

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

April 8, 2026 – 1:30 p.m.

MINUTES

1. **Call to Order:** Committee Chair, Leslie Ragsdale, called the meeting to order at 1:32pm.

CEO/General Manager Smegal called the roll. One member of the Committee participated in the meeting by teleconference in accordance with the traditional Brown Act Rule. Six (6) members of the Committee were present at roll call. One member arrived after roll call. A list of Committee members who were present (7), absent (2) and other attendees is attached.

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

2. **Comments by Committee Chair:**

Committee Chair Ragsdale announced that the teleconference location in Redwood City is no longer available. Board Member Stevenson is participating by teleconference and noted that there are no members of the public over 18 years old at his remote location. Closed Session will be pulled out of the agenda as there is no need for it.

All Committee actions will be taken by roll call vote to comply with the requirements of the traditional Brown Act Rule. The Chair thanked members of the Committee for providing advance notice to BAWSCA staff about their schedules and need to teleconference in order to comply with the Brown Act requirements and ensure there is a quorum.

She noted that the staff memo on the proposed work plan and operating budget is a progression of information that has been presented to both the Committee and the Board previously. The level of details provided creates a long memo that is good to read repetitively for a thorough understanding.

3. **Consent Calendar:**

It was noted that the attendance sheet attached to the minutes should be corrected to reference Stephen Rainaldi's Council position as Vice-Mayor instead of Mayor of Millbrae.

With the correction, Director Vella made a motion, seconded by Director Hamilton, that the Committee approve the Minutes of the February 11, 2026 Board Policy Committee meeting.

The motion passed unanimously by roll call vote.

4. **Public Comments:**

There were no public comments.

5. Action Calendar:**A. Proposed FY 2026-27 Work Plan, Results to be Achieved, and Operating Budget:**

Mr. Smegal presented the proposed work plan and a recommendation for funding the proposed operating budget for FY 2026-27.

The work plan addresses the critical short- and long-term issues associated with achieving BAWSCA's goal of ensuring a reliable supply of high-quality water at a fair price.

As a primary role, BAWSCA continues to administer the Water Supply Agreement to protect the financial and water supply interests of the member agencies. Major efforts in FY 2026-27 include a review of the impacts of SFPUC's debt in setting rates, and negotiations of WSA amendments associated with SFPUC's 2028 decisions.

BAWSCA will continue to administer BAWSCA's bonds, oversee the SFPUC's management of the Regional Water System with its WSIP, 10-year CIP, Strategic Asset Management Plan and Alternative Water Supply Planning, stay engaged with the Bay-Delta and FERC proceedings to protect the regional water supplies, complete the development of BAWSCA's Strategy 2050, and implement core and subscription conservation programs.

The proposed FY 2026-27 operating budget of \$5,340,828 remains the same as reported to the Board in March. It is \$200K lower than the approved operating budget for FY 2025-26. It includes a 5% adjustment to existing salaries for both COLA and merit-based increases. The budget equates to about \$2.83 per person per year, which is \$0.14 less than the current fiscal year. As presented to the Board in March, a pie chart shows the allocation of the operating budget among BAWSCA's areas of work; Reliable Supply at 57.6%, Agency Operations at 27.7%, Fair Price at 14%, and High Quality at .6%.

BAWSCA's primary source of funding is its assessments on member agencies. Consideration of how to fund the operating budget are based on four principles: 1) Budget sufficient resources to achieve the desired Work Plan results; 2) Spend only what is needed to achieve the results; 3) Apply incremental and prudent increases in assessments as necessary; 4) Maintain a prudent General Reserve balance within Board guidelines.

BAWSCA's General Reserve guideline adopted by the Board provides a balance between 20%-35% of the annual budget. Currently, the General Reserve balance is at 25% of the current budget.

Mr. Smegal noted that last year, the Board adopted a 2.3% increase in assessments and a transfer of \$152K from the General Reserve to fund the FY 2025-26 Operating Budget.

Options for funding the FY 2026-27 Operating Budget provide either no change to the General Reserve or increasing the General Reserve balance up to 29% through small increases in assessments. Options include:

Option 1 – 1.7% assessment decrease to match the proposed operating budget with a General Reserve balance maintained at 25%

Option 2 – 0% assessment increase with a \$54,881 transfer to General Reserve to increase balance to 27%.

Option 3 – 1% assessment increase with a \$108,838 transfer to General Reserve to increase balance to 28%.

Option 4 – 2% assessment increase with a \$162,795 transfer to General Reserve to increase balance to 29%.

While all options fit into the guidelines for the General Reserve, Option 3 applies a small increase on assessments that can avoid a bigger increase in the future.

The Committee was asked for its consideration to recommend Board approval of the Proposed FY 2026-27 Work Plan and Results to be achieved, Operating Budget of \$5,340,828, and Funding Plan Option of 1% assessment increase.

Director Andrews asked about information on water usage for data centers that can be shared with the Board for its review, and in potentially considering partnerships with agencies like the Bay Area Air District to understand the impacts of data centers.

Water Resource Manager, Tom Francis, acknowledged that the issue has proven to be of great interest among member agencies. BAWSCA's recently completed Demand Study includes an assessment of how data centers might impact water usage which will inform the follow up actions from Strategy 2050 when identifying what new work efforts are critical for the region. The work plan includes the potential development of methods agencies can use to estimate water demands by data centers. The Board will be presented with further details on Strategy 2050 in the Fall. In the meantime, staff can provide information from the Demand Study and answer further questions individual Board members may have about data centers.

In response to Director Vella's question about BAWSCA's efforts in monitoring water rates, Mr. Smegal explained that the FY 2026-27 workplan has 2 main areas that review SFPUC's rates. One is the work that Finance Manager, Christina Tang, does in administering the Wholesale Revenue Requirement in accordance with the WSA, where the allocation of wholesale water rates are reviewed against the operation of the Regional Water System. She also works directly with SFPUC staff in the annual process for setting wholesale water rate projections. A second area is associated with ensuring reliability of the Regional Water System by monitoring SFPUC's infrastructure investments. Both efforts recognize the costs to operate and maintain the system to ensure water supply reliability for the region.

Committee discussion ensued on the options to fund the budget.

Director Chambers commented that a factor for consideration in setting assessments is stability. Given that the Water Management Charge has just ended and with SFPUC's rate increase of 7%, he sees the opportunity for a 0% assessment increase that will maintain a stable revenue for the agency to achieve its goals for the fiscal year. He commends staff for a decreased operating budget.

Director Hamilton stated that while he typically prefers low increases to mitigate unavoidable larger increases later, he also believes that it is a good time to have a 0%

assessment increase given 1) SFPUC's unexpected 7% rate increase, 2) the ability to increase the general reserve balance from 25% to 27%, and 3) maintaining a budget to assessment ratio that is above 100%.

Director Vella commented that it is good practice to have a low increase to avoid a larger increase later and supported a 1% increase.

Director Chambers noted that if the current budget is expended by 90-94%, there will be a transfer of approximately \$70k - \$140K to the general fund; therefore; he advocates for the 0% increase. Additionally, any consideration by the Board on making an additional payment to OPEB should be done after the audit.

Director Hamilton agrees that the difference between the options are minimal, but the symbolism is doing what we can to mitigate the impact of the 7% increase from SFPUC. He finds the operating budget's low cost per person each year to be exceptional given the size of the work plan.

Director Stevenson asked what the likelihood is for recouping some of the 7% in the upcoming year given the forecasts; where water use levels are, drought conditions, etc.? If there is a likelihood that a little bit will be recovered and some relief will be had, then he would advocate for the 1%. But without confidence on that, doing what we can to maintain low costs for rate payers is worthwhile. He expressed his support for a 0% increase.

In response, Mr. Smegal stated that it is difficult to predict water sales in the next 15 months.

Director Hardy supports a 0% increase.

Director Andrews supports at 0% increase but asked for a 6-month review of the work plan and budget status.

Mr. Smegal noted that there is a mid-year work plan and budget review in December in which actual increase in the General Reserve balance is known and any needed adjustments to the work plan and budget are brought to the Board for consideration and approval.

Chair Ragsdale can be swayed between the 1% and 0% but agrees with the message of a 0%.

Majority of the Committee supported the 0% assessment increase and all members cautioned against the option of a decrease in assessment.

Director Hardy made a motion, seconded by Director Chambers, that the Committee, as majority, recommends Board approval of the:

- **Proposed Fiscal Year 2026-27 Work Plan and Results to be Achieved;**
- **Proposed Operating Budget of \$5,340,828; and**
- **Recommended Funding Plan Option 2 with 0% Assessment** increase.

The motion passed unanimously by roll call vote.

There were no comments from members of the public.

B. Approval and Adoption of BAWSCA Pay Schedules for FY 2024-25 and FY 2026-27:

Mr. Smegal explained that as a participating agency in CalPERS, BAWSCA employees' reportable compensation is required to comply with CalPERS retirement law. The minimum and maximum salary ranges for each position must be approved by the Board each fiscal year and posted on BAWSCA's publicly available website upon Board approval.

The Staff report provides the proposed FY 2026-27 pay schedule for each non-CEO position classification. The proposed schedule reflects CPI increase of 3.104%.

In addition, the pay schedule for FY 2024-25 is being presented to retroactively correct the top range salary for the position of Water Resource Manager from \$247,967 to \$248,774. This corrective action is to ensure that the position's salary range is consistent with the Board approved maximum salary schedule as required by CalPERS. The correction does not have an impact on the budget nor does it authorize retroactive pay for the position.

In response to Director Hardy, Mr. Smegal stated that hiring an HR consultant can help with HR processes such as those required by CalPERS to avoid situations similar to that noted in this instance.

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

Director Hardy made a motion, seconded by Director Chambers, that the Board Policy Committee recommend the Board's approval and adoption of the BAWSCA Pay Schedules for FY 2024-25 and FY 2026-27.

The motion passed unanimously by roll call vote.

C. Consultant Selection to Provide Human Resources Management Services:

Mr. Smegal reported that BAWSCA issued a Request for Proposal (RFP) on March 20th for an HR professional services consultant to assist BAWSCA with Human Resources functions on an as needed basis. He noted that the retirement process of the previous CEO/General Manager required additional services from Hanson Bridgett associated with the CalPERS requirements that could have been handled by an HR consultant.

The RFP seeks an ad hoc HR consultant service that can assist BAWSCA when activities outside of the normal course arise. The RFP is posted on BAWSCA's website and was sent to a list of professional services consultants, including Regional Government Services Authority (RGS) as suggested by Director Andrews.

Proposals will be reviewed by a panel comprised of BAWSCA's CEO and Office Manager, member agency HR staff from North Coast Water District and Alameda County Water District, and an agency outside of the BAWSCA region.

Interviews are expected to take place in early May, with a goal of requesting the Board to authorize the CEO/General Manager to negotiate and execute a professional services agreement with a recommended consultant at its May 21st Board meeting.

HR consultant services is included in the Proposed FY 2026-27 work plan and operating budget and the procurement process executed is consistent with BAWSCA's policies and procedures for professional services consultants.

The Committee is asked to 1) confirm that the solicitation process conforms to agency practices, and 2) advise the CEO what additional information would be helpful to the Board for its consideration of authorizing the negotiation and execution of an agreement at its May Board meeting.

In response to Director Andrews, legal counsel Allison Schutte stated that the list of consultants that submit proposals can be shared with the Board. Mr. Smegal added that proposals were sent to a list of consultants that responded to other agencies similar to BAWSCA that were looking for the same types of services.

Director Hamilton suggested that the presentation to the Board in May can emphasize that hiring an HR consultant is what makes the most sense for BAWSCA's small staff size of 9 employees. It is also the most cost-effective way to address HR matters, instead of using legal counsel.

Director Chambers added that hiring an HR consultant on an as needed basis also makes sense given the current staff FTE is over 100%.

Director Hardy recommended to be aware of the regulatory requirements that are triggered by having 10 or more employees.

Director Ragsdale agreed with the points made by Committee members and added that an outside HR consultant would be appropriate for a small staff of nine.

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

Director Andrews made a motion, seconded by Director Vella, that the Committee confirm the solicitation process conforms to agency practices.

The motion passed unanimously by roll call vote.

6. Reports and Discussions:

A. FY 2024-25 BAWSCA Annual Survey:

Water Resources Analyst, Kyle Ramey, presented the process for developing BAWSCA's Annual Survey, the importance of the information it provides, and key highlights from the FY 2024-25 Annual Survey. The report was first developed in 1996 by BAWSCA's predecessor agency, Bay Area Water Users Association. The survey was conducted to obtain key service area information that provides an overall picture of the region's collective water use. The Annual Survey has 9 sections; water supply by source, projected water purchases from the SF RWS, projected water supply and demand, consumption by customer class, current and historical climate data, current and

projected population, per capita water use, single family water bills and rate structures, and member agency profiles.

Data is collected via the water conservation database (WCDB), which was relaunched in 2023 for a more efficient data collection system. An intensive data collection and review process with the member agencies take place from October through February to produce a final report in March. Member agencies are asked to input water resources information into the WCDB in October of each year. The data goes through a process of analysis in November and a review process of the draft document with member agencies through February before the final report is produced in March. Finalization of the report is typically announced to the WMR and the Board through the CEO letter.

In FY 2024-25, member agencies reported a total of 192.37 mgd in supply by source, 58.9 gpcd in residential per capita use which is low in comparison to previous years, 98 gpcd in gross per capita use, 243.05 mgd in demand projections by the year 2050 (data collected from the Demand Study), and 1.8 million in total population which has increased from last year. The report is posted on the BAWSCA website along with info graphics for additional details.

Projected Water Purchases

Key information the Annual Survey provides is data on past and current SF RWS purchases. Mr. Ramey presented a chart in which he highlighted the sharp decline in water use during drought years, as expected, but also noted the effectiveness of water conservation investments in which water customers respond to. The data also shows the spike in water use at the end of each drought period, which has never exceeded pre-drought numbers as far back as FY 2012-2013; the normal year before the consequential droughts over the last couple of decades.

Projected Water Supply and Demand by Source

BAWSCA agencies have consistently relied on the SF RWS for two-thirds of their total water supply. In FY 2024-25, BAWSCA member agencies' customary purchases from the SF RWS was 128.71 mgd, which is 67% of the member agencies' combined water supply need. 15% come from other sources (Valley Water, State Water Project, local storm water capture, etc.), 8% from ground water, 3.8% from recycled water, and 3.3% from surface water.

Water use continue to decline in the region despite significant population growth. Water use is 26% less today despite a 35% population increase since FY 1986-87; the year when water use peaked.

Projected Water Supply and Demand

BAWSCA's recently completed Regional Water Demand and Conservation Study shows that by the year 2050, anticipated total projected supplies is 243.05 mgd in which the SF RWS account will account for 61%. Significant increases in supplies from Ground Water and Recycled Water Projects are anticipated in the next 20 years.

Consumption by Customer Class

As with the Source of Supply, water demand by customer class is also consistent over time. Residential use, including multi-family, typically accounts for 110.18 mgd or 55%-60% of total water use, followed by commercial/industrial at 39.88mgd, dedicated irrigation at 19.33 mgd, and government/institutional/other at 8.41mgd. Mr. Ramey noted that non-revenue water, which hovers around 14.56 mgd, is not just water loss, but can also include meter inaccuracies or just unaccounted for water. It is calculated by subtracting the total consumption from the total production.

Current and Historical Climate Data

Current and historical regional climate data includes the most recent three years from four representative service areas; Redwood City, San Jose, Union City, and SF Airport, to give a general representation of what the total precipitation is within the BAWSCA region. The report also includes median temperature data.

Per Capita Water Use

The section for per capita use is the most referenced section in the report. It has shown a decrease by 48% in the BAWSCA region since its peak at about 186 gpcd for gross and 114 gpcd for residential. In FY 2024-25, residential per capita use is 58.9 gpcd in comparison to around 57 gpcd in FY 2023-24, and 55 gpcd in FY 2022-23. While the latter is the lowest in BAWSCA's history, it was also during the drought of 2021-23.

Single Family Water Bills and Rate Structures

Mr. Ramey presented a table that shows the impact of local action on average daily residential water use. The State uses FY 2012-13 as the baseline for water use reduction targets since it is the year that precedes the most detrimental drought in recent history. At that time, the BAWSCA region had an average residential use of 79.3 gpcd, and there were 15 agencies that were above 71gpcd. In FY 2024-25, the BAWSCA region have an average residential use of 58.9 gpcd with only 4 agencies that are above 71 gpcd.

The reduction in water use reflects investments by member agencies in their conservation programs and their customers' response to those conservation programs. It also reflects the response to previous drought and sustained low use. Mr. Ramey noted that Stanford is not included in the residential per capita calculations due to the nature of their service area.

Agency Profiles

The section for Agency Profiles provides information on specific service area information such as total population, service area size, alternative supply sources, demand by sector, per capita water use, water operations infrastructure, interties, and agency contact information.

BAWSCA's Annual Survey is the most referenced document that BAWSCA produces annually. It informs other efforts including the Regional Water Demand and Conservation Study and Strategy 2050 and is a data source for all BAWSCA

related information in terms of water use and water resources. BAWSCA will continue to look for ways to improve the document to enhance efforts that it informs.

In response to Director Andrews, Mr. Ramey stated that survey includes historical information on production, consumption and gpcd by agency for the past 5 years.

Director Hardy was pleased to see that the BAWSCA region is at an average of 58.9 gpcd which is below Valley Water's reported 62 gpcd. While Valley Water's number may include agricultural use, being below 60 gpcd is good news.

Director Chambers appreciated the presentation and stated that the Annual Survey is a reference document he has used for many years.

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

7. CEO Reports:

- A. **SFPUC Millbrae Operations Center:** Mr. Smegal provided an update on recent developments regarding the Millbrae Operations Center Project included in SFPUC's 10-year CIP. BAWSCA continues to encourage staff members of the SFPUC and the City of Millbrae to come together to better understand the concerns and explore possible solutions. As reported to the Board at its March 19th meeting, the SFPUC held a meeting on March 18th at their Millbrae Operations Center with key members of their staff and of the City of Millbrae, including their City Manager, Tom Williams and Vice Mayor Rainaldi. He and Tom Francis also attended. A tour of the facility was provided along with materials from SFPUC's 2021 and 2025 plans, and cost estimates associated with the project. Since then, the SFPUC has issued a letter to Assembly Members Papan, Stefani and Haney who have corresponded with the Commission previously on this matter. The letter states that SFPUC will pause further work on the project at the 35% design phase, which was estimated to be reached by April 3rd. The SFPUC will then develop a new alternative that maintains the Outdoor Supply Hardware store. The new alternative is expected to take 3 months to prepare and will be shared with BAWSCA and presented to the SFPUC's Commission including the estimate cost of implementing the alternative as well as associated logistical considerations of the alternative. BAWSCA will share details regarding SFPUC's new alternative to the Board once all information has been obtained from the SFPUC.

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

Director Hardy asked what BAWSCA can do from a legal and historical point of view aside from having oversight on costs. It is an unprecedented situation.

Chair Ragsdale stated that the 3 months' time in which the project will be paused and a new alternative created will provide the opportunity for contemplation.

A copy of SFPUC's letter to the Assembly Members is included in the correspondence packet.

8. Closed Session: Closed session was removed from the agenda.

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

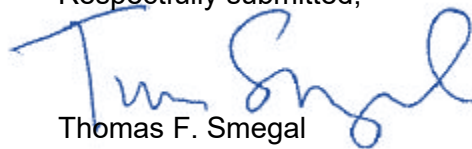
10. **Comments by Committee Members:**

Director Hardy commented that unlike electricity that is easy to move but difficult to store, water is easy to store but difficult to move. She noted the need for BAWSCA to have ability in the future to work together with other agencies in managing the region's precious water resources.

Director Vella noted that BAWSCA coordinates an annual Hetch Hetchy Tour with SFPUC to provide members of the Board the opportunity to gain better understanding of the San Francisco Regional Water System in order to address issues and make informed decisions on behalf of the region.

11. **Adjournment:** The meeting was adjourned at 2:48pm. The next meeting is June 10, 2026.

Respectfully submitted,



Thomas F. Smegal
CEO/General Manager

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Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

**Board Policy Committee Meeting
Attendance Roster**

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

✓: present

☎: Teleconference

April 8, 2026 Meeting Attendance (In-Person Meeting)

BAWSCA Staff:

Tom Smegal	CEO/General Manager
Tom Francis	Water Resources Manager
Christina Tang	Finance Manager
Danielle McPherson	Sr. Water Resources Analyst
Negin Ashoori	Sr. Water Resources Engineer
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:

Stephen Rainaldi	Vice Mayor, City of Millbrae
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