load for the WSIP and how planning for the long-term can lessen the load if the Regional Financing Authority (RFA) was involved.

Public comments were provided by Millbrae Vice Mayor Stephen Rainaldi, Dave Warner, and Millbrae City Manager, Tom Williams.

- B. BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050): Sr. Water Resources Engineer, Dr. Negin Ashoori, presented the 2025 accomplishments of the work for developing Strategy 2050, and the schedule outlook for the year to come. She noted that while calendar year 2026 marks the second year for developing Strategy 2050, efforts for Strategy 2050 have been years in the making.

Forming the scope of work for developing Strategy 2050 started in 2023 and took approximately one year to 1) understand what the purpose and objectives of Strategy 2050 should be, and 2) identify the schedule and cost for the development. The Strategy 2050 development is funded through a Water Management Charge<sup>1</sup> (WMC). The final collection for the WMC will be February 2026 and funds will be remitted to BAWSCA in March. Work is on schedule with an anticipation of completing the development efforts in calendar 2026.

There are six (6) key objectives identified for developing Strategy 2050 that align with BAWSCA's goal of ensuring a reliable supply of high-quality water at a fair price. The objectives are guiding the efforts through the process. Dr. Ashoori talked about the key accomplishments in 2025 that meet each of the six (6) objectives. A one-page attachment to the staff memo highlights the progress in detail.

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<sup>1</sup> At its meeting on July 18, 2024, the Board authorized the use of the Water Management Charge as the method for funding Strategy 2050, as enabled by the Water Supply Agreement (WSA). The Water Management Charge is applied to the wholesale customer's SFPUC water bills as an additional line item as its proportional share of Strategy 2050 costs based on a total cost of \$2.447M. The collection period is 18 months starting September 2024 through March 2026.

<b>Objectives</b>	<b>Accomplishment</b>
1. <i>Provide a comprehensive picture of the region's supply and demand management needs and options.</i>	Completed Demand Study to project future demands.  Developed new Regional Projects and Actions (P&A) options.  Improved the Regional Reliability Model to support scenario analysis.
2. <i>Establish a framework for collectively maintaining and improving regional water supply reliability and resilience.</i>	Evaluated risks and tools and identified framework for expanded collaboration for emergency preparedness.  Developed schematic of emergency interties.  Initiated development of Decision Support Tool to aid in comparing P&As and portfolios.
3. <i>Elevate awareness of and support the region's interest in new and emerging regulations that impact water supply and demand management.</i>	Drafted a technical memo that will be released in 2026 on the assessment of new and emerging regulations and agency concerns.  Identified framework for regional regulatory support and collaboration.
4. <i>Expand regional dialogue and collaboration to collectively address common needs.</i>	Engaged with the Board, member agencies and stakeholders on P&A input for evaluation, prioritization, development and collaborative opportunities.
5. <i>Close the gap on funding needed for water supply resilience and reliability.</i>	Developed framework for a Grant Subscription Program designed to assist member agencies with application and administration process. This will be launched in 2026.  Tracked and evaluated potential funding opportunities for Strategy 2050 efforts.
6. <i>Support availability of affordable water supplies and demand management strategies to all customers.</i>	Conducted affordability analysis for typical and low-income households in the region to help inform future decisions and considerations for potential programs and policies.

The work efforts completed in 2025 not only met the objectives but also enabled BAWSCA to identify and proactively address specific near-term needs beyond the scope planned for developing Strategy 2050. They include:

- development of a Grant Tracker for State and Federal funding opportunities that member agencies can pursue;

- integration of affordability into reliability planning which is being applied to evaluate potential P&As;
- creation of a schematic inventory of existing interties among agencies for emergency preparedness, and;
- development of a model ordinance to support local adoption of a ban on non-functional turf through a partnership with California Water Efficiency Partnership (CalWEP).

Board and member agency engagement continues to be critical and will remain throughout the process. Three workshops scheduled in 2026 will focus on efforts that align with key milestones for the development of Strategy 2050.

The first workshop in the Spring will review the emergency planning and response framework in which next steps and recommendations will be presented based on information gathered from member agencies' assessment of regional risks and existing tools as well as needs and opportunities. The second workshop in the Summer will evaluate the recommended suite of P&As and determine BAWSCA's role. The third workshop in the Fall will focus on Strategy 2050's interactive Decision Support Tool (DST) and understanding its capabilities in expanding assumptions and prioritizing alternatives.

Committee Chair Ragsdale appreciated the commitment to keeping the Board and member agency staff engaged through workshops, and in recognizing the immediate needs despite the long horizon of Strategy 2050.

Committee members brought up the importance of having operational and policy procedures in place for testing the interties for emergency preparedness as well as having Standard Operational Procedures (SOP) developed and updated at regional and local levels so that key personnel are well aware of the process and communication channels.

Dr. Ashoori stated that emergency preparedness for both small and large scale emergency events are included in the discussions.

The question on operational and policy procedures for testing interties will be brought back to the WMRs for further dialogue and for inclusion in the framework.

Director Pierce appreciated the progress made in 2025. She noted that it would be of value for the Board to have the WMR's input received from the workshops so the Board can have a broader and technical point of view to layer on its policy perspective. In addition to Board members having dialogue with their agency WMRs, a questionnaire or document that conveys the WMR's input from the workshops to the Board would be helpful.

Director Duncan was pleased that the emergency interconnections are being discussed as part of Strategy 2050 as they are often overlooked. They were installed years ago and were placed in locations that were easy. It is time to look at the difficult connections that require more infrastructure because they are critical to the system.

As a follow up to Director Pierce's question, Director Vella asked if the Strategy 2050 objectives are prioritized and if the prioritization changes through the process.

Dr. Ashoori stated that while there is a schedule for completing the effort, the WMR's interests are considered and adjustments are made accordingly.

Public comments were provided by Dave Warner.

In response to Committee members' comments, Allison Kastama, SFPUC Liaison to BAWSCA, stated that the large interties that connects East Bay Municipal Utility District (EBMUD) and the Hetch Hetchy System, as well as the interties that connect Valley Water and the Hetch Hetchy System, are regularly exercised every month to ensure operational reliability.

- C. Preliminary Fiscal Year 2026-27 Work Plan and Results to Be Achieved: Mr. Smegal presented the preliminary work plan and results to be achieved for FY 2026-27. He noted that the staff memo includes Table 2 which lists activities that are not currently scoped to be in the work plan. Circumstances may dictate their inclusion, but they are not included in the activities and budget development for FY 2026-27.

Table 1 of the staff memo provides the activities in the preliminary work plan that continues to align with BAWSCA's legislated authority and goal of ensuring a reliable supply of high-quality water at a fair price. The work efforts address the issues identified between now and 2065 and includes the completion of Strategy 2050. No new work plan items are being proposed as new projects are expected to come out of Strategy 2050.

Two elements Mr. Smegal highlighted in the preliminary work plan is the development of a plan to implement Strategy 2050, and coordination with SFPUC's finance staff to identify barriers to, and opportunities for, debt financed capital, potentially within the authority of the Regional Financing Authority (RFA).

The preliminary work plan reflects input received from the Board during the January 15<sup>th</sup>, 2026, work plan and budget planning session. Table 4 of the staff report lists the Board's input along with staff's response on how those elements are incorporated in the work plan. A comment addressed by several Board members about how often the affordability analysis should be done is being seriously considered and evaluated for its reasonable cycle, cost and relevance to BAWSCA's scope. Staff resources are evaluated as part of preparing the preliminary work plan, and results of that analysis are presented in Chart 1 and Table 3 of the staff report.

*Reliable Water Supply*

Mr. Smegal reported that BAWSCA's focus on ensuring facility reliability of the regional water system remains a major task of the work plan with its oversight of SFPUC's 10-year CIP, Asset Management Program and Emergency response.

Tasks on long-term supply solutions will include completion of developing Strategy 2050 and a new work plan item of creating a plan for the implementation of Strategy 2050, including identification of results to be achieved in FY 2027-28 and beyond.

As a reminder, Mr. Smegal explained that development of Strategy 2050 is primarily staffed by the consulting firm of EKI Environment & Water, Inc. (EKI), under contract. BAWSCA manages and guides EKI through the process, but the costs associated with the consultants, including legal services, are funded by the Water Management Charge (WMC) and are separate from BAWSCA's operating budget. The use of the WMC under the WSA was authorized by the Board in 2024. Staff resources for the Strategy

2050 efforts are included in the proposed work plan and are reflected in the metrics of staff time.

The second work plan item being added is enhanced efforts with SFPUC's finance staff to identify barriers to and opportunities for debt financed capital, potentially within the authority of the RFA.

In reviewing SFPUC's 10-Year CIP and going through SFPUC's budget process, BAWSCA realized SFPUC's constraints on their long-term borrowing to fund future CIPs. BAWSCA is concerned about how SFPUC will finance a \$10 billion CIP in the future with their current budget constraints. Of particular concern is that SFPUC estimates that around 40% of the CIP for the current year will be funded from Revenue Funded Capital. This means that wholesale customers will be paying, in the first year, for capital improvements that will be there for the life of the capital improvement. That raises short-term rates for wholesale customers, though it helps reduce rates in the longer term.

BAWSCA needs to understand SFPUC's motivations and the constraints related to those parameters. Is that a reasonable approach? Is 40% something that BAWSCA would want to push back on? Is there a reason, contained within BAWSCA's rate structure with the SFPUC, that causes the wholesale customers' revenue not to count toward their bond coverage ratios?

Mr. Smegal intends to perform additional research to determine if there are potential alternative ways to enable SFPUC to borrow more if that is in the best interest of the wholesale customers.

Mr. Smegal plans to work with Christina Tang to further understand SFPUC's constraints and the policy implications. How would wholesale customers want to balance the short term versus the long-term pricing impact, and how does that impact SFPUC's ability to do capital projects in the future. He hopes to report back to the Board near the end of FY 2026-27. He invites input from Committee and Board members on their interest or difference of opinion in pursuing this task.

The framework for near-term solutions will continue efforts on core and subscription water conservation programs and, as required, drought response. The need for any addition of new and/or modifications to conservation programs will be identified in the completion of Strategy 2050.

Protecting the member agencies' water supply and financial interests in the administration of the WSA continues with BAWSCA's monitoring of SFPUC's Alternative Water Supply (AWS) Program, SFPUC's legal and contractual water supply obligations and required 2028 decisions, and implementation of the WSA amendments. The unanimous adoption of a new Tier 2 Plan requires an annual administration process in the event of a drought and the need for water shortage allocation.

There are no changes to the framework of BAWSCA's work plan for the Bay Delta Plan and FERC relicensing process, pursuit for grant opportunities, and reporting and tracking of water supply and conservation activities.

**Water Quality:**

BAWSCA will continue engagement with the Joint Water Quality Committee to ensure wholesale customer needs are addressed, relay water quality information to member agencies, and act on water quality regulations if needed.

**Fair Price:**

This area of the work plan addresses matters in the WSA that member agencies have delegated to BAWSCA. The administration of the WSA that informs the financial impacts to BAWSCA is the core of Christina Tang's work. It includes the annual review of the Wholesale Revenue Requirement and administration for the revenue bonds to protect the member agencies' financial interests.

**Agency Effectiveness:**

BAWSCA will continue to maintain close relationships with community allies, stakeholders, and contacts with environmental interests, as needed, to protect the health, safety and economic well-being of the BAWSCA region. BAWSCA will continue to manage agency activities professionally and efficiently.

Development of the work plan includes estimating staff hours by task to determine the resources needed to complete the work plan. The analysis shows a range of 100% and 125% hours, or an estimated 10.2 Full Time Employee (FTE) for FY 2026-27.

Mr. Smegal noted that the analysis is based on estimated allocation of hours needed for the activities included in FY 2026-27. Staff prioritizes and manages time to complete tasks. The estimation for FY 2026-27 is slightly lower than in FY 2025-26 because of the completion of the Demand Study. FY 2025-26 was estimated at 10.7 FTE.

The allocation of hours are mostly for work efforts on the Long-Term and Short-Term Supply Solutions, administration of WSA matters delegated to BAWSCA, and in the implementation of policy directives by the Board.

A preliminary operating budget will be presented to the Board in March. Mr. Smegal anticipates no major concerns with the budget given the completion of the demand study, there are no major projects anticipated, and a normal salary increase for staff.

Committee Chair Ragsdale appreciated the time to analyze staff workload and hours to help avoid the overextension of staff.

In response to Director Chambers' questions regarding: 1) the SFPUC's estimate that 40% of the CIP in the current year is going to be funded from Revenue Funded Capital, Mr. Smegal clarified that Revenue Funded means funded by wholesale customers; and 2) the status and use of a Human Resources Consultant, Mr. Smegal explained that finding and implementing the use of an HR Consultant is in progress with Hanson Bridgett. The consultant will be used for augmentation of Human Resources related tasks that fall under the Office Manager, particularly functions that were administered by Hanson Bridgett related to Nicole's retirement in 2025, that could be done by an HR consultant moving forward.

Director Andrews suggested looking into Regional Government Service type agencies as they work specifically with government agencies on a variety of administrative tasks including Human Resources.

She asked about the grant tracker effort in the FY 2026-27 work plan and expressed concern with the additional work that effort would put on staff in terms of meeting the requirements of the grant.

In response, Dr. Ashoori explained that the grant tracker effort will be administered by a selected consultant and offered as a subscription program to the member agencies that want service for full administration of a grant.

In looking back, Director Hardy asked how close was the estimation of FTE for FY 2025-26 to the actual need?

Mr. Smegal noted that overtime is not recorded as eight (8) out of nine (9) BAWSCA employees are “exempt”. Staff prioritizes work to produce results according to the work plan. He will continue to monitor workload to ensure staff is not pushed to the limit.

Director Hardy asked if there are other agencies with similar practices to SFPUC’s approach in funding its CIP with Revenue Funded Capital. She was concerned that the approach may just prolong the real costs in the long run.

Mr. Smegal acknowledged that future rate related questions are those that both he and the Board will need answers for. The SFPUC is being conservative when they indicate a 15%-30% minimum amount of capital work should be financed through current rates. And yet the SFPUC shows funding proposed is at 37-40%. He speculates that perhaps all the debt the SFPUC took on the WSIP is still present, thereby increasing the percentage. The question then is over what time period will the impact of WSIP financing go away? There are important policy questions on this topic that are worthy of being addressed.

Director Pierce appreciates Mr. Smegal’s skills and expertise on the rate issue and supports the idea of looking at how other agencies finance their capital projects. In looking at long-term projects, how is it that BAWSCA and SFPUC look at the lower water use, that Dave Warner references, into consideration? Is there a way the Board can be informed about how fast member agencies can or would need to respond if water use continues to decline? As this would impact both rates and projects, because if rates went down, then most likely, projects would not be pursued.

Mr. Smegal suspects that the issue of rates vs sales will be an ongoing discussion. In March, the Board will be presented with an analysis of the current rate situation, an explanation of how rates are developed by the SFPUC, and what changed between SFPUC’s initial estimate of 1% rate increase to the current estimate of 7.6%? It is important for the Board to understand how rates are set and what inputs are considered.

In response to Director Vella, Mr. Smegal explained that SFPUC’s revenue fund is a component of their operating costs. The operating costs includes an expense budget for paying capital costs that includes debt financing, which is past capital, and some are expense budget for paying capital improvements that are being made in the current year.

The expense budget that pays for CIP is the piece BAWSCA should have a clear understanding of what, why, and how because the revenue funding comes in part from the wholesale customers.

In response to Committee Chair Ragsdale, Mr. Smegal explained that the list under Table 2, Activities Out of the Scope of the Preliminary Work Plan, includes activities that have contingent expenses. For example, item 4 of table 2 refers to securing outside technical expertise to assist in the review of SFPUC's capital projects or the Bay Delta Plan. Should BAWSCA find the need for additional outside technical support to validate the reasoning behind replacing the moccasin penstocks under SFPUC's 10-year CIP, and the resources needed for the effort have not been allocated, it would be brought to the Board for consideration and possible action to put resources for that technical support.

Public comments were provided by Dave Warner.

**7. CEO Reports:**

- A. Regional System Event: Mr. Francis reported that on Friday, January 30<sup>th</sup>, the SFPUC discovered a significant leak in the 66-inch diameter steel raw water pipeline that connects the Sunol Valley Water Treatment Plant (SVWTP) to Calaveras Reservoir. SFPUC stopped sourcing from Calaveras and relied on water stored in San Antonio Reservoir. The SFPUC used emergency interties with Valley Water and East Bay Municipal Utilities District (EBMUD) to supplement supply to the region.

BAWSCA agencies received a notice of blend change at 4pm on Friday. SFPUC's operations were in communication with the City of Hayward which experienced lower distribution system pressure in parts of their service from Friday evening through Sunday evening.

Repair work on the leak began on Monday, February 2<sup>nd</sup> and was completed on February 6<sup>th</sup>. The SFPUC will prepare an After-Action Report (AAR) which BAWSCA will review to identify needed changes in the emergency response procedures and whether facility upgrades are needed.

Director Andrews expressed her appreciation for everyone's efforts in addressing the event. She noted that Hayward's communications team issued a city-wide notification. She looks forward to reviewing the AAR.

She asked if there was a coordination tool used among the agencies to know who the system owner is versus the assist team. During the event, she was unsure of who was the lead in addressing the situation. She would like to ensure that in events like this, agencies, including members of the Board, are knowledgeable of the key players and necessary steps.

Director Vella was pleased to hear that the event was handled successfully. He asked if there is an incident command system in emergency situations.

Mr. Francis stated that the SFPUC has an I-info system that notifies BAWSCA member agencies' staff who have been identified as the points of contact. Tom Smegal and Tom Francis are the points of contacts for BAWSCA.

Ms. Kastama reported that the SFPUC had a well-coordinated effort in detecting and addressing the incident and that the response went smoothly, with the exception of Hayward experiencing reduced system pressure. The AAR will help SFPUC understand what

contributed to the reduced system pressure and what areas in the process can be improved. She noted that SFPUC staff, many from the Millbrae Operation Center, was working through the weekend to ensure system operation.

SFPUC's I-Info system can do text messages, emails and a phone call to individuals identified as the agencies' points of contact. BAWSCA and wholesale customers are asked to provide updates to that list at SFPUC's annual meeting with BAWSCA and wholesale customers in February of each year.

With this emergency, SFPUC was proactively communicating with BAWSCA, Hayward, and ACWD because of specific changes that needed to be made. There was a blend change notice due to the change in water quality parameters. This is a typical procedure for incidents of this size. For larger scale emergency incidents that require more actions, such as the 2013 Rim Fire, SFPUC made phone calls to wholesale customers on a daily basis with updates on the impacts to the regional system.

- B. **Water Supply Conditions:** Mr. Smegal reported that water supply conditions are in very good shape with the water bank at 100%. The dry spell in January brought precipitation records to average given the wet conditions experienced in October, November and December. However, snowpack is low as a result of the rainy conditions being experienced in the warmer fall months. The precipitation forecast for next week is expected to be significant. BAWSCA will continue to monitor developments.
- C. **Bay Delta Plan and FERC Update:** Mr. Smegal reported that the Bay Delta Plan Phase 2, which is the Sacramento side of the system, held hearings on January 28<sup>th</sup> – 30<sup>th</sup> to take public comments on the revised draft updates released on December 12<sup>th</sup>. Written comments were accepted by February 2<sup>nd</sup>. BAWSCA did not submit comments but is monitoring developments as it relates to the Bay Delta process on the Tuolumne. The SFPUC provided comments through the San Joaquin Tributaries Authority (SJTA).

The CEQA review for the CWA 401 Certification associated with the licensing of the Don Pedro and La Grange projects are underway. BAWSCA and the legal team will continue to monitor developments.

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

- 8. **Closed Session:** The Committee adjourned to Closed Session at 3:25pm.
- 9. **Report from Closed Session:** Legal Counsel, Allison Schutte, reported that Closed Session ended at 3:51, and stated that there were no reportable Committee action was taken.
- 10. **Comments by Committee Members:** Directors Hamilton and Andrews expressed their appreciation for allowing them to serve in the Committee.
- 11. **Adjournment:** The meeting was adjourned at 3:52pm. The next meeting is April 8, 2026.

# Bay Area Water Supply and Conservation Agency

## Board Policy Committee Meeting Attendance Roster

Agency	Director	Feb. 11, 2026	Dec. 10, 2025	Oct. 8, 2025	Aug. 13, 2025	Jun. 11, 2025	Apr. 9, 2025
Hillsborough	Ragsdale, Leslie (VC)	✓	✓	✓	Meeting Cancelled	✓	✓
San Bruno	Hamilton, Tom	✓	n/a	n/a		n/a	n/a
Hayward	Andrews, Angela	✓	n/a	n/a		n/a	n/a
Westborough	Chambers, Tom	✓	✓	✓		✓	✓
CalWater	Duncan, Darin	✓	✓	✓		✓	✓
Santa Clara	Hardy, Karen (C)	✓	✓	✓		✓	✓
Redwood City	Pierce, Barbara	☎	✓	✓		✓	✓
Burlingame	Stevenson, Peter		✓			✓	
MPWD	Vella, Lou	✓	✓	✓		✓	✓

✓ : present

☎ : Teleconference

### February 11, 2026 Meeting Attendance (*In-Person Meeting*)

**BAWSCA Staff:**

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

**Members of the Public:**

Stephen Rainaldi            City of Millbrae  
 Tom Williams               City of Millbrae  
 Dave Warner                Self  
 Steve Merlone               Self  
 Alison Kastama             SFPUC

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING****January 15, 2026 – 6:30 p.m.****MINUTES****1. Call to Order/Pledge of Allegiance/Roll Call – 6:33 pm.**

BAWSCA Chair, Tom Chambers, called the meeting to order. CEO/General Manager Tom Smegal called the roll. Twenty-four (24) members of the Board were present at roll call with one member participating via teleconference in accordance with the traditional Brown Act Rule. One member arrived after roll call. A list of Directors present (25) and absent (1) is attached.

**2. Special Order of Business – Election of Officers for Calendar Year 2025**

Chair Chambers called for nominations for the position of Chair of the BAWSCA Board. Director Hardy nominated Louis Vella for Chair. Director Pierce seconded the nomination. Director Vella accepted.

There being no further nominations, the nominations were closed by consensus.

**By roll call vote, the Board elected Louis Vella as Chair of the Bay Area Water Supply and Conservation Agency Board of Directors for calendar year 2026, to commence at the adjournment of the meeting at which he was elected.**

Chair Chambers called for nominations for the position of Vice-Chair. Director Ragsdale nominated Karen Hardy for Vice Chair. Director Schneider seconded the nomination. Director Hardy accepted.

There being no other nominations, the nominations were closed by consensus.

**By roll call vote, the Board elected Karen Hardy as Vice-Chair of the Bay Area Water Supply and Conservation Agency Board of Directors for calendar year 2026 to commence at the adjournment of the meeting at which she was elected.**

Public comments were provided by Dave Warner.

**3. The meeting adjourned at 6:41 pm to convene the San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting.****4. The meeting reconvened at 6:50 pm****5. Comments by the Chair:**

Chair Chambers noted that Closed Session will be removed from the agenda as there was no need for it. Items for the Board included consideration of an additional payment to CalPERS to reduce BAWSCA's unfunded pension liability, a mid-year report on the current fiscal year's workplan, budget and General Reserve balance,

and a planning session for the development of BAWSCA's FY 2026-27 workplan and budget.

Chair Chambers congratulated Louis Vella for being elected as Chair of the Board for calendar year 2026. He commented that in his 2-years as Board Chair, he was disappointed to see Nicole Sandkulla leave BAWSCA but is very pleased to have Tom Smegal as BAWSCA's new CEO/General Manager. BAWSCA is in good hands with CEO Smegal's extensive financial and executive management experience with CalWater. He thanked BAWSCA staff as well as the Board for leading the agency's successes that were accomplished because of the member agencies' collaborative efforts to ensure a reliable supply of high-quality water at a fair price for the BAWSCA region. He believes that the member agencies' unity is what makes BAWSCA effective in finding regional solutions.

6. **Board Policy Committee Report:** Board Policy Committee Chair Karen Hardy reported that the Committee met on December 10, 2025 where it voted unanimously to recommend Board of approval of the proposed FY 2026-27 Bond Surcharges. The Committee was presented with the results of the 2025 Regional Water Demand and Conservation Study, and options for making an additional one-time payment to CalPERS to reduce BAWSCA's unfunded pension liability. The committee reached consensus to recommend Board consideration of a funding approach to make an additional payment to CalPERS. Details of the Committee's robust discussion are reflected in the meeting summary included in the agenda packet.

7. **Public Comments on Items Not on the Agenda:**

There were no public comments.

8. **SFPUC Report:** Alison Kastama, SFPUC's Liaison to BAWSCA, provided a water supply conditions update stating that the Regional Water System's (RWS) storage and the State's reservoirs are in good condition given the precipitation to date. She also reported on the SFPUC's Budget Process and 10-Year Capital Improvement Plan (CIP) highlighting the schedule as well as the status of major projects included in the proposed Hetch Hetchy CIP and Water Enterprise CIP.

Comments and questions were received from members of the Board.

Public comments were provided by Dave Warner, Peter Drekmeier, and Mark Shahinian.

9. **Consent Calendar:**

Director Nash noted a correction on the attendance log of the November 20, 2025 Board meeting minutes indicating that she was in attendance and did not teleconference. Director Showalter noted that she participated by teleconference.

**With the noted corrections on the Minutes, Director Breault made a motion, seconded by Director Manalo, that the Board approve the Minutes of the November 20, 2025 Meeting; Receive and File the Budget Status Report as of November 30, 2025, Investment Report, Directors' Reimbursement Report, and Employees' Reimbursement Report as of December 31, 2025; Receive and File the Bond Surcharge Collection, Account Balance, and**

**Payment Report as of September 30, 2025; and Approve the Proposed FY 2026-27 Bond Surcharges.****The motion passed by roll call vote with one abstention.**

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

**10. Action Calendar:****Director Mehlinger made a motion, seconded by Director Weed, that the Board approve Option #3 as the funding approach, out of the three options presented, which authorizes a one-time additional payment of \$300,000 to CalPERS to reduce BAWSCA's unfunded pension liability.****The motion carried by a roll call vote of 15:10.****11. Reports and Discussions:**

Finance Manager, Christina Tang, reported on BAWSCA's Pension Liability Funded Status and OPEB Liability Funded Status:

Sr. Water Resources Specialist, Danielle McPherson, reported on the 2025 Regional Water Demand and Conservation Study.

The Chair called for a motion to extend the meeting to 9:30pm.

**Director Hamilton made a motion, seconded by Director Mehlinger, to extend the meeting to 9:30pm as recommended by the Chair.****The motion passed unanimously by roll call vote.**

CEO/General Manager Smegal presented the findings of the FY 2025-26 Mid-Year Work Plan, Budget and General Reserve Review.

Questions and comments were received from members of the Board.

Public comments were received from Peter Drekmeier, Mark Shahinian and Dave Warner.

**12. Discussion Item: Fiscal Year 2025-26 work plan and budget planning session:**

A table was presented to the Board showing the identified short-, mid-, and long-term challenges that should be considered by BAWSCA between now and 2065. As part of the planning session, Board members provided comments and feedback to the CEO regarding potential work effort, outreach focus, or topics of interest for his consideration in developing the work plan and budget for FY 2026-27.

Public comments were received from Dave Warner and Peter Drekmeier.

**13. CEO Reports:**

The Board received reports on BAWSCA's Consultant Billing Rate Market Comparison, Bay Delta Plan and FERC Process, BAWSCA's review of SFPUC's 10-Year CIP and budget process, and an update on legislative matters that impact BAWSCA.

Public comments were provided by Stephen Rainaldi, Vice Mayor for City of Millbrae.

**14. Closed Session:** No Closed Session was held.

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

**16. Additional Time for Public Comments (Time Permitting):**

The meeting duration did not permit additional time for public comments .

**17. Directors' Discussion: Comments, Questions and Agenda Requests:**

Director Ragsdale thanked Chair Chambers for his diligence and guidance of the Board as Chair for the past 2 years.

Director Schneider requested the Board Policy Committee's consideration of looking into SFPUC projects that are within a member agencies' jurisdictions and the potential impacts those projects have on that agency and its residents.

**18. Date, Time and Location of Next Meeting:** The next meeting is scheduled on March 19, 2026 at 6:30pm in the Burlingame Community Center.

**19. Adjournment:** The meeting adjourned at 9:18pm.

Respectfully submitted,

Tom Smegal  
CEO/General Manager

NS/le

Attachments: 1) Roll Call & Voting Log  
2) Attendance Roster

## Roll Call & Voting Log - BAWSCA

Meeting Date: 15-Jan-26

								Weighted Voting <sup>(2)</sup>	
Agency	Director	Present/ Absent	Item #2 Election of Chair Nominee	Item #2 Election of VChair Nominee	Item #9 Consent	Item #10 Additional Discretionary Payment (ADP)	Extend the Meeting to 9:20pm	Weighted "Yes" Votes	Weighted "No" Votes
Hayward	Andrews, Angela	y	y	y	y	y	y		
Brisbane	Breault, Randy	y	y	y	y	y	y		
Guadalupe	Breault, Randy	y	y	y	y	y	y		
Westborough	Chambers, Tom	y	y	y	y	n	y		
San Jose	Cohen, David	y	y	y	y	y	y		
CalWater	Duncan, Darin	y	y	y	y	y	y		
San Bruno	Hamilton, Tom	y	y	y	y	y	y		
Santa Clara	Hardy, Karen	y	y	y	y	y	y		
Purissima	Jordan, Steve	tele y	tele y	tele y	tele y	tele n	tele y		
Foster City	Kiesel, Art	y	y	y	y	n	y		
East Palo Alto	Lincoln, Webster	y	a	a	y	n	y		
Daly City	Manalo, Juslyn	y	y	y	y	y	y		
Sunnyvale	Mehlinger, Richard	y	y	y	y	y	y		
Coastside	Mickelsen, Chris	y	y	y	y	y	y		
Milpitas	Montano, Carmen	a	a	a	a	a	a		
Menlo Park	Nash, Betsy	y	y	y	y	n	y		
North Coast	Picolotti, Tom	y	y	y	y	y	y		
Redwood City	Pierce, Barbara	y	y	y	y	n	y		
Hillsborough	Ragsdale, Leslie	y	y	y	y	y	y		
Millbrae	Schneider, Ann	y	y	y	y	y	y		
Mountain View	Showalter, Pat	y	y	y	y	y	y		
Burlingame	Stevenson, Peter	y	y	y	y	n	a		
Palo Alto	Stone, Greer	y	y	y	y	n	y		
Mid-Peninsula	Vella, Louis	y	y	y	y	n	y		
ACWD	Weed, John	y	y	y	y	y	y		
Stanford	Zigterman, Tom	y	y	y	a	n	y		

### Vote Tally

							Weighted Vote Summary	
	25	24	24	24	15	24	"Yes"	"No"
Yes (y)								
No (n)					10			
Absent (0)	1	2	2	1	1	2		
Abstain (a)				1				
Item Carries by Simple Vote?								
Item Carries by Weighted Vote?								

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

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

a) A majority of the members present and voting, and March 19, 2026 BAWSCA Board of Directors Meeting Agenda Packet Page 19

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

## Bay Area Water Supply and Conservation Agency

### Board of Directors Meeting Attendance Roster

Director	Agency	Jan. 15, 2026	Nov. 20, 2025	Sept. 18, 2025	July 17, 2025	May 15, 2025	Mar. 20, 2025
Andrews, Angela	Hayward	✓	✓	✓	✓	✓	✓
Breault, Randy	Guadalupe	✓	✓	✓		✓	✓
Breault, Randy	Brisbane	✓	✓	✓		✓	✓
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓
Cohen, David	San Jose	✓		✓			✓
Duncan, Darin	Cal Water	✓	✓	✓	✓	✓	✓
Hamilton, Tom	San Bruno	✓	✓		✓	✓	✓
Hardy, Karen	Santa Clara	✓	☎	✓		✓	✓
Jordan, Steve	Purissima	☎	✓	☎	✓	✓	✓
Kiesel, Art	Foster City	✓	✓	✓	✓	✓	✓
Lincoln, Webster	East Palo Alto	✓	✓	✓		✓	✓
Manalo, Juslyn	Daly City	✓	✓		✓		✓
Mehlinger, Richard	Sunnyvale	✓	✓		✓	✓	
Mickelsen, Chris	Coastside	✓	✓	✓	✓	✓	✓
Montano, Carmen	Milpitas		✓	✓	✓	✓	✓
Nash, Betsy	Menlo Park	✓	✓	✓	✓	✓	✓
Piccolotti, Tom	North Coast	✓	✓	✓	✓		✓
Pierce, Barbara	Redwood City	✓	✓	✓	✓	✓	☎
Ragsdale, Leslie	Hillsborough	✓	✓	✓	✓	☎	✓
Schneider, Ann	Millbrae	✓	✓	✓	✓	✓	✓
Showalter, Patricia	Mountain View	✓	☎	✓	☎	✓	✓
Stevenson, Peter	Burlingame	✓	✓		✓	✓	✓
Stone, Greer	Palo Alto	✓	✓	✓	✓	✓	✓
Vella, Louis	Mid-Peninsula	✓	✓	☎	✓	✓	✓
Weed, John	ACWD	✓	☎	✓	✓	✓	✓
Zigterman, Tom	Stanford	✓		✓	✓	✓	✓

✓ : Present

\* : Predecessor

☎ : Teleconference

# BAWSCA

## Bay Area Water Supply & Conservation Agency

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

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

**FROM:** Deborah Grimes, Office Manager

**DATE:** March 3, 2026

**SUBJECT:** Budget Status Report as of January 31, 2026

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

**Operating Budget Summary:**

For the seven-month period ending January 31, 2026, 58 percent into the fiscal year, total expenditures were \$2,682,959 or 48 percent of the total budget of \$5,547,732

**Table 1. Operating Budget Summary as of January 31, 2026**

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
<b>Consultants /Direct Expenditures</b>			
Reliability	1,563,088	688,756	44%
Fair Pricing	324,887	111,696	34%
Administration	346,000	95,728	28%
<b>Subtotal</b>	<b>2,233,975</b>	<b>896,180</b>	<b>40%</b>
<b>Administration and General</b>			
Salary & Benefits	2,694,282	1,508,637	56%
<b>Other Expenses</b>			
BAWSCA	554,300	275,282	50%
BAWUA	1,050	0	0%
<b>Subtotal</b>	<b>5,483,607</b>	<b>2,680,098</b>	<b>49%</b>
<b>Capital Expenses</b>	5,000	0	0%
<b>Budgeted Contingency</b>	57,500	0	0%
<b>Regional Financing Authority</b>	1,625	2,861	176%
<b>Grand Total</b>	<b>5,547,732</b>	<b>2,682,959</b>	<b>48%</b>

**Overview:**

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

**Consultants**

The \$100,000 budget for technical review and tracking of the SFPUC’s Water System Improvement Program was 21 percent expended. The Operating Budget allocation of \$935,000 budget for legal counsel was 40 percent expended. The \$271,600 budget for water management and conservation-related activities was 45 percent expended.

**Administration and Other Expenses**

Budgets for salaries and other expenses were 56 percent and 50 percent respectively.

**Use of CEO’s Discretionary Spending Authority:**

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

**Use of Reserve and Reserve Fund Balance:**

Unspent funds at the end of FY 2024-25 were \$500,997. The General Reserve balance as of January 31, 2026, reflects the transfer of unspent funds from FY 2024-2025 in accordance with BAWSCA’s General Reserve Policy. At its January 2026 meeting, the Board authorized a transfer from the General Reserve of \$300,000 for a one-time payment to CalPERS to Reduce BAWSCA’s Unfunded Pension Liability. The reserve balance as of January 31, 2026, shown below reflects this transfer.

**Table 2. General Reserve Fund Balance**

<b>Fund</b>	<b>Account Balance (As of 11/30/25)</b>	<b>Account Balance (As of 01/31/26)</b>
General Reserve	\$1,705,262	\$1,405,262

# **BAWSCA**

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

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

### MEMORANDUM

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

**FROM: Deborah Grimes, Office Manager**

**DATE: March 3, 2026**

**SUBJECT: Investment Report – As of January 31, 2026**

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In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The Board most recently reviewed the investment policy at the November 20, 2025, board meeting.

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

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

<u>12/31/25</u>	<u>01/31/26</u>
\$3,935,623	\$3,677,236

Of the total in the BAWSCA LAIF account as of January 31, 2026, \$1,405,262 represents BAWSCA's General Reserve Fund, which includes the transfer of \$500,997 in unspent funds from FY 2024-2025, equivalent to approximately 25 percent of FY 2025-2026 Operating Budget, within our goal of 20-35% of our current Operating Budget. The remaining amount consists of unrestricted funds.

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

<u>09/30/25</u>	<u>12/31/25</u>
4.34%	4.20%

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# BAWSCA

## Bay Area Water Supply & Conservation Agency

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

### MEMORANDUM

**TO:** Tom Smegal, CEO/General Manager  
**FROM:** Christina Tang, Finance Manager  
**DATE:** March 6, 2026  
**SUBJECT:** Bond Surcharge Collection, Account Balance and Payment Report as of December 31, 2025

In February 2013, BAWSCA’s Revenue Bond Series 2013A and Series 2013B (Taxable) were issued to prepay the remaining capital cost recovery payments that the BAWSCA agencies owed San Francisco as of June 30, 2013, when the payments were paid off. In January 2023, BAWSCA completed the settlement of Series 2023A bonds to refund the 2013A bonds based on a tax-exempt forward delivery, which resulted in a reduced monthly surcharge from the agencies starting March 2023. The bond transactions and the prepayment program are anticipated to generate approximately \$89.4 million in net present value savings to the water customers from 2013 to 2034 when the bonds will be paid off.

### **Bond Surcharge Collections**

BAWSCA collects the bond surcharge from member agencies through the SFPUC as a separate item on SFPUC’s monthly water bills to agencies. The bond surcharge payments are used to make debt service payments on BAWSCA’s revenue bonds.

The surcharges billed for the month of October have been collected. Payments of surcharges billed for November and December 2025 are still being received. Table 1 below presents a summary of financial transactions related to BAWSCA’s Bond Series 2023A and 2013B for the three months.

Table 1: Summary of Surcharges Remitted to Trustee for Quarter Ending 12/31/2025

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>	<u>Difference</u>
October 2025	\$1,828,529	\$1,828,529	\$0
November 2025	\$1,828,529	\$1,789,085	\$39,444
December 2025	<u>\$1,828,529</u>	<u>\$1,772,666</u>	<u>\$55,863</u>
<b>Total</b>	<b>\$5,485,587</b>	<b>\$5,390,280</b>	<b>\$95,307</b>

### **Bond Surcharge Account Balances**

All surcharge payments are deposited with the Bank of New York, the Trustee, which manages BAWSCA’s accounts and administers debt service payments. BAWSCA’s account balances at the Trustee and the account activities in the past quarter are shown in Table 2 below.

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 12/31/2025

	<b>36,450,189</b>	<b>Account Market Value as of 9/30/2025</b>
<i>plus:</i>	5,520,557	<i>Surcharge Collected in October 2025 through December 2025</i>
<i>plus:</i>	131,848	<i>Money Market Fund Interest, Security Coupons/Accrued Interest Received</i>
<i>plus:</i>	1,728,243	<i>Change in Market Value of Held and Matured Treasury Bonds</i>
<i>minus:</i>	17,986,571	<i>Debt service payment to bondholders</i>
<i>minus:</i>	1,694,942	<i>Principal for Treasury bonds purchased</i>
<i>minus:</i>	405	<i>Accrued interest for Treasury bonds purchased</i>
	<b>24,148,917</b>	<b>Account Market Value as of 12/31/2025</b>

By the end of the fourth quarter of 2025, the Federal Reserve lowered rates by a total of 50 basis points to a target range of 3.50% - 3.75% in an effort to address downside risks to employment. Accordingly, short term rates declined by as much as roughly 50 basis points over the quarter. Rates in the 2-3 year range decreased by approximately 10-15 basis points while 5-year rates declined by less than 5 basis points as economic uncertainty remained elevated. In 2025, BAWSCA evaluated its investment strategy for the bond stabilization fund during the annual review of the Investment Policy. BAWSCA’s longer-term 0-5 year laddered maturity investment strategy continues to provide important yield curve diversification against both market price and reinvestment rate risks consistent with BAWSCA’s risk tolerances and primary investment objectives. With its laddered maturity structure, the fund has been able to systematically reinvest maturing proceeds into currently available longer-term securities, helping to lock in prevailing yields and reduce future reinvestment risk.

On December 31, 2025, the book yield and market yield on BAWSCA’s revised portfolio strategy was 3.58% and 3.56% respectively, as compared to the yield of 3.66% for the money market fund.

All investment interest earnings are deposited directly in the Trustee account and will be used to pay for future expenses and debt service of the bonds. Ultimately, all interest earnings are returned to the member agencies through annual savings and through distribution of the Stabilization Fund, including interest, once the bonds are fully paid.

**Revenue Bond Series 2023A and Series 2013B Debt Service Payment Status**

The recent debt service payment of \$17,986,572 was made on October 1, 2025. It was paid using the bond surcharges collected from the agencies, consistent with the bond indenture. The next debt service payment of \$3,675,887 will be made on April 1, 2026. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1st and October 1st of each year until 2034.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**               **Consider Resolution #2026-01 Concurring in Nomination of John H. Weed of Alameda County Water District to the California Water Insurance Fund Board, an ACWA/JPIA Captive Insurance Company**

**Summary:**

ACWA/JPIA members, including BAWSCA, are invited to submit nominations for appointment to the California Water Insurance Fund (CWIF) Board, an ACWA/JPIA Captive Insurance Company. The member agency nominee must be the member agency's member of the ACWA/JPIA's Board of Directors.

Alameda County Water District (ACWD) nominated its member of the JPIA Board of Directors, John Weed, to the CWIF Board. Mr. Weed is a member of the Board of Directors of ACWD and a BAWSCA Board Member. ACWD and Mr. Weed have requested BAWSCA's support of his nomination by submitting the attached concurring resolution.

In March 2023 and March 2025, the BAWSCA Board adopted Resolutions 2023-01 and 2025-01, concurring in the nomination of John H. Weed to the Executive Committee of the ACWA/JPIA.

**Board Policy Committee Action:**

This item was not considered by the Committee at its February 11<sup>th</sup> meeting because the formal request from ACWD was received on February 19<sup>th</sup>, following ACWD's Board adoption of a resolution nominating John Weed at its meeting held on February 13.

This request must be acted upon by the BAWSCA Board as all concurring resolutions must be submitted to ACWA/JPIA by April 4<sup>th</sup>, 2026.

**Recommendation:**

That the Board adopt Resolution #2026-01 concurring in nomination of John H. Weed of Alameda County Water District to the California Water Insurance Fund Board, an ACWA/JPIA Captive Insurance Company.

**Attachments:**

1. Resolution #2026-01, Concurring in nomination of John H. Weed to the CWIF Board.
2. Correspondence from John H. Weed and Biography

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**RESOLUTION NO. 2026 – 01  
BY THE BOARD OF THE  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**CONCURRING IN NOMINATION TO THE CALIFORNIA WATER INSURANCE FUND  
BOARD, AN ACWA/JPIA CAPTIVE INSURANCE COMPANY**

**WHEREAS**, this agency is a member agency of the JPIA; and

**WHEREAS**, the Nominating Procedures for the California Water Insurance Fund Board provide that in order for a nomination to be made to the California Water Insurance Fund Board, three member agencies must concur with the nominating agency; and

**WHEREAS**, another JPIA member agency, the Alameda County Water District, has requested that this agency concur in its nomination of its member of the JPIA Board of Directors to the California Water Insurance Fund Board;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Bay Area Water Supply and Conservation Agency, that this agency concurs with the nomination of John H. Weed of Alameda County Water District to the California Water Insurance Fund Board.

**BE IT FURTHER RESOLVED** that the District Secretary is hereby directed to transmit a certified copy of this resolution to the JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

Regularly passed and adopted this 19th day of March, 2026 by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
CHAIR, BOARD OF DIRECTORS

ATTEST:

\_\_\_\_\_  
Board Secretary

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BOARD MEMBERS

43885 SOUTH GRIMMER BOULEVARD • FREMONT, CALIFORNIA 94538  
(510) 668-4200 • www.acwd.org

MANAGEMENT

- AZIZ AKBARI
- JAMES G. GUNTHER
- JUDY C. HUANG
- PAUL SETHY
- JOHN H. WEED

- ED STEVENSON  
General Manager
- DAN STEVENSON  
Operations and Maintenance
- GIRUM AWOKE  
Engineering and Technology
- LAURA J. HIDAS  
Water Resources
- JONATHAN WUNDERLICH  
Finance and Administration
- JACKIE MCCLOUD  
Special Assistant to the General Manager

February 19, 2026

VIA ELECTRONIC MAIL

Tom Smegal ([tsmegal@bawasca.org](mailto:tsmegal@bawasca.org))  
 CEO/General Manager  
 Bay Area Water Supply & Conservation Agency  
 155 Bovet Road, #650  
 San Mateo, CA 94402

Dear Mr. Smegal:

Subject: Request for Concurring Resolution Nominating John H. Weed to ACWA-JPIA California Water Insurance Fund Board

I write to respectfully request your agency’s consideration of a concurring resolution in support of my nomination to the California Water Insurance Fund (CWIF) Board, an Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) Captive Insurance Company.

As you may know, ACWA-JPIA has invited member agencies to submit nominations to fill two vacancies on the ACWA-JPIA CWIF Board. As an active member of the ACWA-JPIA Board of Directors since 2012 and serving on the ACWA-JPIA Risk Management Committee, I have represented the interests of member agencies such as yours in the direction and activities of the ACWA-JPIA which provides significant value and resources to its members.

I was elected to the ACWD Board of Directors in 1995 and currently serve on the ACWD Finance and Administration Committee. ACWD is one of fourteen water districts in the United States and only member of JPIA to have a Aaa credit rating from Moody’s. The attached biography further outlines my qualifications.

Thank you in advance for your consideration. I respectfully request your support. Please do not hesitate to contact me with any questions or for more information at [john.weed@acwd.com](mailto:john.weed@acwd.com) or (510) 651-1885.

Sincerely,

John H. Weed  
 Member, ACWD Board of Directors

- Enclosures: 1) Biography  
 2) Sample Concurring Resolution

## **John H. Weed**

### **Biography**

**Mr. John H. Weed** is a Board Member of the Alameda County Water District (ACWD) and has served on the ACWD Board since 1995. Mr. Weed has a Bachelor of Science degree in Civil Engineering, and Juris Doctor degree from the University of Santa Clara. He has a Master of Business Administration degree in Finance from Eastern New Mexico University. He conducted doctoral-level graduate studies in Water Resource Administration, and Graduate Research Associate in Agricultural Economics at the University of Arizona.

He is an attorney, member of California Bar, and also works in property development as President of Niles Properties, Inc. He was previously employed as an Engineer Technician with the Santa Clara Valley Water District and was the Special Assistant to the Division Manager of Ordinance Engineering at FMC Corporation. Mr. Weed formerly served as an elected Trustee of the Ohlone Community College District from 1977 to 2010.

Since 2003 he has served on the Board of Directors of the Bay Area Water Supply and Conservation Agency, for the past fourteen years he has been an appointed member of the Alameda County Property Tax Assessment Appeals Board for both valuation and legal issues. Mr. Weed serves on the Federal Affairs Committee of the Association of California Water Agencies (ACWA) and is a member and past Chair of the ACWA Region 5 Council. He is a Director on the Board of the California Delta Conveyance Design and Construction Authority, a member of the Risk Management Committee of Joint Power Insurance Authority of ACWA, past President of the Washington Township Historical Society, and member of the Newark Rotary.

Mr. Weed is a Vietnam veteran, serving his three years of active-duty service as a Munitions Maintenance Officer and Explosive Ordnance Disposal Officer. He served in the U.S. Air Force Reserves as a Civil Engineer for 28 years, retiring with the rank of Colonel. His highest award was the Legion of Merit. His service as a Civil Engineer was focused on Readiness with certifications in Fire Protection, Explosive Ordnance Disposal, and Disaster Preparedness. He served as an Individual Mobilization Augmentee [IMA] to the Air Force Fire Marshal with functional management of 13,000 Fire Fighting Personnel at 162 locations from 1992-1995. From 1995 to his retirement in 2000, Colonel Weed was the IMA to the Civil Engineer of the Pacific Air Forces with functional management of 6,400 Military personnel, with an annual budget of \$1-billion for Operations and Maintenance, and \$500-million in capital construction. His primary focus was Readiness for U.S. Air Force Assets on the Korean Peninsula, which was identified as the highest risk location in the world.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Public Hearing and Status of BAWSCA’s Employee Vacancies and Recruitment and Retention Efforts as Required by Assembly Bill 2561 (Government Code Section 3502.3)**

**Summary:**

Assembly Bill (AB) 2561 requires public agencies to monitor vacancy rates and present information on the status of job vacancies as well as recruitment and retention efforts at a public hearing annually and before the adoption of an annual budget. The goal of AB 2561 is to ensure that agencies maintain sufficient staffing to provide reliable and efficient services to the public.

**Fiscal Impact:**

None.

**Recommendation:**

**This item is for compliance with AB2561. No Board action is required at this time.**

**Discussion:**

Effective January 1, 2025, in compliance with new legal obligations for public agencies under AB 2561 codified in Government Code § 3502.3, BAWSCA shall: (1) present the status of vacancies and recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year; and (2) if the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget. Additionally, agencies must identify policies, procedures, and recruitment activities that may be impeding the hiring process. The statute authorizes the recognized employee organization (a union) to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts. BAWSCA does not have a recognized employee organization. Therefore, the statutory obligations related to employee organizations do not apply to the hearing.

*Status of vacancies and recruitment efforts:*

In compliance with AB 2561, BAWSCA staff conducted a review of staffing levels across the agency. BAWSCA currently has nine (9) full-time positions. All Nine (9) positions are filled although an employee filling one (1) position, Office Assistant, is retiring at the end of April. BAWSCA has a “temp to hire” shadowing and training with the employee. Thus, BAWSCA does not currently have any vacancies to report.

Temporary employees are those employed for short-term assignments and may be full- or part-time. Temporary employees shall not work for BAWSCA for more than (1) six continuous months, or (2) 1,000 hours during the fiscal year (or, if employed on a per diem basis, 125 days). Thus, if BAWSCA does not make the current temp to hire employee permanent, it will diligently continue its recruitment efforts to find a permanent solution.

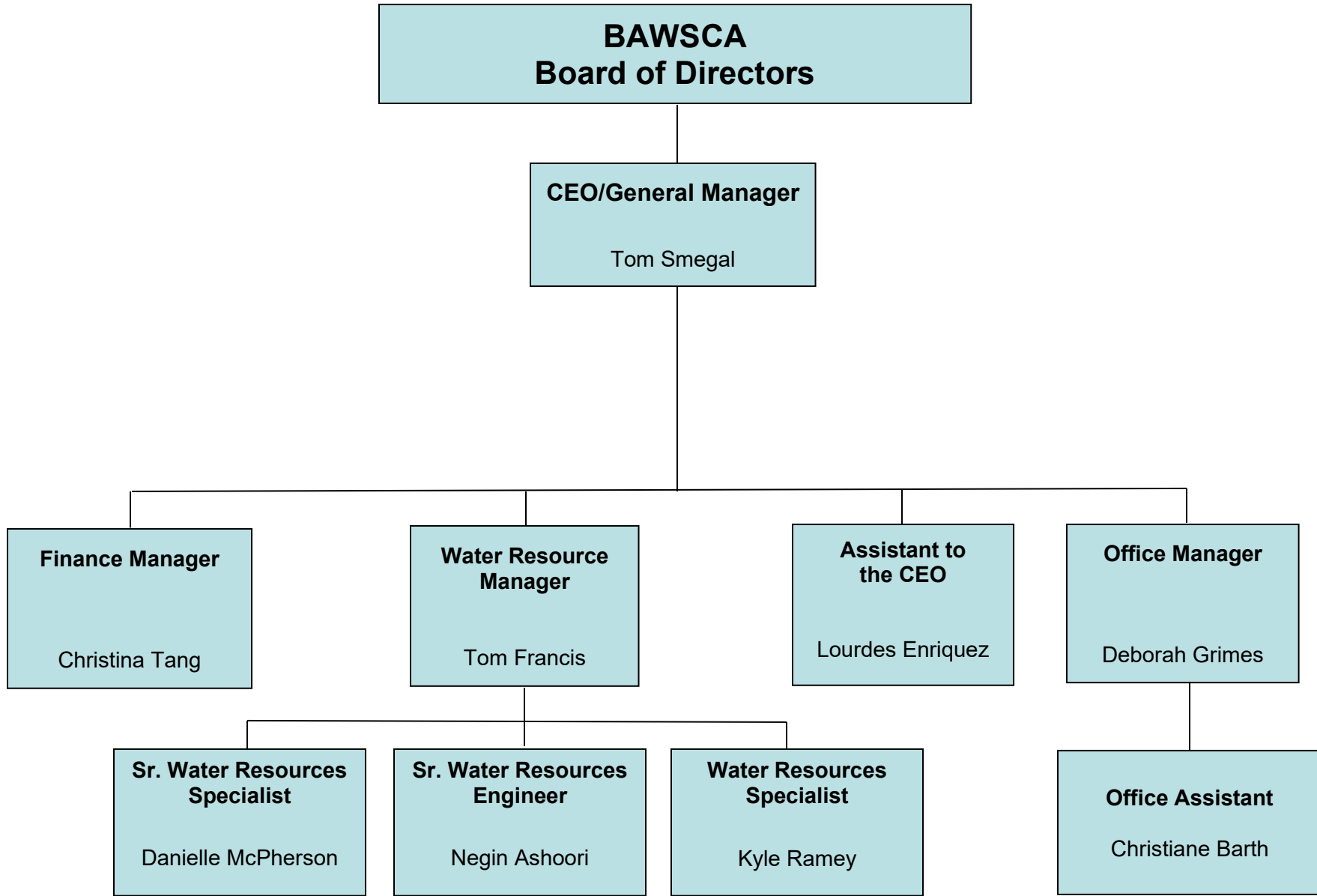
Overall, BAWSCA has not identified policies or procedures that are an obstacle to recruiting.

**Attachment:**

1. BAWSCA Organization Chart.

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**BAWSCA Organization Chart**



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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Preliminary Fiscal Year 2026-27 Work Plan, Results to be Achieved and Operating Budget**

**Summary:**

This memorandum presents the preliminary Fiscal Year 2026-27 Work Plan and results to be achieved. Comments received from the Board at the January 15, 2026 Work Plan and Budget Planning Session and from the Board Policy Committee at the February 11th meeting have been reviewed and addressed.

The preliminary Work Plan remains aligned with BAWSCA’s legislated authority and its three goal segments: a reliable supply of high-quality water at a fair price. Proposed work efforts to be undertaken in FY 2026-27 include the continued development of BAWSCA’s Long Term Reliable Water Supply Strategy 2050 (Strategy 2050).

A broad listing of the work envisioned in the preliminary work plan is provided in the Discussions section of this memorandum.

**Board Policy Committee Action:**

The preliminary Work Plan and results to be achieved were presented to the Committee for discussion at its February 11<sup>th</sup> meeting.

**Recommendation:**

**That the Board provide comments and suggestions concerning the:**

- 1. Preliminary Fiscal Year 2026-27 Work Plan and Results to be Achieved;**
- 2. Preliminary Operating Budget of \$5,340,828; and**
- 3. Preliminary considerations and alternatives for funding the Operating Budget.**

**Discussion:**

**Preliminary Work Plan:**

Next year’s Work Plan addresses all of the anticipated issues and results to be achieved discussed with the Board on January 15, 2026 and the Board Policy Committee on February 11, 2026.

The Preliminary FY 2026-27 Work Plan includes the following major efforts:

- Overseeing SFPUC’s WSIP, 10-Year Capital Improvement Program (CIP), Regional Water System (RWS) Asset Management Program, and Emergency Response.
  - Review the SFPUC’s proposed Strategic Asset Management Plan (to be completed in FY 2026-27)
- Implementing BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy), including the following actions:
  - Continue the development of Strategy 2050;
  - Participate in the Bay Area Regional Reliability Partnership (BARR);
  - Participate in PureWater Peninsula potable reuse project planning;

- Facilitate development of other local water supply options by members;
- Work with San Francisco finance staff to identify barriers to and opportunities for debt financed capital, potentially within the authority of the Regional Financing Authority (RFA). Continue to work with San Francisco on its Alternative Water Supply Program proposal to fund local projects.
- Supporting near term water supply solutions for members including:
  - Represent members' interests in compliance with California's "Making Water Conservation a California Way of Life" requirements as appropriate;
  - Provide regional coordination to support Advanced Metering Infrastructure (AMI) implementation and data management; and
  - Implement BAWSCA's regional core and subscription conservation programs to support members and their customers.
- Taking actions to protect members' water supply and financial interests in administration of the WSA including the following:
  - Monitor SFPUC's implementation of its Alternative Water Supply (AWS) Plan and engage as appropriate;
  - Monitor SFPUC's unfunded pension and OPEB liabilities;
  - Protect members' water supply and financial interests in the SFPUC's required 2028 decisions;
  - Ensure correct implementation of recent amendments to the WSA.
- Participating in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented.
- Participating in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies.
- Supporting members in receiving reliable communication of water quality issues including:
  - Coordinating member participation in Joint Water Quality Committee;
  - Relaying important water quality information to members and SFPUC as necessary; and
  - Review and act on, if necessary, State legislation affecting water quality regulations.
- Administering the WSA to protect financial interests of members.
- Administering BAWSCA's revenue bonds issued to retire capital debt owed by Wholesale Customers to San Francisco.
- Continuing BAWSCA's Student Internship Program.
- Implementing Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.
- Maintaining a motivated, trained, and effective workforce.
- Integrating Human Resources (HR) professional support services into BAWSCA's internal operations.
- Continuing development of a staff-led effort to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.

Table 1 presents the draft preliminary FY 2026-27 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the items that are not included in the preliminary Work Plan. Any of these items could be added to the work plan at a later date, if needed, following further discussion with the Board concerning available resources and priorities.

Table 5 lists expected future large efforts which are not included in the FY 2026-27 preliminary Work Plan, but will be considered in future work plan and budgets based on recommended actions developed in Strategy, cyclical expenditures or other projects contingent on future developments outside BAWSCA's control.

**Preliminary FY 2026-27 Work Plan Includes Continuation of a Previously Approved, Significant Multi-Year Project**

The Regional Water Demand Projections and Conservation Study (Demand Study) and development of BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy 2050) were two major multi-year projects in the FY 2025-26 Work Plan that were previously approved by the Board and initiated in FY 2024-25. Both relate directly to ensuring water supply reliability for the customers served by the BAWSCA members.

With the completion of the Demand Study in December 2025, Strategy 2050, Work Plan Item 2a, remains a major task in FY 2026-27 Work Plan.

**New or Significantly Re-scoped Activities for FY 2026-26**

Strategy 2050 is expected to conclude in FY 2026-2027. From a resource availability and work priority perspective, BAWSCA must continue to devote the significant resources to that project rather than undertake new work activities. Moreover, Strategy 2050 will likely lead to many additional work activities for the following fiscal year. Activity re-scoping is not proposed for FY 2026-27 at this time.

**Strategy 2050**

In FY 2023-24, BAWSCA completed the preparation of a Scope of Work for Strategy 2050. At the July 18, 2024 BAWSCA Board Meeting, BAWSCA's CEO/General Manager was authorized to enter into the required consultant contracts to assist in the development of Strategy 2050 and to enact a Water Management Charge (WMC) to fund its development up to a not-to-exceed amount of \$2.447M.

The WMC totaling \$2.447M has been assessed to cover the cost of consultant services, including legal support, for Strategy 2050's development work in FY 2024-25 and through its ongoing efforts and final completion in FY 2026-27.

While utilizing a WMC as the funding approach allows for a discrete project budget that is independent of BAWSCA's annual operating budget, staff time required to support the development of Strategy 2050 is estimated and included as part of the proposed FY 2026-27 Work Plan.

Strategy 2050 development includes primary tasks and subtasks. All of the tasks and subtasks tie directly back to the proposed purpose and objectives of Strategy 2050. The purpose of Strategy 2050 is "To identify the water supply and demand management needs and

opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience”. Six Strategy 2050 objectives for the BAWSCA region were identified to achieve the Strategy 2050 purpose. These six objectives are in addition to BAWSCA’s work to oversee the WSA and align with BAWSCA’s goal of a reliable supply of high-quality water at a fair price. Specifically, the six objectives are to: 1) Provide a comprehensive picture of the region’s supply and demand management needs and options; 2) Establish a framework for collectively maintaining and improving regional water supply reliability and resilience; 3) Elevate awareness of and support the region’s interest in new and emerging regulations that impact water supply and demand management; 4) Expand regional dialogue and collaboration to collectively address common needs; 5) Close the gap on funding needed for water supply resilience and reliability; and 6) Support availability of affordable water supplies and demand management strategies to all customers.

To accomplish the six objectives of Strategy 2050, the work effort has been broken down by key tasks. Seven key tasks will be completed as follows: 1) Evaluate water supply and demand management reliability; 2) Assess regulatory setting and collaboration opportunities; 3) Evaluate existing project concepts and identify new regional project opportunities; 4) Provide support to member agencies in their efforts to obtain external funding; 5) Document water affordability challenges and opportunities; 6) Develop a method to track and report on the status of Strategy 2050 implementation; and 7) Report preparation, including the preparation of findings plus near and long-term recommendations.

BAWSCA began Strategy 2050’s development effort in the second quarter of FY 2024-25. Its projected completion date is January 1, 2027. Efforts are on schedule with Tasks 1 and 2 continuing into FY 2025-26 along with the bulk of the effort for Tasks 3, 4 and 5. In FY 2026-27, the effort will be completed as work on Tasks 6 and 7 concludes. BAWSCA anticipates that staff will begin to plan how to implement Strategy 2050 beginning in January 2027 and extending through the close of the fiscal year, and hours have been allocated for that effort. As noted previously, BAWSCA anticipates that this planning will lead to specific work efforts that will begin in FY 2027-28 and beyond.

Strategy 2050 development requires extensive staff focus and involvement. BAWSCA’s technical staff and its CEO/General Manager have been assigned substantial time commitments on the effort in the preliminary FY 2026-27 Work Plan.

Extensive engagement with the BAWSCA Board and Water Management Representatives will continue to be conducted throughout the development of Strategy 2050. That engagement will continue to take place during FY 2026-27.

**Analysis of BAWSCA Current Staff Resources and Its Impact on the Preliminary FY 2026-27 Work Plan:**

In preparing the preliminary Work Plan, necessary hours for all nine BAWSCA staff members were allocated to each individual work plan item to ensure sufficient staff resources are available to achieve not simply the work plan item but also the collective work plan results. Care is taken to balance the work plan such that the proposed workload does not exceed staff’s ability, from a time available perspective, to manage their assignments and ensure that the work plan results are delivered for the water customers.

The staff workload analysis for the preliminary Work Plan includes an estimate of hours allocated for each assignment they are given. From there, an estimated Full Time Equivalent (FTE) employee time commitment is then calculated for each assignment and for the total of all assignments individual employees have. The FTE calculation assumes that each employee

has 1,920 hours/year available, which equates to 100% allocation (or 1 FTE). Note that 1,920 hours/year reflects the number of working hours deducting four weeks for vacation and sick time.

For FY 2026-27, the resulting staff analysis is presented in Chart 1. While it identifies that all staff have an allocation of above 100% of an FTE, some of the staff allocations are around 125%. These levels have been manageable in the past but the CEO/General Manager will continue to closely monitor workloads to manage staff wellbeing and workplan progress. Table 3 presents the estimated staff hours, and the combined staff FTE by major work plan item. Overall, it is estimated that 19,672 staff hours, or 10.2 FTEs, will be required to implement the preliminary FY 2026-27 Work Plan. For comparison purposes, for FY 2025-26, BAWSCA had an approved staffing level of 9 FTEs and a projected total of 20,288 staff hours estimated as needed for work plan implementation.

It is important to note that staff availability could be compromised if certain work plan items in FY 2026-27 take longer to complete than planned and extend into FY 2027-28 or if new, unforeseen projects come to light and that must be added as a work priority during the fiscal year. The Board is kept apprised when and if such events take place, and that appraisal includes a proposed approach to adjusting the work plan.

**Results of January 15, 2026 Work Plan and Budget Preparation Planning Session:**

During BAWSCA's January 15, 2026 meeting, the Work Plan and Budget Planning Session was held with the Board as part of its regular meeting agenda. The focus of the planning session was to receive input from Board members on BAWSCA's long-term future challenges and possible work plan items for the coming fiscal year. Table 4 presents the detailed comments provided by Board members during the planning session and the staff response that was subsequently prepared. These comments and responses are reflected in the preliminary FY 2026-27 Work Plan and results to be achieved.

**Background:**

BAWSCA's Work Plan development process begins by reviewing and updating the major activities and long-term future challenges. These long-term activities require coordinated action by BAWSCA and its members to ensure a reliable supply of high-quality water at a fair price.

Table J-1 lists these activities and updated long-term future challenges as part of the FY 2026-27 preliminary Work Plan development through 2065. In each case, the results identified in Table J-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

**Preliminary FY 2026-27 Operating Budget:**

The preliminary Operating Budget of \$5,340,828 presented in Table 6 reflects the funding necessary to achieve the full Work Plan and includes an estimated pre-funding contribution for Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this tenth year of funding.

Explanation and Alternatives for Salaries and Benefits:

The increase for salaries and benefits of \$150,207 shown in the preliminary Operating Budget is calculated based on primary factors.

Historically, BAWSCA budgets for an allowance for salary increases based on a Cost of Living Allowance (COLA) adjustment plus a separate merit allowance in addition to the COLA adjustment such that the size of the merit allowance would permit potential salary increases of 5%, or to top step for the position, whichever is less. The Board grants discretion to the BAWSCA CEO to provide merit allowances reflective of individual employee performance, with the understanding that the overall average staff increase remain near 5% and that all staff salaries should lie within the adopted salary range for their respective position(s).

This year the COLA adjustment, based on the December value of the Consumer Price Index (CPI) for the Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area, is 3.104%. As such, the preliminary Operating Budget includes the following for all employees except the CEO:

- An increase to the top step of salaries for FY 2026-27 by 3.104% to ensure that the approved salary ranges stay competitive moving forward; and
- \$66,367 total budget allowance for salary increases, which allows for a potential 5% adjustment to the actual FY 2026-27 salaries for both COLA and merit increases.

Salary increases for employees are not automatic but can be granted by the CEO on the basis of merit. The 10-year history of salary and benefit adjustments for BAWSCA is presented in Appendix B to this memo.

A budget allowance of \$9,500 for a contractual increase for the CEO has been included in the preliminary Operating Budget. For budgeting purposes, this amount is calculated in a manner consistent with the merit increases budgeted for BAWSCA's prior CEO.

Funding Considerations for the Preliminary Operating Budget:

Four principles have historically been used by BAWSCA when considering how to fund the preliminary Operating Budget:

1. Budget sufficient resources to achieve the desired Work Plan results.
2. Spend only what is needed to achieve the results.
3. Apply incremental and prudent increases in assessments as necessary.
4. Maintain a prudent General Reserve balance within Board guidelines.

The funding plan for the FY 2025-26 Operating Budget approved in May 2025 increased assessments by 2.3% as well as use of \$152,023 transferred from the General Reserve.

The General Reserve has a balance as of January 31, 2026 of \$1,405,262, which is 25% of the adopted FY 2025-26 Operating Budget, and is within the 20% to 35% General Reserve budgetary guideline range set by the Board.

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix K presents historical budget data including use of the General Reserve to fund special studies, fund the Operating Budget, and provide a one-time refund to the member agencies in November 2011.

At this time, it is estimated that the FY 2025-26 Operating Budget will be 90-95% expended at year end. The CEO will continue to closely review the anticipated end-of-year expenses over the next few months. Any post-audit excess funds will be transferred to the General Reserve in

Fall 2026, however at this time for budget funding purposes, it is assumed that no funds will be available for transfer at the end of FY 2025-26.

**Funding Options and Alternatives:**

In developing funding options to address FY 2026-27 budgetary needs, BAWSCA has two distinct funding sources to consider given the preliminary Work Plan items:

1. Member Agency Assessments
2. BAWSCA General Reserve

Table 7 presents a range of four funding alternatives based on an increase in assessments and an associated target for the General Reserve.

- **Option 1 “Reserve-Neutral Assessment Decrease of 1.7%”:** A 1.7% decrease in assessments (\$5,340,828) that is equal to budgeted expenditures, maintaining the current level of General Reserve balance of \$1,405,262, which is 26% of the preliminary Operating Budget.
- **Option 2 “Status Quo 0% Assessment Increase”:** 0% assessment increase (\$5,395,709) and a transfer of \$54,881 to the General Reserve. This results in a General Reserve balance of \$1,460,143, which is 27% of the preliminary Operating Budget.
- **Option 3 “Nominal Assessment Increase of 1%”:** A 1% increase in assessments (\$5,449,666), and a transfer of \$108,838 from the General Reserve. This alternative results in a General Reserve balance of \$1,514,100, which is 28% of the preliminary Operating Budget.
- **Option 4 “Build the Reserve Assessment Increase of 2%”:** A 2% increase in assessments (\$5,503,623) and a transfer of \$162,795 to the General Reserve. This alternative results in a General Reserve balance of \$1,568,057, which is 29% of the preliminary Operating Budget.

The alternatives above present a range of funding options. They are provided to facilitate discussion by the Board. The Board is requested to provide feedback on the funding alternatives presented, including additional alternatives the Board would like to be evaluated.

**Table 1. Draft Preliminary FY 2026-27 Work Plan and Results to Be Achieved**

***(New/Expanded Items Shown in Blue Italic and Bold Font)***

BAWSCA OBJECTIVE & PRELIMINARY FY 2026-27 WORK PLAN ITEM	
	<b>RELIABLE WATER SUPPLY</b>
	<b>1. Facility Reliability: Monitor SFPUC’s WSIP, 10-Year Capital Plan, Asset Mgmt. Program, and Emergency Response</b>
	a. Monitor WSIP scope, cost, and schedule including extending State oversight as necessary through to completion. Press the SFPUC and the city’s political leadership to meet the adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA’s reasonable requests. Track WSIP projects designated as critical drought water supply components to verify they have been completed in such a fashion that they can meet their intended Level of Service (LOS) goals.
	b. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program (CIP) to ensure that identified projects and programs meet the needs of the members in a cost-effective and appropriate manner.
	c. Review & monitor SFPUC’s Asset Management Program to ensure ongoing long-term maintenance and protection of Regional Water System (RWS) assets. <i><b>Review SFPUC’s Strategic Asset Management Plan (to be finalized in FY 2026-27) and recommend modifications or additions.</b></i>
	d. Provide assistance to members and help facilitate engagement with the SFPUC regarding emergency response matters.
	e. Engage with and track the SFPUC Capital Planning Improvements Initiative.
	f. Engage with the SFPUC on their preparation of the 2026 State of the Regional Water System Report (due to BAWSCA in FY 2026-27)
	<b>2. Long-Term Supply Solutions: Implement BAWSCA’s Strategy to Ensure a Reliable, High-Quality Supply of Water is Available Where and When needed</b>
	a. <i><b>Complete</b></i> the development of BAWSCA’s Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050).
	b. <i><b>Develop a plan for the implementation of Strategy 2050, including the identification of specific work efforts to be performed in FY 2027-28 and beyond.</b></i>
	c. Participate in the Bay Area Regional Reliability (BARR) Partnership.
	d. Participate in the continued planning of the PureWater Peninsula potable reuse project.
	e. Facilitate development of other local water supply options including tracking and reporting to the Board on members’ efforts, identifying potential grant funding, monitoring of related policy development, etc.
	f. Use BAWSCA Reliability Model to evaluate Bay Delta Plan Healthy Rivers and Landscape Plan for the Tuolumne River’s impacts on reliability, the prospective benefits that new alternative water supplies may provide, and to estimate the corresponding need to ration during droughts.
	g. Facilitate use of the BAWSCA Model by members via Subscription Program.

<b>BAWSCA OBJECTIVE &amp; PRELIMINARY FY 2026-27 WORK PLAN ITEM</b>	
	<p>h. <i>Work with San Francisco finance staff to identify barriers to and opportunities for debt financed capital, potentially within the authority of the Regional Financing Authority (RFA). Continue to work with San Francisco on its Alternative Water Supply Program proposal to fund local projects.</i></p>
	<p><b>3. <u>Near-term Supply Solutions: Demand Management, Water Conservation and Drought Response</u></b></p>
	<p>a. Represent members’ interests in regional and statewide discussions on the development of and compliance with California’s “Making Water Conservation a California Way of Life” requirements as appropriate.</p>
	<p>b. Provide regional coordination to support members’ AMI implementation and data management and utilization.</p>
	<p>c. Implement BAWSCA’s core water conservation programs.</p>
	<p>d. Implement BAWSCA’s subscription conservation rebate programs that benefit and are paid for by participating members.</p>
	<p>e. Engage with CalWEP &amp; others to promote 3<sup>rd</sup> party development &amp; administration of a leak repair &amp; training certification program.</p>
	<p>f. Represent members in regional and State-level discussions relative to water conservation-related regulations, grant funding opportunities, and programs where regional participation is possible.</p>
	<p><b>4. <u>Take Actions to Protect Members’ Water Supply and Financial Interests in WSA Administration</u></b></p>
	<p>a. Monitor SFPUC’s implementation of its AWS Program, including associated recommended actions, and participate as appropriate to ensure that the SFPUC can meet its water supply reliability obligations at a fair price to its Wholesale Customers.</p>
	<p>b. Protect members’ water supply interests to ensure that the SFPUC meets its legal and contractual obligations for water supply from the Regional Water System in light of ongoing risks.</p>
	<p>c. Administer the updated Tier 2 Plan as necessary</p>
	<p>d. Protect members’ water supply and financial interests in the SFPUC’s required 2028 decisions.</p>
	<p>e. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.</p>
	<p>f. Ensure correct implementation of the 2021 Amended and Restated WSA allowing for the paired transfer of a portion of an agency’s ISG and minimum purchase obligation.</p>
	<p>g. Engage with the SFPUC and BAWSCA Member Agencies on the Implementation of the WSA Amendment that alters the calculation and assessment of Minimum Purchase Obligations</p>
	<p><b>5. <u>Protect Members’ Interests in a Reliable Water Supply</u></b></p>
	<p>a. Participate in SWRCB Bay Delta Plan Update to ensure members’ interests are represented, including ongoing legal intervention.</p>
	<p>b. Participate in the Don Pedro Project/La Grange Project FERC licensing process to protect customers’ long-term interests in Tuolumne River water supplies, including ongoing legal intervention.</p>

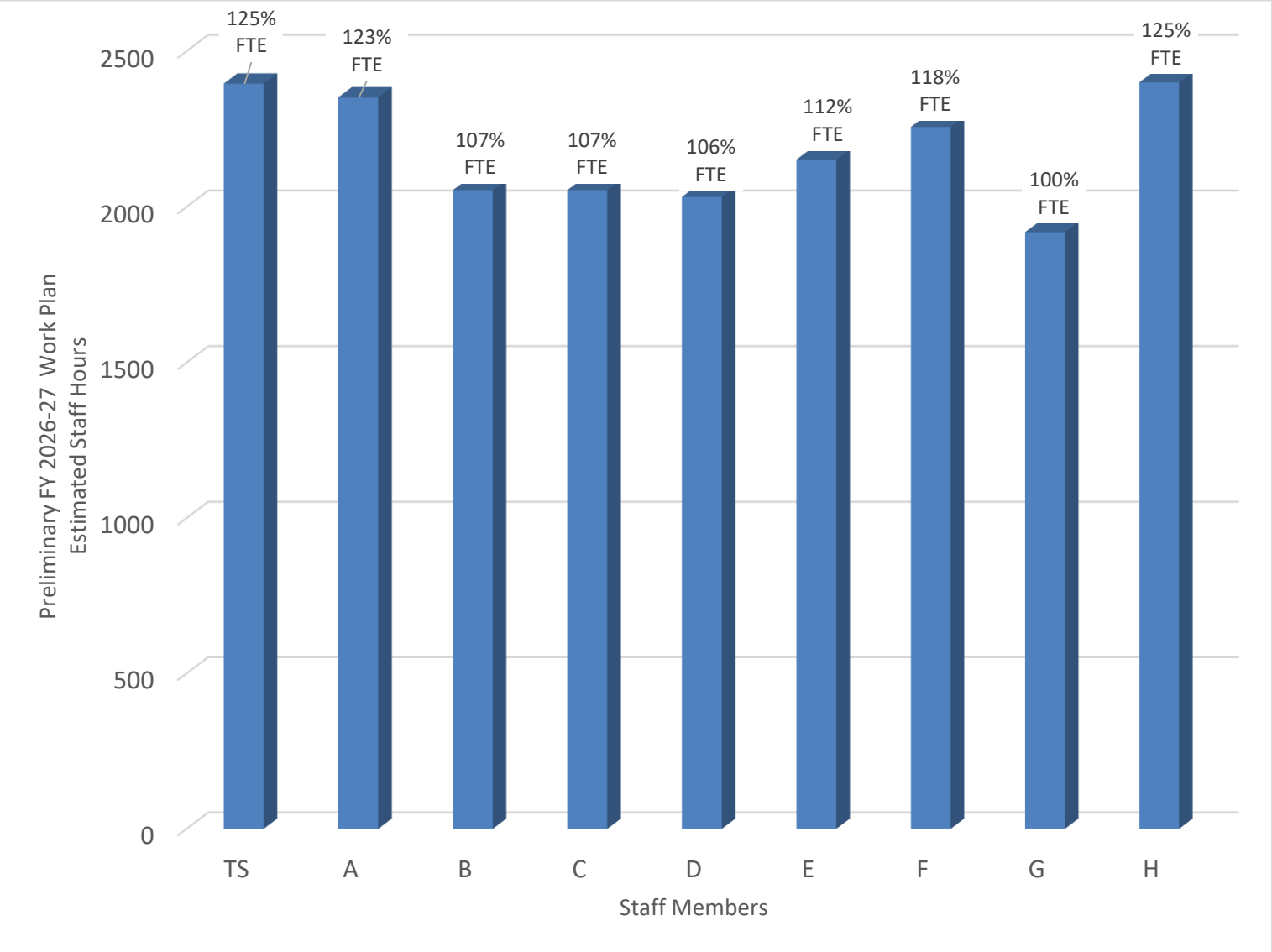
<b>BAWSCA OBJECTIVE &amp; PRELIMINARY FY 2026-27 WORK PLAN ITEM</b>	
	<b>6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u></b>
	a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs.
	b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability.
	c. Support the use of BAWSCA’s grant tracking tool for use by BAWSCA members.
	d. Seek avenues for grant funding to support the implementation of BAWSCA’s Strategy.
	<b>7. <u>Reporting and Tracking of Water Supply and Conservation Activities</u></b>
	a. Complete BAWSCA FY 2024-25 Annual Survey.
	b. Complete BAWSCA FY 2024-25 Annual Water Conservation Report.
	c. In partnership with members, operate, maintain and enhance BAWSCA’s updated WCDB.
	<b>HIGH QUALITY WATER</b>
	<b>8. <u>Support Members in Receiving Reliable Communication of Water Quality Issues</u></b>
	a. Coordinate members’ participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs.
	b. Relay important water quality information (notices as received from SFPUC) to members when made aware of changes that have the potential to impact water quality (e.g., taste, odor, blending).
	c. Review and act on, if necessary, State legislation affecting water quality regulations.
	<b>FAIR PRICE</b>
	<b>9. <u>Perform Matters that Members Agencies Delegated to BAWSCA in the Water Supply Agreement</u></b>
	a. Administer the WSA with San Francisco to protect the financial interests of members.
	b. Administer BAWSCA’s revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco.
	<b>AGENCY EFFECTIVENESS</b>
	<b>10. <u>Maintain Community Allies and Contacts with Environmental Interests</u></b>
	a. Maintain close relationships with BAWSCA’s local legislators and allies, and activate them, if necessary, to achieve agency goals.
	b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.
	c. Maintain effective communications with members, customers, and other stakeholders to achieve results and support goals.

<b>BAWSCA OBJECTIVE &amp; PRELIMINARY FY 2026-27 WORK PLAN ITEM</b>	
	d. In conjunction with San Francisco, conduct or co-sponsor tours of the Regional Water System for selected participants.
	<b>11. <u>Manage the Activities of the Agency Professionally and Efficiently</u></b>
	a. Implement Board policy directives for management of BAWSCA's unfunded OPEB and pension liability obligations.
	b. Maintain a motivated, trained, and effective Workforce.
	c. Manage and interact with the Consultant selected to serve as BAWSCA's Human Resources Services provider
	d. Continue development of a staff-led plan to address BAWSCA's long-term policy & operational resilience to inform future policy decision making.

**Table 2: Activities Out of the Scope of the Proposed Work Plan and Operating Budget for FY 2026-27**

<p><b>RELIABLE SUPPLY</b></p> <ol style="list-style-type: none"><li>1. Engage in extended or complex applications for State or Federal grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Water Efficiency Partnership (CalWEP), or other agencies.</li><li>2. Introduce major new legislation or support/oppose legislation initiated by others including legislation related to the Bay-Delta and California Water Fix. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.</li><li>3. Initiate new unanticipated litigation or support/oppose new unanticipated litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.</li><li>4. Secure outside technical expertise (i.e., geotechnical, hydrogeologic, water treatment, biological/fisheries professional services) to potentially assist in review of SFPUC’s capital projects or Bay Delta Plan.</li></ol>
<p><b>FAIR PRICE</b></p> <ol style="list-style-type: none"><li>5. Develop alternative wholesale rate structures that the SFPUC might consider. Actions will be limited to facilitating communication with SFPUC, developing goals and objectives relevant to the Wholesale Customers, and addressing the potential relationship to alternative retail rate structures members might consider to stabilize water rates and water revenues.</li><li>6. Arbitrate issues related to the Water Supply Agreement.</li><li>7. Possible BAWSCA action to address the Board’s concerns regarding SFPUC’s unfunded pension and OPEB liabilities.</li></ol>
<p><b>HIGH WATER QUALITY</b></p> <ol style="list-style-type: none"><li>8. Perform technical studies of water quality or San Francisco’s treatment of the water it delivers to the BAWSCA members.</li><li>9. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.</li></ol>
<p><b>AGENCY EFFICIENCY</b></p> <ol style="list-style-type: none"><li>10. Add resources to support additional Board, Board committee, or technical committee meetings.</li><li>11. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, other than tours done in coordination with San Francisco.</li><li>12. Provide for public participation in Board and Policy Committee meetings via a hybrid-style meeting format.</li></ol>

**Chart 1. Staff Resource Analysis for Preliminary FY 2026-27 Work Plan**



**Table 3. Estimated Staff Hours and Full Time Equivalent (FTE) by Preliminary FY 2026-27 Work Plan Item**

Staff Hours (Est.)	# of FTE (Est.)	Results to be Achieved in FY 2026-27
		RELIABLE WATER SUPPLY
896	0.5	<ul style="list-style-type: none"> <li>Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, Asset Management Program, and Emergency Response</li> </ul>
2,958	1.5	<ul style="list-style-type: none"> <li>Long-Term Supply Solutions: Implement Strategy to Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed</li> </ul>
4,257	2.2	<ul style="list-style-type: none"> <li>Near-term Supply Solutions: Water Conservation and Drought Response</li> </ul>
978	0.5	<ul style="list-style-type: none"> <li>Take Actions to Protect Members’ Water Supply and Financial Interests in Water Supply Agreement (WSA) Administration</li> </ul>
500	0.3	<ul style="list-style-type: none"> <li>Protect Members’ Interests in a Reliable Water Supply</li> </ul>
36	0.0	<ul style="list-style-type: none"> <li>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</li> </ul>
308	0.2	<ul style="list-style-type: none"> <li>Reporting and Tracking of Water Supply and Conservation Activities</li> </ul>
		HIGH QUALITY WATER
170	0.1	<ul style="list-style-type: none"> <li>Support Member Agencies in Receiving Reliable Communication of Water Quality Issues</li> </ul>
		FAIR PRICE
2,308	1.2	<ul style="list-style-type: none"> <li>Perform Matters that Member Agencies Delegated to BAWSCA in the Water Supply Agreement</li> </ul>
		AGENCY EFFECTIVENESS
1,056	0.6	<ul style="list-style-type: none"> <li>Maintain Community Allies and Contacts with Environmental Interests</li> </ul>
6,149	3.2	<ul style="list-style-type: none"> <li>Manage the Activities of the Agency Professionally and Efficiently</li> </ul>
19,616	10.2	<b>TOTAL Estimated Staff Hours and FTE to Implement Preliminary FY 2026-27 Work Plan</b>

Note: For FY 2025-26, BAWSCA has an approved staffing level of 9 FTEs.

**Table 4. FY 2026-27 Work Plan and Budget Planning Session – Comments and Suggested Work Plan Items for Further Consideration**

#	Board Member	Board Member Comment/Question	Staff Response
1	Manalo	<p>How do we incorporate the next generation in understanding the water system. It's important for BAWSCA and its member agencies to provide the youth opportunities to understand how the system works, and also build future water managers.</p>	<p>BAWSCA's outreach efforts provide opportunities for dialogue with schools and institutions interested in water resources and management. In support of work plan item 10, BAWSCA accepts invitations for speaking and panel participation from community allies and organizations with environmental interests to achieve results and support goals in the interests of the region's water users. Additionally, BAWSCA's Subscription Programs for Water Wise School Education and the school assembly program Earth Capades provide opportunities for elementary and middle-school students to learn about water and watersheds. Information about the Regional Water System is included in these programs. BAWSCA's summer internship program through Eastside College Prep is a directed approach to engage interest in the water profession.</p>
2	Andrews	<p>Can we provide recommendations or guidance on how cities can manage data centers as they come into the community?</p> <p>Is BAWSCA partnering with organizations like Water Education for Latino Leaders and California African American Water Education Foundation. She would be interested in the potential opportunities with those organizations.</p> <p>Is the Advanced Quantitative Precipitation Information Project aligned with BAWSCA's efforts? Is</p>	<p>BAWSCA staff anticipates that several near-term project initiatives or assignments will be identified as part of the Strategy 2050 effort. One such effort may be to develop assistance or collaboration tools for Data Centers. BAWSCA has a new work item that identifies the need to follow-up on Strategy 2050 implementation directives.</p> <p>BAWSCA's workplan includes engagement with key community stakeholders. BAWSCA's internship program supports students from Eastside College Prep, a school that is committed to opening new doors for first-generation and low-income students. BAWSCA has worked with or reached out to WELL and the National Federation of Black Public Administrators. As part of its engagement task, BAWSCA will explore additional opportunities with these groups.</p> <p>BAWSCA supports SFPUC's participation in AQPI. AQPI is a high-resolution weather radar network in the San Francisco Bay Area designed to improve flash flood forecasting, particularly during atmospheric rivers. The SFPUC</p>

#	Board Member	Board Member Comment/Question	Staff Response
		BAWSCA engaged in that work to represent that member agencies?	specifically assisted in the deployment of a permanent X-Band radar on Sawyer Ridge in San Mateo County (on SFPUC Property in the BAWSCA service area).
3	Ragsdale	Planning for how to respond to Federal changes, in terms of availabilities of grants, or water related decisions that are made by the Federal administration without the consent of local leaders.	BAWSCA has workplan tasks related to grant tracking and assistance. These may expand in potential actions identified in the Strategy 2050 process. A workplan item was added to begin exploring new initiatives resulting from the Strategy. For other water related decisions, BAWSCA works closely with SFPUC on legislative and stakeholder outreach as part of the workplan and will continue to work with stakeholder and community partners on federal issues as they develop.
4	Zigterman	Studies on Impact of PFAS and microplastics in water as they are the next huge environmental contaminant next to asbestos. It is import for BAWSCA to have a general knowledge of what the potential impacts are on water as this issue surfaces.	BAWSCA has a number of work plan assignments regarding water quality. BAWSCA also tracks new legislation and engages with our General Counsel (Hanson Bridgett) on water quality litigation. BAWSCA took part in the SFPUC’s Water Quality Strategic Plan 2024 Update process, which identified activities currently underway and recommended new activities. Matters such as PFAS were discussed during that update. BAWSCA will take part each time this is updated. BAWSCA supports the efforts by the SFPUC to proactively address Contaminants of Emerging Concern through participation in national research projects and conducting independent monitoring of our source and treated waters.
5	Schneider	Review of BAWSCA’s enabling legislation to see what changes are needed to provide BAWSCA member agencies a say on what capital improvement projects are done.	BAWSCA’s most likely avenue to expand its review capabilities would be in amendments to the Water Supply Agreement. Amending the agreement is difficult and time-consuming, requiring consensus among the BAWSCA agencies as well as agreement with San Francisco. BAWSCA was successful in adding CIP review provisions in past amendments and could potentially explore this area as part of the 2028 amendment process.

<b>#</b>	<b>Board Member</b>	<b>Board Member Comment/Question</b>	<b>Staff Response</b>
6	Hamilton	Is there anything BAWSCA can do to approach ABAG to figure out how to adjust their methodology to account for water usage in developing their RHNA numbers.	BAWSCA and member agencies engaged with ABAG most recently in 2021 on this topic. This is an important connection that will continue to be a priority topic for BAWSCA in the current and future workplans.
7	Pierce	How can we (the Board) have more input to make sure we provide sufficient water supply yet contain the expenses. Is there a time the Board can provide that input to staff and CEO/GM.	Within the existing framework established by BAWSCA's enabling legislation and the Water Supply Agreement, staff has limited but enumerated opportunities to engage with SFPUC on its budget and CIP processes. The BAWSCA Board has generally delegated these tasks to staff due to timing. BAWSCA staff will continue to provide reports to the Board and BPC about its analysis and can engage the board in future presentations to gather feedback on the Board's policy preferences to incorporate into later analysis.
8	Hamilton, Andrews, Stevenson, others provided at previous meetings	How often can BAWSCA perform affordability analysis to keep the board updated?	The analysis performed under Strategy 2050 can be updated periodically with new water rate information. Income data used the U.S. Census, so that could not be updated under the same methodology until after 2030 when the next Census is published. BAWSCA staff is exploring options and costs for more frequent analysis and will update its recommendation in the workplan as more information becomes available.

**Table 5. Potential Future Large Efforts**

Project Name	FY 2025-26 (Budget as Adopted)	FY 2026-27 (Preliminary Budget)	FY 2027-28 & Beyond	Discussion
Complete the development of the Long-Term Water Supply Strategy 2050, and thereafter implement Strategy recommendations to assure a reliable supply of high quality water at a fair price.	NA – Costs for Strategy 2050 are covered via a Water Management Charge (separate from the FY 2025-26 Budget)	In FY 2026-27, \$10k in legal costs are proposed for assistance in Strategy 2050 Implementation Planning	Strategy Implementation (which has yet to be envisioned) will likely be significant cost components of future BAWSCA Budgets	BAWSCA began the development of Strategy 2050 in FY 2024-25. Development of Strategy 2050 will be completed by December 2026. The total cost of Strategy 2050 development is \$2.447M (covering the development work performed beginning in FY 2023-24 and extending through December 2026). A Water Management Charge was assessed on the BAWSCA Agencies to collect the funds necessary to cover these costs. The Water Management Charge is not included in BAWSCA's budget. Costs for implementing Strategy 2050 will be estimated as part of the work performed by BAWSCA staff in FY 2026-27. Estimates will focus on efforts to be conducted over the coming 1 to 5 fiscal years.
The term of The Water Supply Agreement (WSA) is twenty five (25) years. The Term began on July 1, 2009 and ends on June 30, 2034.	\$0K	\$0K	Uncertain – if a WSA extension is sought, costs are likely to be confined to legal expenses, which are in the neighborhood of \$100k total between FY 29-2030 thru FY 33-2034. If a new WSA is to be developed, the necessary staff time, consultant support, and legal support is likely to be in the neighborhood of \$1M over that same period.	The term of The Water Supply Agreement (WSA) between the City/County of SF and the Wholesale Customers is twenty-five (25) years. The Term began on July 1, 2009, and ends on June 30, 2034. There are provisions in the WSA that allow the term to be extended by 5 years. It can only be extended twice. The SFPUC must notify (in writing) wholesale customers in Dec. 2031 of their desire for a first extension. Two-thirds of the Wholesale Customers (and customers that in total represent 75% of the water purchased) must provide written notice to the SFPUC that they accept the extension. If it is not extended, a new WSA must be developed. If accepted, the WSA would end on June 30, 2039. A similar process would then be followed if a second extension is sought (with an SFPUC notice issued in Dec. 2036).

Project Name	FY 2025-26 (Budget as Adopted)	FY 2026-27 (Preliminary Budget)	FY 2027-28 & Beyond	Discussion
			These are ball park costs that would be refined once the interests of the parties are defined in FY 2029-30.	<p>Extending the WSA will require BAWSCA engagement with both the SFPUC and the Wholesale Customers. BAWSCA must begin that engagement in FY 2029-30 in order to determine the positions that all parties have on the possibility of extending the WSA. BAWSCA staff time and legal assistance costs will be incurred. The exact time required or legal budget needed has yet to be determined.</p> <p>In the event that parties indicate an unwillingness to extend the WSA, and instead desire a new WSA, BAWSCA envisions a significant staff effort will be required, and significant legal expense incurred. The SFPUC may need to prepare CEQA analysis on a new WSA. All agencies would need to adopt a new WSA. Work would begin in FY 2029-30 and extend through FY 2033-34.</p>
Prepare a Regional Water Demand and Conservation Projections Study	\$254.5K (The 2025 Demand Study was completed in Dec. 2025). This covers the portion of the Study costs incurred in the Fiscal Year	\$0	The next update will commence in FY 2028-29 such that the study is completed by Dec. 2030). Studies cost more than \$700 K per cycle, as work requires extensive consultant support.	For water supply planning purposes, as well as in support of each agency’s need to plan for adequate water supply in future years, BAWSCA performs a demand study for the service area once every five years. This work effort is highly detailed and includes projections for several key demand drivers, such as population, zoning plans, etc. BAWSCA completed the 2025 demand study in Dec. 2025. BAWSCA will embark on an updated demand study in FY 2028-29. Updates are required every 5 years to align with the State’s schedule for agencies to update their Urban Water Management Plans.

**Table 6. Proposed FY 2026-27 Operating Budget by Major Expenditure Category**

<b>Cost Category</b>	<b>Approved FY 2025-26 Budget (\$)</b>	<b>Proposed FY 2026-27 Budget (\$)</b>	<b>Change from FY 2025-26 Budget (\$)</b>
<b>Consultants/ Direct Expenditures</b>			
Reliability	1,563,088	1,326,500	(236,588)
Fair Pricing	324,887	320,264	(4,623)
Administration	346,000	221,000	(125,000)
<i>Subtotal Consultants</i>	2,233,975	1,867,764	(366,211)
<b>Administration</b>			
Employee Salaries & Benefits	2,694,282	2,689,489	(4,793)
Other Post-Emp. Benefits (net)	85,000	155,000	70,000
Operational Expenses	469,300	562,800	93,500
<i>Subtotal Administration</i>	3,248,582	3,407,289	158,707
<b>Total Operating Expenses</b>	<b>5,482,557</b>	<b>5,275,053</b>	<b>(207,504)</b>
<b>Capital Expenses</b>	5,000	5,000	0
<b>Budgeted Contingency</b>	57,500	57,500	0
<b>Regional Financing Authority</b>	1,625	2,225	600
<b>Bay Area Water Users Assn.</b>	1,050	1,050	0
<b>Grand Total Operating Budget</b>	<b>5,547,732</b>	<b>5,340,828</b>	<b>(206,904)</b>

**Table 7. Analysis of Funding Options**

	FY 2025-26	FY 2026-27			
Fund Source	Adopted Funding Plan as of 05/15/2025	Option 1 1.7% Assessment Decrease	Option 2 0% Assessment Increase	Option 3 1% Assessment Increase	Option 4 2% Assessment Increase
<b>Assessments</b>	\$5,395,709	\$5,340,828	\$5,395,709	\$5,449,666	\$5,503,623
<b>Transfer from/(to) General Reserve</b>	\$152,023		(\$54,881)	(\$108,838)	(\$162,795)
<b>Total Available Operating Budget/Funds</b>	\$5,547,732	\$5,340,828	\$5,340,828	\$5,340,828	\$5,340,828
<b>Potential End of FY25-26 Transfer to General Reserve</b>		\$0	\$0	\$0	\$0
<b>Estimated Year-End Reserves <sup>(1)</sup></b>	\$1,405,262	\$1,405,262	\$1,460,143	\$1,514,100	\$1,568,057
<b>General Reserve to Budget Ratio <sup>(2)</sup></b>	25%	26%	27%	28%	29%
<b>Assessment to Budget Ratio</b>	97%	100%	101%	102%	103%

**APPENDICES**

Appendices A through J present additional detail about the proposed FY 2026-27 Work Plan and Operating Budget.

**Appendix A: Uses of Professional Services**

Outside professional services are used to provide specialized services and augment staff:

1. Professional engineering services for: a) evaluating and monitoring SFPUC's Asset Management Program; b) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program development and implementation; c) evaluating Water System Improvement Program project scopes during design and construction; d) monitoring WSIP project cost estimates, bids and schedules; e) monitoring and assessing San Francisco's performance in implementing the overall WSIP; f) assessing San Francisco's method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; g) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; h) analyzing hydraulic records used by San Francisco in setting the wholesale water rates; and g) providing as needed groundwater technical assistance.
2. Water resources analysis and planning services to: a) evaluate potential water supply projects, both SFPUC's Alternative Water Supply Plan projects as well as BAWSCA agency local projects, using BAWSCA's new regional water supply reliability modeling tool; and b) support BAWSCA member agency efforts to meet the new State "Making Water Conservation a California Way of Life" requirements.
3. General legal services for BAWSCA and the RFA; specialized legal services to support administration of the Water Supply Agreement; specialized legal services for addressing matters related to water supply reliability including Bay Delta Plan Update and FERC intervention. Legal counsel provides significant value to BAWSCA and its member agencies in the administration of the WSA given the long-history legal counsel has with BAWSCA and its predecessor agency, BAWUA. Legal counsel also provides historical context to San Francisco City Attorney, SFPUC staff, and Water Management Representatives. For example, legal counsel routinely provides critical historical legal, contractual, and other information related to BAWSCA, its member agencies, the Water Supply Agreement, and the Regional Water System. Table A-1 below provides a history of legal counsel's budget for the past 10 years.
4. Historically, Strategic Counsel has provided long-term continuity for BAWSCA and its work to the benefit of the water users. As BAWSCA seeks the services of a new Strategic counsel, it is anticipated that BAWSCA will endeavor to recreate that long-term relationship that will continue to provide the benefit of historical context and continuity. Strategic Counsel identifies and addresses strategic and political issues associated with maintaining the progress of the Water System Improvement Program, assisting the Board and the CEO in developing and implementing an effective policy making process that supports implementation of BAWSCA's Long-Term Reliable Water Supply Strategy, providing legislative and political support, and providing advice to the CEO and the Board on issues significant to the water customers and the effectiveness of the agency.
5. Financial advisory services to conduct specified capital financing and rate impacts analyses on a task order basis. Financial advisory services are also anticipated to assist in the planning of a program by the SFPUC to provide funding assistance to BAWSCA Agencies for their development of local water supply projects.

6. Accounting/auditing expertise to assist with implementing the Water Supply Agreement (WSA), as well as an independent auditor to prepare and review annual financial statements. Legal expertise is also required to assist in the development and review of amendments to the WSA. The services provided by BAWSCA’s accounting/auditing expert are critical to BAWSCA’s work in successfully overseeing the WSA and the associated auditing role that BAWSCA plays to the financial benefit of the member agencies and their customers. BAWSCA strives to develop a long-term relationship with its accounting/auditing expert to ensure the best possible outcome for the member agencies and their customers given the complexity of the WSA and the nature of the auditing activity.

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA’s work in achieving the agency’s goals and critical results. Many of BAWSCA’s consultants have been under contract with BAWSCA since its creation, and a few of those consultants have been in place even longer, in that they served as consultants to Bay Area Water Users Association, BAWSCA’s predecessor organization.

Each year, the Board acts on each consultant contract following consideration of the annual Work Plan and Operating Budget. Information provided to the Board at that time relates to expertise, current scope of work, budget, and billing rates.

**Table A-1. Historical Legal Counsel Contract Amounts**

Fiscal Year	Contract Amount	% of Total BAWSCA Operating Budget
2015-16	\$586,500	18%
2016-17	\$726,000	21%
2017-18	\$669,000	18%
2018-19	\$919,000	21%
2019-20	\$819,000	18%
2020-21	\$1,006,500	23%
2021-22	\$748,499	16%
2022-23	\$856,499	18%
2023-24	\$990,000	20%
2024-25	\$905,000	16%
2025-26	\$838,000	15%

**Appendix B: History of Salary and Benefits Adjustments**

The information below presents the history of salary and benefits adjustments for BAWSCA staff. Where Cost of Living Adjustments (COLA) to the salary ranges are considered by the Board, BAWSCA relies on the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the SF-Oak-SJ area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit.

- FY 2016-17: The Board approved a 3.15 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2017-18: The Board approved a 3.025 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2018-19: The Board approved a 3.084 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2019-20: The Board approved a 4.398 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2020-21: The Board approved a 3.01 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2021-22: The Board approved a 2.15 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2022-23: The Board approved a 5.52 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2023-24: The Board approved a 4.63 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2024-25: The Board approved a 2.797 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2025-26: The Board approved a 2.0813 percent COLA increase to the top step for staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.

**Appendix C: Proposed Budget for the Bay Area Water Users Association (BAWUA)**

The proposed FY 2026-27 budget for BAWUA is \$1,050 and includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2026-27 Operating Budget.

**Appendix D: Proposed Budget for the Regional Financing Authority (RFA) Budget**

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the RFA, at least until it becomes more actively involved and requires significant resources. Assuming a continued low level of activity in FY 2026-27, until evaluation of its available financing options are completed, the proposed RFA budget is \$2,225. This budget amount includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2026-27 Operating Budget. The RFA will formally consider and adopt this budget in January 2027.

**Appendix E: Funding for Subscription Conservation Programs**

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA’s subscription water conservation programs. The staff time to be devoted to those programs for FY 2026-27 is estimated to be 1,791 hours. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are included in the Operating Budget and will be repaid to BAWSCA by participating agencies over the course of FY 2026-27.

**Appendix F: Select Financial Details for BAWSCA’s Subscription Conservation Program**

Table F-1 provides select financial information for BAWSCA’s subscription conservation programs for the past five years, including BAWSCA staff costs that are reimbursed by the participating member agencies. Other costs are not included in Table F-1, for example, rebates and other costs paid directly by the participating member agencies and quantification of grant funds used. More complete details on BAWSCA’s subscription programs, cost, and level of activity are included in BAWSCA’s Annual Water Conservation Report.

**Table F-1: Select Financial Details Related to BAWSCA Subscription Conservation Programs for Last Five Years**

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
<b>FY 2020-21</b>			
EarthCapades	\$95,515	\$2,200	
Large Landscape Audit	\$132,833	\$1,332	
Lawn Be Gone		\$360	
Lawn Be Gone Inspections	\$1,958		
Water Wise Ed. Kits	\$46,834	\$1,272	
Watersense Giveaways	\$2,902		
WaterSmart Reports	\$274,276		
Rain Barrel Rebate	\$400	\$390	
Water Loss Program	\$125,475		
Customer Meter Testing	\$17,280		
Smart Controller Rebate		\$1,600	
DSS Support Services	\$12,311.75		
<b>Total</b>	<b>\$711,384</b>	<b>\$5,554</b>	<b>\$0</b>
<b>FY 2021-22</b>			
EarthCapades	\$87,275	\$3,020	
Large Landscape Audit	\$169,697.50	\$1,628	
Lawn Be Gone		\$960	
Lawn Be Gone Inspections	\$3,234		
Water Wise Ed. Kits	\$68,018.51	\$1,621	
Watersense Giveaways	\$14,732.28		
WaterSmart Reports	\$293,124.64		
Rain Barrel Rebates	\$1,840	\$485	
Water Loss Program	\$239,366		

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Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
Customer Meter Testing	\$20,390		
Smart Controller Rebate		\$1,800	
DSS Support Services	\$0		
Irrigation Hardware Rebate		\$50	
<b>Total</b>	<b>\$897,677.93</b>	<b>\$9,564</b>	<b>\$0</b>
<b>FY 2022-23</b>			
EarthCapades	\$115,395	\$4,040	
Large Landscape Program	\$165,431	\$1,924	
Lawn Be Gone		\$1,220	
Lawn Be Gone Inspections	\$3,422		
Water Wise Ed. Kits	\$79,327	\$1,810	
Watersense Giveaways	\$5,954		
WaterSmart Reports	\$356,505		
Rain Barrel Rebates	\$1,580	\$425	
Water Loss Program	\$167,525		
Customer Meter Testing	\$8,893		
Smart Controller Rebate		\$1,650	
DSS Support Services	\$0		
Irrigation Hardware Rebate		\$90	
<b>Total</b>	<b>\$904,032</b>	<b>\$11,159</b>	<b>\$0</b>
<b>FY 2023-24</b>			
EarthCapades	\$103,265	\$3,500	
Large Landscape Program	\$227,268	\$1,924	
Lawn Be Gone		\$2,240	
Lawn Be Gone Inspections	\$2,737		
Water Wise Ed. Kits	\$50,160	\$1,115	
Watersense Giveaways	\$11,219		
WaterSmart Reports	\$363,883		
Rain Barrel Rebates	\$1,420	\$770	
Water Loss Program	\$303,295		
Customer Meter Testing	\$29,030		
Smart Controller Rebate		\$1,650	
DSS Support Services	\$0		
Irrigation Hardware Rebate		\$60	
<b>Total</b>	<b>\$1,092,277</b>	<b>\$11,259</b>	<b>\$0</b>
<b>FY 2024-25</b>			
EarthCapades	\$105,445	\$2,365	
Large Landscape Program	\$166,532	\$1,924	
Lawn Be Gone		\$1,980	
Lawn Be Gone Inspections	\$2,550		
Water Wise Ed. Kits	\$60,150	\$1,381	
Watersense Giveaways	\$13,892		
WaterSmart Reports	\$273,019		
Rain Barrel Rebates		\$580	
Water Loss Program	\$473,877		
Customer Meter Testing	\$17,513		
Smart Controller Rebate		\$1,650	
DSS Support Services	\$0		
Irrigation Hardware Rebate		\$35	
<b>Total</b>	<b>\$1,112,978</b>	<b>\$9,915</b>	<b>\$0</b>

**Appendix G: Value for the Cost**

The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA’s members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. Table G-1 below provides the estimated annual cost per person (calculated as Operating Cost divided by total residential population) and per household (assuming three persons per household) for BAWSCA’s Operating Budget. Table G-1 also provides the estimate annual cost per customer account (calculated as Operating Cost divided by total number of all customer accounts for all member agencies) for BAWSCA’s Operating Budget.

**Table G-1. Historical Estimated Annual Cost of BAWSCA Operating Budget per Service Area Household**

Fiscal Year	Est. Annual Cost Per Person	Est. Annual Cost Per Household	Est. Annual Cost Per Customer Account
2014-15	\$1.70	\$5.11	\$6.87
2015-16	\$1.84	\$5.51	\$7.38
2016-17	\$1.96	\$5.88	\$7.85
2017-18	\$2.08	\$6.24	\$8.57
2018-19	\$2.34	\$7.02	\$9.66
2019-20	\$2.50	\$7.51	\$10.44
2020-21	\$2.20	\$6.59	\$9.19
2021-22	\$2.58	\$7.75	\$10.91
2022-23	\$2.56	\$7.68	\$10.75
2023-24	\$2.93	\$8.79	\$12.40
2024-25	\$3.00	\$9.00	\$12.76
2025-26	\$2.97	\$8.92	\$12.61
2026-27	\$2.83 (proposed)	\$8.49 (proposed)	\$12.09 (proposed)

**Appendix H: Savings Resulting from BAWSCA’s Annual Wholesale Revenue Requirement (WRR) Review**

Pursuant to Section 8.04 of the Water Supply Agreement, the Wholesale Customers delegated authority to BAWSCA to conduct the annual review of SFPUC’s calculation of the Wholesale Revenue Requirement (WRR) and the Balancing Account. Table H-1 provides the annual financial impact to the Wholesale Customers resulting from BAWSCA’s annual comprehensive review. Over the past 22 years, BAWSCA’s reviews have resulted in a total of \$50.7 million savings to the Wholesale Customers. This total includes the savings resulting from resolution on the issues discovered by BAWSCA prior to the WSA 7.06 process and savings from settlements during the formal 7.06 process.

Note that the savings shown in Table H-1 do not include the ongoing savings resulting from any specific year's settlement. For example, the revised 525 Golden Gate operating and capital cost allocation methodology as a result of the FY 2011-12 and FY 2012-13 settlements generates an ongoing WRR savings to the Wholesale Customers in an approximate amount of \$400,000 each year from FY 2013-14 until various final debt service payment dates, and the approximate annual savings of \$1.4 million plus interest as part of the debt service allocation through FY 2039-40 resulting from the FY 2015-16 settlement.

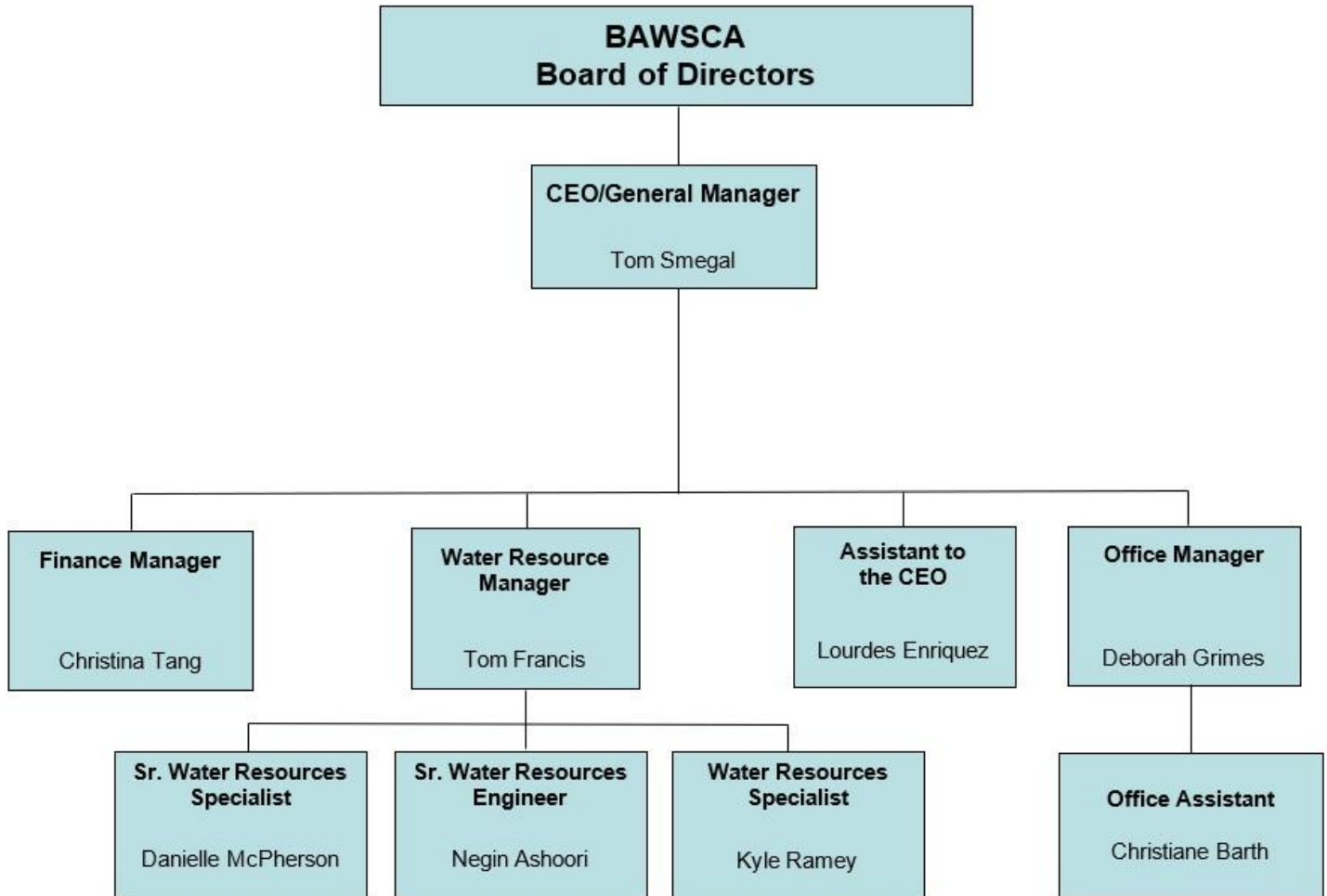
**Table H-1. Savings Resulting from BAWSCA's Annual WRR Review**

Fiscal Year	Savings to Wholesale Customers
2001-02	\$698,095
2002-03	\$1,568,857
2003-04	\$476,825
2004-05	\$5,726,908
2005-06	\$1,229,604
2006-07	\$718,267
2007-08	\$1,917,328
2008-09	\$461,670
2009-10	\$1,635,005
2010-11	\$893,914
2011-12	\$5,352,720
2012-13	\$739,965
2013-14	\$102,952
2014-15	\$11,903,057
2015-16	\$7,079,780
2016-17	\$3,987,471
2017-18	\$2,323,997
2018-19	\$95,127
2019-20	\$292,902
2020-21	\$5,701
2021-22	\$26,886
2022-23	\$3,477,285
<b>Total</b>	<b>\$50,714,316</b>

**Appendix I: Current Organization and Staffing**

The figure below represents the current reporting relationships in the organization

**BAWSCA Organization Chart**



**Appendix J: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers**

Each year, BAWSCA’s Work Plan development process starts by reviewing and updating the major activities over the next 20 to 30 years. These activities require coordinated action by BAWSCA and its member agencies to ensure a reliable supply of high-quality water at a fair price.

Table J-1 lists these activities as they were updated as part of the FY 2026-27 Work Plan development. In each case, the results identified in Table J-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

**Table 5: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2026-27)**

<b>BAWSCA Goal and Associated Challenges</b>	<b>FY 2026-27 (Near-Term)</b>	<b>2027-2040 (Mid-Term)</b>	<b>2040-2065 (Long-Term)</b>
<b>Reliable Supply: Ensure Long-Term Water Supply Reliability</b>			
Protection of member agencies' interests in long-term water supply reliability from the SF RWS and 184 MGD Supply Assurance in light of potential areas of risk, including climate change and regulatory challenges, as presented in the Long Term Vulnerability Analysis.	X	X	X
Protection of member agencies' interests in SFPUC development and implementation of its Alternative Water Supply Program including oversight of scope, schedule, and budget.	X	X	X
Protection of BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts.	X	X	X
Reflection of member agencies' long-term water supply needs and investments in regional planning efforts.	X	X	X
Support member agencies in their efforts to ensure system reliability during an emergency.	X	X	X
Representation of member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability.	X	X	
Representation of member agencies in Bay Delta Plan Update to protect RWS water supply reliability.	X	X	
Assist member agencies in complying with the State's expanding regulatory requirements related to water use efficiency and reliability.	X	X	X
Protection of member agencies' interests in San Francisco's December 2028 decisions including deciding whether to make San Jose and Santa Clara permanent customers.	X	X	
<b>Reliable Supply: Ensure Regional Water System Facility Reliability</b>			
Protection of water supply and financial interests of water customers in SFPUC's development and implementation of its 10-Year CIP.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.	X	X	X
Promote emergency resiliency of the SF RWS to protect interests of water customers.	X	X	X
Protection of water supply and financial interests of water customers in SFPUC's WSIP implementation, including through continuing state oversight (exp. 1/1/2036).	X	X	
Due to the SFPUC's potential competing demands for capital and possible future limitations on financing, work to extend the RFA's authority to issue revenue bonds (exp. 1/2030) and explore uses of the RFA to finance projects key to regional water system reliability.	X	X	X
<b>High Quality Supply &amp; Fair Price: Enforce Water Supply Agreement (WSA)</b>			
Enforcement and amendment as necessary, of the WSA to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations.	X	X	X
Protection of member agencies' water supply reliability interests against threats by outside forces including efforts by others to drain Hetch Hetchy that disregard their interests in reliability, quality and cost.	X	X	X
Protection of water customers interests in ensuring SF maintains its Tuolumne River water rights.	X	X	X
Extension or renegotiation of the WSA before it expires in 2034. The WSA can be extended 2 times, for a period of 5 years each. By December 2031, SFPUC must notify Wholesale Customers of desire to extend contract.	X	X	X
Management of BAWSCA's revenue bonds in accordance with Bond Indenture and other applicable laws to ensure accountability and ultimately to reduce overall cost to regional water customers (thru 2034).	X	X	
<b>Management of Agency</b>			
BAWSCA CalPERS pension & OPEB liability management	X	X	X
Ensure Agency's near-term and long-term resiliency	X	X	X

**Appendix K: Historical BAWSCA Operating Budgets and Assessments**

BAWSCA's annual Operating Budget is developed to pay for the cost of the annual Work Plan, which is reviewed by the Committee and approved by the Board. Each year, the Work Plan is designed to achieve results that support BAWSCA's goal – ensuring a reliable supply of high-quality water at a fair price – and to implement BAWSCA's purpose as stated in AB 2058. As a special district, BAWSCA is not like a city council or other community agency. BAWSCA is an issue-driven organization that responds to the needs of its member agencies and the water users who pay for BAWSCA's work. BAWSCA uses experienced consultants to limit fixed costs.

Three historical examples of significant annual Operating Budget increases to address one-time or unexpected issues that required BAWSCA's actions, in addition to its on-going programs, are:

- In FY 2008-09, the approved budget was 10% higher than the previous year; issues included: increased conservation efforts, new contract with SF, and WSIP oversight.
- In FY 2013-14, the approved budget was 18% higher than the previous year; issues included: long-term water supply reliability, administration of bonds to accelerate paying off capital debt to save significant money for member agencies; administration of the Water Supply Agreement; an unexpected threat from Mountain Tunnel; and monitoring the SFPUC's Capital Improvement Plan and its Asset Management Program.
- FY 2018-19, the approved budget was 14.14% higher than the previous year; issues included: Restore Hetch Hetchy litigation, Bay Delta Plan, FERC, participation in Los Vaqueros Expansion planning studies, and BAWSCA's Demand Study.

Resolution of issues also reduces budgets as shown below in FY 2010-11 (-3%), FY 2011-12 (-2%), and FY 2014-15 (-10%). Table K-1 displays the history of BAWSCA's Operating Budget, assessments, and year-end reserves for the last 10 years.

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**Table K-1. Historical Annual Assessments, Budget, Reserve Balance, and Use of Reserves**

Fiscal year	Assessments	% Change	Budget	% Change	Audited Expenses	% of Budget Spent	Transfers from WSA Balance Account	Transfers from Reserve	Notes on Transfers from Reserve & WSA Balance Account	Unspent Funds Transfer to Reserve	Year-End Reserve Balance	Reserve as a % of Budget	# of Full Time Authorized Staff	Major New/Increased Work Plan Focus
										\$352,378 <sup>(1)</sup>				1st year Strategy implementation thru
2016-2017	\$3,440,734	5%	\$3,468,008	8.32%	\$2,934,077	84.60%		\$27,274	To fund budget	\$519,167	\$1,202,592	35%	8	RHH litigation, 2014 Settlement Agmt, 2018 decisions, WaterMAP
2017-2018	\$3,543,957	3%	\$3,704,572	6.82%	\$3,318,544	89.58%		\$160,615	To fund budget	\$253,892	\$1,561,144	42%	8	RHH litigation, Bay-Delta Plan, FERC
2018-2019	\$3,579,397	1%	\$4,278,585	15.49%	\$3,996,082	93.40%		\$321,688	To fund budget	\$0	\$1,115,848	26%	8	RHH litigation, Bay-Delta Plan, FERC to participate in LVE Project and to fund Demand Study
								\$177,500	Los Vaqueros					
								\$150,000	Demand Study					
								\$50,000	To fund budget					HB Amendment - Board approved 3/2019
2019-2020	\$3,686,779	3%	\$4,569,750	6.81%	\$4,116,485	90.08%	\$805,000	\$77,971	To fund budget	\$435,266	\$1,037,877	23%	9	Fund LVE participation, Demand Study, FERC, Bay Delta
2020-2021	\$3,686,779	0%	\$4,163,179	-8.90%	\$3,860,044	92.72%	\$197,000	\$333,900	To fund budget	\$43,727	\$996,743	24%	9	To fund contract increase for legal counsel; increased BAWSCA approved Operating Budget to offset identified approved expenses for BA funds use
								\$142,500	To fund budget					HB Amendment - Board approved 3/2021
2021-2022	\$3,871,118	5%	\$4,783,794	14.91%	\$4,400,215	91.98%	\$275,000	\$281,676	To fund budget	\$124,744	\$758,794	16%	9	To fund Demand Study
							\$71,750		To fund water conservation digital billboards					Board approved 3/17/2022
2022-2023	\$4,838,897	25%	\$4,720,885	-1.32%	\$4,297,922	91.04%	\$75,000	-\$193,012	May 2022 Board approved transfer of \$193,012 GR due to 25% increase in FY 22-23 assessments	\$665,592	\$1,046,550	22%	9	May 2022 Board approved transfer of \$193,012 to GR due to 25% assessment increase.
								\$30,000	Consultant assistance scoping update 2045 strategy					Board approved 1/19/23
								\$56,752	Consultant assistance scoping update 2045 strategy					Board approved 5/18/23
2023-2024	\$4,838,897	0%	\$4,983,419	5.56%	\$4,568,178	91.67%		\$112,000	Hanson Bridgett - \$82,000 Tier 2 & \$30,000 Special Projects Member Agency - Board approved 1/18/24	\$237,018	\$1,459,390	29%	9	HB 1st Amendment - Board approved 1/18/24
2024-2025	\$5,274,398	9%	\$5,614,518	12.66%	\$5,004,232	89.13%		\$340,120	May 2024 Board approved transfer of \$340,120 GR due to 9% increase in FY 24-25 assessments	\$500,997	\$1,405,262	25%	9	Board approved 5/16/2024
2025-2026	\$5,395,709	2%	\$5,547,732	-1.19%				\$152,023	May 2025 Board approved transfer of \$152,023 GR due to 2% increase in FY 25-26 assessments					Board approved 5/15/2025

Footnotes

(1) Remaining unspent Strategy development funds transferred to General Reserve in 2015-16

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Wholesale Water Rate Setting in Accordance with Water Supply Agreement**

**Summary:**

The Water Supply Agreement between the City and County of San Francisco and Wholesale Customers (WSA) allows the SFPUC to establish wholesale water rates based on the estimated Wholesale Revenue Requirement (WRR). This is the Wholesale Customers' collective share of expenses incurred by the SFPUC in delivering water to them and projected water deliveries in the year to which the new rates apply. The WSA specifies a methodology used to calculate the WRR to ensure the capital and operating costs of the Regional Water System (RWS) are fairly allocated between San Francisco's retail customers and the Wholesale Customers.

The WSA also requires the SFPUC to integrate the amount in the Balancing Account with the wholesale water rate setting process. The Balancing Account serves as a true up mechanism to record the difference between the estimated WRR used during SFPUC's rate setting and the actual SFPUC expenses attributable to the Wholesale Customers based on their water purchases. It is also used to reflect realized wholesale revenue whether up or down due to sales variations. The Balancing Account also can have a rate stabilization role when a large balance is paid down over multiple years to reduce wholesale rate fluctuations. Under certain circumstances, Balancing Account balances in favor of the Wholesale Customers may be used for purposes other than rate reduction or stabilization as directed by BAWSCA on behalf of the Wholesale Customers.

Through the WSA, the Wholesale Customers delegated authority to BAWSCA to conduct an annual review of SFPUC's calculation of the WRR and the balance in the Balancing Account, in addition to the compliance audit required by the WSA.

Per the figures provided by SFPUC in February 2026, the unaudited 6/30/2025 balance of the Balancing Account was \$13.4 million owed to the Wholesale Customers, and the estimated 6/30/2026 balance is \$3.0 million owed to San Francisco's Retail Customers. This \$16.4 million estimated change is partially due to lower wholesale water sales in FY2025-26. At this time, the SFPUC is projecting a 7.4% increase in the wholesale water rate effective July 1, 2026, based on the estimated WRR of \$380.3 million and the projected wholesale water use of 125.7 mgd in FY 2026-27.

**Fiscal Impact:**

This item has no impact on BAWSCA's annual operating budget.

**Recommendation:**

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

**Discussion:**

**WSA Specifies How Wholesale Revenue Requirement is Determined**

The WSA ensures that the capital and operating costs of the regional water system are fairly allocated between San Francisco's retail customers and the Wholesale Customers based on the following fundamental principles of cost allocation: The Wholesale Customers should not pay for SFPUC programs/facilities that are used only in the generation/transmission of electric power or only in the collection/treatment of San Francisco wastewater; the Wholesale customers should not pay for Water Enterprise programs/facilities that benefit only SFPUC's retail water customers; the Wholesale customers and SFPUC's retail customers should both pay for costs of building and operating the RWS, from which they both benefit, based on their proportionate annual use of water delivered by the RWS. In the event when the four BAWSCA agencies who are required to use a minimum amount of RWS water do not meet the requirement, the imputed water sales (or difference between the agencies' actual metered water deliveries and the minimum purchase requirements) are counted into the proportional annual use calculations.

Wholesale share of SFPUC's expenses of building and operating the RWS consists of three components: (1) operating and maintenance expenses, which is about 46% of total wholesale share; (2) debt service payments for the regional system projects that are either in progress or have been completed, about 44% of total wholesale share; and (3) capital project costs that SFPUC pays for out of revenues on a "pay-as-you-go" basis, about 10% of total wholesale share.

#### **BAWSCA's Annual Review of Wholesale Revenue Requirement and the Balancing Account**

At the end of each Fiscal Year, SFPUC computes the actual costs attributable to the Wholesale Customers as the final WRR, based on actual costs to operate the Regional Water System and actual amounts of water used by the Wholesale and Retail Customers. If there is a difference between the amounts billed to the Wholesale Customers and the final WRR, the difference, positive or negative, is posted to the Balancing Account. The Balancing Account represents excess (or deficit) Wholesale Customer rate revenue received by the SFPUC and is not segregated by Wholesale Customer.

The WSA requires an annual Compliance Audit by an independent certified public accountant selected by San Francisco to determine whether the WRR has been calculated in accordance with the terms of the WSA and whether amounts paid by the Wholesale Customers in excess of or less than the WRR have been posted to the Balancing Account, together with interest earnings.

The WSA delegates to BAWSCA the authority to conduct an annual review of SFPUC's calculation of the WRR and the balance in the Balancing Account and requires BAWSCA's review to be completed within 60 days after the date the Compliance Auditor's report is issued. Staff from both parties work collaboratively to discuss any differences between them concerning calculation of the WRR. If such differences cannot be resolved, the dispute shall be submitted to arbitration within twelve months of BAWSCA's receipt of the Compliance Auditor's report. As of today, the Wholesale Customers have not filed any demands for arbitration.

#### **SFPUC's Annual Wholesale Water Rate Setting Process**

The SFPUC establishes the Wholesale water rates annually in accordance with the terms of the WSA. Wholesale rates are calculated based on the Wholesale Customers proportionate share of budgeted Regional Water and Hetch Hetchy water expenses and SFPUC's projected wholesale deliveries.

In general, the WSA requires the Wholesale Customers to pay operating expenses and capital costs associated with the SFPUC's "regional" assets, which serve both the Wholesale Customers and the SFPUC's retail customers, based on proportional water use. The WSA allows the SFPUC to recover a portion of net annual debt service for new regional assets and to recover the Wholesale Customers' share of revenue-funded regional capital costs. The WSA also authorizes SFPUC to collect the Wholesale Customers' contribution to meet debt service coverage reserve requirements.

**SFPUC Anticipates FY 2026-27 Wholesale Water Rate Increase by 7.4% to \$6.23/Ccf**

On February 19, 2026, at the SFPUC's Annual Meeting with the Wholesale Customers, the SFPUC shared its preliminary wholesale water increase of 7.4% from \$5.80/Ccf in FY 2025-26 to \$6.23/Ccf in FY 2026-27. The rate projection is different than the previously estimated 1.0% rate increase that was included in the FY 2025-26 wholesale rate notice dated May 8, 2025 mostly due to projected water use decreases (-5% in the current year, FY 2025-26 and -8% in FY 2026-27).

Per the WSA, the SFPUC takes into account the balance in the Balancing Account in establishing wholesale water rates. At this time, the SFPUC is projecting its wholesale rate revenue to be short by \$16.4 million in FY 2025-26 due to wholesale water sales being less than anticipated. Therefore, the 6/30/2025 balance in the Balancing Account of \$13.4 million is expected to be completely drawn down and go negative by the end of FY 2025-26. The estimated 6/30/2026 balance is \$3.0 million owed by the Wholesale Customers.

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **BAWSCA’s Long-Term Reliable Water Supply Strategy 2050 – First Year Accomplishments and Affordability Program Updates**

**Summary:**

This memorandum provides a brief overview of the first year of work completed under BAWSCA’s Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050), including efforts to assess water affordability programs and practices, and highlights the focus of work for the upcoming year. Detailed information on 2025 accomplishments is provided in the attached *Strategy 2050 First Year Accomplishments* handout.

**Board Policy Committee Action:**

During the February 11<sup>th</sup> Board Policy Committee meeting, the Committee was presented with the 2025 accomplishments of Strategy 2050 and the focus of work for the upcoming year. This was an informational item and no Committee action was requested. However, input from the Committee was collected and will be incorporated into future Strategy 2050 development.

**Recommendation:**

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

**Discussion:**

The following sections summarize key components of the first year of work under Strategy 2050. This includes an overview of major accomplishments achieved in 2025 and an update on affordability-related efforts, including a review of customer assistance programs and current practices among BAWSCA member agencies.

**Year One Accomplishments**

BAWSCA initiated development of Strategy 2050 in early 2025 to build on the 2015 Long-Term Reliability Water Supply Strategy and to strengthen long-term regional water supply reliability and resilience amid increasing uncertainty related to climate variability, regulatory requirements, infrastructure needs, and affordability.

During 2025, BAWSCA and its member agencies made substantial foundational progress across all Strategy 2050 objectives. This first year of work focused on establishing the analytical tools, data, and collaborative frameworks needed to support informed, long-term decision-making. This included advancing regional demand and risk analyses, identifying and refining potential Projects and Actions (P&As), and enhancing modeling and evaluation tools that will be used to assess future options under a range of conditions.

In parallel, BAWSCA strengthened regional coordination on emergency preparedness and regulatory issues, expanded engagement with member agencies and partners, and evaluated potential funding pathways to support long-term water supply resilience. Importantly, affordability considerations were integrated into Strategy 2050’s analytical framework, establishing a baseline understanding of current affordability conditions and a structure for incorporating affordability into future evaluations of reliability investments.

Together, this work lays the groundwork for evaluating tradeoffs, prioritizing actions, and developing a valuable regional strategy. A summary of specific accomplishments is provided in the attached *Strategy 2050 First Year Accomplishments* handout. Input from the Board during the March 19<sup>th</sup> meeting will help inform the next phase of Strategy 2050 development as BAWSCA moves toward completion of Strategy 2050 in FY 26-27.

**Affordability Program Updates**

Water affordability is an increasing concern as utilities face rising costs associated with infrastructure investments, regulatory requirements, and climate resilience. To better understand current practices and identify opportunities to support affordability across the region, BAWSCA reviewed approaches implemented by other utilities and conducted a survey of BAWSCA member agencies to learn if they had in place customer affordability programs and if so what challenges have they encountered with their implementation. The analysis also evaluated key policy constraints in California, including Proposition 218 related restrictions, which generally prohibit publicly owned utilities from using ratepayer revenues to subsidize low-income customers and therefore limits financing options for affordability programs.

Survey results indicate that most BAWSCA member agencies provide some form of assistance to financially vulnerable customers through Customer Assistance Programs (CAPs), as summarized in Table 1. Flexible payment arrangements are the most common type of assistance, with nearly all BAWSCA Agencies allowing installment plans or alternative payment schedules. Some agencies also offer bill discounts, temporary assistance, or other programs designed to reduce the financial burden on eligible households.

Table 1: Types of Customer Assistance Programs (CAPs) in Place at Select BAWSCA Agencies

<b>CAP Type</b>	<b>Description</b>
Bill Discount	Provides an income-qualified reduction in a customer’s water bill, typically based on household income thresholds.
Flexible Payment Terms	Allows installment plans, levelized billing, or alternative billing schedules to help customers manage payments and repay arrearages.
Lifeline Rate	Provides a basic quantity of water at a reduced cost to meet essential household needs.
Temporary or Emergency Assistance	One-time or short-term financial support to prevent service disconnection or restore service after hardship.
Water Efficiency Assistance	Rebates or financial assistance for leak repairs and water-efficient fixtures that reduce water use and long-term bills.

The analysis also highlights that utilities across the country are increasingly focusing on improving assistant program accessibility and participation. Common strategies include simplifying program application processes, coordinating with other income-qualified assistance

programs (such that if an individual qualifies for a program that provides some form of financial assistance that they automatically qualify for a water affordability program as well), and partnering with community organizations to expand outreach and enrollment (Table 2). Although many BAWSCA agencies have implemented some form of customer assistance program, agencies frequently report implementation challenges related to Proposition 218 compliance, funding sources, and administrative capacity. These findings suggest potential opportunities for regional collaboration through Strategy 2050, including sharing program guidance and templates, coordinating outreach with nonprofit organizations, and facilitating discussions among agencies to support water affordability across the BAWSCA region.

Table 2: Initiatives to Increase Enrollment and Reduce Application Burden by Agencies Outside the BAWSCA Region

Initiative	Description
Self-Certification of Eligibility	Allows customers to self-certify eligibility rather than submitting extensive documentation.
Cross-Enrollment with Other Assistance Programs	Automatically enrolls households already participating in programs such as SNAP, Medicaid, SSI, or housing assistance.
Coordination Between Utility Programs	Shares information across different utility assistance programs so eligible customers receive multiple benefits.
Simplified or Unified Applications	Uses a single application process for multiple assistance programs.
Partnerships with Community Organizations	Works with nonprofit and social service organizations to expand outreach and assist customers with enrollment.

**Next Steps**

The coming year will shift Strategy 2050 from foundational analysis toward decision-making and strategy development. Key activities planned for 2026 include the development of portfolios of Strategy 2050 P&As, determining BAWSCA’s role in implementation, and developing the Strategy 2050 report. This work will also include defining an approach for progress tracking and adaptive management, as well as continued engagement with BAWSCA agencies and stakeholders through workshops and meetings.

As Strategy 2050 advances in 2026, Water Management Representatives (WMR) and Board input will be critical in shaping priorities and ensuring that Strategy 2050 remains responsive to regional needs while advancing long-term water supply reliability, resilience, and affordability. The anticipated Board and WMR Workshop schedule for calendar year 2026 is presented in Figure 1. The Board Workshop schedule is subject to change based on work progress over the coming year. Exact dates of each Workshop will be made available at least 30 days in advance of each event.

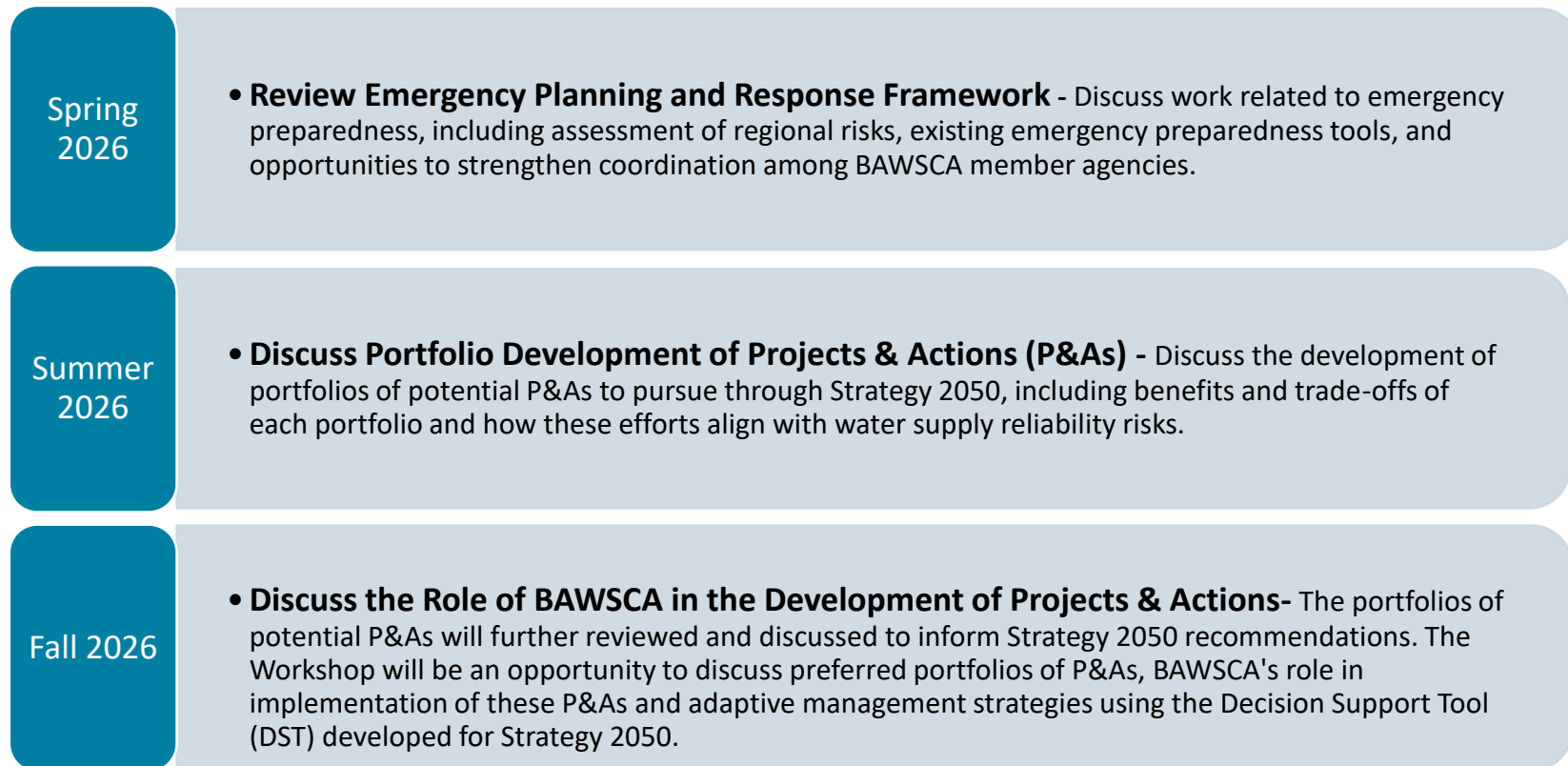
The schedule proposed allows for Board engagement during critical stages of Strategy 2050 development. Engagement will enable the Board to offer their suggestions and provide

guidance on elements of Strategy 2050 as the work proceeds. In addition, the perspective of agency staff as gained from WMR Workshops will also be shared with the Board.

Attachment:

- *Strategy 2050 First Year Accomplishments*

**Figure 1: Strategy 2050 – BAWSCA Board and Water Management Representatives Workshop Schedule for 2026**



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# Strategy 2050 First Year Accomplishments



## Strategy 2050's Purpose

The Bay Area Water Supply and Conservation Agency's (BAWSCA) 2050 Long-Term Reliable Water Supply Strategy (Strategy 2050) is a forward-looking effort to identify the long-term water supply management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience. Building on BAWSCA's 2015 Long-Term Reliability Water Supply Strategy, Strategy 2050 is designed to strengthen long-term water supply reliability in the face of climate variability, regulatory uncertainty, and evolving customer needs.

BAWSCA initiated development of Strategy 2050 in early 2025, and the development phase will be completed in 2026. Strategy 2050 will result in a comprehensive report that includes:



A summary of key findings and insights gained throughout the development phase;



A method for progress tracking and reporting on the status of Strategy 2050 implementation; and



A strategic roadmap for achieving the Strategy 2050 goal and objectives;



An adaptive management framework for Strategy 2050 implementation that ensures flexibility and responsiveness to changing conditions.

## Progress Towards Strategy 2050 Objectives

To achieve the Strategy 2050 purpose, BAWSCA and its member agencies identified six objectives that align with BAWSCA's goal of ensuring a reliable supply of high-quality water at a fair price. In 2025, the Strategy 2050 team and BAWSCA's member agencies made significant foundational progress toward the six Strategy 2050 objectives. This work establishes the analytical and collaborative foundation needed to complete Strategy 2050 and informs BAWSCA's near-term and long-term planning efforts.

## Strategy 2050 Objective

## 2025 Accomplishments

Provide a comprehensive picture of the region's supply and demand management needs and options.

- ✓ Completed **Demand Study** to project agency-specific future demands.
- ✓ Started **risk assessment and scenario planning** to identify the range of potential future outcomes impacting water reliability.
- ✓ Developed new **Regional Projects and Actions (P&As)** options.
- ✓ Collected and **refined over 70 existing P&A options** for BAWSCA agencies and others.
- ✓ Conducted **post-audit of Regional Groundwater Model** to support evaluation of P&As.
- ✓ Made improvements to **Regional Reliability Model** to support scenario analysis.

Establish a framework for collectively maintaining and improving regional water supply reliability and resilience.

- ✓ Evaluated risks and existing tools for **emergency preparedness**.
- ✓ Identified **frameworks for expanded collaboration** on emergency preparedness.
- ✓ Developed schematic of **emergency inerties** among agencies.
- ✓ Initiated development of **Decision Support Tool** to aid in comparing P&As and portfolios.

Elevate awareness of and support the region's interests in new and emerging regulations that impact water supply and demand management.

- ✓ Assessed potential impacts of **new and emerging regulations** and agency concerns.
- ✓ Identified **frameworks for regional regulatory support** and collaboration.
- ✓ Initiated mapping of **water quality constituents of concern**.

Expand regional dialogue and collaboration to collectively address common needs.

- ✓ Hosted **two One Water Roundtable workshops** to solicit ideas for P&As and seek input on priorities for evaluating P&As.
- ✓ Held **6 BAWSCA agencies workshops and monthly updates to the Water Management Representatives**.
- ✓ Provided updates and opportunities for input at **10 BAWSCA Board and Board Policy Committee** meetings.
- ✓ Met with **partners and stakeholders** on P&A collaboration opportunities and other topics.

Close the gap on funding needed for water supply resilience and reliability.

- ✓ Developed options for a **regional funding strategy** and advocacy approach for the BAWSCA region.
- ✓ Developed framework for **Grant Subscription Program** to be launched in 2026.
- ✓ Tracked and evaluated potential **funding opportunities** for Strategy 2050 efforts.

Support availability of affordable water supplies and demand management strategies to all customers.

- ✓ Evaluated **affordability for typical and low-income households** in the region.
- ✓ Established **framework for considering affordability** in future decisions.
- ✓ Identified **potential programs and policies** to support customer affordability.

## Early Wins

The Strategy 2050 development work has also enabled BAWSCA to identify, and proactively address, specific near-term needs before Strategy 2050 is completed. These include:

- Supported near-term agency funding needs by providing a Grants Tracker for funding opportunities for BAWSCA Agencies' projects and programs.
- Integrated affordability into reliability planning. Analyzed current affordability throughout the BAWSCA region to evaluate how it can change with potential P&As through Strategy 2050.
- Created a schematic inventory of existing inerties among agencies for emergency preparedness.
- Developed a model ordinance to support local adoption of a ban on non-functional turf through a partnership with CalWEP.

## Next Steps

To complete Strategy 2050 development, key activities for 2026 include:

- Refine, evaluate and select P&As to pursue through Strategy 2050, along with other water management activities.
- Determine BAWSCA's role in implementing selected Strategy 2050 P&As.
- Develop Strategy 2050 report, along with approach for progress tracking and adaptive management.
- Seek additional input from BAWSCA agencies and stakeholders through workshops and meetings.



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**MEMORANDUM**

**TO:** BAWSCA Board of Directors  
**FROM:** Tom Smegal, CEO/General Manager  
**DATE:** March 13, 2026  
**SUBJECT:** Chief Executive Officer/General Manager's Letter

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**BAWSCA's Oversight of SFPUC Capital Improvement Program:**

The SFPUC's Commission adopted the 10-Year CIP for both the Hetch Hetchy and Water Enterprise on February 10, 2026.

Prior to Commission adoption, a public hearing was held on January 29, 2026 in which BAWSCA delivered a public statement and submitted written comments dated January 28, 2025. The SFPUC responded to BAWSCA's comments with a letter dated February 9, 2026.

During the discussion of the 10-Year CIP at the February 10<sup>th</sup> SFPUC meeting, BAWSCA delivered a public statement prior to the Commission's vote.

BAWSCA's comment letter and SFPUC's written response are included in the correspondence packet. Copies of BAWSCA's January 29<sup>th</sup> and February 10<sup>th</sup> statements are attached.

The SFPUC's proposed budget, along with those developed by other City of San Francisco Agencies, are forwarded to the Mayor's office for his review and consideration. San Francisco's Board of Supervisors will be asked to approve the City Budget in June 2026.

BAWSCA's comments, in the letter as well as in public statements, noted that the City of Millbrae has deep concerns with the proposed work for the Millbrae Operations Center Project included in the Water Enterprise 10-year CIP. BAWSCA urged SFPUC staff to meet with City of Millbrae counterparts to answer questions and have additional dialog to address Millbrae's concerns.

**Millbrae Operations Center Tour:**

In response to BAWSCA's recommendation, SFPUC staff has scheduled an in-person meeting / tour of SFPUC's Millbrae Operations Center for the City of Millbrae's City Manager on March 18<sup>th</sup>. The meeting / tour will discuss the need and plans for the changes within the property. BAWSCA staff will attend.

**BAWSCA Support Letters for Member Agency Funding Requests:**

During the week of March 1, 2026, BAWSCA was contacted by several member agencies seeking letters of support that would accompany their respective funding request packages submitted to the US Congress. Funding requests are used to secure project-specific earmarks to be included in the FY 2027 Congressionally Directed Spending plans. BAWSCA subsequently prepared one support letter at the request of Coastside County Water District, one support letter at the request of the City of Burlingame, and two support letters at the request of Mid-Peninsula Water District. Copies of each of the letters have been included in the correspondence packet.

**Leak Detection and Repair Certificate Training:**

In February 2026, BAWSCA, in conjunction with CalWEP (California Water Efficiency Partnership) and IAPMO (International Association of Plumbing and Mechanical Officials), hosted its first Leak Detection & Repair Certificate Training in San Mateo called “Leak Repair Elite”. This free training is meant to teach plumbers the key elements of water-efficient plumbing design, methods to prevent leaks, and water efficiency codes and policies.

At the end of the 8-hour training, students have the option to take a comprehension test to earn their certificate and be added to a web-based directory of other trained professionals. This directory, which is hosted by IAPMO, is shared with BAWSCA member agencies to assist their customers who suspect they have a leak and don’t know who to call. While government agencies cannot recommend specific companies to assist their customers, they can reference a list of trained professionals to provide these services.

The February training had 16 attendees, all of whom had excellent reviews of the class. Most attendees sought the training in order to receive the Leak Repair Elite certificate and get added to the web directory, however, there were several who simply wanted to learn more about water use efficiency in plumbing. The instructor, class organization, and class content were all well received. BAWSCA and its program partners, Valley Water and CalWEP, will be reconvening later in March to determine next steps in offering this training on a regular basis throughout their respective service areas.

**BAWSCA Outreach:**

**Urban Water Institute Spring Conference:**

Tom Francis, BAWSCA’s Water Resources Manager, attended the Urban Water Institute’s Spring Conference, held on February 25-27, 2026 in Indian Wells, California.

The conference provided panel discussions on current topics of interests including water affordability, the need for agencies to embrace the concept of “change”, and current issues facing water agencies such as droughts and climate change, the State Water Board’s Healthy Rivers and Landscapes Plans and how they can be implemented to minimize the risk of threats to water supplies, and the currently proposed update to the California Water Plan and the associated mandate issued by Governor Newsom. The Conference provided participants enhanced networking opportunities and access to keynote speakers.

UWI Conferences bring together water leaders throughout California that represent public, private, nonprofit and academic organizations. The Conference had over 200 attendees.

**San Mateo Community College District – State of Water Panel:**

At the request of Skyline College, Tom Francis, was asked to take part as a panelist in a discussion of the “State of Water” in San Mateo County. Mr. Francis presented information on the San Francisco Regional Water System as the source of water supply for the BAWSCA region, the concept of environmental stewardship and what it meant to BAWSCA, and how water resource management are both a global resource yet also a local responsibility. Other panelists included Willa Brock of Filoli and Sara Moncada of the Association of Ramaytush Ohlone.

The panel discussion lasted 90 minutes. Audience questions were directed primarily to specific panelists, yet each panelist built on one another’s responses, as the discussion was intended to be a shared conversation.

The audience of approximately 100 was made up primarily of Skyline College students.

**Sons In Retirement (SIR):**

On March 11<sup>th</sup>, BAWSCA CEO/General Manager, Tom Smegal, was the guest speaker at the SIRs San Mateo branch monthly luncheon.

SIR is a statewide organization with more than 70 branches, each is an independent 501c(4) corporation. Its parent organization is the Sons in Retirement, Incorporated established in 1959. It is an organization of retired men who engage in a broad range of physical and intellectual activities including monthly luncheons with a guest speaker.

Mr. Smegal’s presentation included the historical development of the San Francisco Regional Water System from the pre and post Raker Act period, its rehabilitation through the Water System Improvement Program, and into today’s infrastructure investments; BAWSCA’s role in representing the interests of San Francisco’s wholesale customers; the quality and reliability of the region’s water supply borne by the mutually beneficial relationship between BAWSCA and SFPUC; current and future reliability challenges for both agencies; and conservation programs administered by BAWSCA designed for the member agencies’ water users.

**C/CAG Meeting – Peter Drekmeier**

The City and County Area Government’s (C/CAG) Resource Management and Climate Protection Committee (RMCP) seats seven elected officials and representatives from each of the following seven sectors: energy, water utility, nonprofit, business/chamber of commerce, community/community-based organization, and environmental organization, for a total of 14 seats. The RMCP meets monthly. BAWSCA’s Water Resources Manager, Tom Francis, fills the water utility seat and is also RMCP’s Vice Chair. Betsy Nash, Mayor of Menlo Park and BAWSCA Board Member, is also on the RMCP Committee. The Committee provides information and recommendations to the C/CAG Board on items related to resource conservation and climate action.

The RMCP Meeting of February 18<sup>th</sup> included an agenda item of separate presentations from the Yosemite River Alliance (YRA) and BAWSCA on comments provided at the November 5, 2025, State Water Board Workshop on the Draft Scientific Basis Report (Draft SBR) for the Tuolumne River. Tom Smegal, BAWSCA's CEO/General Manager presented as did Peter Drekmeier of YRA.

Mr. Smegal's presentation noted the various panel presentations that took place at the State Water Board's November 5<sup>th</sup> workshop. He provided a link to the recordings of the workshop kept by the State Water Board, noting that the discussion that took place serves to enable those interested in the Bay-Delta Plan and its' associated Healthy Rivers and Landscape Plan for the Tuolumne River to hear from all sides on the topic.

Mr. Drekmeier presented his organization's view that the Healthy Rivers and Landscape Plan for the Tuolumne River was flawed.

Attachments:

1. BAWSCA's February 10, 2026 Statement on SFPUC's Adoption of the 10-Year Capital Improvement Program (CIP) for the Water Enterprise and the Hetch Hetchy System
2. BAWSCA January 29, 2026 on SFPUC's 10-Year Capital Improvement Program (CIP) for the Water Enterprise and the Hetch Hetchy System

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**Statement by Tom Smegal, BAWSCA CEO/General Manager, on SFPUC's Adoption of the 10-Year Capital Improvement Program (CIP) for the Water Enterprise and the Hetch Hetchy System**

**February 10, 2026**

BAWSCA completed its review of SFPUC's 10-Year CIP materials in late January 2026. BAWSCA's comments were documented in a letter to the SFPUC on January 28, 2026. Yesterday, BAWSCA staff received your staff's response and these comments reflect the initial findings supplemented by a review of that response.

SFPUC has prioritized the most critical projects and included them in the 10-year CIP plan. That approach addresses financial constraints. BAWSCA points out that the work required beyond 2036 is significant. Per the SFPUC's estimate, required projects over the next 30 years will cost an estimated at \$10.1 Billion. A significant portion of that cost is for projects necessary to comply with California dam safety regulatory requirements. The ability to pay for that work will rely heavily on financial contributions from your wholesale customers.

The SFPUC's Millbrae Operations Center serves to provide water supply reliability, address water quality needs, and for emergency response. The City of Millbrae has significant concerns with the impact of the project on its residents. It is important that the SFPUC engage with BAWSCA and the City of Millbrae as the final plans for this project take shape. While the additional materials and fact sheet provided yesterday are illuminating and helpful, I expect there will need to be additional discussion over the next year of design, planning, and environmental review to further communicate this information to stakeholders.

BAWSCA finds that the 10-Year CIP for FY 2027-36 for both the Water and Hetch Hetchy Enterprises are robust. It includes projects that BAWSCA agrees are necessary. BAWSCA supports the Commission's adoption of the 10-Year CIP for FY 2027-36 but asks that the SFPUC commit to deeper engagement with BAWSCA moving forward on future CIP development and to keep BAWSCA apprised of important ongoing discussions with the City of Millbrae on the Millbrae Operations Center project.

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**Statement by Tom Smegal, BAWSCA CEO/General Manager, on SFPUC's 10-Year Capital Improvement Program (CIP) for the Water Enterprise and the Hetch Hetchy System**

**January 29, 2026**

In accordance with the Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers, BAWSCA met with San Francisco PUC staff and reviewed draft materials developed for the SFPUC's 10-Year CIP for the Water Enterprise and the Hetch Hetchy System. BAWSCA sent its comment letter yesterday to the Commission's attention. My comments today cover the highlights of that letter.

BAWSCA supports the SFPUC's approach to meet Level of Service (LOS) goals and objectives, meet regulatory obligations, manage risk to water deliveries, and maintain financial sustainability (keep rates affordable, maintain a strong credit rating, and balance risk). BAWSCA sees that the overall 10-Year CIP budget for the Water and Hetch Hetchy Enterprises have not increased as compared with the prior 10-Year CIP.

The approach SFPUC has taken will spread necessary projects over a 30-year period while prioritizing the most critical for inclusion in the 10-year CIP. BAWSCA understands the need to prioritize the most critical projects to address financial constraints.

The SFPUC contends that the proposed CIP is expected to result in significant overall operational risk reduction. BAWSCA supports that contention. BAWSCA is aware of the risks present in the assumptions made.

The ability to defer identified work on dams and reservoirs requires ongoing engagement between the SFPUC and the State of California officials charged with dam safety. Required work on the existing Dams in the years beyond the 10-Year CIP is extensive and costly.

Unlike in prior budget cycles, the SFPUC does not propose to spend significant funds on the development of regional alternative water supply projects, aside from expenditures on PureWater Peninsula in year 10. This is a point which BAWSCA believes many members of the public may miss. BAWSCA supports this budgeting approach, since until regulatory issues associated with the Bay-Delta Plan are sorted out, there remains uncertainty as to what level of additional supply may be necessary.

The SFPUC's Millbrae Operations Center serves to provide water supply reliability, address water quality needs, and for emergency response. It is imperative that the scope and timing of the project proposed for the Center, one of the largest in the CIP, clearly represent the most cost-effective approach to meet these objectives. In BAWSCA's comment letter, BAWSCA has requested additional information to clarify how this project has evolved over time and to understand certain elements of the proposed design. It is BAWSCA's understanding that SFPUC staff is preparing additional responses to Millbrae's questions and has an opportunity to engage in meaningful dialog with Millbrae to address their concerns. BAWSCA hopes that dialog can resolve stakeholder issues.

The highest cost project in the Hetch Hetchy 10-Year CIP will be work associated with the full replacement of the Moccasin Penstocks since their repair is not feasible. BAWSCA supports the need to replace the penstocks yet will need to be engaged as replacement concepts are moved forward and a final approach selected.

BAWSCA is pleased to see that projects at the Sunol Valley Water Treatment Plant, the Tesla UV Treatment Facility, and at the Harry Tracy Water Treatment Plant have been included in the 10-year CIP. In addition, BAWSCA is pleased to see work proposed at various dams and reservoirs, such as Moccasin Reservoir, O'Shaughnessy Dam, Pilarcitos Dam, and San Andreas Dam.

BAWSCA appreciates our ability to review the 10-year CIP for both the Water Enterprise and the Hetch Hetchy Enterprise. BAWSCA finds that the 10-Year CIP for FY 2027-36 for both enterprises are robust, even though some accommodations have been made to consider such important concepts as rate affordability goals.

###

# Board of Directors Policy Calendar Through January 2027

Meeting Date	Purpose	Issue or Topic
May 2026	D&A D&A R&A R	Consideration of Proposed FY 2026-27 Work Plan and Budget Consideration of Professional Services Agreements BAWSCA's Publicly Available Pay Schedules Review of Water Supply Forecast
July 2026	D&A R&D R&D	Review of CEO/General Manager Evaluation Procedure BAWSCA's Strategy 2050 SFPUC Alternative Water Supply Program Update
September 2026	D&A R&A R	CEO/General Manager Performance Evaluation BAWSCA's Publicly Available Pay Schedules Review of Water Supply Forecast
November 2026	D&A R&D R	Annual Review & Consideration of BAWSCA's Statement of Investment Policy BAWSCA's Strategy 2050 Review of Water Supply Forecast
January 2027	D&A D&A	Mid Year Work Plan, Budget and General Reserve Review Proposed FY 2027-28 Bond Surcharges

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**Bay Area Water Supply and Conservation Agency  
and Regional Financing Authority**

**Meeting Schedule through June 2027**

<b>Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – March 19, 2026	Burlingame Community Center – Sequoia Room
Thursday – May 21, 2026	Burlingame Community Center – Sequoia Room
Thursday – July 16, 2026	Foster City Community Bldg – Wind Room
Thursday – September 17, 2026	Burlingame Community Center – Sequoia Room
Thursday – November 19, 2026	Burlingame Community Center – Sequoia Room
Thursday – January 21, 2027	TBD
Thursday – March 18, 2027	TBD
Thursday – May 20, 2027	TBD

<b>Schedule for RFA Board Meetings (Meeting time will be announced)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – January 21, 2027	TBD

<b>Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Wednesday – April 8, 2026	Burlingame Community Center – Sequoia Room B
Wednesday – June 10, 2026	Burlingame Community Center – Sequoia Room B
Wednesday – August 12, 2026	Burlingame Community Center – Sequoia Room
Wednesday – October 14, 2026	Burlingame Community Center – Sequoia Room
Wednesday – December 9, 2026	Burlingame Community Center – Sequoia Room
Wednesday – February 10, 2027	TBD
Wednesday – April 14, 2027	TBD
Wednesday – June 9, 2027	TBD