

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

April 8, 2026
1:30 p.m.

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

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AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u> Roster of Committee Members (<i>Attachment</i>)	(Ragsdale)	Pg3
2. <u>Comments by Chair</u>	(Ragsdale)	
3. <u>Consent Calendar</u> A. Approval of Minutes from the February 11, 2026 meeting (<i>Attachment</i>)	(Ragsdale)	Pg 5
4. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Ragsdale)	
5. <u>Action Item</u> A. Proposed Fiscal Year 2026-27 Work Plan, Results to be Achieved, and Operating Budget (<i>Attachment</i>) <u>Issue:</u> What critical results must be achieved in FY 2026-27 to accomplish BAWSCA's goals and water reliability objectives? <u>Information to Committee:</u> Memorandum presenting Proposed Fiscal Year 2026-27 Work Plan, Results to be Achieved, and Operating Budget. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the: <ol style="list-style-type: none">Proposed Fiscal Year 2026-27 Work Plan and Results to be Achieved;Proposed Operating Budget of \$5,340,828 andRecommended Funding Plan Option of 1% Assessment increase.	(Smegal)	Pg 19
B. Approval and Adoption of BAWSCA Pay Schedules for FY 2024-25 and FY 2026-27 (<i>Attachment</i>) <u>Issue:</u> What is required of BAWSCA, as a participating agency in the California Public Employees' Retirement System (CalPERS), to comply with California Code of Regulations (CCR) Title 2 § 570.5? <u>Information to Committee:</u> Memorandum and oral report. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the proposed action.	(Smegal)	Pg 53

- C. Consultant Selection to Provide Human Resources Management Services (Smegal) Pg 59
(Attachment)

Issue: What resources are needed for BAWSCA to manage agency activities professionally and efficiently?

Information to Committee: Memorandum and oral report.

Committee Action Requested: That the Committee recommend Board approval of the proposed action.

6. Report and Discussion

- A. FY 2024-25 BAWSCA Annual Survey (Ramey) Pg 63

Issue: What are the highlights from the recently completed FY 24-25 Annual Survey?

Information to Committee: Memorandum and oral report.

Committee Action Requested: Comments and feedback.

7. CEO Report

(Smegal)

- A. SFPUC Millbrae Operations Center
B. CEO/General Manager's Letter (Attachment) Pg 67
C. Board Policy Committee Calendar (Attachment) Pg 69
D. Correspondence Packet ([Under Separate Cover](#))

8. 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)**

9. Report from Closed Session

(Schutte)

10. Comments by Committee Members

(Ragsdale)

11. Adjournment to the Next Meeting

(Ragsdale)

June 10, 2026 at 1:30pm
Burlingame Community Center – Sequoia Room – 850 Burlingame Ave., Burlingame.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

2026 Committee Roster:

Leslie Marden Ragsdale, Hillsborough (Committee Chair)

Tom Hamilton, City of San Bruno (Committee Vice Chair)

Angela Andrews, City of Hayward

Thomas Chambers, Westborough Water District (BAWSCA Immediate Past Chair)

Darin Duncan, California Water Service Company

Karen Hardy, City of Santa Clara (BAWSCA Vice Chair)

Barbara Pierce, City of Redwood City

Peter Stevenson, City of Burlingame

Louis Vella, Mid-Peninsula Water District (BAWSCA Chair)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD POLICY COMMITTEE
February 11, 2026 – 1:30 p.m.

MINUTES

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 29th. BAWSCA submitted a comment letter dated January 28th, 2026, and delivered a statement to the Commission at the January 29th budget hearing.

The WSA requires SFPUC to provide BAWSCA a written response to its comment letter. SFPUC's response to BAWSCA's January 28th letter was received on February 9th. The Commission held its second budget hearing on February 10th, 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 28th comment letter and statement to the Commission at the January 29th 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 Charge¹ (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.

¹ 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.

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

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 15th, 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 30th, 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 2nd and was completed on February 6th. 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 28th – 30th to take public comments on the revised draft updates released on December 12th. Written comments were accepted by February 2nd. 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.

Respectfully submitted,

Thomas Smegal, CEO/General Manager

TS/le

Attachments: 1) Attendance Roster

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 Mayor, City of Millbrae
 Tom Williams City Manager, City of Millbrae
 Dave Warner Self
 Steve Merlone Self
 Alison Kastama Liaison to BAWSCA, SFPUC

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

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

Summary:

This memorandum presents the Proposed 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 March 19th Board meeting have been reviewed and addressed.

The Proposed 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 Proposed work plan is provided in the Discussions section of this memorandum.

Recommendation:

That the Board Policy Committee recommend Board approval of the:

- 1. Proposed Fiscal Year 2026-27 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$5,340,828; and**
- 3. Recommended Funding Plan Option of 1% Assessment increase.**

Discussion:

Proposed Work Plan:

Next year’s Work Plan addresses all of the anticipated issues and results to be achieved discussed with the Board on January 15th and March 19, 2026, and the Board Policy Committee on February 11, 2026.

The Proposed 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 Proposed 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 Proposed 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 Proposed 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.

Proposed 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 Proposed 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 Proposed FY 2026-27 Work Plan:

In preparing the Proposed 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 Proposed 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 Proposed 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 Proposed 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 Proposed 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.

Proposed FY 2026-27 Operating Budget:

The Proposed 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 Proposed 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 Proposed 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 Proposed 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 Proposed Operating Budget:

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

Funding Option 3 is recommended as it provides a nominal increase in assessments while maintaining a General Reserve balance that is within the agency’s budgetary guidelines. Feedback from the Committee is requested. If further funding options for analysis and consideration are desired for the Board’s consideration for adoption at the May 21st Board meeting, that feedback is also welcome.

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

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

BAWSCA OBJECTIVE & PROPOSED FY 2026-27 WORK PLAN ITEM	
	RELIABLE WATER SUPPLY
	1. <u>Facility Reliability: Monitor SFPUC’s WSIP, 10-Year Capital Plan, Asset Mgmt. Program, and Emergency Response</u>
	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>Review SFPUC's Strategic Asset Management Plan (to be finalized in FY 2026-27) and recommend modifications or additions.</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)
	2. <u>Long-Term Supply Solutions: Implement BAWSCA’s Strategy to Ensure a Reliable, High-Quality Supply of Water is Available Where and When needed</u>
	a. <i>Complete</i> the development of BAWSCA’s Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050).
	b. <i>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.</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.

BAWSCA OBJECTIVE & PROPOSED FY 2026-27 WORK PLAN ITEM	
	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>
	3. <u>Near-term Supply Solutions: Demand Management, Water Conservation and Drought Response</u>
	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.
	b. Provide regional coordination to support members’ AMI implementation and data management and utilization.
	c. Implement BAWSCA’s core water conservation programs.
	d. Implement BAWSCA’s subscription conservation rebate programs that benefit and are paid for by participating members.
	e. Engage with CalWEP & others to promote 3 rd party development & administration of a leak repair & training certification program.
	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.
	4. <u>Take Actions to Protect Members’ Water Supply and Financial Interests in WSA Administration</u>
	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.
	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.
	c. Administer the updated Tier 2 Plan as necessary
	d. Protect members’ water supply and financial interests in the SFPUC’s required 2028 decisions.
	e. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.
	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.
	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
	5. <u>Protect Members’ Interests in a Reliable Water Supply</u>
	a. Participate in SWRCB Bay Delta Plan Update to ensure members’ interests are represented, including ongoing legal intervention.
	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.

BAWSCA OBJECTIVE & PROPOSED FY 2026-27 WORK PLAN ITEM	
	6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u>
	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.
	7. <u>Reporting and Tracking of Water Supply and Conservation Activities</u>
	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.
	HIGH QUALITY WATER
	8. <u>Support Members in Receiving Reliable Communication of Water Quality Issues</u>
	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.
	FAIR PRICE
	9. <u>Perform Matters that Members Agencies Delegated to BAWSCA in the Water Supply Agreement</u>
	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.
	AGENCY EFFECTIVENESS
	10. <u>Maintain Community Allies and Contacts with Environmental Interests</u>
	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 others to achieve results and support goals.

BAWSCA OBJECTIVE & PROPOSED FY 2026-27 WORK PLAN ITEM	
	d. In conjunction with San Francisco, conduct or co-sponsor tours of the Regional Water System for selected participants.
	11. <u>Manage the Activities of the Agency Professionally and Efficiently</u>
	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>RELIABLE SUPPLY</p> <ol style="list-style-type: none">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.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.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.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.
<p>FAIR PRICE</p> <ol style="list-style-type: none">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.6. Arbitrate issues related to the Water Supply Agreement.7. Possible BAWSCA action to address the Board’s concerns regarding SFPUC’s unfunded pension and OPEB liabilities.
<p>HIGH WATER QUALITY</p> <ol style="list-style-type: none">8. Perform technical studies of water quality or San Francisco’s treatment of the water it delivers to the BAWSCA members.9. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.
<p>AGENCY EFFICIENCY</p> <ol style="list-style-type: none">10. Add resources to support additional Board, Board committee, or technical committee meetings.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.12. Provide for public participation in Board and Policy Committee meetings via a hybrid-style meeting format.

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

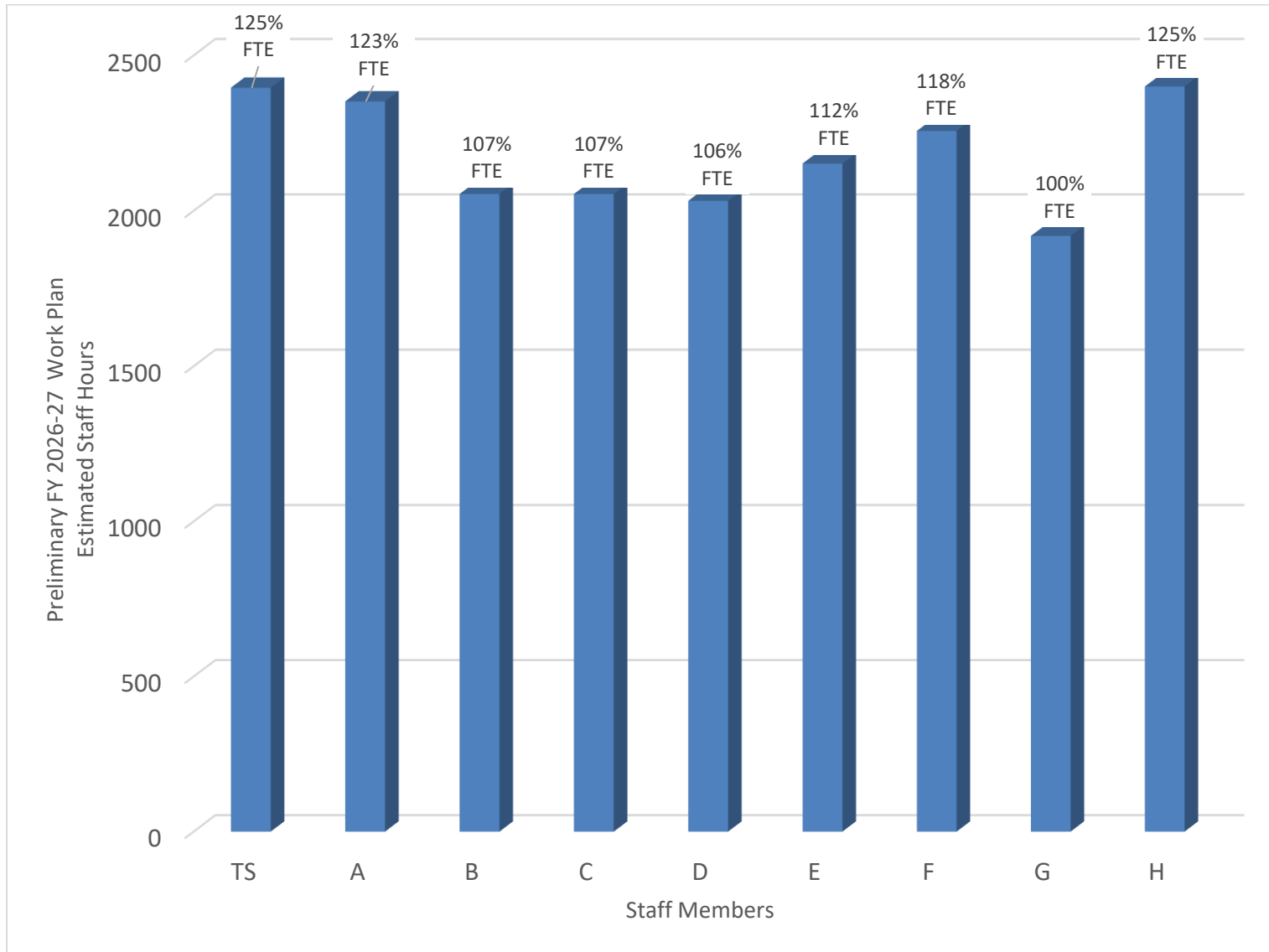


Table 3. Estimated Staff Hours and Full Time Equivalent (FTE) by Proposed FY 2026-27 Work Plan Item

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

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	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.	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.
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.

#	Board Member	Board Member Comment/Question	Staff Response
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 (Proposed 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 (Proposed 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

Cost Category	Approved FY 2025-26 Budget (\$)	Proposed FY 2026-27 Budget (\$)	Change from FY 2025-26 Budget (\$)
Consultants/ Direct Expenditures			
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)
Administration			
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
Total Operating Expenses	5,482,557	5,275,053	(207,504)
Capital Expenses	5,000	5,000	0
Budgeted Contingency	57,500	57,500	0
Regional Financing Authority	1,625	2,225	600
Bay Area Water Users Assn.	1,050	1,050	0
Grand Total Operating Budget	5,547,732	5,340,828	(206,904)

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
Assessments	\$5,395,709	\$5,340,828	\$5,395,709	\$5,449,666	\$5,503,623
Transfer from/(to) General Reserve	\$152,023		(\$54,881)	(\$108,838)	(\$162,795)
Total Available Operating Budget/Funds	\$5,547,732	\$5,340,828	\$5,340,828	\$5,340,828	\$5,340,828
Potential End of FY25-26 Transfer to General Reserve		\$0	\$0	\$0	\$0
Estimated Year-End Reserves ⁽¹⁾	\$1,405,262	\$1,405,262	\$1,460,143	\$1,514,100	\$1,568,057
General Reserve to Budget Ratio ⁽²⁾	25%	26%	27%	28%	29%
Assessment to Budget Ratio	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
FY 2020-21			
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		
Total	\$711,384	\$5,554	\$0
FY 2021-22			
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	
Total	\$897,677.93	\$9,564	\$0
FY 2022-23			
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	
Total	\$904,032	\$11,159	\$0
FY 2023-24			
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	
Total	\$1,092,277	\$11,259	\$0
FY 2024-25			
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	
Total	\$1,112,978	\$9,915	\$0

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.

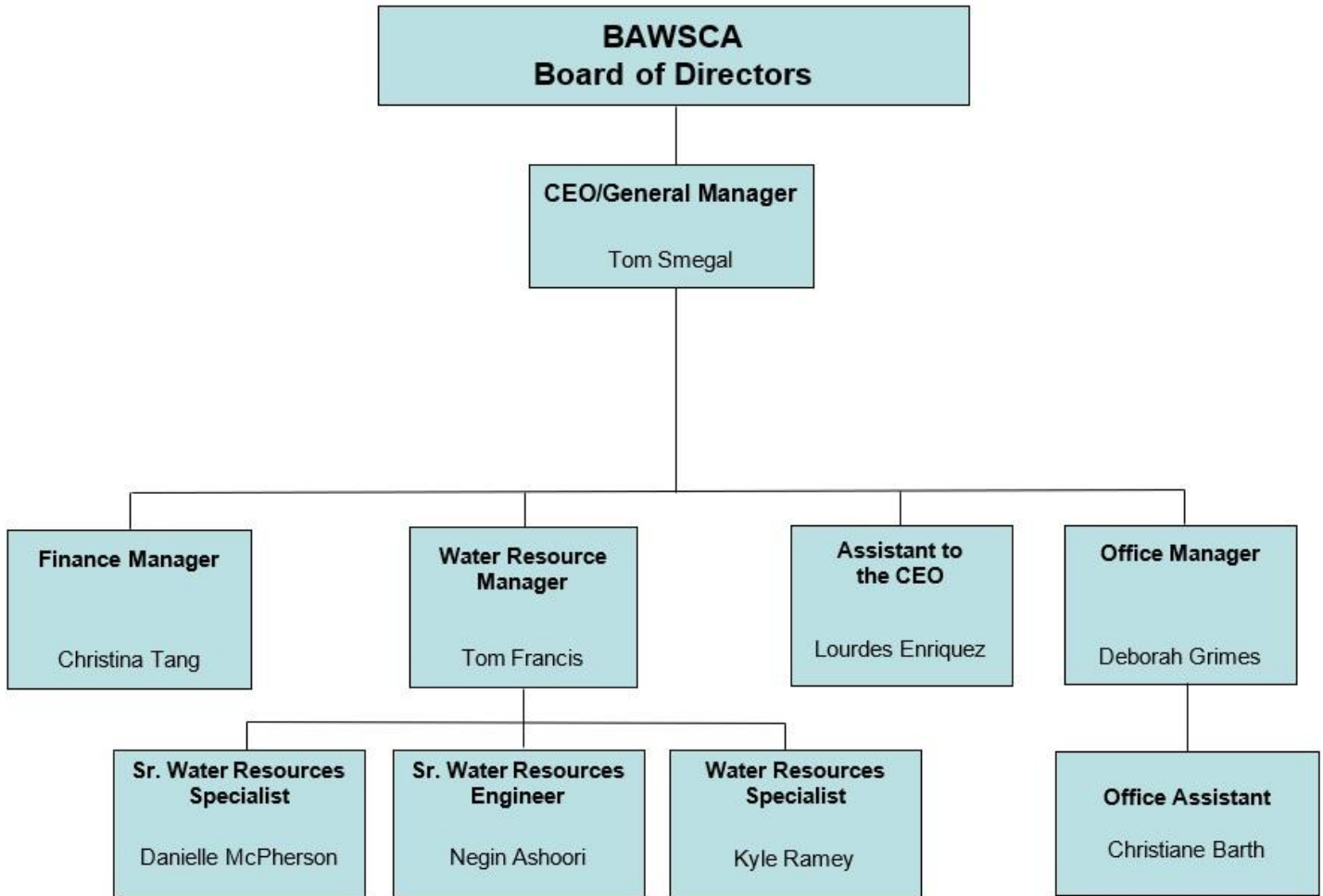
Table H-1. Savings Resulting from BAWSCA's Annual WRR Review

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
Total	\$50,714,316

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 J-1: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2026-27)

BAWSCA Goal and Associated Challenges	FY 2026-27 (Near-Term)	2027-2040 (Mid-Term)	2040-2065 (Long-Term)
Reliable Supply: Ensure Long-Term Water Supply Reliability			
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	
Reliable Supply: Ensure Regional Water System Facility Reliability			
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
High Quality Supply & Fair Price: Enforce Water Supply Agreement (WSA)			
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	
Management of Agency			
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 ⁽¹⁾				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 POLICY COMMITTEE MEETING

Agenda Title: **Approval and Adoption of BAWSCA Pay Schedules for FY 2024-25 and FY 2026-27**

Summary:

As a participating agency in the California Public Employees' Retirement System (CalPERS) and to comply with California Code of Regulations (CCR) Title 2 § 570.5 - "Requirement for a Publicly Available Pay Schedule," the Board must approve and adopt pay schedules for BAWSCA staff annually in a specified format as required by CalPERS. The pay schedule for FY 2024-25 had a minor error, in that the salary schedule listed for the Water Resources Manager position was incorrect. An action by the Board would retroactively correct that error as well as approve the proposed salary schedule for FY 2026-27. This correction reflects pay as approved and adopted by the Board as part of its regular adoption of the annual Work Plan and Budget. This action is not recommending authorizing retroactive pay for agency employees, but rather recommending formally approving and adopting previously approved and adopted salary schedules in a specified format as required by CalPERS. Both schedules are provided in Attachment A. Pay schedules are included as part of the Board's regular consideration of the annual Work Plan and Budget in May, and as part of the CEO/GM performance evaluation.

Recommendation:

That the Board Policy Committee recommend Board approval and adoption of the BAWSCA Pay Schedules for FY 2024-25 and FY 2026-27

Discussion:

BAWSCA is a participating agency in CalPERS. CalPERS requires that BAWSCA's employees' reportable compensation, which is the compensation that employees' retirement benefits are based on, comply with the California Public Employees' Retirement Law ("PERL") and its regulations, including CCR Title 2 § 570.5 - Requirement for a Publicly Available Pay Schedule.

Historically, BAWSCA increases the top step for salaries in line with inflation.

For FY 2026-27, the COLA adjustment, based on the December value of the Consumer Price Index for the Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area, is 3.104%. As such, the proposed Publicly Available Salary Schedules have been adjusted as follows:

- An increase to the top step of all non-CEO salaries for FY 2026-27 by 3.104% to ensure that the approved salary ranges stay competitive moving forward.

In order to comply with CalPERS requirements, on November 21, 2024, the Board retroactively approved the salary schedules for FY 2020-21 through FY 2024-25 inclusive. The salary schedule for FY 2024-25 had a minor error in the top range salary listed for the Water Resources Manager position. Retroactively correcting the error will change the top range to \$248,774 from the \$247,967 as noted. Retroactive corrections are necessary in the event of possible future audits by CalPERS. This action is not recommending authorizing retroactive pay

for agency employees, but rather recommends formally approving and adopting previously approved salary schedules in a specified format as required by CalPERS.

Following the Board's action, the approved and adopted Pay Schedules will be posted on BAWSCA's publicly accessible website and formally transmitted to CalPERS. Any adjustments to the pay schedule for the CEO would occur at a future meeting.

Attachments:

1. BAWSCA Pay Schedule for FY 2024-25
2. BAWSCA Pay Schedule for FY 2026-27



This document has been prepared for the specific purposes of compliance with California Code of Regulations (CCR) 570.5 and was last approved and adopted by the Board of Directors on May 21, 2026

Salary Schedule Effective July 1, 2024

Classification	Annual Minimum	Annual Maximum
Chief Executive Officer / General Manager	\$179,755	\$333,259
Finance Manager	\$176,808	\$221,009
Water Resources Manager	\$198,374	\$248,774
Senior Water Resources Specialist	\$153,960	\$192,450
Water Resources Specialist	\$125,334	\$156,668
Assistant to the CEO	\$124,619	\$155,773
Office Manager	\$118,658	\$148,323
Office Assistant	\$76,881	\$96,102

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This document has been prepared for the specific purposes of compliance with California Code of Regulations (CCR) 570.5 and was last approved and adopted by the Board of Directors on May 21, 2026

Salary Schedule Effective July 1, 2026

Classification	Annual Minimum	Annual Maximum
Chief Executive Officer / General Manager	\$179,755	\$351,030
Finance Manager	\$186,090	\$232,612
Water Resources Manager	\$208,788	\$260,985
Senior Water Resources Specialist	\$164,959	\$206,199
Water Resources Specialist	\$131,915	\$164,893
Assistant to the CEO	\$131,161	\$163,951
Office Manager	\$124,888	\$156,110
Office Assistant	\$80,918	\$101,147

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Consultant Selection to Provide Human Resources Management Services**

Summary:

BAWSCA is seeking proposals for on-call Human Resources (HR) Management Services from qualified individuals or firms (Proposers or Consultants).

In recent years, BAWSCA has recognized a need to update existing internal HR procedures and practices. It was determined that an HR professional should lead in that effort. In addition, BAWSCA identified several HR activities currently managed by staff that could more effectively and efficiently be performed by an HR consultant on an "as-needed" basis. BAWSCA determined that the solicitation of HR Management Services should be performed in FY 2025-26 such that a firm would be in place at the start of FY 2026-27.

BAWSCA released a Request for Proposals (RFP) for HR Management Services on March 20, 2026. Proposals are due back to BAWSCA by April 17, 2026. This schedule will allow time for BAWSCA to review proposals, select a consultant, and bring a consultant under contract by the start of FY 2026-27.

At the May Board meeting, the CEO will request authorization to negotiate and execute a professional services agreement with a recommended consultant for the identified services. This process is consistent with BAWSCA's policies and procedures for professional services contracts, and the schedule is consistent with the schedule anticipated in the proposed FY 2026-27 Work Plan.

Fiscal Impact:

The proposed FY 2026-27 budget includes \$50,000 to cover the cost of HR Management Services. Additional annual funding may be necessary in future FYs, subject to BAWSCA's determination regarding the scope of HR services to be utilized.

Recommendation:

The Board Policy Committee: 1) confirm that the solicitation process conforms to agency practices, and 2) advise the CEO on whether additional information might be helpful to the Board for its consideration of authorizing the negotiation and execution of an agreement in May.

Discussion:

BAWSCA currently has an administrative staff of 9 employees. BAWSCA maintains direct working relationships with all employees through its established HR policies and procedures. Because of its small staff, BAWSCA does not have a full time HR professional but some HR functions are handled by the Office Manager.

As a result of BAWSCA's recent organizational growth, including increases in staffing levels and expanded regulatory and compliance obligations applicable to public agencies, BAWSCA identified the need to update and formalize its internal human resources procedures and practices. BAWSCA further determined that this effort should be led by an experienced human resources professional. In addition, BAWSCA identified certain HR functions currently performed by staff that could be more efficiently and effectively performed by an external HR consultant.

Consultant Selection Process

The selection and contracting process is consistent with BAWSCA's policies and procedures for acquiring professional services.

On March 20, 2026, BAWSCA issued an RFP for on-call Human Resources Management Services. Questions on the RFP were due on March 30, 2026, and BAWSCA will respond to those questions by April 6, 2026. The proposal deadline is April 17, 2026. During the week of April 20, 2026, a panel will review the proposals received and may interview a short list of firms during the week of April 27, 2026. The panel will include BAWSCA staff, representatives from BAWSCA member agencies, and a representative from an outside agency.

Based on the evaluation of the written proposals and interviews, the panel will recommend a consultant for contract award. At the May Board meeting, the CEO will request authorization to negotiate and execute a professional services agreement with the recommended consultant for the identified services, subject to legal counsel review.

This schedule is consistent with the proposed FY 2026-27 Work Plan and will ensure that the recommended consultant will be under contract at the beginning of FY 2026-27.

Scope of Work

The selected consultant will provide comprehensive human resources support to BAWSCA on an on-call, as-needed basis, including performance management, benefits administration, legal and regulatory compliance, recruiting and onboarding, employee relations, leaves, accommodations, investigations, training, and offboarding. This support includes advising leadership, administering and documenting HR processes, ensuring compliance with applicable laws and CalPERS requirements, and assisting with special projects and staff training as required. Recruiting and workforce changes will be supported as vacancies arise, from candidate profiling through onboarding, while employee lifecycle matters such as leaves, accommodations, discipline, and separations will be managed in a compliant and documented manner.

Separately, the Consultant will lead a comprehensive update and reformatting of the Personnel Handbook for Board consideration and approval, in coordination with legal counsel, as a defined project. Attached is the draft Scope of Work.

Schedule

BAWSCA anticipates commencing work on July 1, 2026. The update of the Personnel Handbook must be completed within one year of the commencement date. All other tasks will be completed on an as needed basis, upon BAWSCA's request.

TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Professional Services Consultant

DRAFT

FY 2026-27 SCOPE OF WORK

Under each task, the Consultant is requested to provide detailed information regarding the work to be completed to meet the Project and individual task objectives.

1. Annual Goal Setting and Review: Consultant will work with the CEO to improve and develop annual evaluation practices for all employees. Consultant will assist BAWSCA managers with annual employee performance goal setting, compile and review evaluations, and present results to CEO and other managers as appropriate. Goal setting is anticipated to occur annually in June and July, with a final schedule to be determined in consultation with the CEO. Process is anticipated to be tied to annual compensation adjustments for employees as applicable. Consultant should propose a software solution for this task.
2. Benefit Documentation and Administration: Consultant will assist in the drafting and continued updating of employment benefit documentation. Additionally, Consultant will aid in the administration of benefits as documented in the material created above. This administration includes but is not limited to: fielding employee questions on benefits, processing benefit enrollments, changes and terminations, and helping in the enrollment process.
3. Legal Compliance: Consultant will assist with review and interpretation of current, revised and/or new HR-related laws, policies and procedures. As part of this, Consultant will proactively ensure compliance with the above laws, policies and procedures. Additionally, Consultant will provide guidance and maintain compliance with CalPERS requirements for staff including but not limited to calculation of service time across classic and PEPRA time periods.
4. Other HR Functions and Support As Needed: Other HR functions and support that are needed include, but not limited to, investigations of complaints by employees, reviewing of counseling or other disciplinary actions, memos, etc., training or coaching of staff in HR areas as needed or required by law, policy or procedure writing, update and/or review, and special projects. Consultant should develop and propose a list of recommended trainings along with the proposed schedule for those trainings.
5. Recruiting, Hiring and Employee Onboarding: Recruitment services would be required as needed when vacancies occur or as expansion of staff is undertaken. The Consultant

would work with BAWSCA CEO on the strategy for each recruitment and may work with other staff as delegated by the CEO. Recruitment and hiring work would include:

- Meet with key managers to develop an ideal candidate profile
 - Write or adapt job description to confirm salary range
 - Develop and implement recruitment and advertisement strategy
 - Advertise in appropriate locations, including social media and specialized job boards
 - Conduct targeted recruitment if determined to be necessary
 - Conduct initial screening and ranking of candidates with hiring manager
 - Manage the interview process, including developing questions and scoring and/or skill testing mechanisms
 - Check references and conduct background checks as appropriate
6. Offboarding Employees: Develop standardized exit procedures including documented exit interviews, timely processing of final compensation/benefits, recovery of agency property, knowledge transfer facilitation, management of confidentiality agreements, system updates, and compliance with relevant regulations.
 7. Managing Leaves: Process and track leave requests (FMLA/CFRA/PDL), determine eligibility, calculate entitlements, maintain accurate documentation, coordinate with payroll/benefits, ensure timely notifications, develop compliant policies, manage return-to-work transitions, and provide regulatory updates as laws evolve.
 8. Managing Disability Accommodation Requests: Document accommodation requests, conduct interactive process meetings, evaluate essential job functions, recommend reasonable accommodations, coordinate implementation, monitor effectiveness, maintain confidential medical information, provide compliance training, and document accommodation decisions with supporting rationale.
 9. Updating and Maintaining the Personnel Handbook: BAWSCA has a Personnel Handbook that is approved by the Board. The Personnel Handbook was last adopted by the Board in 2012 but has been updated for internal use in recent years. In consultation with Legal Counsel, the selected proposer will revise and reformat the Personnel Handbook, suitable for Board approval, to ensure it is up to date with any updated laws and policies. Furthermore, the selected proposer will work with BAWSCA to determine whether certain policies are appropriate for Board review and approval and certain handbooks or implementing documents may be maintained by the CEO pursuant to delegated authority.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **FY 2024-25 BAWSCA Annual Survey**

Summary:

Since 1996, BAWSCA and its predecessor organization, the Bay Area Water Users Association, has conducted an annual survey of its member agencies to update key BAWSCA service area information. The BAWSCA Annual Survey presents the results of the latest annual survey process.

The document is the most referenced yearly report that BAWSCA produces and is the source data for many regional initiatives including BAWSCA's Tier 2 negotiations and Strategy 2050. It also acts as a repository for all water resource information among each of the 26 member agencies and as a collective.

The FY 2024-25 BAWSCA Annual Survey has been posted on BAWSCA's website and can be found here: bawasca.org/water/supply/survey.

Recommendation:

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

Discussion:

BAWSCA conducts an annual survey of its member agencies each year to update key BAWSCA service area information. Information collected is documented in an Annual Survey. The Annual Survey for FY 2024-25 was completed in March of 2026.

There are several chapters in the Annual Survey. The information contained in the chapters allow the document to be easily referenced, and hence it has become the most referenced yearly report that BAWSCA produces. It also serves as source data for many of BAWSCA's regional initiatives including BAWSCA's Tier 2 negotiations and Strategy 2050.

Chapters of the document include:

- Current water supply from each source
- Current and projected water purchases from San Francisco Regional Water Systems
- Projected water supplies and demands
- Consumption by customer class
- Current and projected population
- Per capita water use
- Single family water bills and rate structures
- BAWSCA member agency profiles

The paragraphs below briefly summarize key findings for FY 2024-25 by Chapter.

Current Water Purchases from SF RWS

The San Francisco Public Utilities Commission (SFPUC) operates the San Francisco Regional Water System (SF RWS), which is the major source of supply for BAWSCA member agencies. In FY 2024-25, the BAWSCA member agencies reported SF RWS purchases of 128.7 mgd, 4% higher than the total of 123.6 mgd purchased in FY 2023-24. Due to FY 2024-25 being a GSR “storage” year, BAWSCA member agencies reported 4.78 mgd of In Lieu Water deliveries. Compared with the prior ten-year average, total purchases in FY 2024-25 were above average by 5.64 mgd. When compared to FY 2013-14, the highest year in the prior ten-year period, FY 2024-25 purchases were lower by 15.0 mgd, a difference of about 10%.

Projected Water Purchases from SFPUC

As part of SFPUC’s action on the Program Environmental Impact Report (PEIR) for its Water System Improvement Program (WSIP), it made the decision to limit wholesale customer purchases from the SF RWS to 184 mgd and retail customer purchases from the SF RWS to 81 mgd. BAWSCA notified the SFPUC that the projected BAWSCA member agency purchases in FY 2034-35 are projected to be about 136 mgd. In FY 2049-50, BAWSCA member agency purchases from the SF RWS are projected to reach 148 mgd.

Current Water Supply by Source

The sources of supply used by BAWSCA member agencies are very consistent on a percentage basis, with supply breakdown by source typically varying by less than 2% from one year to the next. Of the total amount of water used by BAWSCA agencies in FY 2024-25, 66.9% came from the SF RWS and 33.1% came from other sources. These other sources included:

- Groundwater (15.36 mgd, 8.0%);
- Local surface water, primarily from ACWD’s take from Lake Del Valle (6.26 mgd, 3.3%);
- Other supplies from the Santa Clara Valley Water District, the State Water Project, and ACWD’s brackish water desalination (29.87 mgd, 15.5%); and
- Recycled water (7.40 mgd, 3.8%).

Current BAWSCA-Wide Total Water Demand

For FY 2024-25, total water demand in the BAWSCA service area, including SFPUC purchases and other sources, was 192.38 mgd. In comparison, in FY 1996-97, BAWSCA-wide demand reached 260 mgd. When compared to FY 2012-13, water used in the BAWSCA service area was 14% less in FY 2024-25. In FY 2024-25, 26% less water was used in the service area compared to the peak year, FY 1986-87, despite a 35% population increase.

Projected Water Supplies & Demands

The total normal year water demands of the BAWSCA member agencies are projected to reach 243.05 mgd by FY 2049-50 (Source: BAWSCA 2025 Regional Water Demand & Conservation Study). Of the total water demand, 3.97 mgd is projected to be met through additional active conservation beyond that already achieved within the BAWSCA service area. SF RWS purchases are anticipated to be 148.35 mgd in FY 2049-50. Recycled water supplies are projected to increase to 14.64 mgd by FY 2049-50.

Current Water Use By Customer Class

As with the source of supply, BAWSCA's demand by customer class is relatively consistent over time on a percentage basis. Of the 192.37 mgd consumed among BAWSCA agencies in FY 2024-25 the residential sector accounted for 57.3% (110.18 mgd); commercial and industrial customers for 20.7% (39.88 mgd); government, institutional and other customers for 4.4% (8.41 mgd); dedicated irrigation for 10.0% (19.33 mgd); and non-revenue water for 7.6% (14.56 mgd).

In FY 2024-25, there were 441,810 accounts (service connections) in the entire BAWSCA service area, 88%, or 389,971 of which were residential.

Population and Per Capita Water Use

The population of the BAWSCA service area is estimated to have increased from 1,867,284 to 1,887,992 between FY 2023-24 and FY 2024-25. The BAWSCA service area population is projected to reach 2,565,554 by FY 2049-50.

Average residential per capita consumption (excluding Stanford) in the BAWSCA service area was 58.87 gpcd in FY 2024-25, 4% more than the year before. This is 48% less than the estimated peak residential per capita consumption of 114.9 gpcd in FY 1975-76. In FY 2024-25, San Jose had the lowest residential per capita consumption at 32.0 gpcd while Purissima Hills WD had the highest at 216.6 gpcd.

The average gross per capita consumption in the BAWSCA service area was 98.0 gpcd in FY 2024-25, 3% higher than FY 2023-24. At the peak in FY 1986-87, gross per capita consumption was 186.5 gpcd.

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(650) 349-3000 tel. (650) 349-8395 fax

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Tom Smegal, CEO/General Manager
DATE: April 3, 2026
SUBJECT: Chief Executive Officer/General Manager’s Letter

Strategy 2050 Update:

BAWSCA continues to make steady progress on its Long-Term Reliable Water Supply Strategy (Strategy 2050), with work planned through January 2027. Staff have been providing regular updates to the Water Management Representatives (WMRs) as key tasks advance. On March 2, 2026, BAWSCA presented work under Task 1C on assessing existing risks and emergency frameworks, incorporating WMR feedback into subsequent refinements. These topics will be explored further at the May 14, 2026 Strategy 2050 Workshop with the WMRs. This effort marks an important step in identifying system vulnerabilities and evaluating best practices in emergency planning and response.

Other components of Strategy 2050 are also advancing. The overarching objective is to identify regional water supply management needs and opportunities while developing a framework to enhance long-term reliability and resilience. Achieving this vision will require continued engagement with WMRs, the Board, and external stakeholders to ensure BAWSCA is well positioned to meet the region’s evolving water challenges.

In support of this goal, the May 14 WMR workshop will include discussion of portfolios of water supply projects and actions (P&As) to be pursued through Strategy 2050, as well as how these efforts align with broader water management activities. P&A portfolios are strategic groupings of local and regional projects organized around common themes. Each portfolio reflects a distinct approach to improving water supply reliability across the BAWSCA region. Example themes include maximizing dry-year reliability, enhancing community benefits, diversifying water supplies, strengthening system resilience, and promoting environmental sustainability. Input from the WMRs will help ensure that the resulting portfolios reflect regional priorities and practical implementation considerations. BAWSCA plans to present the results of the WMR workshop on emergency planning and P&A portfolio development at upcoming Board meetings in 2026.

SF Bay Area Advanced Quantitative Precipitation Information (AQPI) Celebration

Tom Francis, BAWSCA's Water Resources Manager, attended an event hosted by the SFPUC at their main offices in San Francisco on the morning of Thursday, March 26, 2026. The event celebrated the recent completion of construction of the Advanced Quantitative Precipitation Information (AQPI) system, a new radar network that can see storms at lower elevations across the Bay Area's hills, mountains, and watersheds where traditional radar often misses key detail. By providing clearer, ground level insight into approaching storms, AQPI gives public agencies earlier warning of heavy rain and flooding, helping protect people, homes, and critical infrastructure and keeping communities safe. Radars have been placed in strategic locations in the North Bay, East Bay, South Bay and the Peninsula. Representatives from a number of Bay Area water agencies as well as state and federal agency officials were present. This precise radar data will also be used by media as part of their storm forecasting and tracking, and hence the public will start seeing benefits from the AQPI system immediately.

Hetch Hetchy 2026 Tour:

As previously announced via email to the Board on April 2nd, a Hetch Hetchy Tour is scheduled for June 16-17, 2026. BAWSCA highly encourages Board Members' participation in the tours as it provides valuable information essential to representing the interests of water users in the BAWSCA region.

Because space is limited, participation in the tour is on a first come first served basis with priority given to Directors who have never participated in a Hetch Hetchy tour before. Please email Lourdes Enriquez at lenriquez@bawsca.org if you would like to participate in the tour.

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Board Policy Committee Policy Calendar Through February 2027

Meeting Date	Purpose	Issue or Topic
June 2026	D&A R&D R	Review of CEO/General Manager Evaluation Procedure Review of CEO/General Manager Publicly Available Pay Schedule Review of Water Supply Forecast
August 2026	R&D R	Strategy 2050 Update Review of Water Supply Forecast
October 2026	R&A R	Annual Review and Consideration of Statement of Investment Policy Review of Water Supply Forecast
December 2026	D&A D&A R&D R&D	Mid Year 2026-27 Work Plan, Budget and General Reserve Review Proposed FY 2027-28 Bond Surcharges Review of FY2027-28 Work Plan and Budget Planning Process BAWSCA's Strategy 2050
February 2027	R&D R	Presentation of Preliminary FY2027-28 Work Plan Review of Regular Consultant Rates