

BAWSCA

Bay Area Water Supply & Conservation Agency

February 11, 2026
1:30 p.m.

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

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One (1) member of the Committee will participate in this meeting by teleconference at the following location, 1025 East Strawberry Ln., Boise, ID 83712. When any member(s) of the Committee participates by teleconference, all votes taken at this meeting will be by roll call vote.

REVISED 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)	<i>Pg 3</i>
2. <u>Comments by Chair</u>	(Ragsdale)	
3. <u>Consent Calendar</u> A. Approval of Minutes from the December 10, 2025 meeting (<i>Attachment</i>)	(Ragsdale)	<i>Pg 5</i>
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>Reports and Discussions</u>	(Ragsdale)	
A. SFPUC 10-Year Capital Improvement Program (CIP) <u>Issue:</u> What key projects did the SFPUC budget for in the 10-Year CIP for their Water and Hetch Hetchy Enterprises, and what key comments did BAWSCA raise in its review of the CIP? <u>Information to Committee:</u> Oral report <u>Committee Action Requested:</u> Questions and Comments	(Smegal)	<i>Pg 21</i>
B. BAWSCA's Long-Term Reliable Water Supply Strategy 2050 – First Year Accomplishments and Next Steps <u>Issue:</u> What progress has been made to date and what engagement should the Board expect in 2026 for Strategy 2050? <u>Information to Committee:</u> Oral report <u>Committee Action Requested:</u> Questions and Comments	(Ashoori)	<i>Pg 33</i>
C. Preliminary Fiscal Year 2026-27 Work Plan and Results to be Achieved (<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?	(Smegal)	<i>Pg 39</i>

Information to Committee: Memorandum presenting Preliminary Fiscal Year 2026-27 Work Plan and Results to be Achieved.

Committee Action Requested:

1. Comments and suggestions concerning the Preliminary Fiscal Year 2026-27 Work Plan and Results to be Achieved.
2. Feedback on presented results from January 15, 2026 Work Plan and Budget Planning Session.
3. Suggestions concerning presentation of the Preliminary Work Plan and Operating Budget to the Board of Directors in March.

6. CEO Reports

(Smegal)

- A. Water Supply Conditions
- B. Bay Delta Plan/FERC Update
- C. CEO's Letter (*Attachment*)
- D. Board Policy Committee Calendar (*Attachment*)
- E. Correspondence Packet ([Under Separate Cover](#))

Pg 59

Pg 61

7. 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).**

8. Report from Closed Session

(Schutte)

9. Comments by Committee Members

(Ragsdale)

10. Adjournment to the Next Meeting

(Ragsdale)

April 8, 2026 at 1:30pm

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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
December 10, 2025 – 1:30 p.m.

MINUTES

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:33pm. 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. All members (9) of the Committee were present at roll call. A list of Committee members who were present (9) and other attendees is attached.

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

2. **Comments by Committee Chair:**

Committee Chair Hardy noted that Closed Session will be removed from the agenda as there is no new information that requires it.

3. **Consent Calendar:**

Director Chambers made a motion, seconded by Director Vella, that the Committee approve the Minutes of the October 8, 2025 Board Policy Committee meeting.

The motion passed unanimously by roll call vote.

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

4. **Public Comments:**

Public comments were received from Peter Drekmeier, Policy Director of Yosemite Rivers Alliance, previously Tuolumne River Trust.

5. **Action Calendar:**

- A. **Proposed Fiscal Year 2026-27 Bond Surcharges:** Finance Manager, Christina Tang, reported that the Bond Surcharge setting is an annual process BAWSCA does to meet the financial obligations associated with the revenue bonds issued to prepay the remaining capital cost recovery payments that the BAWSCA agencies owed San Francisco as of June 30, 2013. BAWSCA calculates the bond surcharges every year to fund the debt service payments, reimburse bond administration expenses, and replenish the Stabilization Fund as necessary. For FY 2026-27, no replenishment is needed of the Stabilization Fund.

The proposed Bond Surcharge for FY 2026-27 reflects the savings from the original prepayment program in 2013 and the recent refunding completed in January 2023. The total average net present value savings are approximately \$6 million per year from 2023 to 2034 when the bonds will be paid off.

The surcharge calculation is based on the bond indenture, and the methodology used is the same as last year's.

Ms. Tang presented a table that shows the proposed bond surcharge for each agency on a monthly and annual basis. The collective total for the FY 2026-27 Bond Surcharge is \$21,871,812. This amount is approximately \$7K less than FY 2025-26, and is equivalent to \$0.33/ccf or 143 per acre foot based on SFPUC's latest wholesale water use projection.

The Committee is asked to recommend Board approval of the proposed FY 2026-27 Bond Surcharges as presented.

Director Stevenson asked for an explanation of the methodology used for the calculation.

Ms. Tang explained that the calculation is based on the annual debt service payment minus the credits determined as appropriate to be considered next year based on the excess funds plus the bond administrative expenses incurred last year. For example, this year (for FY 2026-27), the annual debt service payment will be approximately \$22M, and approximately \$137K are credited to the agencies because of the interest earnings from the 2023 forward refunding of the 2013A bonds. At the time of the refunding, the interest earnings were high which resulted in some interest earnings when the funds were in escrow. To have a stable credit methodology, BAWSCA's finance team determined \$137K as an appropriate amount to be applied as credit to the agency each year. Including the bond administrative expenses of \$37K incurred in FY 2024-25, the total annual obligation is then allocated for each agency based on the agency's actual water purchases in FY 2024-25, as a percent of total wholesale water purchases from the SFPUC.

In addition, the calculation considers a "true-up" adjustment from FY 2024-25, because, for setting the FY 2026-27 bond surcharge, FY 2024-25 actual purchases were used since it is the latest available data. To ensure agencies are charged based on actual purchases, a true-up adjustment is applied in the calculation. The true-up adjustment is the difference between 1) how much an agency was charged in FY 2024-25 based on projections, and 2) how much an agency should have been charged based on actual FY 2024-25 purchases.

In response to Director Schneider, Ms. Tang explained that Millbrae purchased more water in FY 2024-25 than it did in FY 2022-23, which results in a positive or additional "true up" adjustment for FY 2026-27.

Director Pierce made a motion, seconded by Director Vella, that the Committee recommend Board approval of the proposed Fiscal Year 2026-27 Bond Surcharges.

The motion passed unanimously by roll call vote.

6. Report and Discussion:

- A. 2025 Regional Water Demand and Conservation Study: CEO Smegal noted that BAWSCA conducts a water demand and conservation study every 5 years. Results of

past studies were typically provided to the Committee and the Board, but not necessarily agendaized for presentation and discussion. The recent study shows slightly different findings than in the past which is important to share in the context of the Urban Water Management Plan efforts of the agencies.

Mr. Smegal was pleased to introduce Sr. Water Resources Specialist, Danielle McPherson, to provide a high-level summary presentation of the very technical report. He noted that the study represents the BAWSCA region's total water use from all sources, in addition to the San Francisco Regional Water System.

Ms. McPherson reminded the Committee that BAWSCA facilitates this regional study every 5 years to produce demand projections for each of the 26 member agencies over a 25-year planning horizon. The projections facilitate local and regional planning efforts such as Urban Water Management Plans (UWMP) and BAWSCA's Strategy 2050.

Ms. McPherson noted that the projections presented in BAWSCA's demand study are not the agencies' final planning forecasts. Each agency's official demand projections used for its own purposes and regulatory compliance are typically not considered final until they have been adopted by the agency's governing body, for example through its UWMP. The deadline for UWMP's is not until July of 2026, and agencies may and can make adjustments to their forecasts between this time period. Final demand projections for each agency reside with that agency.

Through a competitive bidding process, BAWSCA worked with the consulting firm of Hazen and Sawyer (Hazen), a leader in the field of water demand forecasting and management with a reputable record of conducting demand studies for more than 25 water suppliers across the nation. Hazen has led and supported research projects with the Water Research Foundation related to water demand. Senior Associate Jack Keifer, who was a key member of BAWSCA's team, was recognized with an award in 2022 for his research innovation that can be used by water utilities for planning and resilience.

Ms. McPherson emphasized that the demand study was not intended to be a precise prediction of the future. While it is based on agency-approved assumptions, external factors that may have significant influence on demand such as droughts, severe economic downturn and global pandemic cannot be predicted.

The study was a significant effort by the member agency staff who put a lot of time over the past year and half working with BAWSCA to provide, verify and finalize input data, assumptions, and results.

Approach

The demand study employed a hybrid water demand modeling framework that integrates econometric regression techniques with end-use conservation accounting. The econometric models explain the influence of key explanatory variables on historical water demands. These variables may be weather conditions, historic drought restrictions, socio-economic factors, and water rates, to name a few. The model forecasts future demand based on specific values for those explanatory variables.

Keynotes:

- *The baseline forecast reflects demographic growth projections approved by each member agency and are reflective of other agency approved documents such as city wide master plans.*
- *Member agencies opted to include climate adjusted temperature in the baseline scenario.*
- *The Hazen team ensured that best practice efficiency standards were used for the conservation accounting.*

The study had four main elements in the approach to determine each agency's demand projections:

1. Development of Baseline Demand Projections based on a common set of assumptions across the member agencies. The Hazen team worked with each agency to adjust published regional assumptions to fit local realities and have data that are agency specific.
 - Demographics – Population, housing and jobs were generally assumed to follow the growth rates from Plan Bay Area 2050 and Regional Housing Needs Assessment (RHNA) with adjustments by member agency planning departments and cities.
 - Housing – New housing is expected to occur in the multifamily sector given the area of land available for housing generally remains constant. The increasing housing density will tend to have a lower impact on demand as smaller lots use less water for irrigation.
 - Climate conditions – Agencies chose to include a climate adjusted future with the use of the CalAdapt CMIP5 8.5 modeling, but precipitation was held at historic averages.
 - Economic conditions – A mix of industries, regional rates of change in GDP, and unemployment rates assumed to remain constant at recent historical levels
 - Conservation – Compounding of passive conservation and implementation of agency developed portfolio of active conservation programs.
 - Pricing – Water rates are assumed to keep pace with inflation. Rate increases approved by some agencies were incorporated into the models.

Findings:

- Population is expected to increase by 37% by 2050. Housing is expected to increase by 40% by 2050 with majority of growth in the multi-family sector. 34% more jobs are expected to be created by 2050
 - Regional demand is projected to increase over the 25-year planning horizon, but with the expected demographic growth, the increase in demand is tempered by the passive and active conservation savings.
2. Conservation Accounting in which both passive savings through codes and regulations, as well as active conservation measures were quantified.

The water conservation analysis included detailed water savings accounting with member agency input. The Alliance for Water Efficiency Water Conservation

Tracking Tool (AWE Tracking Tool) was customized to each of the agencies' service areas including population, housing units, and implementation of past conservation programs, to help agencies evaluate the remaining potential and cost-effectiveness of conservation measures. The Hazen team worked with member agencies individually to develop a custom suite of conservation programs member agencies can apply to their demand models.

3. Evaluation of baseline projected water use against State's Urban Water Use Objective (UWUO) to assess if BAWSCA agencies are anticipated to meet their UWUO over the 25-year planning horizon.

The State's "Making Water Conservation a California Way of Life" is a long-term framework for water use efficiency that regulates water use in four sectors; Indoor Residential, Outdoor Residential, Outdoor Commercial Industrial Institutional (CII) with dedicated irrigation meters, and Water Loss. Each agency has an UWUO which is a locally specific budget for each of the sectors, but they are regulated as a whole. For example, if an agency exceeds in one sector, but in aggregate remains within their UWUO budget, then that agency will be in compliance.

Findings:

- Member agencies are well-positioned to meet their UWUOs.
- Passive and active conservation savings will be an effective tool for agencies to maintain compliance regulations.
- Only four (4) of the 26 agencies are projected to exceed their UWUO over the next 25-years.
- A small number of agencies may need to consider additional measures or targeted strategies in future years.

The comparison of historic demand against past demand studies going back to 2004, with drought years accounted for, shows:

- Droughts are a significant downward driver of demand, in between droughts, demand has tended to increase but has not tended to rebound to pre-drought levels.
- Growth in demand projections has become flatter over time. As conservation efficiency efforts become permanent, it continues to offset the projected growth in demographics.
- Actual water use in FY 2024-25 was approximately 15% lower than projected in the last demand study completed in 2022.

Ms. McPherson noted that the data collection and analysis for the 2022 Demand Study was concluded before the 2021-23 drought in which the Governor called for a 15% water use reduction across the State.

Ms. McPherson emphasized that demand projections are subject to uncertainties based on the assumptions that are applied. Factors such as migration patterns of people in and out of service areas, the state of the economy, and potential new technological advancements are unknown. A current hot topic are data centers; where will they be built and how much water will they use. Water agencies do not

have control over external factors that ultimately determine whether the current forecast correctly anticipates future conditions.

4. Scenario Analysis was conducted to address uncertainties of water demand forecasting. Scenario analysis provide a practical framework to assess assumptions and evaluate potential future conditions and what that would mean for water demand.

BAWSCA worked with member agencies, external stakeholders, and the SFPUC over a period of 2 months to get feedback on what should be considered as potential future alternative scenarios. The scenarios collaboratively developed were categorized into four general groups that aligned with water demand model inputs: 1) Demographic and Development; 2) Socioeconomic; 3) Conservation and Pricing; 4) Climate and Other.

Reasonable high and low bounds were assumed for each group.

Group	Assumptions	
	High	Low
Demographic and development	+ More population • Housing density the same as the baseline assumption	- Less population
Socioeconomic	+ High economic growth	• Low economic growth
Conservation and Pricing	- Less Active conservation • The same water rates as the baseline	+ Higher rate increases - Less non-functional turf due to new regulations
Climate and Other	+ Hotter and dryer climate + High water use industries	+ Wetter conditions/less Warming than the baseline assumption

From the assumptions, five alternative scenarios were developed that provides a wide range of potential future regional demands in 2050.

1. High at 264mgd
2. Moderated High at 256mgd
3. Moderated Low at 173mgd
4. Low at 155mgd
5. Historical Trends at 204mgd

Summary

In summary, regional water demand is projected to increase gradually through 2050. Demographic growth will be moderated by improvements in water use efficiency and additional conservation. Member agencies are well positioned to meet their UWUO requirements, but for some agencies, passive and active conservation will be an effective tool to maintain compliance with regulations.

While the tasks associated with the demand study to produce a report have been concluded, BAWSCA will continue working with the Hazen team to further evaluate future uncertainties in water demands, particularly around drought.

Luke Wang, Project Manager from the Hazen team, addressed the Committee with information on a task that will include additional scenario and sensitivity testing around the impact of future drought restrictions. Historical demands has changed over time with various external drivers including economic conditions, drought periods, and implementation of water use restrictions. Hazen's proposal to BAWSCA includes a concept for leveraging aspects of the econometric model to look at the impact of future drought restrictions on the projections concluded in the study. Assumptions around timing, severity of drought, restrictions from SFPUC, and supply availability would be considered to further quantify future uncertainty.

Comments and questions were received from members of the Committee.

Director Scheider noted that given the augment of AI and server farms, she queried on whether "other" that functions for economic development should be separated from "climate" because climate is a factor that cannot be controlled, versus factors that can be within a jurisdiction's control. She added that cities will be dealing with Regional Housing Needs Assessment (RHNA) requirements along with water use by the AI sector.

Secondly, how can agencies, that might be adjacent to one of the 4 agencies that may exceed its UWUO, recognize that to be able to evaluate a collaborative effort for addressing those agencies' challenges.

Thirdly, how can the study provide agencies that may be at most affordability risk with information on what planning considerations are worth evaluating now.

In response, Ms. McPherson explained that high water users were included in the "other" category because their projected water use is not linked to number of employees, as other industries are. The report will describe the unique assumptions used to estimate potential future water demand from data centers.

Regarding collaborative efforts with the 4 agencies, Ms. McPherson stated that while the report focuses on regional data, agencies are required to publish their UWUO compliance every January 1st with the State Water Board. Those reports are publicly available.

While the demand study doesn't address affordability, it provides agencies with a tool to evaluate future water demands under different conditions, which can be used to evaluate the reliability of water supply.

Director Stevenson appreciated the report and expressed his interest in the drought sensitivity analysis moving forward, particularly as to why water use does not rebound to pre-drought levels. In terms of the sensitivity, he would like to understand which conditions are the most explanatory of the projection differences. The high and low bounds seem large, considering the historical trend. He asked if there is data in the analysis that includes a legislative perspective on potential housing acceleration and free flow development from the commercial, retail, and industrial standpoint. RHNA numbers

are relatively stable in terms of the expected growth within the 8-year cycle. Does the study include numbers outside of RHNA when it looks at legislative impact?

In response, Luke Wang explained that demand is most sensitive to demographic changes. Housing, units, population, and jobs have a 1:1 influence in terms of rate of water use multiplied by the number of people, housing, jobs, and accounts. How they materialize into the future are the projections that are the big drivers of the differences between low and high bounds.

Ms. McPherson added that the study includes Plan Bay Area 2050 and RHNA numbers. She explained that for the high scenarios, agencies that assumed numbers below ABAG in their baseline were brought up to ABAG growth projections, agencies that already projected higher were not changed.

In response to Director Duncan, the study took into account the State's water loss requirements.

Director Ragsdale provided feedback on the staff report for the full board to include concrete examples of passive and active conservation efforts, as well as a clear correlation between the high demand scenario given smaller lot sizes using less outdoor water and constant housing density.

Director Hardy noted that the City of Santa Clara has 55 data centers that use reclaimed water and has advanced in water efficiency to use less water than an existing cardboard manufacturer.

In particular, she asked what was used as an assumption for water loss, and at what percent did the study find. She referenced Israel's water loss being at 11% compared to the US being closer to 44%.

Luke explained that the Hazen team worked with individual member agencies to understand the most recent statistics associated with water loss in each of their distribution system and to verify purchases versus production. The demand study found that water loss in the region is approximately 11%. However, there are variations due to uniqueness of each agency.

Ms. McPherson added that there are regulations to reduce water loss in distribution systems. She clarified that the UWUO only regulates CII outdoor water use associated with dedicated irrigation meters. Indoor CII use is an exempt category because it is proprietary information.

Director Vella noted that while data centers are very efficient, they also come in greater numbers than cardboard manufacturers.

In response to Director Pierce's question about how member agencies, as well the SFPUC, can use the demand study in addition to informing their UWMPs, Ms. McPherson stated that each agency was provided an Excel-based tool that projects water demand over a 25-year planning horizon. The tool can be updated by agencies to apply various assumptions as needed to see how variables can change their demand forecast.

As for the SFPUC, they receive member agencies' projected RWS purchases that are used for a supply and reliability analysis required for the UWMPs. Following the positive response to BAWSCA's alternative scenario analysis in the 2022 Demand Study Update, the SFPUC also included an alternative scenario analysis in its current demand study. BAWSCA aligned a historical trend scenario with the SFPUC's assumptions. This is a useful tool for evaluating how conditions change over time.

Public comments were provided by Layne Fajeau of Sierra Club California and Peter Drekmeier, Yosemite Rivers Alliance.

In response to public comments, Director Schneider expressed her interest in further discussing conservation data relative to decreasing fire risks and subsidence with the commentors.

- B. Mid-Year 2025-26 Work Plan, Budget and General Reserve Review: Mr. Smegal was pleased to report that the FY 2025-26 work plan is going well from a workplan and financial standpoint. Findings of the mid-year review is being presented to the Committee and will be presented to the Board in January as a report instead of an action item because there are no recommended changes to the adopted work plan and budget.

The General Reserve balance is approximately \$1.7 million, or 31% of the operating budget. This level is on the high-end but is within the board adopted guidelines.

Mr. Smegal went over the high points of the achieved activities in the past 6 months, and the ongoing tasks for the next 6 months.

The workplan is based on BAWSCA's fundamental goal of ensuring a reliable supply of high-quality water at a fair price.

Water Supply Reliability

A primary and ongoing task to ensure water supply reliability is BAWSCA's monitoring of SFPUC's Water System Improvement Program (WSIP), 10-year CIP, Asset Management Program, and Emergency Response Plan for the San Francisco Regional Water System (SF RWS). BAWSCA's efforts to engage with the SFPUC on their bi-annual review of the 10-year CIP has just started. Water Resource Manager, Tom Francis leads this effort from the end of the calendar year through the first quarter of 2026. The Board will be kept informed of developments over the next few months.

Another principal task under water supply reliability is finding long-term supply solutions through BAWSCA's continued implementation of the current Strategy. BAWSCA's multi-phase effort on the Demand Study and development of Strategy 2050 has been a major focus of the FY2025-26 workplan. Efforts with the Strategy 2050 are ongoing, and findings of the recently completed Demand Study will be reported to the Board in January.

BAWSCA's work on reliability also includes finding near-term supply solutions. This area of work includes demand management, drought response and conservation. A major focus of the FY 2025-26 work plan is BAWSCA's representation of the member agencies' interests in the statewide discussions on the development of and compliance with the State's "Making Conservation and California Way of Life" requirements. In partnership with Valley Water and participation of each member agency, BAWSCA is

conducting a series of 12 workshops for extensive conversations geared to reach a full understanding of the requirements and compliance methods.

Administration of the Water Supply Agreement (WSA) with San Francisco to represent the member agencies' supply and financial interests is part of water supply reliability and entails ensuring that San Francisco meets its legal and contractual obligations to the wholesale customers. Mr. Smegal was pleased to report that the new Tier 2 Plan and WSA Amendment reached unanimous adoption by all 26 member agencies.

This was a multi-year effort that has been a major part of BAWSCA's workplan primarily led by Danielle McPherson. It involved negotiations among the 26 member agencies and getting a series of approvals by the SFPUC Commission and individual governing bodies of member agencies. A unanimous agreement has been reached by all parties and a new Tier 2 Plan and WSA amendment is in effect.

Lastly, under water supply reliability is BAWSCA's ongoing efforts on the Bay Delta Plan, FERC relicensing process, and outreach to coordinate regional efforts on grant opportunities and supply reliability. BAWSCA continues to stay engaged on the Bay Delta Plan activities, more recently with the State Water Resources Control Board's November 5th workshop in Sacramento.

Water Quality

As part of the WSA, BAWSCA and SFPUC has a Joint Water Quality Committee which is the means for coordination between BAWSCA, member agencies and the SFPUC on all water quality matters. Efforts in this area are ongoing.

Fair Price

BAWSCA's annual audit of SFPUC's calculations associated with the Wholesale Revenue Requirement (WRR) is led by Finance Manager Christina Tang. As previously reported to the Board in November, a resolution was reached with SFPUC on BAWSCA's concerns related to costs allocated to the Wholesale Customers in FY 2022-23. Adjustments made to the FY 2022-23 WRR resulted in a total of \$3,477,285 savings to the wholesale customers.

Comments were received from the members of the Committee regarding table formatting for both the staff report and presentation.

There were no comments from members of the public.

- C. Potential Additional One-Time Payment to CalPERS to Reduce BAWSCA's Unfunded Pension Liability: Finance Manager, Christina Tang, reported that in April 2025, the Committee directed staff to evaluate BAWSCA's financial situation at the conclusion of FY 2024-25 to consider using unspent funds towards an Additional Discretionary Payment (ADP) to CalPERS to reduce BAWSCA's Unfunded Accrued Liability (UAL).

As a reminder, Ms. Tang noted that CalPERS allows an employer to make ADPs at any time and in any amount to reduce UAL. Making an ADP would not require an ADP to be made in any future years.

Ms. Tang explained that UAL represents the liability for service that has been earned but not funded. BAWSCA's UAL as of June 30, 2024 was \$1,209,958. It is estimated to be paid off by 2043 based on a discount rate of 6.8%.

As a result of CalPERS strong investment returns in FY 2024-25 at 11.6%, CalPERS now projects BAWSCA's UAL as of June 30, 2025 reduced to \$928,000, with an estimated pay off by 2042 based on a discount rate of 6.8%. Ms. Tang noted that one exceptionally good investment year reduced BAWSCA's UAL by approximately \$300K. This is a reminder that UAL is an actuarial value that fluctuates over time due to variables including CalPERS' actuarial assumptions versus its investment performance.

As previously reported by Mr. Smegal, BAWSCA's General Reserve Balance as of November 30th is \$1.7 million, or 31% of the annual FY 2025-26 Operating Budget. This balance reflects the deposit of FY 2024-25 unspent funds of \$500,997. BAWSCA's adopted General Reserve Policy provides a guideline for the general reserve balance to be between 20% - 35% of the annual operating budget.

Based on the current amortization schedule, BAWSCA's projected 2025 UAL has been 87.5% funded without additional payments. Currently, it is estimated to be paid off by 2042.

Ms. Tang emphasized that it is the "2025 UAL" that is estimated to be paid off by 2042, not the "UAL" because there will always be a "UAL" whether it is a positive or negative as it will depend on CalPERS' investment performance.

The Committee was presented with five one-time payment options ranging from \$100K to \$400K based on BAWSCA's most recent CalPERS' projected 2025 UAL of \$928,000.

	Option 1	Option 2	Option 3	Option 4	Option 5
Payment	\$100K	\$200K	\$250K	\$300K	\$400K
GR to Budget Ratio	29%	27%	26%	25%	24%
Est. UAL Pay Off Yr	2039	2037	2035	2034	2033
UAL Funded Ratio	90.2%	91.4%	92.1%	92.7%	94.0%
Est. NPV Savings	\$17K	\$32K	\$39K	\$46K	\$56K

Feedback on the potential one-time additional payment level was requested from the Committee.

Mr. Smegal noted that the Board, during its discussion on the work plan and budget setting, has evaluated the use of the General Reserve as a means of buffering increases in fees to member agencies. He encouraged Directors to keep in mind the potential uses for the excess in General Reserve.

Chair Hardy reminded the Committee that it is advisory to the General Manager and the Board. Each committee member stated their position on an ADP, which resulted in a consensus to make an ADP.

Committee Member feedback:

Director	Comments	Preferred Option
Duncan	In favor of paying down the unfunded pension liability. Having Five Options is too much. Have a Zero option, a high value and a low value. This would be helpful for discussion.	Option 3
Zigterman	This is a return on investment, therefore favors the option that provides the most significant impact.	Option 3
Ragsdale	In favor of making an additional payment.	No preferred Option
Vella	Would like to capitalize on return on investment while imposing the least impact on the General Reserve to stay within the higher end of the guidelines.	Option 2
Pierce	Cautions against drawing down the GR balance. Assessments have had to be raised in the past to add back to the GR balance. Prefers to maintain a 27% GR balance to avoid having to raise fees.	Option 2
Stevenson	Noted that bringing down the unfunded balance is not necessarily a good strategy because of annual fluctuations. The net gain from 2025 of \$300K is more than what was budgeted for and is a benefit already. Having a 25% GR balance that may make it tight as it relates to protecting against a down year is risky.	No payment
Chambers	Would like to focus on the GR percentage and keep it at a higher level to provide the CEO with some flexibility in developing the FY 2026-27.	Option 2

Director	Comments	Preferred Option
Schneider	27% GR Balance is in the high end but it is a good percentage given the current economy. Agrees with having lesser options for the full Board.	Option 2
Hardy	Important to achieve BAWSCA's goal of paying down the unfunded pension liability while maintaining the GR balance	Option 2

Additional Comments by members of the Committee:

Director Stevenson was not against paying down the unfunded balance, but he noted that CalPERS' exceptional level of return in one year has not been seen in a long time. He is pleased to see there is a discount rate. He will support the consensus.

Director Chambers noted that majority of the Board expressed interest in paying down the balance of the unfunded pension liability at the time this item was discussed with the full Board, and a recommendation should be presented.

Director Hardy stated that the consensus will be presented to the Board in January. She appreciates the Committee's robust discussion and thoughtful feedback as it facilitates discussions by the full Board. Staff will incorporate comments received in the materials prepared for the Board for its January 15th meeting.

7. CEO Reports:

- A. Review of FY 2026-27 Work Plan and Operating Budget Preparation Process: Mr. Smegal reported that the January Board meeting will include a Work Plan and Budget Planning Session as part of the agenda. The Board will be asked for their feedback on ideas, topics and work plan items that should be changed, removed from, or included in the FY 2026-27 work plan and budget. From that planning session, a preliminary work plan will be developed and presented to the Committee for discussion in February, and to the Board in March. A proposed FY 2026-27 work plan and budget will be presented to the Committee in April, for the full Board's consideration in May.

Mr. Smegal stated that development of the work plan looks at the near- and long-term future. He sees FY 2026-27 as a transitional year given that Strategy 2050 is intended to be completed at the end of calendar year 2026. He expects to see a lot of new topics or changes in topics as the results of Strategy 2050 are evaluated.

- B. Water Supply Conditions: Given the above normal precipitation that occurred in October and November, current water supply conditions continue to be strong despite the lack of rain during the first 2 weeks of December.

- C. **Bay Delta Plan and FERC Update:** There is no additional information to report on the Bay Delta Plan since the November 20th Board Meeting. As previously reported, the State Water Resources Control Board (State Board) will produce a 2nd draft of the Scientific Basis Report for the Tuolumne River based on the comments received at the November 5th State Board workshop and the written comments received by the November 7th deadline. The 2nd draft is expected to be provided for peer-review in the first quarter of 2026. A public hearing or workshop may be scheduled in early to mid 2026.

There are no new developments for the FERC relicensing process.

8. **Closed Session:** A Closed Session was not needed and was removed from the agenda.

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

10. **Comments by Committee Members:**

Director Schneider reported that Assemblymember Diane Papan sent a letter encouraging SFPUC, Millbrae and BAWSCA to come up with a win-win strategy on SFPUC's plan to shut down Millbrae's one hardware store and associated critical retail sales tax and property tax. As a Board member, she is requesting this item to be agendaized to discuss the impact and how SFPUC and Millbrae can work together.

SFPUC has big land holdings within the BAWSCA service area, and depending on the situation, this can pose a huge financial impact on the agencies. She noted that in BAWSCA's enabling legislation, member agencies do not have the ability to question SFPUC's projects that are within an agency's jurisdiction and that can potentially have critical impacts on the agency and overall affordability. BAWSCA member agencies should have a say on SFPUC projects.

Director Stevenson noted that the impacts of SFPUC on local jurisdictions is worth discussing in the context of affordability and policies. He echoed the opportunity to have discussion on the agenda at the appropriate time to see what can be learned from the discussion and what can be applied to BAWSCA's relationship with SFPUC moving forward.

11. **Adjournment:** The meeting was adjourned at 3:18pm. The next meeting is February 11, 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	Dec. 10, 2025	Oct. 8, 2025	Aug. 13, 2025	Jun. 11, 2025	Apr. 9, 2025	Feb. 12, 2025
Santa Clara	Hardy, Karen (C)	✓	✓	MEETING CANCELLED	✓	✓	✓
Hillsborough	Ragsdale, Leslie (VC)	✓	✓		✓	✓	✓
Westborough	Chambers, Tom	✓	✓		✓	✓	✓
CalWater	Duncan, Darin	✓	✓		✓	✓	
Redwood City	Pierce, Barbara	✓	✓		✓	✓	✓
Millbrae	Schneider, Ann	✓	✓		✓	✓	✓
Burlingame	Stevenson, Peter	✓			✓		
MPWD	Vella, Lou	✓	✓		✓	✓	✓
Stanford	Zigterman, Tom	✓	✓		✓	✓	✓

✓: present

☎: Teleconference

December 10, 2025 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
Kyle Ramey	Water Resources Analyst
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:

Art Kiesel	City of Foster City
Luke Wang	Hazen & Sawyer
Peter Drekmeier	Yosemite Rivers Alliance
Layne Fajeau	Sierra Club California

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: SFPUC 10-Year Capital Improvement Program (CIP)

Summary:

This memorandum provides information detailing BAWSCA's review of SFPUC's draft 10-Year Capital Improvement Program (10-Year CIP). BAWSCA completed its review of SFPUC's 10-Year CIP materials in late January 2026. BAWSCA's comments were documented in a letter to the SFPUC dated January 28, 2026. A copy of the letter is attached. In accordance with the Amended and Restated Water Supply Agreement, the SFPUC must respond, in writing, to BAWSCA's comment letter prior to the Commission's adoption of the 10-year CIP scheduled on February 10, 2026. As of the date of the BPC Packet mailing, BAWSCA had yet to receive SFPUC's response.

Recommendation:

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

Background:

The Amended and Restated Water Supply Agreement (WSA) between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County and Santa Clara County includes the following provision regarding BAWSCA's review of CIP materials:

- **6.09. SFPUC Adoption of Regional Water System 10-Year Capital Improvement Program. E. BAWSCA and Wholesale Customer Notice and Review.**
“Beginning in 2020, at least 30 days before the first budget meeting, the SFPUC shall provide BAWSCA and the Wholesale Customers with written notice of the dates of the two budget meetings. At least 30 days before the first budget meeting, the SFPUC shall also provide BAWSCA and the Wholesale Customers with a draft of the 10-Year CIP and meet with those same parties to review potential candidate projects that it is considering for inclusion in the 10-Year CIP. Final materials for the first budget meeting will be made available to BAWSCA and the Wholesale Customers no less than 14 days prior to that budget meeting. Final materials for the second budget meeting will be made available to BAWSCA and the Wholesale Customers on the same date that they are made available to the Commission. Prior to the Commission's adoption of the 10-Year CIP at the second budget meeting, San Francisco shall respond, in writing, to all written comments by BAWSCA and the Wholesale Customers on the 10-Year CIP that were submitted prior to the date of the first budget meeting.”

On December 12, 2025, BAWSCA was provided draft line-item budget information for projects within the SFPUC's Water Enterprise and Hetch Hetchy 10-Year CIP. A virtual meeting with SFPUC staff took place on December 29, 2025, where questions were posed by BAWSCA staff and answers were provided by SFPUC staff. SFPUC noted at that time that work was still taking place to finalize the proposed 10-Year CIP prior to presenting it to their Commission. Project data sheets that provide additional information were provided to BAWSCA on January 12, 2026. The draft 10-Year CIP presentation materials were provided to BAWSCA on January 15, 2026.

BAWSCA began its review of the draft 10-Year CIP materials on December 12, 2025, and completed it after additional information was received on January 15th. BAWSCA produced a detailed comment letter that was mailed electronically to the SFPUC on January 28, 2026. BAWSCA attended SFPUC's 10-Year

CIP Workshop on January 29, 2026 where BAWSCA made an oral statement that summarized the key contents of BAWSCA's comment letter.

As of February 5th, BAWSCA is awaiting SFPUC's response to BAWSCA's comment letter. Per the WSA, that response must be provided prior to the SFPUC's adoption of the 10-Year CIP, which is scheduled on February 10, 2026. BAWSCA intends to make an oral statement at SFPUC's adoption hearing.

Discussion:

General Observations

BAWSCA agencies pay a percentage of the costs of regional projects that are contained in SFPUC's Water Enterprise 10-Year CIP. In FY 2027-36 CIP, those costs are budgeted for \$1,246.4M over a 10 year period.

BAWSCA agencies pay a percentage of the cost of projects that are defined as primarily benefitting the water supply components of the Hetch Hetchy Enterprise, and a slightly lower percentage of the cost of projects that are defined as having both a water supply and power benefit for the Hetch Hetchy Enterprise. Together, those costs are budgeted for \$1,423.5M over a 10 year period.

In the Water Enterprise CIP, there are a total of sixty-two (62) projects. Sixteen (16) projects were removed from the prior 10-Year CIP. Eight (8) new projects were added.

In the Hetch Hetchy CIP, there is a total of nine (9) water division projects and twenty-five (25) joint water/power division projects. Three (3) water division projects and eight (8) joint water/power division projects were removed from the prior 10-Year CIP. Two (2) new water division projects and three (3) new joint water/power division projects have been added.

Although the level of appropriations proposed as part of the 10-Year CIP for the Water Enterprise and the Hetch Hetchy Enterprise are essentially the same as that proposed in the prior 10-Year CIP (as prepared for FY 2025-34), staff noted that the level of appropriations for years 3-5 for the Water Enterprise and years 2-3 of the Hetch Hetchy Enterprise are higher than that of the respective other years in the 10-year cycle.

The SFPUC indicated that several required dam and associated spillway rehabilitation projects will not take place until the years following this 10-year cycle. Only modest investments in Alternative Water Supply Projects are proposed in this 10-year cycle, with the bulk of that investment taking place in year 10.

Below are BAWSCA's key comments. Details are in the January 28th comment letter.

- BAWSCA supports SFPUC's approach to its budget priorities.
- BAWSCA is aware there are a significant number of dams that are in need of rehabilitation (e.g., larger spillways, misc. rehabilitation, etc.). The SFPUC intends that the work will be spread out over the next 30 years. BAWSCA supports spreading out the work to prevent significant budget increases, however there is the risk that the State will require that work be performed sooner than planned.
- SFPUC's Hetch Hetchy Water Prioritization Strategy contends that the proposed CIP is expected to result in significant overall operational risk reduction. BAWSCA supports that contention.
- Regarding the Millbrae Operations Center, BAWSCA requested additional information regarding the scope, cost and timing of the project as proposed. BAWSCA will review that information and engage further with the SFPUC and Millbrae staff and elected officials who have expressed concerns with the project.

- BAWSCA anticipates that the highest project cost in the 10-Year CIP for Hetch Hetchy Enterprise will be work associated with the full replacement of the Moccasin Penstocks, since repair is not feasible. BAWSCA intends to stay engaged as replacement concepts are moved forward and a final approach selected. BAWSCA has asked SFPUC staff to schedule a meeting with key staff to provide additional details regarding that set of proposed work.
- BAWSCA highlights the need for SFPUC's careful management of CIP costs and to consider and address rate affordability concerns.
- BAWSCA cautiously supports the lower level of alternative water supply development in the 10-Year CIP, since until regulatory issues associated with the Bay-Delta Plan are sorted out, there remains some uncertainty as to what level of additional supply may be necessary to address the region's supply needs in times of drought.

Overall Findings

BAWSCA found that the 10-Year CIP for FY 2027-36 for the Water Enterprise and Hetch Hetchy Enterprise were robust, even though some accommodations were made to consider such important concepts as rate affordability goals. BAWSCA's review concluded that key projects continue to be funded in coming years so that progress on identified asset needs are addressed, for example the continued inclusion of ongoing work at the Sunol Valley Water Treatment Plant.

There continues to be a need for BAWSCA to receive additional information regarding projects such as the Millbrae Operations Center as well as the proposed Moccasin Penstock Replacement. While BAWSCA does not suggest that the SFPUC remove any project from their proposed 10-Year CIP, it nevertheless, is important that SFPUC remains engaged with BAWSCA and interested stakeholders.

Attachment:

- January 28, 2026 BAWSCA Letter to SFPUC re; General Comments and Observation – SFPUC's Draft 10-Year Capital Improvement Plan for their Water Enterprise and Hetch Hetchy Enterprise

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January 28, 2026

Via email

The Hon. Joshua Arce, President
and Members of the Commission
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

RE: General Comments and Observation – SFPUC’s Draft 10-Year Capital Improvement Plan for their Water Enterprise and Hetch Hetchy Enterprise

Dear President Arce,

BAWSCA has reviewed the draft materials developed for the SFPUC’s 10-Year CIP for the Water Enterprise and the Hetch Hetchy System FY 2027-2036. This letter presents BAWSCA’s comments and questions prior to the Commission’s 10-Year CIP hearing on January 29, 2026, and the Commission’s consideration for adoption at the February 10, 2026 regular Commission meeting. BAWSCA’s intent is to provide this letter to the SFPUC sufficiently in advance of the February 10, 2026 adoption such that a written reply can be crafted in advance of that meeting.

Engagement Background and Timeline

Water Supply Agreement Requirements

The Amended and Restated Water Supply Agreement (WSA) between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County and Santa Clara County includes the following provision regarding BAWSCA’s review of CIP materials:

- **6.09. SFPUC Adoption of Regional Water System 10-Year Capital Improvement Program. E. BAWSCA and Wholesale Customer Notice and Review.**
“Beginning in 2020, at least 30 days before the first budget meeting, the SFPUC shall provide BAWSCA and the Wholesale Customers with written notice of the dates of the two budget meetings. At least 30 days before the first budget meeting, the SFPUC shall also provide BAWSCA and the Wholesale Customers with a draft of the 10-Year CIP and meet with those same parties to review potential candidate projects that it is considering for inclusion in the 10-Year CIP. Final materials for the first budget meeting will be made available to BAWSCA and the Wholesale Customers no less than 14 days prior to that budget meeting. Final materials for the second budget meeting will be made available to BAWSCA and the Wholesale Customers on the same date that they are made available to the Commission. Prior to the Commission’s adoption of the 10-Year CIP at the second budget meeting, San Francisco shall respond, in writing, to all written comments by BAWSCA and the Wholesale Customers on the 10-Year CIP that were submitted prior to the date of the first budget meeting.”

Timeline of BAWSCA's Receipt of CIP Materials

BAWSCA was provided draft line-item budget information for projects within the Hetch Hetchy CIP and Water Enterprise CIP on Dec 12, 2025. A virtual meeting with SFPUC staff took place on December 29, 2025, where questions were posed by BAWSCA staff and answers were provided by SFPUC staff. SFPUC noted that work was still taking place to finalize the proposed CIP prior to presenting it to the Commission. Data sheets that provide additional CIP project information were provided to BAWSCA on January 12, 2026. The remainder of the proposed CIP presentation materials were provided to BAWSCA on January 15, 2026.

General Observations

BAWSCA has the following general observations regarding the 10-Year CIPs for the Hetch Hetchy Enterprise and the Water Enterprise

- For both Enterprise CIPs, the revenue equals the requested appropriations, indicating that they are balanced CIPs.
- In the Water Enterprise CIP, there is a total of 62 projects. 16 projects were removed from the prior CIP. 8 new projects were added.
- In the Hetch Hetchy CIP, there is a total of 9 water division projects and 25 joint water/power division projects. 3 water division projects and 8 joint water/power division projects were removed from the prior CIP. 2 new water division projects and 3 new joint water/power division projects have been added

Review of CIP Materials

Presentation Slides

BAWSCA has reviewed the proposed presentation slides that will be used by the SFPUC to guide the discussion at the Commission's January 29, 2026, meeting. Our comments are as follows:

- **Priorities and Project Drivers** – BAWSCA notes that the SFPUC's approach is designed to meet Level of Service (LOS) goals and objectives, meet regulatory obligations, manage risk to water deliveries, and maintain financial sustainability (keep rates affordable, maintain a strong credit rating, and balance risk). BAWSCA supports that approach.
- **Planning for the Long Term** – SFPUC notes that the WSIP debt load now constrains water system capital spending. The regional and local water systems have capital needs totaling \$10.1B (\$6.8B in Local/Regional + \$3.3B in HHW), including addressing regulatory requirements for all reservoirs and dams. The approach SFPUC has taken proposes to spread necessary projects over a 30-year period while prioritizing the most critical for inclusion in the 10-year CIP. BAWSCA understands the need to prioritize the most critical projects to address financial constraints. BAWSCA is also aware that due to regulatory requirements or unforeseen circumstances, new and existing projects may need to move into or out of a future 10-year CIP. The ability to defer identified work on dams and reservoirs requires ongoing engagement between the SFPUC and the State of California officials charged with dam safety. There is the risk that the State will require that work be performed sooner than planned. That work is significant in cost.

- Regional Water Prioritization Strategy - To constrain the CIP, the SFPUC has deferred transmission pipeline, water treatment, dam, and watershed projects. R&R funding was also reduced. The SFPUC notes that deferrals and funding reductions were strategically applied to allow continued insight into needed work, while constraining current spending (e.g. three major dam safety projects are deferred and smaller interim safety measure projects were developed as stop-gaps and prioritized for implementation). BAWSCA approves of such an approach, but cautions that interim measures, particularly those proposed for dams, must be agreed to by the State as an acceptable means to defer the work needed. Lowering the budget for R&R activities may also prove unachievable if projects that are deferred require additional attention.
- Hetch Hetchy Water Prioritization Strategy – The SFPUC contends that the proposed CIP is expected to result in significant overall operational risk reduction. BAWSCA supports that contention.
- Regional Water 10-Year Capital Plan: Appropriations Schedule – The SFPUC presented a bar graph that indicates the level of appropriations necessary for each year of the coming ten years. Levels in years 3,4 and 5 are significantly greater than those years that precede and follow. BAWSCA is aware that this higher level is primarily due to the cost of the work associated with the proposed Millbrae Operations Center construction.
- Millbrae Operations Center: BAWSCA understands that significant facility upgrades are necessary, and BAWSCA staff have recently been provided with added documentation that helps illuminate the decision-making process and proposed work to be done. While BAWSCA agrees that upgrades to the Millbrae Operations Center are important to enhance water supply reliability, water quality, and emergency response, it is imperative that the scope and timing of the project clearly represent the most cost-effective solution. As requested in Attachment 1 to this letter, there is additional information BAWSCA seeks to enable it to better understand how this project has evolved over time. Specifically, BAWSCA seeks to know more clearly how changes in design, implemented in response to structural problems that were identified at the Rollins Road satellite facility, progressed. The SFPUC's January 21, 2020 Alternatives Report for the Millbrae Operations Center included a preferred alternative that differs from that currently proposed by the SFPUC. Detail as to how that evolved – the cost estimate, the project's schedule, and scope/layout of work to be performed - is essential for BAWSCA's understanding of the current proposed scope. As part of that information package, BAWSCA also seeks a deeper description of the use and need for the wellness facility component of the Millbrae Operations Center Project. SFPUC's response, and added documentation, will help BAWSCA and other stakeholders draw a conclusion as to whether the final proposed project is in the interests of regional customers.
- BAWSCA is also aware that there are significant concerns that have been expressed by the City of Millbrae staff and elected officials regarding the impact of certain elements of the proposed work on their community. It is BAWSCA's understanding that SFPUC staff is preparing additional responses to Millbrae's questions and engaging in substantial dialog with Millbrae. BAWSCA asks that it be provided with copies of all relevant documents and information provided to Millbrae and timely updates on the status of

discussions with that city, including but not limited to any changes to the project that result in significant cost increases or schedule delays.

- Hetch Hetchy Water 10-Year Capital Plan: Appropriation Schedule – The SFPUC presented bar graphs showing the level of appropriation needed for each of the ten fiscal years, by project type (e.g., water, power or joint water/power). BAWSCA's role does not include oversight over power projects; therefore, BAWSCA's focus is on the water and water/power project types. It is clear from the bar charts that starting in year 5 and beyond that joint projects form the bulk of the expenditures. BAWSCA understands that the highest project cost in that mix will be work associated with the full replacement of the Moccasin Penstocks since repair is not feasible. BAWSCA supports the need to replace the penstocks yet will need to be engaged as replacement concepts are moved forward and a final approach selected. Such an expensive project must be approached in a careful and cost sensitive manner. In addition, over the coming ten years, several new buildings are proposed for construction at the SFPUC's Moccasin facilities (a new engineering and records building, a new warehouse, and a new water quality laboratory). While BAWSCA has asked SFPUC staff to schedule a meeting with our key staff to provide additional details regarding that set of proposed work, BAWSCA does not ask that it be removed from the CIP. Finally, and as the SFPUC shared earlier in their presentation, there is dam safety work that is being deferred beyond this 10-year CIP. It is critical that the SFPUC gain the concurrence from the State that such deferral is acceptable.

10-Year CIP Budget Spreadsheets for the Water Enterprise and the Hetch Hetchy Enterprise

BAWSCA's review of the 10-Year CIP for the Water Enterprise and the Hetch Hetchy Enterprise indicate that the SFPUC has worked to prioritize projects and keep the overall CIP budget from rising above the budget amount adopted by the SFPUC during the prior 10-year CIP cycle. Holding costs help to address rate affordability concerns that have also been expressed by BAWSCA's member agencies. From our recent discussions with SFPUC staff, BAWSCA better understands the SFPUC's approach to project deferrals. While BAWSCA staff is of the opinion that project deferrals will not place the reliability of the water system at undue risk, BAWSCA recommends that the SFPUC be ready to make CIP adjustments as required when and if the need for a particular project to be implemented sooner becomes evident. The construction of new buildings, both in Moccasin as well as in Millbrae, are significant CIP line-items. BAWSCA has detailed our comments on those in the above section of this letter and again expresses BAWSCA's interest in the progress and outcome of stakeholder engagement.

BAWSCA offers the following additional observations:

- Alternative Water Supply Projects – Unlike in prior budget cycles, the SFPUC does not propose to spend significant funds on the development of regional alternative water supply projects other than an expenditure in year 10 that would go toward a potential potable reuse project in partnership with other agencies on the Peninsula. This is a point which BAWSCA believes may need to be raised to members of the public that contend the SFPUC is budgeting too much money to develop alternative water supply projects. BAWSCA cautiously supports this budgeting approach, since until regulatory issues associated with the Bay-Delta Plan are sorted out, there remains some uncertainty as to what level of additional supply may be necessary to address the region's supply needs in times of drought. A key concern in years beyond this 10-year period is that

affordability goals may be hard to maintain when the expense of deferred dam work is coupled with the possible need to develop alternative water supply projects.

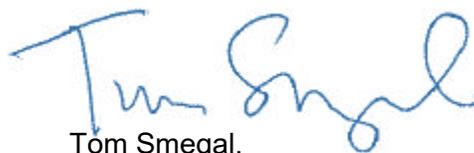
- Regional Water Treatment – BAWSCA is pleased to see that projects at the Sunol Valley Water Treatment Plant, the Tesla UV Treatment Facility, and at the Harry Tracy Water Treatment Plant have been included in the 10-year CIP.
- Moccasin Reservoir Long Term Dam and Reservoir Improvements – BAWSCA is pleased to see that this project has been included in the 10-year CIP.
- O’Shaughnessy Dam Outlet Works Phase II – BAWSCA is pleased to see that significant construction will take place during the 10-year CIP and is supportive of the fact that additional work will extend beyond the 10-year cycle.

Project Data Sheets - Specific Questions for SFPUC Staff

BAWSCA has reviewed project data sheets in combination with the line-item budget worksheets developed for both the Water Enterprise as well as the Hetch Hetchy Enterprise. Questions are provided as Attachment 1 to this letter. The questions are primarily directed at SFPUC staff and their purpose is to provide clarification.

BAWSCA appreciates our ability to review the 10-year CIP for both the Water Enterprise and the Hetch Hetchy Enterprise. BAWSCA finds that the 10-Year CIP for FY 2027-36 for both enterprises are robust, even though some accommodations have been made to consider such important concepts as rate affordability goals. BAWSCA’s approach to the review has been to ensure that key projects continue to be funded in coming years, particularly over the next two years, so that progress on identified asset needs are addressed, for example the continued inclusion of ongoing work at the Sunol Valley Water Treatment Plant. BAWSCA looks forward to attending the upcoming Commission meetings on the 10-Year CIP.

Sincerely,



Tom Smegal,
CEO / General Manager

cc: Dennis Herrera, SFPUC, General Manager
Steven Ritchie, SFPUC Assistant General Manager of Water Enterprise
Stephen Robinson, SFPUC, Assistant General Manager of Infrastructure
Katie Miller, SFPUC, Director Water Capital Programs
Alison Kastama, SFPUC, BAWSCA Liaison
BAWSCA Water Management Representatives
Allison Schutte, Hanson Bridgett, LLP, Legal Counsel

Encl.

Attachment 1 – Questions Regarding Projects as Detailed on Project Data Sheets

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Attachment 1

Questions Regarding Projects as Detailed on Project Data Sheets as Prepared for the 10-Year CIPs for the Water Enterprise and the Hetch Hetchy Enterprise

Hetch Hetchy Enterprise

1. Mountain Tunnel Improvement Project – The project description section should be revised to exclude the South Fork Siphon from the project. That siphon work has now been moved into a new project, separate from the Mountain Tunnel Improvement Project.
2. R&R Dam and Reservoir Conditions Assessment – This project does not appear in the FY 24-25 Water Enterprise Managed Capital Project Report. The SFPUC should include regular reporting on this ongoing capital project moving forward.
3. Mountain Tunnel South Fork Siphon Extension – This is a new project created because scope was dropped from the Mountain Tunnel Improvement Project. BAWSCA recommends that the SFPUC create a new NAR/AAR specific to this facility once work on the Mountain Tunnel Improvement Project is completed.
4. R&R Roads and Bridge Improvements – The project data sheet does not identify the specific details of why annual funding should be up to ten times the current annual expenditure rate. Additional discussion is warranted.
5. R&R Communications System Upgrades – BAWSCA observes that this line-item proposes about \$20M more appropriation than the current CIP. This appears to be a very expensive ongoing cost, and BAWSCA requests additional details as to why that is.
6. Cherry Dam Spillway Short-Term – The budget for this project increased due to added scope for upper spill channel armoring. Its completion date has been extended to 2028 to enable a 6-month close out phase. Funding now covers through FY27, yet the most recent Hetch Hetchy Quarterly Report has the work extending into FY28. This seems inconsistent, and additional discussion is warranted.
7. R&R Power Distribution Implementation – There is a substantial increase in funding proposed in this 10-Year CIP (compared with the prior), going from a budget of \$5M to a budget of \$18.5M. BAWSCA needs additional information to justify the significant increase.

Water Enterprise

1. Millbrae Operations Center – This project is a primary component of the 10-year CIP, and it has generated concerns from the City of Millbrae. As noted in this comment letter, BAWSCA requests documentation and description of the conclusion to move the Rollins Road operations to the Millbrae Yard including reasons other alternatives were not preferred. Furthermore, there are several changes in the preferred alternative between what was presented in the January 21, 2020 Alternatives Analysis and the plans depicted in the August 2024 conceptual design, including the deletion of a new south shops building and the redesignation of an existing retail building as “new south shops” instead of a storage warehouse. BAWSCA would like to understand these changes and the rationale behind them. It would also be helpful for BAWSCA to understand the need for a wellness facility and SFPUC’s planned uses for the facility.

2. Sunol Valley Water Treatment Plant R&R – The appropriations for this line-item proposed for the coming 10 years is \$3.3M, which is less than half of the level budgeted during the last 10-year CIP cycle. Annual R&R expenditures trend higher as well. Should additional money be allocated for this line-item?
3. West Bay Field R&R – The appropriations for this line-item proposed for the coming 10 years is \$3.8M, which is approximately 75% of the level budgeted during the last 10-year CIP cycle. Annual R&R expenditures trend higher as well. Should additional money be budgeted for this line-item?
4. Bay Division Pipeline 4 PCCP Repair – The budget for this work was adjusted such that only planned activities can be performed over the coming 10-year cycle. The project's completion date has been extended as well. The SFPUC notes that the budget will be revisited in the next 10-year CIP update cycle. BAWSCA believes that it is entirely possible additional money may be required to address PCCP repair issues.
5. San Bruno Jail Waterline Replacement – No appropriations have been requested, even if the project's budget is \$22.3M and the project's completion date is December 2030. Why was this project budget left out of the CIP budget? Will this project move forward in the coming years?
6. Sunol Valley Water Treatment Plant WQD Trailer – Were there cost overruns on this project since the budget apparently has increased (and perhaps budget reallocation took place)?
7. Regional Conveyance Via South Bay Aqueduct – There are no funds requested in the 10-Year CIP for this project. It appears that it has been deferred. Should the details have been taken out of the CIP?

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

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

Summary:

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

Recommendation:

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

Discussion:

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

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

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

Together, this work lays the groundwork for evaluating tradeoffs, prioritizing actions, and developing a valuable regional strategy. A summary of specific accomplishments is provided in the attached *Strategy 2050 First Year Accomplishments* handout. Input from the Board Policy Committee during the February 11th meeting will help inform the next phase of Strategy 2050 development as BAWSCA moves toward completion of Strategy 2050 in FY 26-27.

Next Steps

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

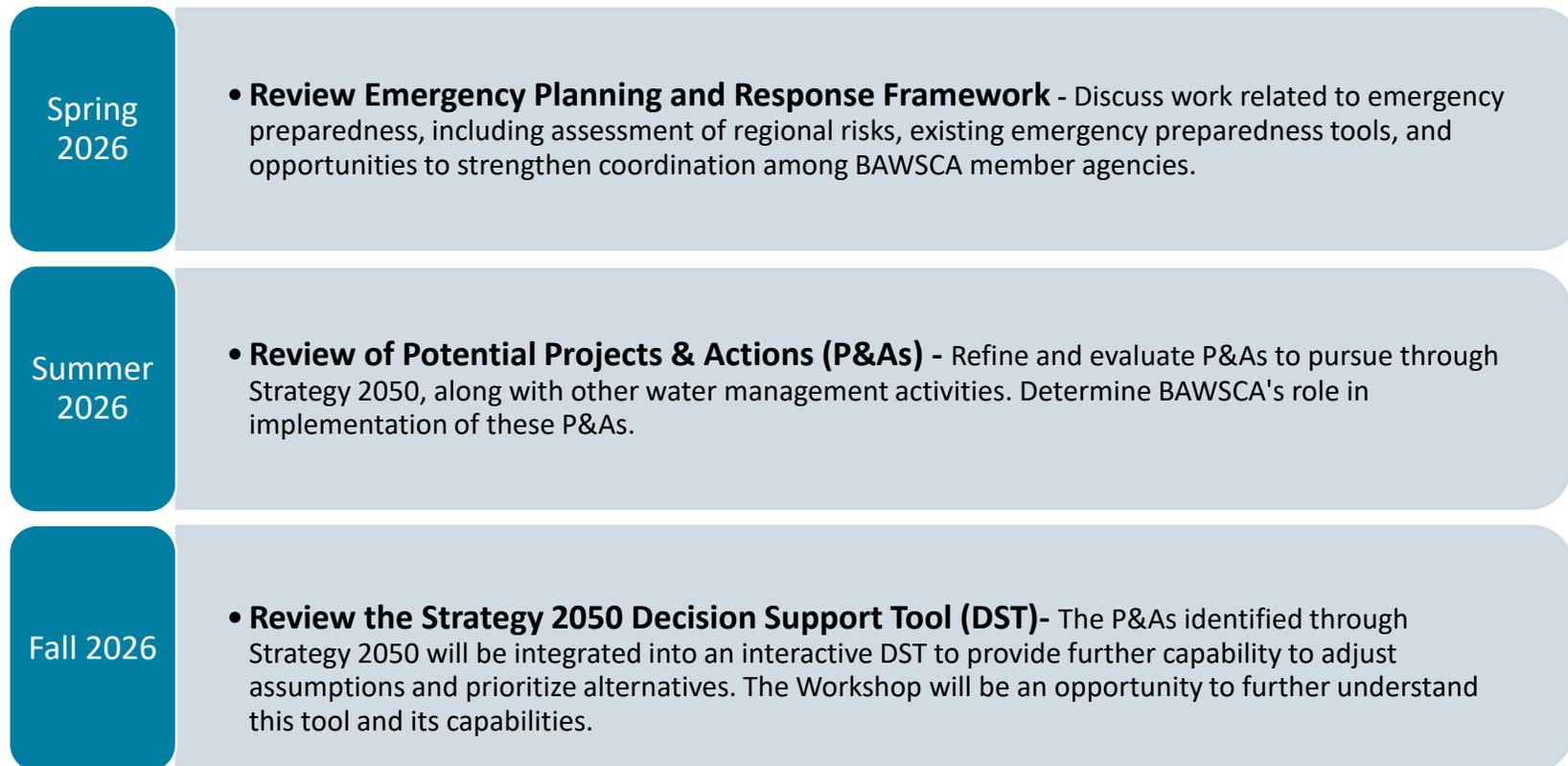
As Strategy 2050 advances in 2026, Water Management Representatives (WMR) and Board input will be critical in shaping priorities and ensuring that Strategy 2050 remains responsive to regional needs while advancing long-term water supply reliability, resilience, and affordability. The anticipated Board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

The schedule proposed allows for Board engagement during critical stages of Strategy 2050 development. Engagement will enable the Board to offer their suggestions and provide guidance on elements of Strategy 2050 as the work proceeds. In addition, the perspective of agency staff as gained from WMR Workshops will also be shared with the Board.

Attachment:

- *Strategy 2050 First Year Accomplishments*

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



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Strategy 2050 First Year Accomplishments



Strategy 2050's Purpose

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

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



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



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



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



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

Progress Towards Strategy 2050 Objectives

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

Strategy 2050 Objective

2025 Accomplishments

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

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

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

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

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

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

Expand regional dialogue and collaboration to collectively address common needs.

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

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

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

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

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

Early Wins

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

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

Next Steps

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

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

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

Summary:

This memorandum presents the preliminary Fiscal Year 2026-27 Work Plan and results to be achieved. Comments received from the Board at the January 15, 2026 Work Plan and Budget Planning Session have been reviewed and addressed. The preliminary Work Plan includes the CEO/General Manager’s recommendations for addressing comments received during the Budget Planning Session. As discussed with the Board in January, this memorandum does not present a preliminary Operating Budget. Initial Operating Budget considerations will be included in the staff presentation. The Board will be presented with a preliminary Work Plan and Operating Budget at its March meeting.

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

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

Recommendation:

That the Committee provide:

- 1. Comments and suggestions concerning the preliminary Fiscal Year 2026-27 Work Plan and results to be achieved;**
- 2. Feedback on presented results from the January 15, 2026 Work Plan and Budget Planning Session;**
- 3. Suggestions concerning presentation of the preliminary Work Plan and Operating Budget to the Board of Directors in March.**

Discussion:

Preliminary Work Plan

Next year’s work plan addresses all of the anticipated issues and results to be achieved discussed with the Board Policy Committee on December 10, 2025 and with the Board on January 15, 2026.

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

- Overseeing SFPUC’s WSIP, 10-Year Capital Improvement Program (CIP), Regional Water System (RWS) Asset Management Program, and Emergency Response.
- Implementing BAWSCA’s Long-Term Reliable Water Supply Strategy (Strategy), including the following actions:
 - Continue the development of Strategy 2050;
 - Participate in the Bay Area Regional Reliability Partnership (BARR);

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

- Continuing development of a staff-led effort to address BAWSCA's long-term policy and operational resilience to inform future policy decision making.

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

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

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

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

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

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

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

Strategy 2050

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

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

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

Strategy 2050 development includes primary tasks and subtasks. All of the tasks and subtasks tie directly back to the proposed purpose and objectives of Strategy 2050. The purpose of Strategy 2050 is "To identify the water supply and demand management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience". Six Strategy 2050 objectives for the BAWSCA region were identified to achieve the Strategy 2050 purpose. These six objectives are in addition to BAWSCA's work

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

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

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

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

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

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

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

The staff workload analysis for the preliminary Work Plan includes an estimate of hours allocated for each assignment they are given. From there, an estimated Full Time Equivalent (FTE) employee time commitment is then calculated for each assignment and for the total of all assignments individual employees have. The FTE calculation assumes that each employee has 1,920 hours/year available, which equates to 100% allocation (or 1 FTE). Note that 1,920 hours/year reflects the number of working hours deducting four weeks for vacation and sick time.

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

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

Background:

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

Table 5 lists these activities and updated long-term future challenges as part of the FY 2026-27 preliminary Work Plan development through 2065. In each case, the results identified in Table 5 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.

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Table 1. Draft Preliminary FY 2026-27 Work Plan and Results to Be Achieved
(New/Expanded Items Shown in Blue Italic and Bold Font)

BAWSCA OBJECTIVE & PRELIMINARY FY 2026-27 WORK PLAN ITEM	
	RELIABLE WATER SUPPLY
	1. Facility Reliability: Monitor SFPUC’s WSIP, 10-Year Capital Plan, Asset Mgmt. Program, and Emergency Response
	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.
	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. Long-Term Supply Solutions: Implement BAWSCA’s Strategy to Ensure a Reliable, High-Quality Supply of Water is Available Where and When needed
	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.

BAWSCA OBJECTIVE & PRELIMINARY FY 2026-27 WORK PLAN ITEM	
	g. Facilitate use of the BAWSCA Model by members via Subscription Program.
	<i>h. 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

BAWSCA OBJECTIVE & PRELIMINARY FY 2026-27 WORK PLAN ITEM	
	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.
	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.

BAWSCA OBJECTIVE & PRELIMINARY FY 2026-27 WORK PLAN ITEM	
	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.
	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.

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

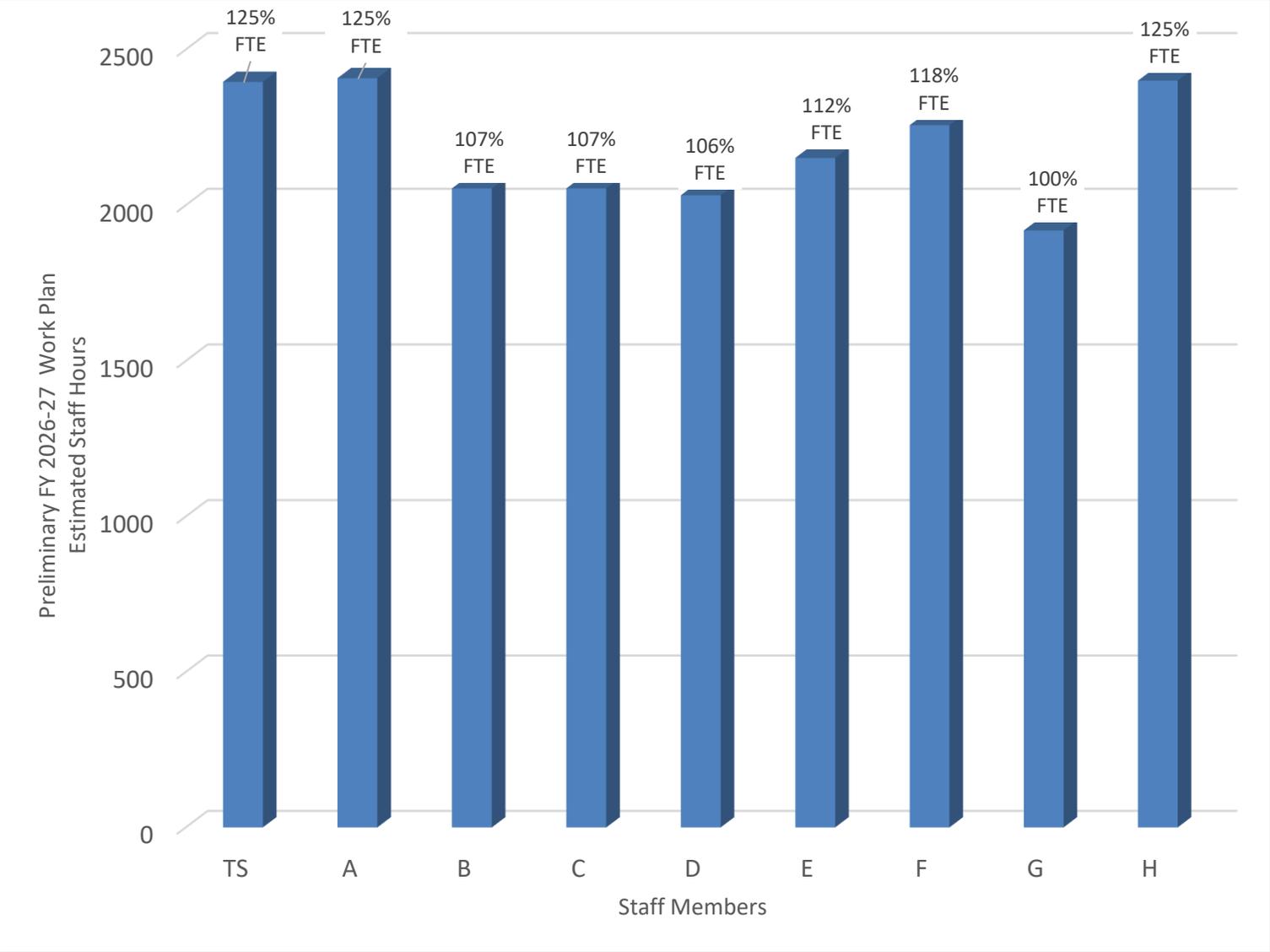


Table 3. Estimated Staff Hours and Full Time Equivalent (FTE) by Preliminary FY 2026-27 Work Plan Item

Staff Hours (Est.)	# of FTE (Est.)	Results to be Achieved in FY 2026-27
		RELIABLE WATER SUPPLY
896	0.5	1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, Asset Management Program, and Emergency Response
3,014	1.6	2. 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	3. Near-term Supply Solutions: Water Conservation and Drought Response
978	0.5	4. Take Actions to Protect Members’ Water Supply and Financial Interests in Water Supply Agreement (WSA) Administration
500	0.3	5. Protect Members’ Interests in a Reliable Water Supply
36	0.0	6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts
308	0.2	7. Reporting and Tracking of Water Supply and Conservation Activities
		HIGH QUALITY WATER
170	0.1	8. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues
		FAIR PRICE
2,308	1.2	9. Perform Matters that Member Agencies Delegated to BAWSCA in the Water Supply Agreement
		AGENCY EFFECTIVENESS
1,056	0.6	10. Maintain Community Allies and Contacts with Environmental Interests
6,149	3.2	11. Manage the Activities of the Agency Professionally and Efficiently
19,672	10.2	TOTAL Estimated Staff Hours and FTE to Implement Preliminary FY 2026-27 Work Plan

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 underserved communities in the service area. 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 specifically assisted in the deployment of a permanent X-Band radar on</p>

#	Board Member	Board Member Comment/Question	Staff Response
		BAWSCA engaged in that work to represent that member agencies?	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: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers (Preliminary FY 2026-27)

BAWSCA Goal and Associated Challenges	FY 2026-27 (Near-Term)	2025-2040 (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

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

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Tom Smegal, CEO/General Manager
DATE: February 6, 2026
SUBJECT: Chief Executive Officer/General Manager's Letter

February 1, 2026 Regional System Event - SFPUC Wholesale Customer Notification:

On the afternoon of Friday January 30, 2026, the SFPUC identified that a significant leak had developed in the 66-inch diameter steel raw water pipeline that connects Sunol Valley Water Treatment Plant (SVWTP) to Calaveras Reservoir. The SFPUC stopped sourcing flow from Calaveras Reservoir until a pipeline repair could be made. SFPUC relied on water stored in San Antonio Reservoir as SVWTP source water and obtained water supplied via emergency interties with Valley Water and with EBMUD. The SFPUC issued a blend change notice at 4 PM that Friday noticing BAWSCA agencies of this operational plan.

The SFPUC asked Alameda County Water District to source shift to lessen demand on the eastern side of the SF Regional Water System during the required repair period. In addition, the SFPUC installed an extra raw water pump at San Antonio Reservoir to enable a higher demand to be drawn from it to offset the loss of flow from Calaveras Reservoir.

The City of Hayward experienced lower distribution system pressures in portions of their service on Friday evening through to Saturday evening. However, by Sunday, the SFPUC's operations were able to mitigate the system pressure problem.

Work began on making the repair to the Calaveras Raw Water Pipeline on Monday February 2, 2026. Work continues as of the date of this BPC Packet mailing, with the understanding that repairs could be completed by February 7, 2026.

Landscape Education Program – Fall 2025 Series:

BAWSCA has concluded its Fall 2025 Water Efficient Landscape Education Program. A combination of 27 lectures (virtual and in-person) and hands-on workshops were offered throughout 10 different service areas. Out of the 1,008 residents that signed up for a class during the Fall series, 503 attended. Some of the most requested topics were Rain Barrels & Rain Gardens, Design with Native Plants, and Alternatives to Lawn. BAWSCA has now shifted its attention to planning the Spring 2026 Landscape Education Program series. The schedule will be finalized at the end of February, and classes will begin taking place in early-March.

BAWSCA Outreach Efforts:

Design Tech Student Dialogue:

On January 26, 2026, Senior Water Resources Engineer, Negin Ashoori, represented BAWSCA in an interview with students from Design Tech High School in Redwood City as part of a design thinking project focused on water scarcity and water pollution in the Bay Area. The interview was conducted via Zoom and recorded for instructional use within the class. Students posed thoughtful questions regarding the extent of regional water pollution, challenges to mitigation, potential future solutions, and ways students and community members can contribute to protecting water resources.

Additionally, on January 28, 2026, Negin Ashoori participated in an interview with researchers from the WE3 and Fletcher Labs, led by Professors Meagan Mauter and Sarah Fletcher, focused on long-term drinking water infrastructure planning under climate uncertainty. The discussion explored utility approaches to long-range planning amid evolving climate risks and included feedback on the PLAN Water optimization tool developed to support climate-informed decision-making. Together, these interviews highlight the importance of collaboration and outreach to BAWSCA by promoting greater public understanding of regional water issues and supporting awareness of emerging research and analytical tools that enhance long-term system reliability.

EKI Panel Presentation

Tom Francis, BAWSCA's Water Resources Manager, attended an event held on Wednesday January 27, 2026, hosted by EKI Environment and Water Inc. in Burlingame. EKI holds this event each year, and titles it their "spirit week". The event brings together EKI staff from around the US as a means to encourage career growth and to build connections between their fellow employees. Mr. Francis, together with three other water managers from various California cities and water agencies, served on a panel that shared their organization's approach to consultant selections including, but not limited to, the RFP process.

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Board Policy Committee Policy Calendar Through October 2026

Meeting Date	Purpose	Issue or Topic
April 2026	D&A R&A R&D R	Consideration of Proposed FY 2026-27 Work Plan and Operating Budget Review of Publicly Available Pay Schedules Strategy 2050 Update Review of Water Supply Forecast
June 2026	D&A R	Review of CEO/General Manager Evaluation Procedure 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