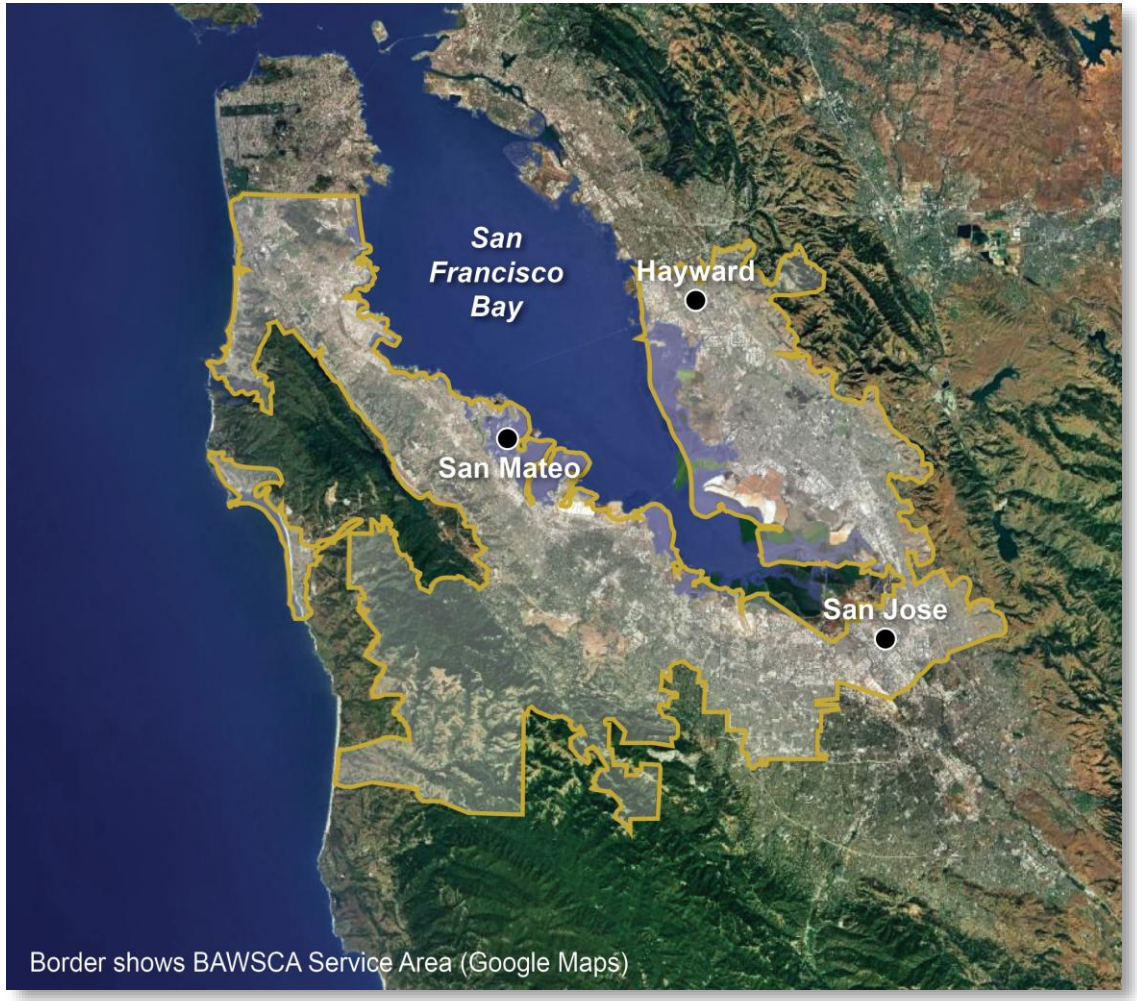

"A multicounty agency authorized to plan for and acquire supplemental water supplies, encourage water conservation and use of recycled water on a regional basis."

[BAWSCA Act, AB2058 (Papan-2002)]

Board Policy Committee Meeting

December 10, 2025

20 YEARS

BAWSCA
Bay Area Water Supply & Conservation Agency

Call To Order/Roll Call

Smegal, 2017

Comments by Chair

Jensen, 2011

Consent Calendar

- Approval of October 8, 2025 Board Policy Committee Minutes

Public Comments on Items Not on the Agenda

Sandkulla, 2023

Action Calendar

BAWSCA 2018

Proposed FY 2026-27 Bond Surcharges

L. Ash, 2017

FY 2026-27 Bond Surcharges Conform to BAWSCA's Bond Indenture

- BAWSCA calculates surcharges every year
  - To pay debt service payments,
  - Reimburse bond administration expenses, and
  - Replenish the Stabilization Fund as necessary
- Proposed FY 2026-27 surcharges reflect savings from the prepayment program in 2013 and the refunding completed in 2023
  - Total average NPV savings of approx. $6 million per year from 2023 to 2034
- No change in the methodology from last year

Proposed FY 2026-27 Bond Surcharges – $21,871,812

Agency	Annual Bond Surcharge	Monthly Bond Surcharge	Agency	Annual Bond Surcharge	Monthly Bond Surcharge
Alameda County WD	$1,535,880	$127,990	Mid Pen WD	$377,088	$31,424
Brisbane Water	$108,132	$9,011	Millbrae	$359,100	$29,925
Burlingame	$533,820	$44,485	Milpitas	$936,804	$78,067
Coastside County WD	$209,004	$17,417	Mountain View	$1,388,964	$115,747
CWS - Bear Gulch	$1,811,148	$150,929	North Coast WD	$486,480	$40,540
CWS - Mid Peninsula	$1,937,088	$161,424	Palo Alto	$1,593,528	$132,794
CWS - South SF	$435,240	$36,270	Purissima Hills WD	$273,348	$22,779
Daly City	$583,236	$48,603	Redwood City	$1,352,556	$112,713
East Palo Alto WD	$334,752	$27,896	San Bruno	$160,572	$13,381
Estero Municipal ID	$646,980	$53,915	San Jose (North)	$665,568	$55,464
Guadalupe Valley	$23,220	$1,935	Santa Clara	$471,084	$39,257
Hayward	$2,348,820	$195,735	Stanford University	$286,968	$23,914
Hillsborough	$411,216	$34,268	Sunnyvale	$2,025,288	$168,774
Menlo Park	$473,364	$39,447	Westborough WD	$102,564	$8,547
Total				**$21,871,812**	**$1,822,651**

Recommendation

That the Committee recommend Board approval of the proposed FY 2026-27 bond surcharges.

Reports and Discussions

2025 Regional Water Demand and Conservation Study

BAWSCA 2018

20 YEARS

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Demand Projections Support Individual Agency and Regional Planning Efforts

- BAWSCA facilitates an update of agency-specific demand projections every five years
- Updated demand projections support local and regional planning efforts
  - Urban Water Management Plans (UWMPs)
  - Compliance with new state-wide water use efficiency regulations
  - Strategy 2050
- Demand projections produced by this regional study are not official, final planning forecasts for any individual member agency
  - Final demand projections used for an agency's own purposes, including regulatory compliance (e.g., UWMPs), reside with that agency

BAWSCA's Consultant, Hazen and Sawyer, is a Leader in the Field of Water Demand Forecasting and Management

- Conducted demand studies for more than 25 water suppliers across the U.S.
- Led and supported 8 research projects with the Water Research Foundation related to water demand
- Jack Keifer awarded the Dr. Pankaj Parekh Research and Innovation Award in 2022

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Baseline Demand Projections Reflect Both Regional Trends and Local Planning Realities

- Baseline demand forecasts reflect agency-approved demographic projections, climate-adjusted temperature scenarios, and best-practice efficiency standards
  - Incorporated extensive engagement with the member agencies
- Demand studies are not intended to be predictions of the future
- Water managers cannot predict the timing of external factors or shocks that may significantly influence water use
  - Drought
  - Severe economic downturn
  - Global pandemic

Demand Study Employed Hybrid Water Demand Modeling Framework

- Hybrid framework integrates econometric regression techniques with end-use conservation accounting

Develop baseline demand projections

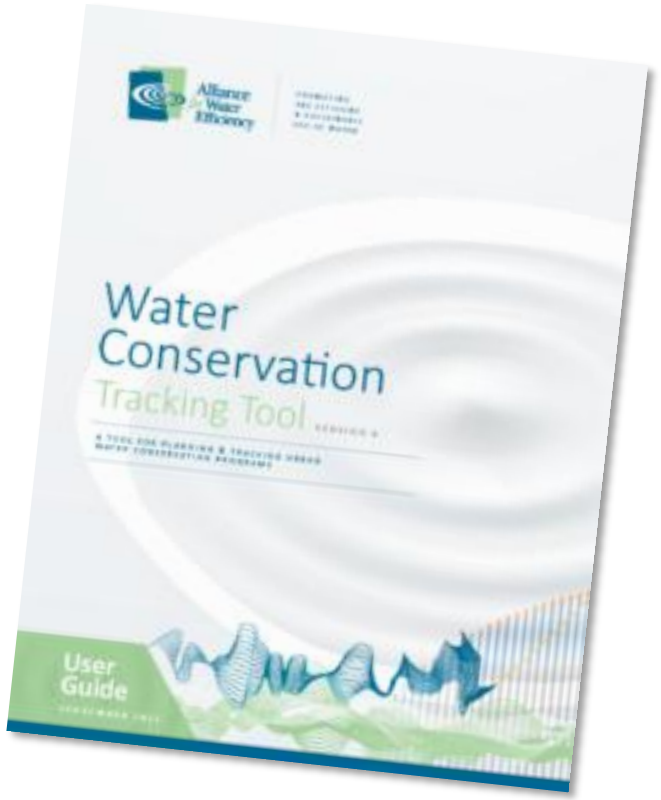
Quantify passive and active conservation savings

Evaluate baseline projected water use against State's Urban Water Use Objective standards

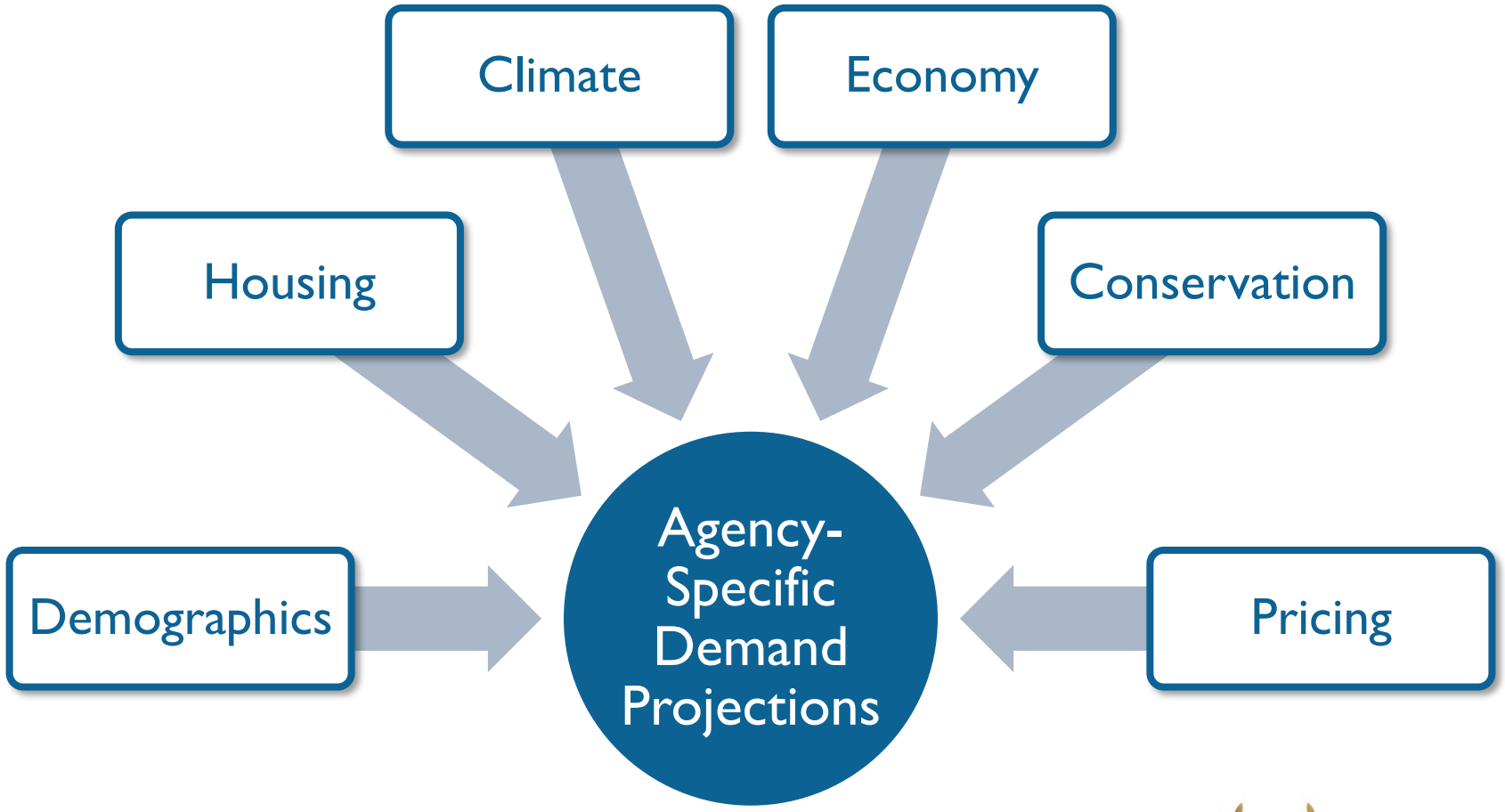
Conduct scenario analysis

Water Conservation Analysis Included Detailed Water Savings Accounting with Member Agency Input

- Utilized Alliance for Water Efficiency Water Conservation Tracking Tool to estimate water savings and evaluate the cost-effectiveness of conservation measures
- Includes both passive (e.g., code driven, natural replacements) and active conservation measures (e.g., utility-sponsored interventions)
- Member agencies to select an active conservation program portfolio



Baseline Demand Projections Provide a Consistent Set of Assumptions Across All Member Agencies



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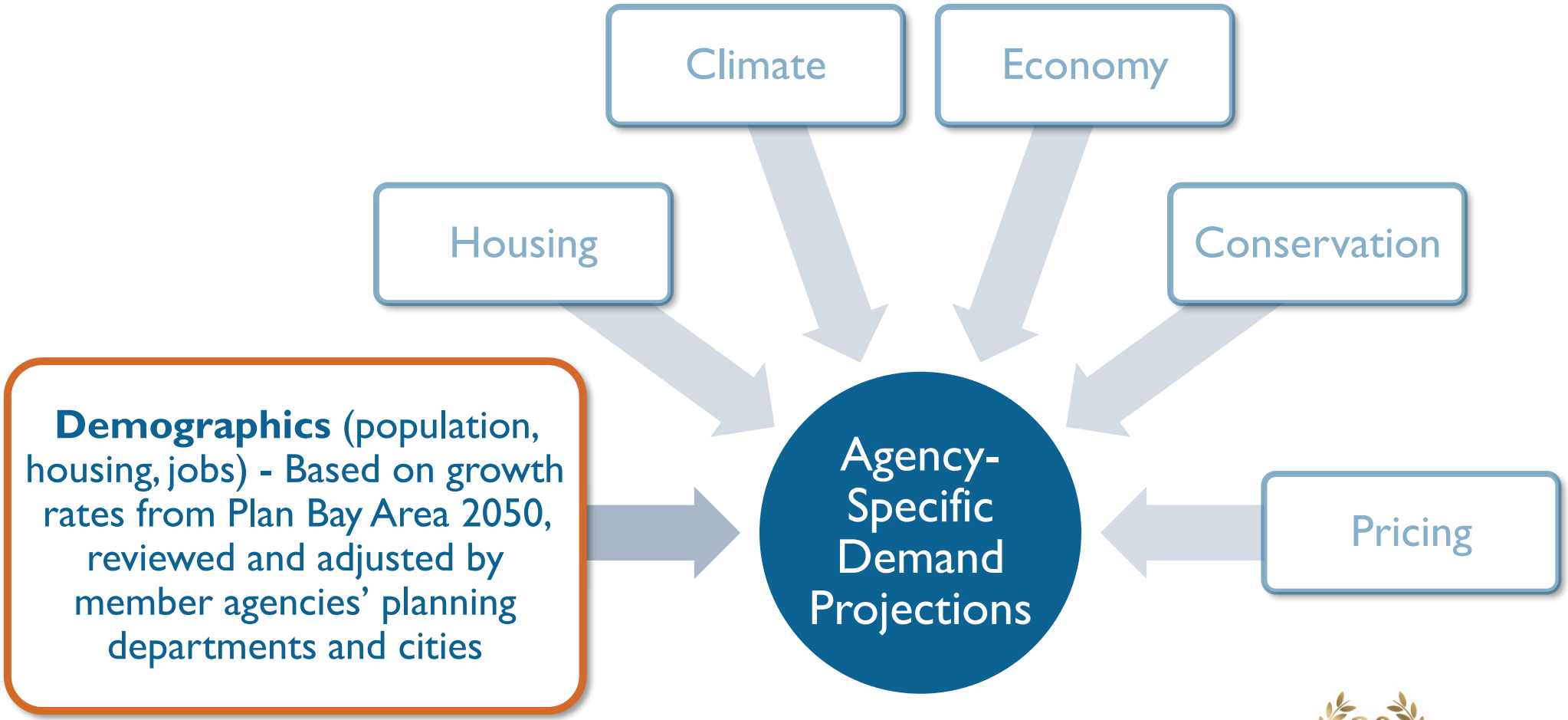

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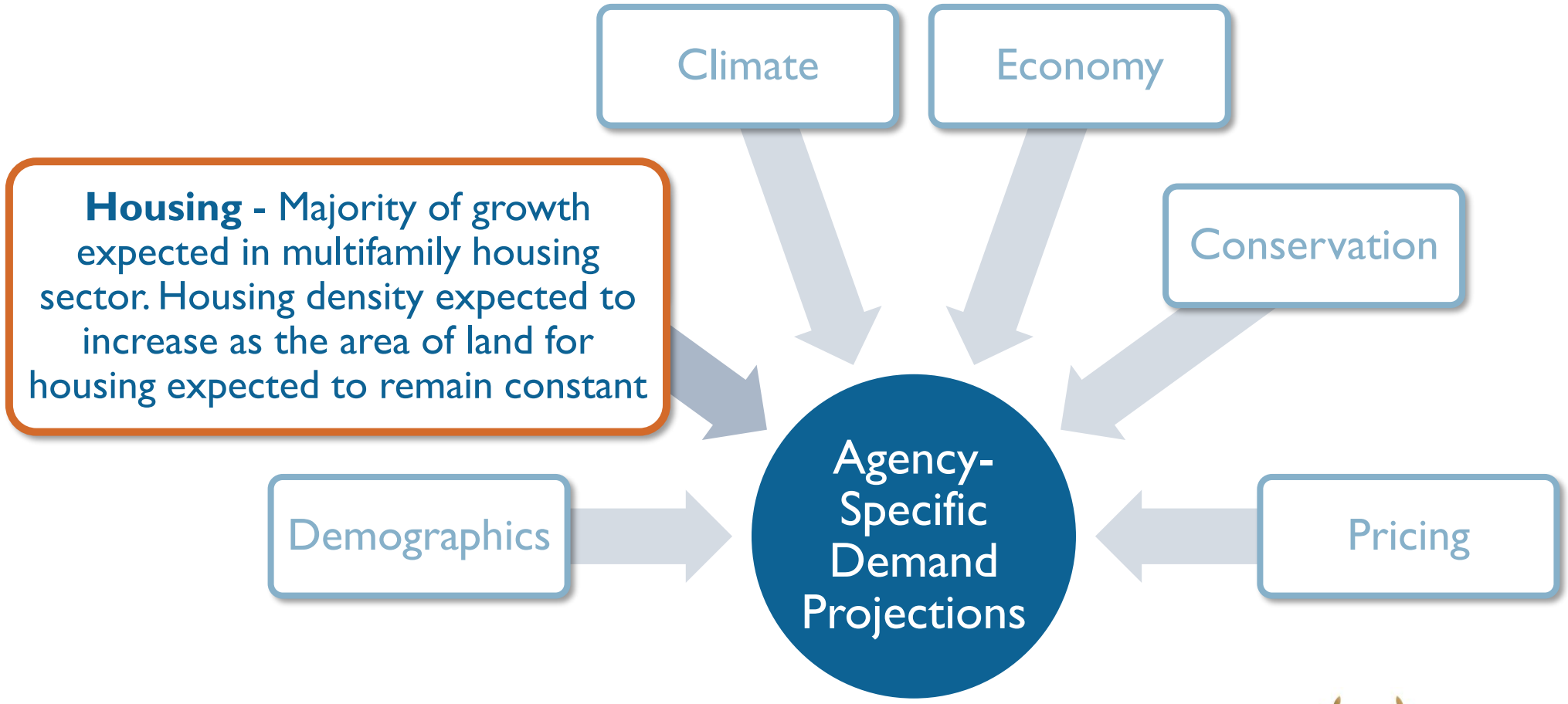

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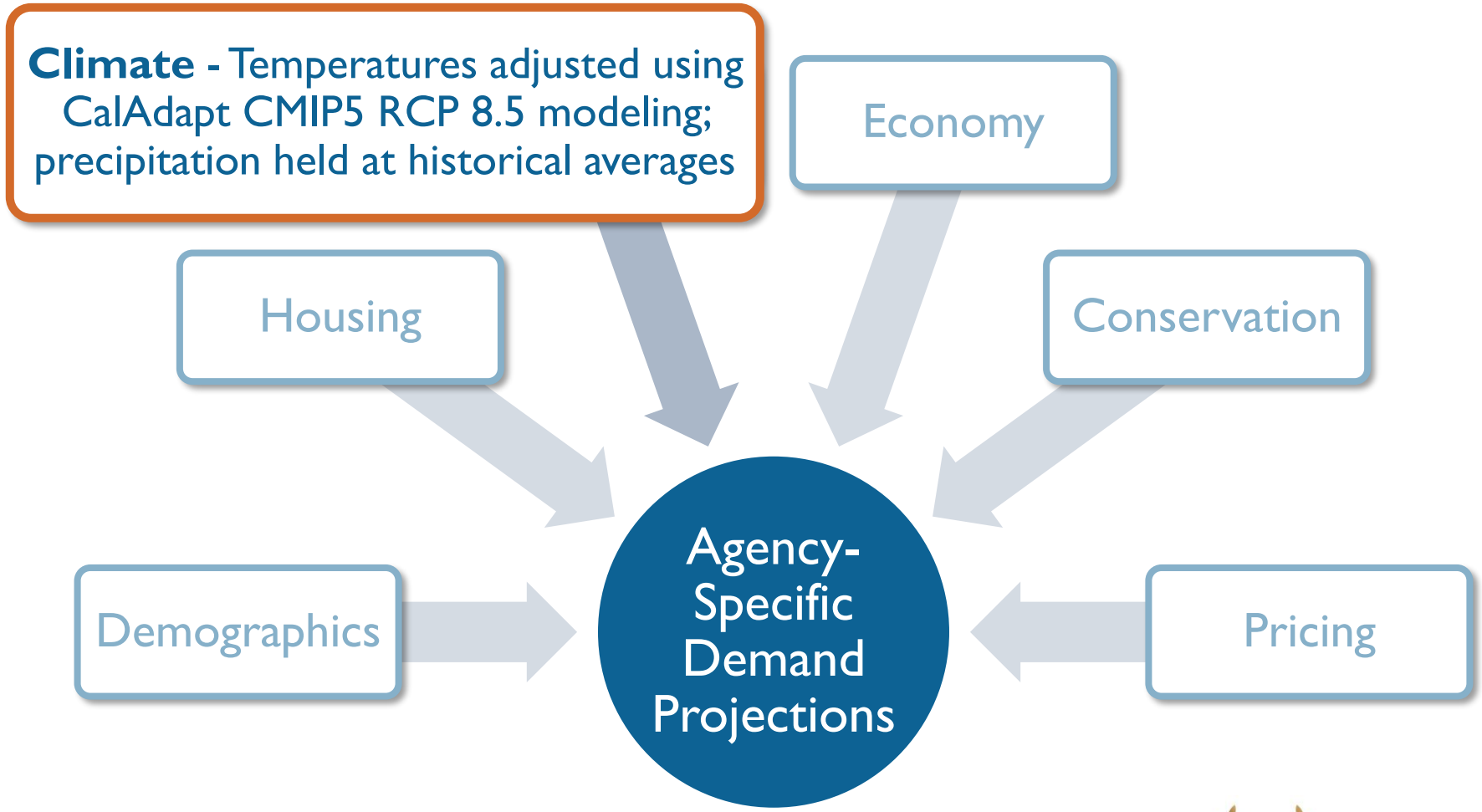

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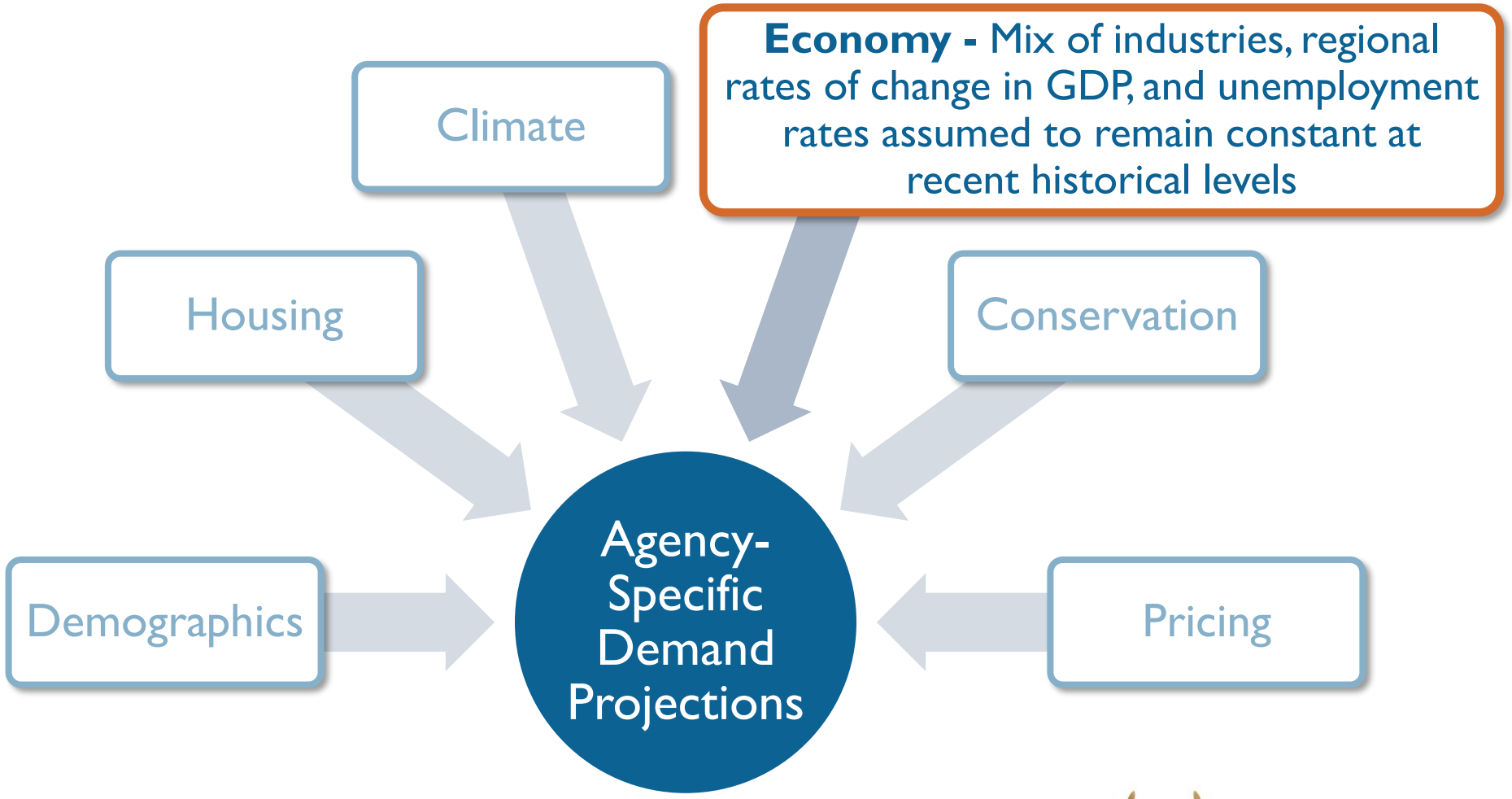

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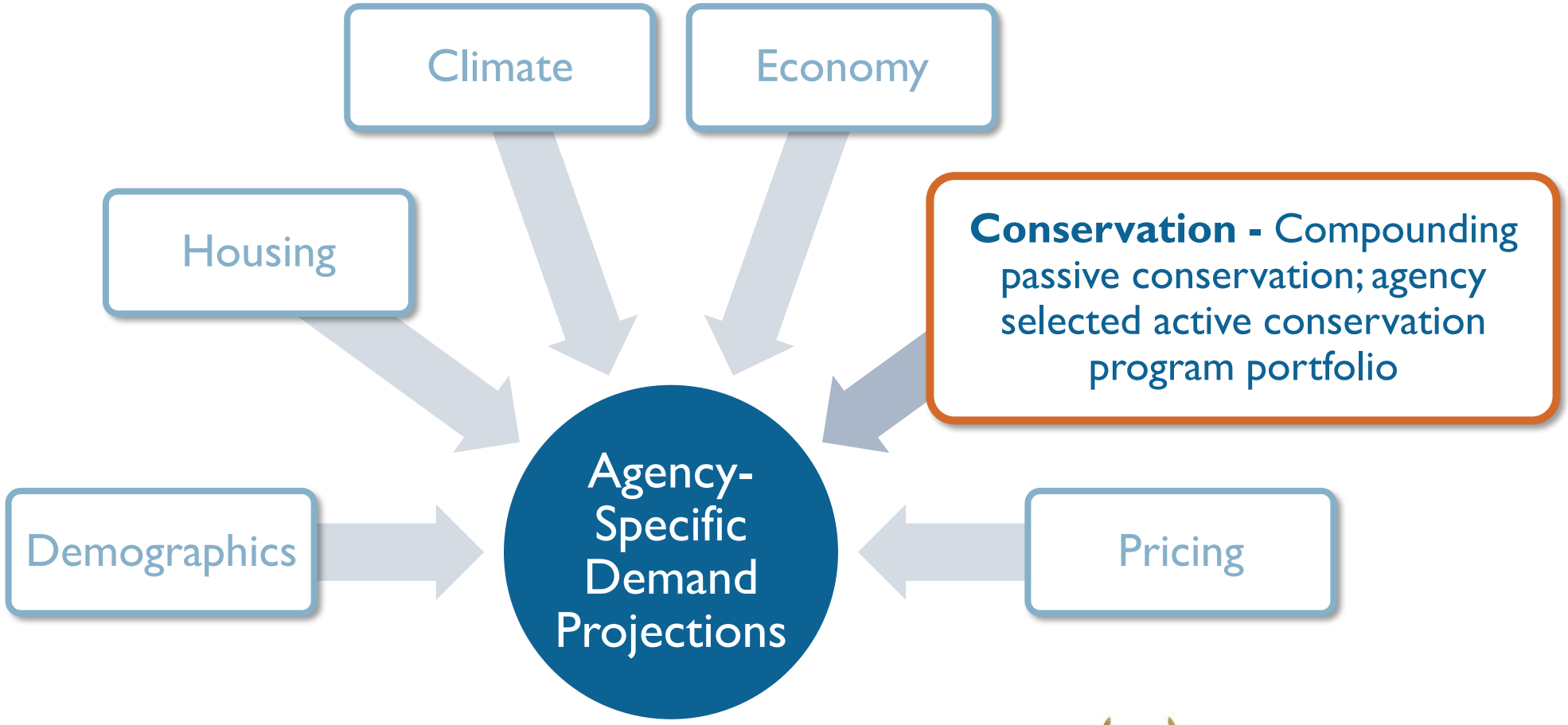

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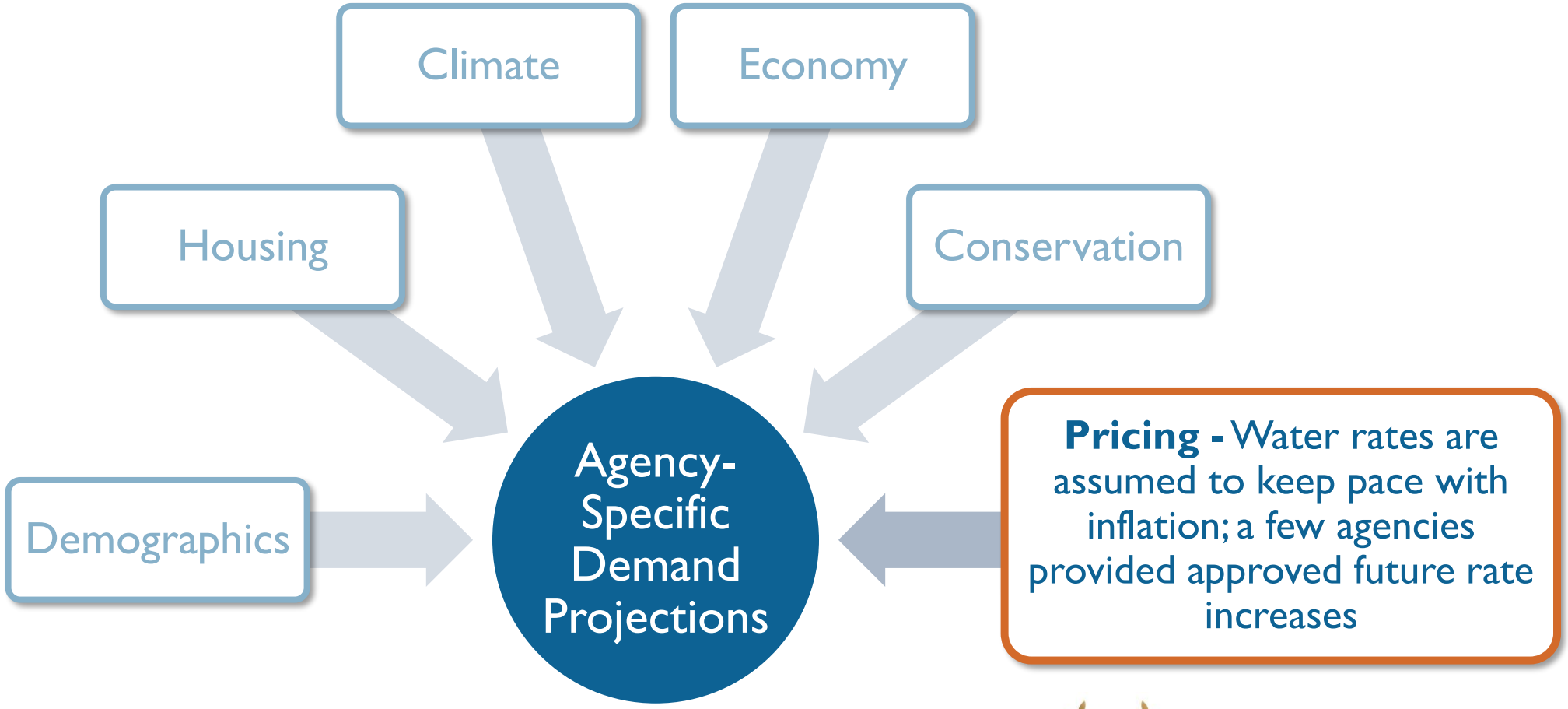
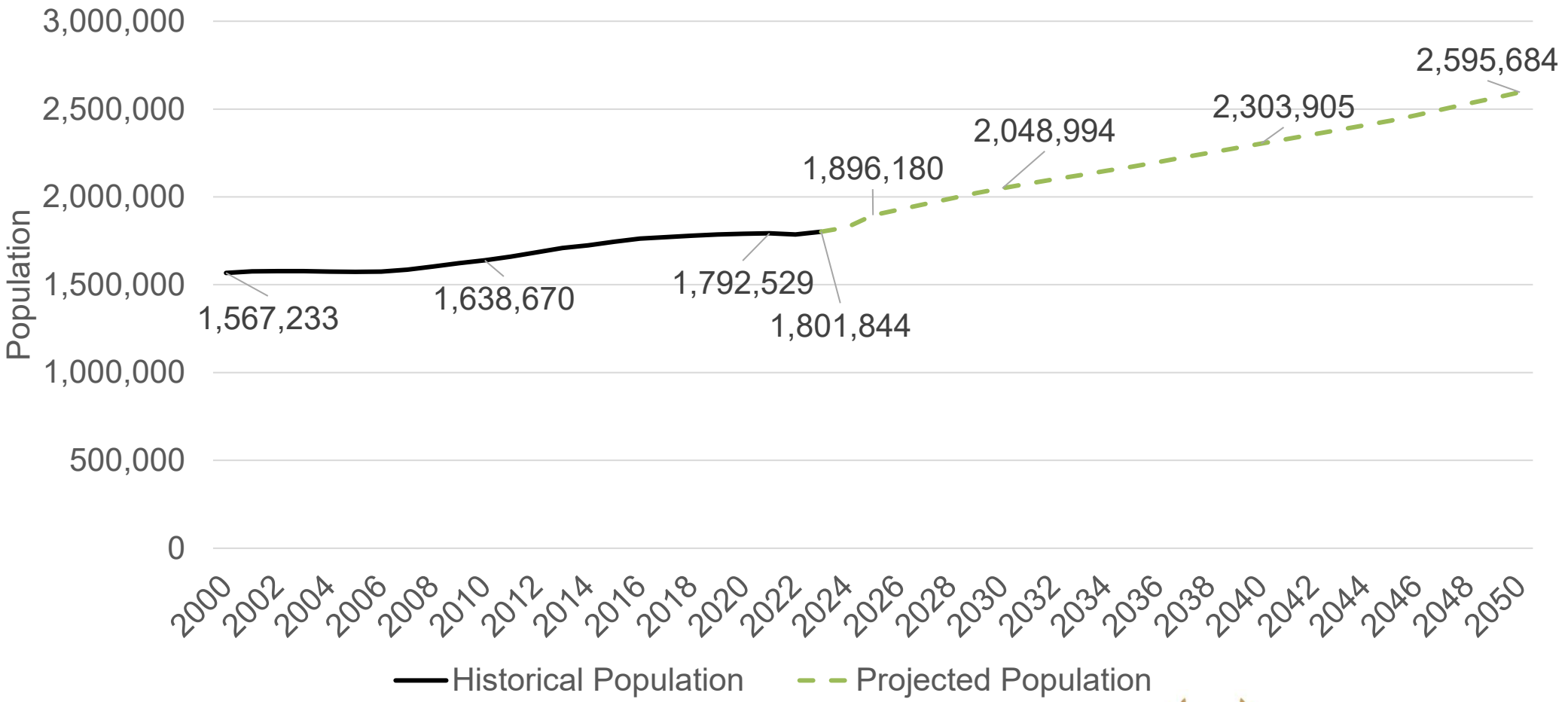
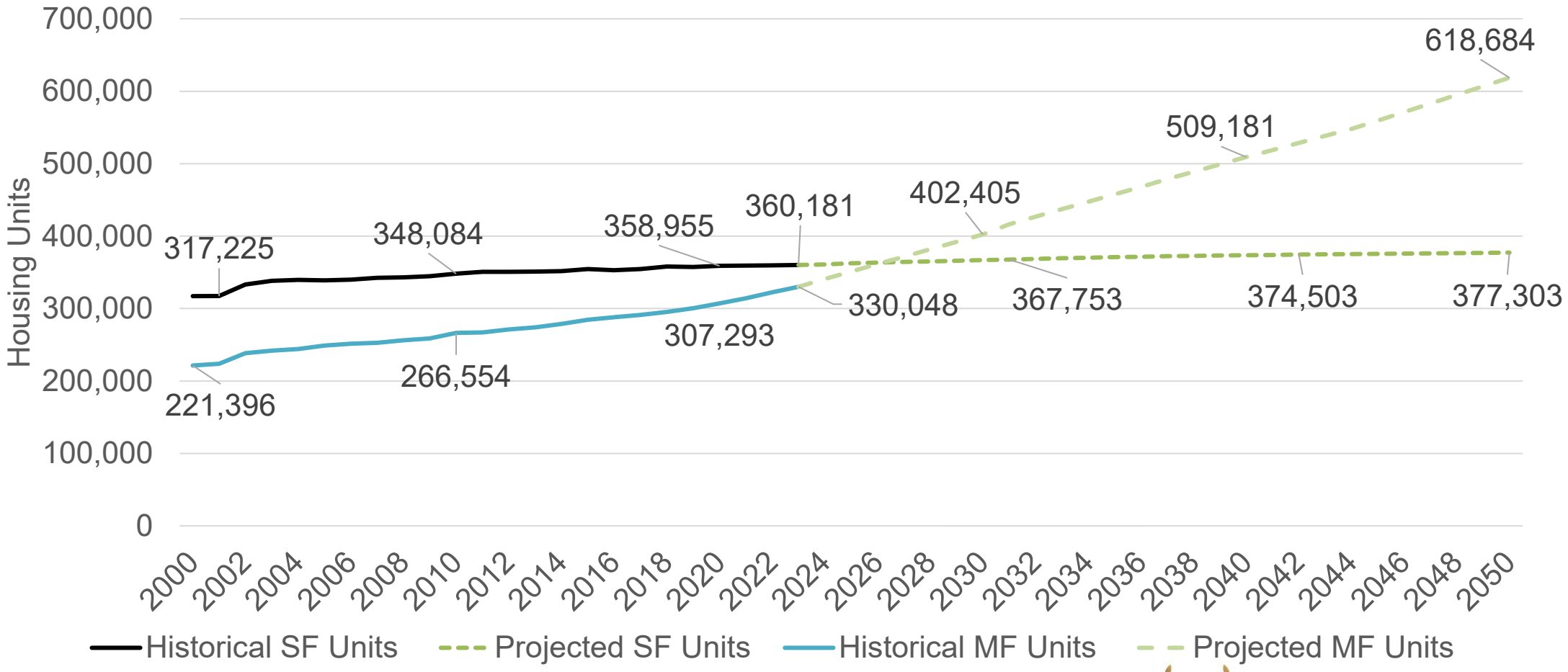


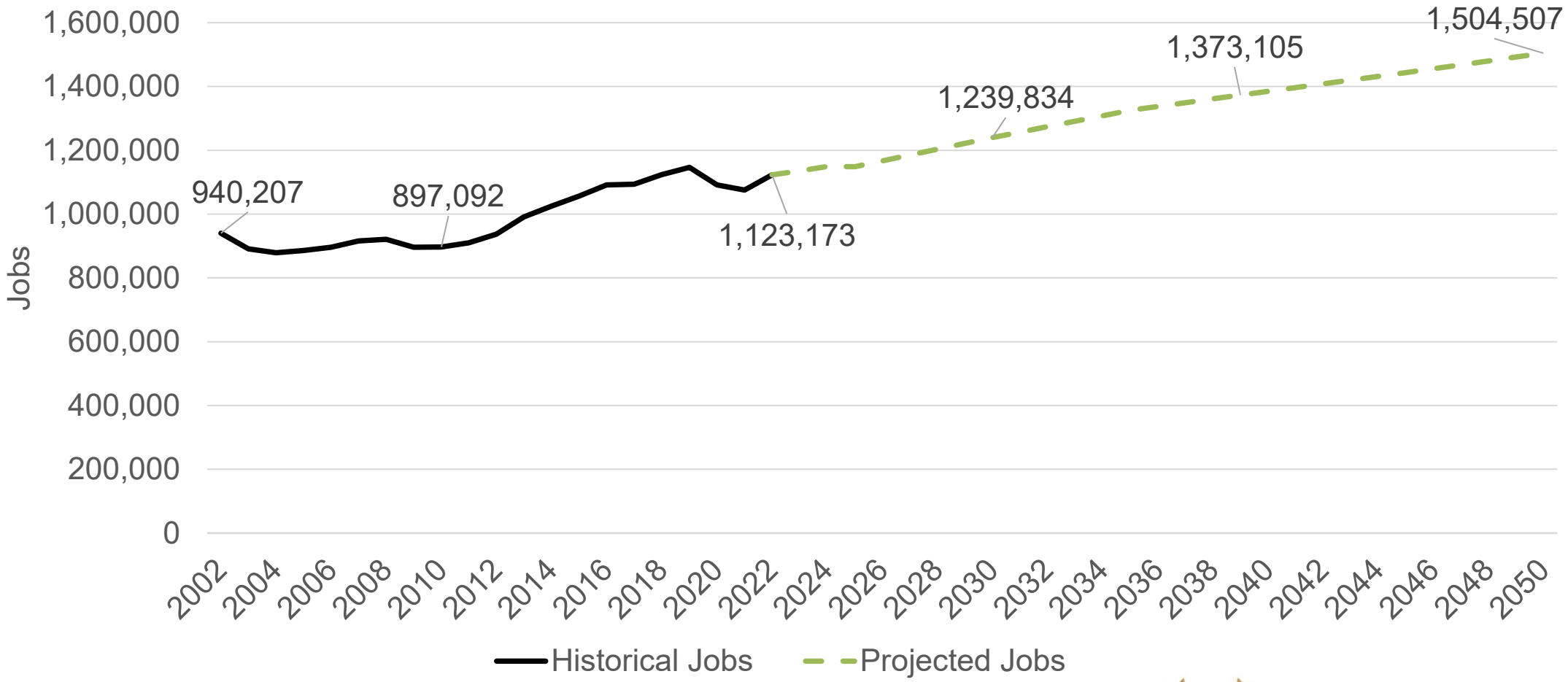
Population is Expected to Increase 37% by 2050



Housing is Expected to Increase 40% by 2050 with the Majority of the Growth in the Multifamily Sector



34% More Jobs are Expected to be Created by 2050



20 YEARS

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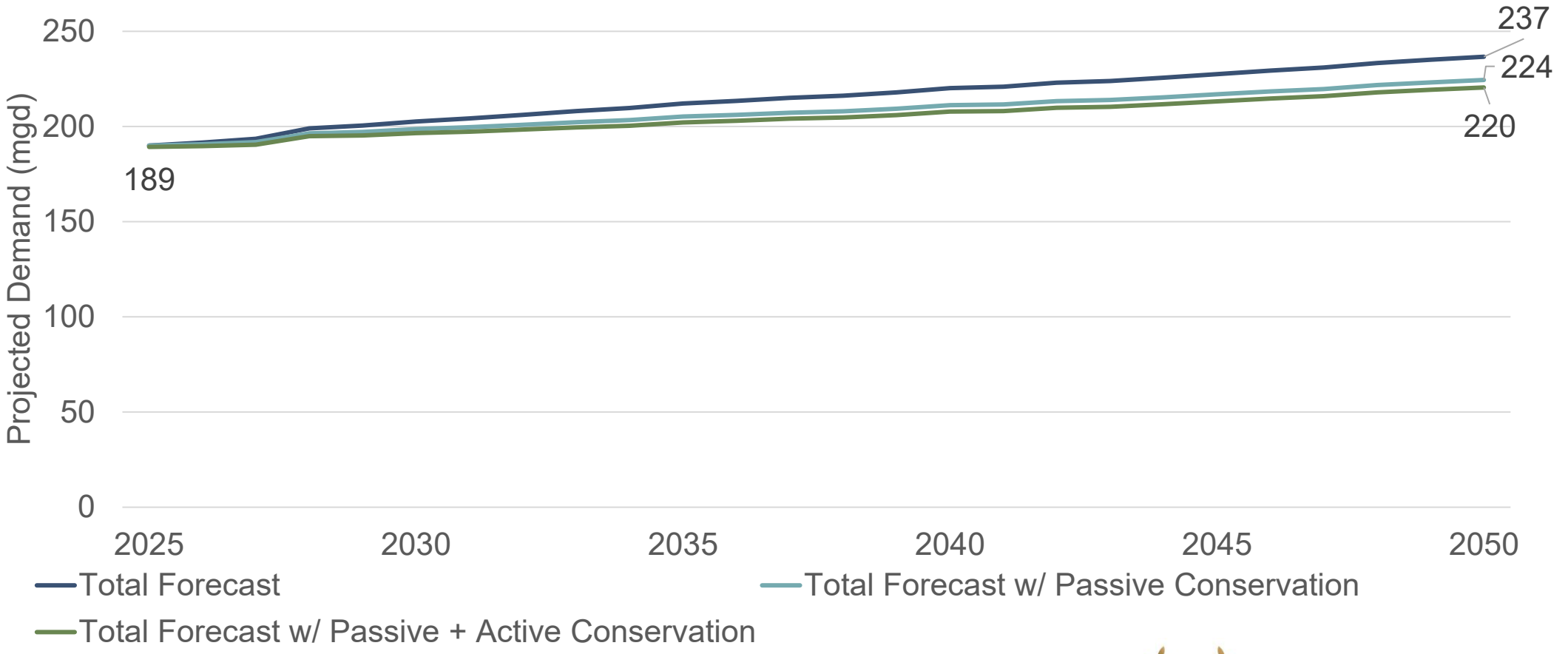
Regional Demand is Projected to Increase Gradually Through 2050, Moderated by Ongoing Conservation and Efficiency



Urban Water Use Objectives (UWUOs) Enact Water Use Efficiency Standards

- Making Conservation a California Way of Life established a long-term framework for water use efficiency
- Regulates water use in four sectors as an aggregate water use efficiency standard

Indoor Residential Water Use

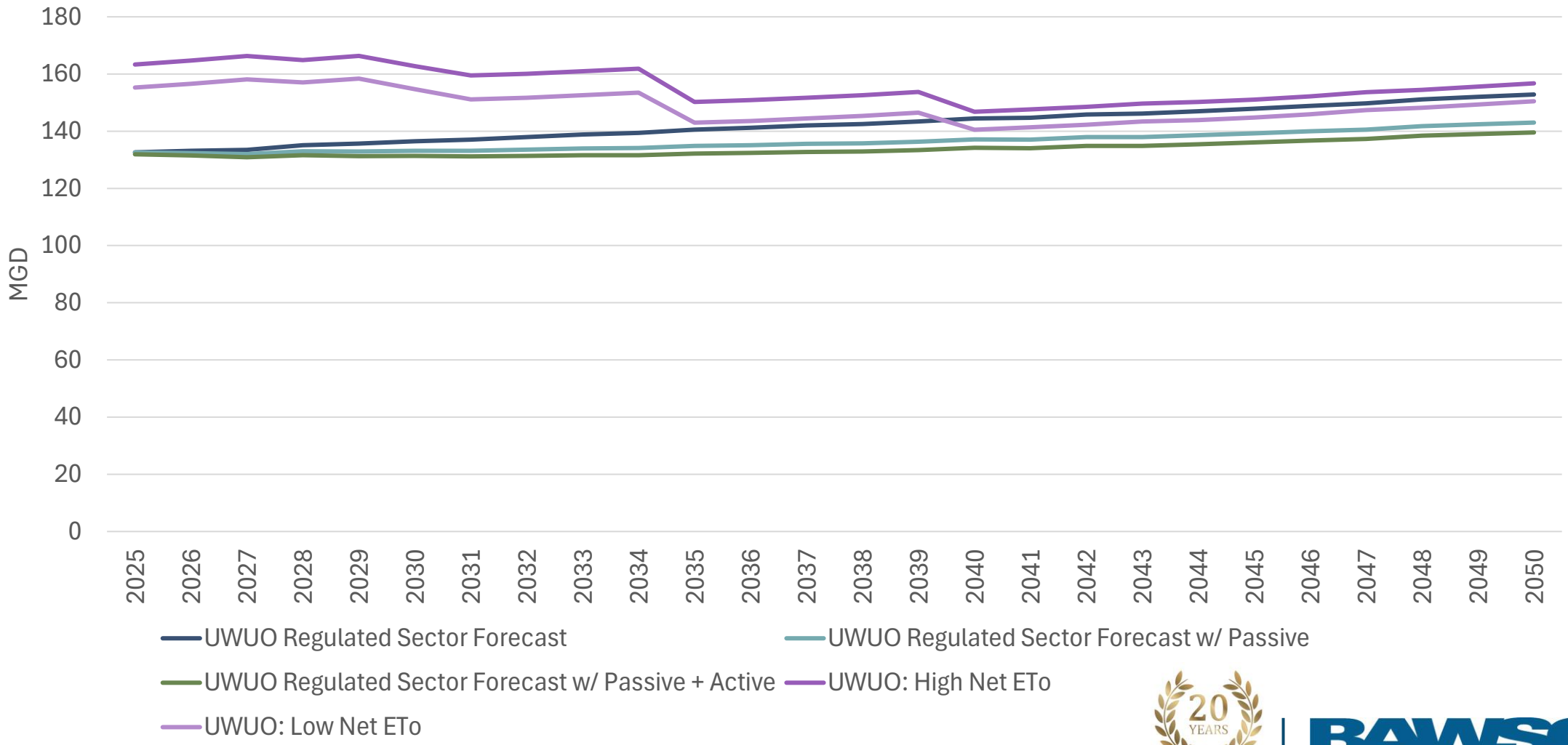
Outdoor Residential Water Use

Outdoor CII Water Use with Dedicated Irrigation Meters

Water Loss

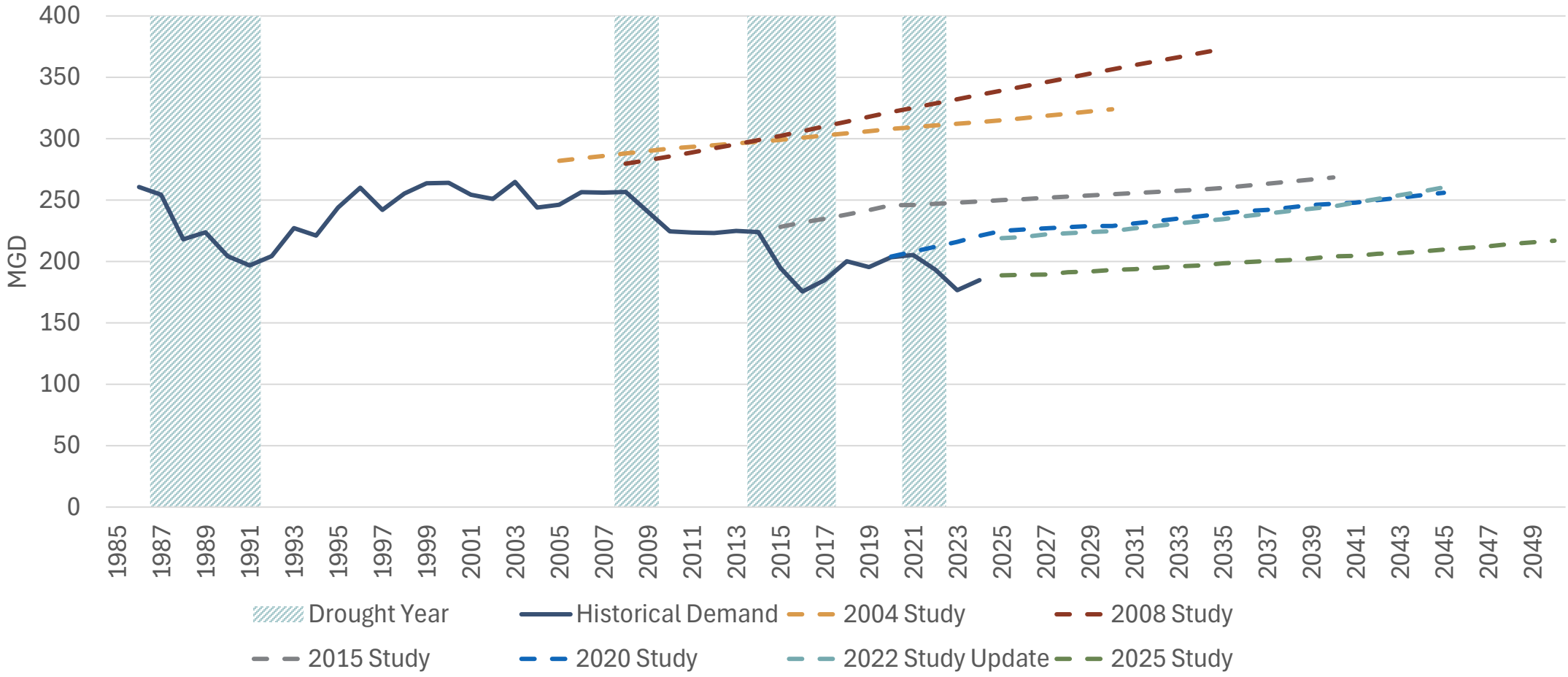
- Demand Study estimated each agency's UWUO through 2050 and compared to projected water use in those regulated sectors

Annual Forecast and UWUO Show the Region is Generally Well-Positioned to Meet Regulatory Efficiency Requirements

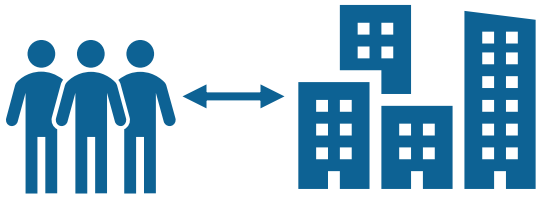


Excludes San Jose, Brisbane, Purissima Hills WD, and Stanford University

Regional Historical Water Use and Demand Projection Studies



Water Demand Forecasting is Sensitive to Uncertainties in Assumptions Around Future Condition



Population Growth & Demographic Shifts

Sensitivity: Migration patterns, urbanization trends

Economic Development & Industrial Activity

Fluctuations: Economic output, market demand for goods/services
Sensitivity: Changes in water-intensive industries (biotech, data centers)

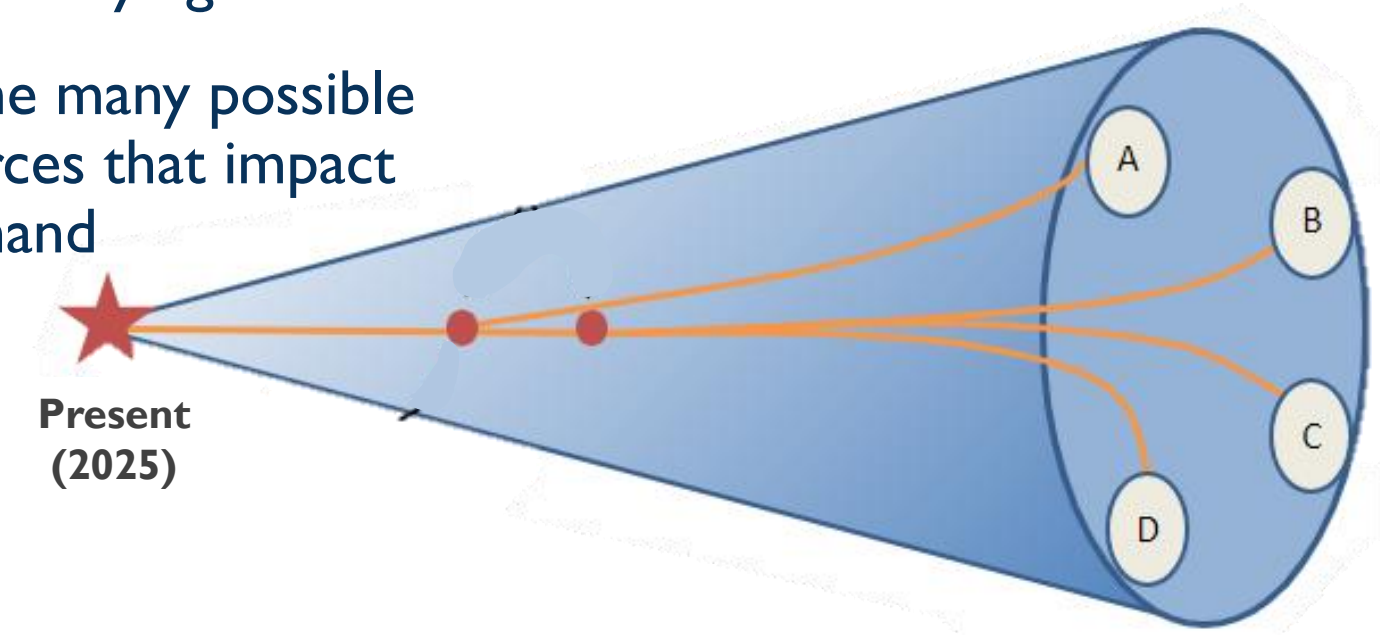
Technological Adoption & Policy

Uncertainty: Adoption of water-saving devices and water reuse systems
Influence: Behavioral changes and policies

- Water agencies do not have control over the external factors that ultimately determine whether the current forecast correctly anticipates future conditions

Alternative Scenario Analysis Provides Practical Framework to Explore a Range of Plausible Futures

- Scenario analysis enables water suppliers to test assumptions and assess the resilience of strategies under varying conditions
- Developed by considering the many possible combinations of external forces that impact member agency's water demand



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Five Alternative Scenarios Developed Collaboratively with Member Agencies, External Stakeholders, and SFPUC

- Three workshops and several one-on-one meetings held over two-month period
- Feedback categorized into four general groups aligning with water demand model inputs

Demographic and Development

- Housing
- Employment
- Population
- Housing density

Socioeconomic

- Income/Output (GDP)
- Industry types
- Household size

Conservation and Pricing

- Water rates/pricing
- Passive conservation
- Active conservation

Climate and Other

- Climate and weather
- Potential large users
- Other regional trends/ concerns

Regional Scenarios Developed to Set Reasonable High And Low Bounds on Future Water Demand Predictions

High
+ Population
• Housing Density

Low
- Population

Demographic and Development

- Housing
- Employment
- Population
- Housing density

Socioeconomic

- Income/Output (GDP)
- Industry types
- Household size

Conservation and Pricing

- Water rates/pricing
- Passive conservation
- Active conservation

Climate and Other

- Climate and weather
- Potential large users
- Other regional trends/ concerns

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Regional Scenarios Developed to Set Reasonable High And Low Bounds on Future Water Demand Predictions

High
+ Economic growth

Low
- Economic growth

Demographic and Development

- Housing
- Employment
- Population
- Housing density

Socioeconomic

- Income/Output (GDP)
- Industry types
- Household size

Conservation and Pricing

- Water rates/pricing
- Passive conservation
- Active conservation

Climate and Other

- Climate and weather
- Potential large users
- Other regional trends/ concerns

Regional Scenarios Developed to Set Reasonable High And Low Bounds on Future Water Demand Predictions

High
- Active conservation
- water rates

Low
+ Rate increases
- Non-functional turf

Demographic and Development

- Housing
- Employment
- Population
- Housing density

Socioeconomic

- Income/Output (GDP)
- Industry types
- Household size

Conservation and Pricing

- Water rates/pricing
- Passive conservation
- Active conservation

Climate and Other

- Climate and weather
- Potential large users
- Other regional trends/ concerns

Regional Scenarios Developed to Set Reasonable High And Low Bounds on Future Water Demand Predictions

High
+ Hotter / drier climate
+ High use industries

Low
+ Wetter conditions / less warming

Demographic and Development

- Housing
- Employment
- Population
- Housing density

Socioeconomic

- Income/Output (GDP)
- Industry types
- Household size

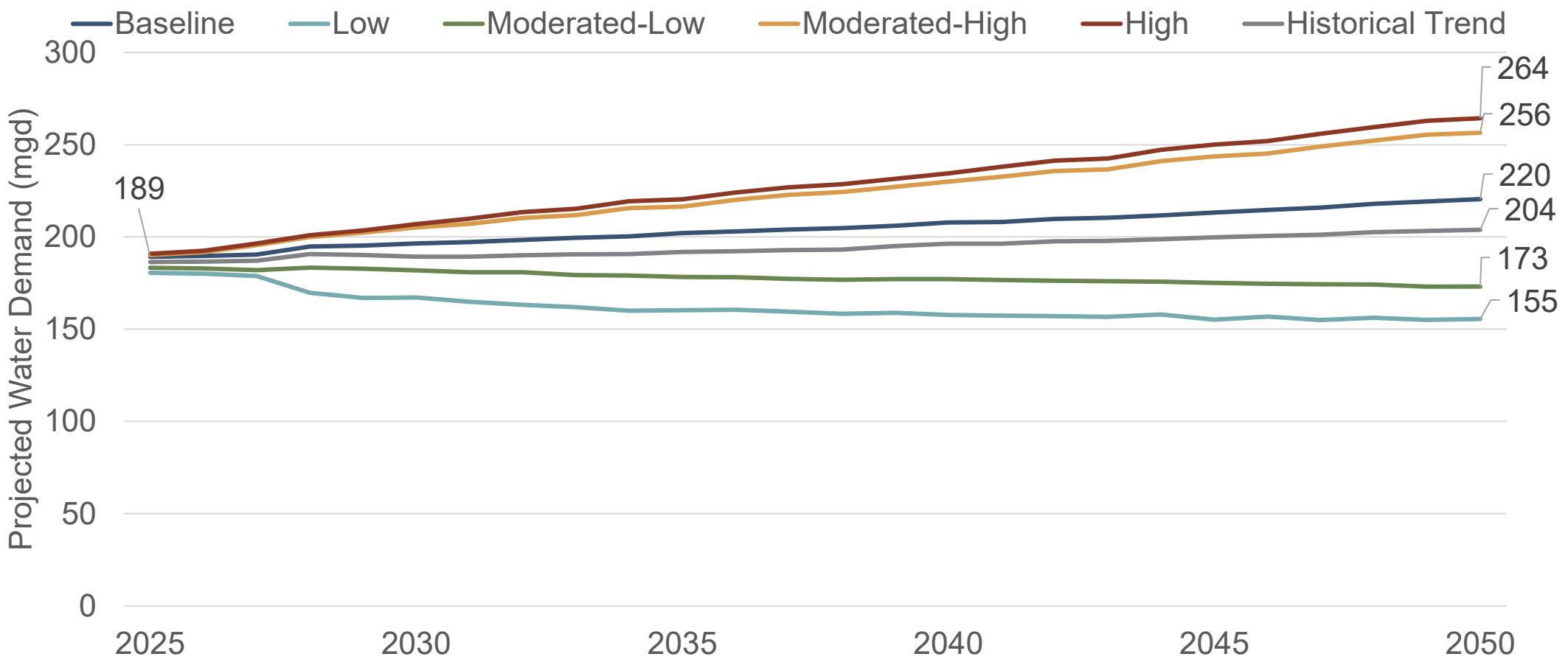
Conservation and Pricing

- Water rates/pricing
- Passive conservation
- Active conservation

Climate and Other

- Climate and weather
- Potential large users
- Other regional trends/ concerns

Comparison of Water Demand Scenarios

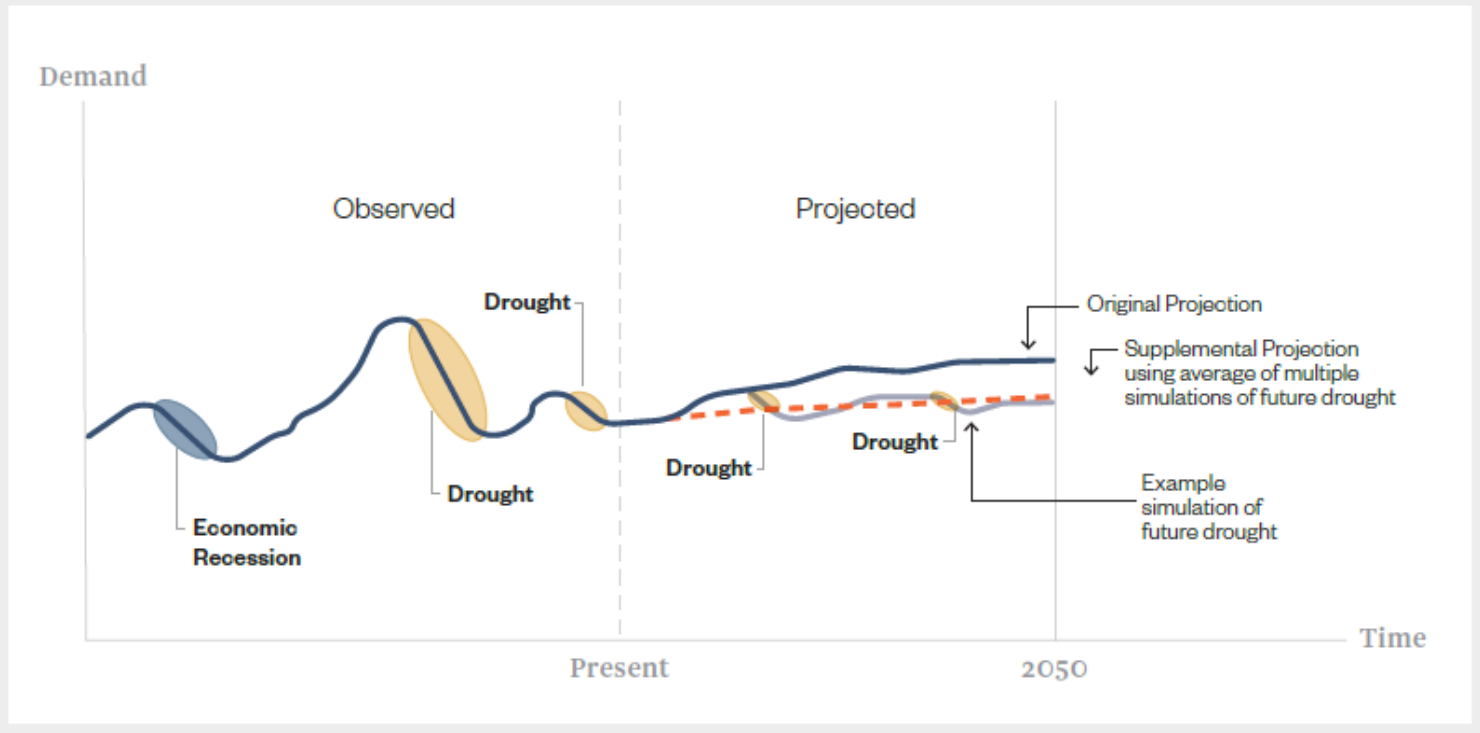


Summary and Next Steps

- Regional water demand is projected to remain relatively flat or grow only slightly through the planning period
- Growth is tempered by compounding passive conservation savings
- Most member agencies appear well positioned to meet new UWUO requirements
- Passive and active conservation will be an important tool to maintain compliance with regulations
- BAWSCA will continue to work with Hazen to evaluate future uncertainty, particularly around drought

Drought Task

- Develop demand projection that simulates the impacts of projected future droughts considering the potential for future demand hardening



Questions?

Mid-Year 2025-26 Work Plan, Budget and General Reserve Review

L. Ash, 2017

Mid-Year 2025-26 Work Plan, Budget and General Reserve Review

- Performed a review of the FY 2025-26 Work Plan, and results are presented in Table 1 in the BPC agenda packet
- No changes recommended as a result of this review
- No change in budget is recommended at this time
  - CEO will report to the Board as necessary and bring further action if required
- Current general reserve balance is $1,705,262, approximately 31% of operating budget and in line with guidelines

Reliable Water Supply (1 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
1. Facility Reliability: Monitor the SFPUC's WSIP, 10-Year CIP, Asset Management Program, and Emergency Response	
✓	a. Monitor WSIP scope, cost, and schedule
✓	b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program
✓	c. Review and monitor SFPUC's Asset Management Program
✓	d. Provide assistance to members and help facilitate engagement with SFPUC regarding emergency response matters
✓	e. Engage with and track the SFPUC Capital Planning Improvements Initiative
✓	f. Engage with SFPUC on preparation of 2026 State of the Regional Water System Report

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

Reliable Water Supply (2 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
2. <u>Long-Term Supply Solutions: Implement BAWSCA's Strategy</u>	
✓	a. Continue development of BAWSCA's Long-Term Reliable Water Supply Strategy 2050 (Strategy 2050)
✓	b. Complete development of updated regional water demand projections
✓	c. Participate in the Bay Area Regional Reliability (BARR) Partnership
✓	d. Participate in the planning of the PureWater Peninsula potable reuse project
✓	e. Facilitate development of other local water supply options
✓	f. Use BAWSCA Reliability Model to evaluate Bay Delta Plan Voluntary Agreement impacts
✓	g. Facilitate use of the BAWSCA Model by members via Subscription Program

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

20 YEARS

BAWSCA Bay Area Water Supply & Conservation Agency

Reliable Water Supply (3 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
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
✓	e. Engage with CalWEP and others to promote 3rd party development and administration of a leak repair and training certification program
✓	f. Participate in San Mateo County's C/CAG OneWatershed pilot project
✓	g. Represent members in regional and State-level discussions relative to water conservation–related regulations and grant funding

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

20 YEARS

BAWSCA Bay Area Water Supply & Conservation Agency

Reliable Water Supply (4 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
4. <u>Take Actions to Protect Members' Water Supply and Financial Interests in the WSA Administration</u>	
✓	a. Monitor SFPUC implementation of AWS Program and participate as appropriate to ensure the SFPUC meet its water supply reliability obligations to its Wholesale Customers
✓	b. Protect members' water supply interests to ensure that the SFPUC meets its legal and contractual obligations for RWS supply
★	**c. New Tier 2 Drought Response Implementation Plan unanimously adopted by member agencies**
✓	d. Protect members' water supply and financial interests in SFPUC's required 2028 decisions
✓	e. Ensure correct implementation of asset classification adjustments associated with 2018 WSA amendment.
✓	f. Ensure correct implementation of the recent WSA amendment allowing for the paired transfer of a portion of an agency's ISG and minimum purchase obligation
★	**g. WSA Amendment that alters calculation and assessment of Minimum Purchase Obligations unanimously adopted by member agencies**

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

20 YEARS

BAWSCA Bay Area Water Supply & Conservation Agency

Reliable Water Supply (5 of 5)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
5.	**Protect Members' Interests in a Reliable Water Supply**
✓	a. Participate in SWRCB Bay Delta Plan Update
✓	b. Participate in the Don Pedro Project/La Grange Project FERC licensing process
6.	**Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**
✓	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 BAWSCA grant tracking tool to support members' access to grant funds
✓	d. Investigate potential for grant funds to support the implementation of the Strategy
7.	**Reporting and Tracking of Water Supply and Conservation Activities**
✓	a. Complete BAWSCA FY 2024-25 Annual Survey
✓	b. Complete BAWSCA FY 2024-25 Annual Water Conservation Report
✓	c. In partnership with members, operate and maintain BAWSCA's updated WCDB

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

20 YEARS

BAWSCA Bay Area Water Supply & Conservation Agency

High Quality Water (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
8. <u>Support Member Agencies in Receiving Reliable Communication of Water Quality Issues</u>	
✓	a. Coordinate members participation in Joint Water Quality Committee
✓	b. Relay important water quality information to members
✓	c. Review and act on, if necessary, State legislation affecting water quality regulations

! Needs Attention ○ Experiencing Delay ✓ Complete/On Track ★ Extraordinary Result/Effort

Fair Price and Maintain Allies (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
9. Perform Matters that Members Delegated to BAWSCA in the WSA	
★	a. Administer the WSA with SF to protect the financial interests of member agencies. **Completed FY 21-22 and FY 22-23 Wholesale Revenue Requirement Review and successfully reached agreement with SFPUC in favor of the Wholesale Customers**
✓	b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to San Francisco
10. Maintain Community Allies and Contacts with Environmental Interests	
✓	a. Maintain close relationships with BAWSCA's local legislators and allies
✓	b. Maintain a dialogue with responsible environmental and other groups
✓	c. Maintain effective communications with member agencies, customers, & others
✓	d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

Agency Effectiveness (1 of 1)

STATUS	BAWSCA OBJECTIVE & FY 2025-26 WORK PLAN ITEM
11. Manage the Activities of the Agency Professionally and Efficiently	
✓	a. Implement BAWSCA's Student Internship Program
✓	b. Implement Board policy directives for management of BAWSCA unfunded OPEB and pension liability obligations
✓	c. Maintain a motivated and effective workforce
✓	d. Manage and interact with selected Consultant to serve as BAWSCA's Human Resources Service Provider
✓	e. Continue development of a staff-led plan to address BAWSCA's long-term policy & operational resilience to inform future policy decision-making

! Needs Attention **○ Experiencing Delay** **✓ Complete/On Track** **★ Extraordinary Result/Effort**

20 YEARS

BAWSCA Bay Area Water Supply & Conservation Agency

Potential Additional One-Time Payment to CalPERS to Reduce BAWSCA's Unfunded Pension Liability

BAWSCA 2018

Potential Additional One-time Payment to CalPERS to Reduce BAWSCA's Unfunded Pension Liability

- BPC asked staff to evaluate BAWSCA's fiscal situation at conclusion of FY 24-25 to consider making an Additional Discretionary Payment (ADP) to CalPERS
  - ADPs are allowed at any time and in any amount to reduce the UAL
  - Making an ADP does not require an ADP to be made in any future year
- BAWSCA's Unfunded Accrued Liability (UAL) as of 6/30/2024: $1,209,958
  - UAL represents the liability for service that has been earned but not funded
  - Estimated to be paid off by 2043, based on a discount rate: 6.8%
- Projected UAL as of 6/30/2025: $928,000
  - CalPERS' investment return in FY 2024-25: 11.6%
  - Estimated to be paid off by 2043, based on a discount rate: 6.8%
  - CalPERS can change the UAL based on actuarial and market changes

Alternative One-time Additional Payment Funding Options

	CalPERS Actuarial 6/30/2024	CalPERS Projected 6/30/2025	Alternative Additional One-time Payment Funding Approach				
			Option 1	Option 2	Option 3	Option 4	Option 5
General Reserve Balance as of 10/31/25		$1,204,265					
Unspent Funds from FY24-25		$500,997					
General Reserve Balance as of 11/30/25		$1,705,262					
Additional Payment to CalPERS Pension Funded by Reserves			$100,000	$200,000	$250,000	$300,000	$400,000
Estimated Reserve After Funding Additional Payment to CalPERS			$1,605,262	$1,505,262	$1,455,262	$1,405,262	$1,305,262
General Reserve to Budget Ratio[1]		31%	29%	27%	26%	25%	24%
CalPERS UAL[2]	$1,209,958	$928,000					
Estimated UAL Pay Off Year[3]	2043	2042	2039	2037	2035	2034	2033
Resulted from Previous Yr's Investment Earning	9.3%	11.6%					
Discount Rate	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
UAL Funded Ratio	82.7%	87.5%	90.2%	91.4%	92.1%	92.7%	94.0%
Estimated PV Savings[4]			$17,000	$32,000	$39,000	$46,000	$56,000

Next Steps

- Feedback from the BPC on whether a potential additional one-time payment should be presented to the Board in January and at what level

CEO Reports

Review of FY 2026-27 Work Plan and Operating Budget Preparation Process

L. Ash, 2017

FY 2026-27 Work Plan and Operating Budget Development

- BAWSCA's budget process begins with an assessment of long-term critical issues and major challenges
- Long-term view allows identification of critical results and associated timeline between now and 2060
- This information will form basis for FY 2026-27 Work Plan and Results to be Achieved
- Timeline:
  - Work Plan and Budget Planning Session at January 15, 2026 Board Meeting
  - Preliminary Work Plan presented to BPC in February and Board in March
  - Proposed Work Plan and Operating Budget presented to BPC in April and Board in May

Water Supply Conditions

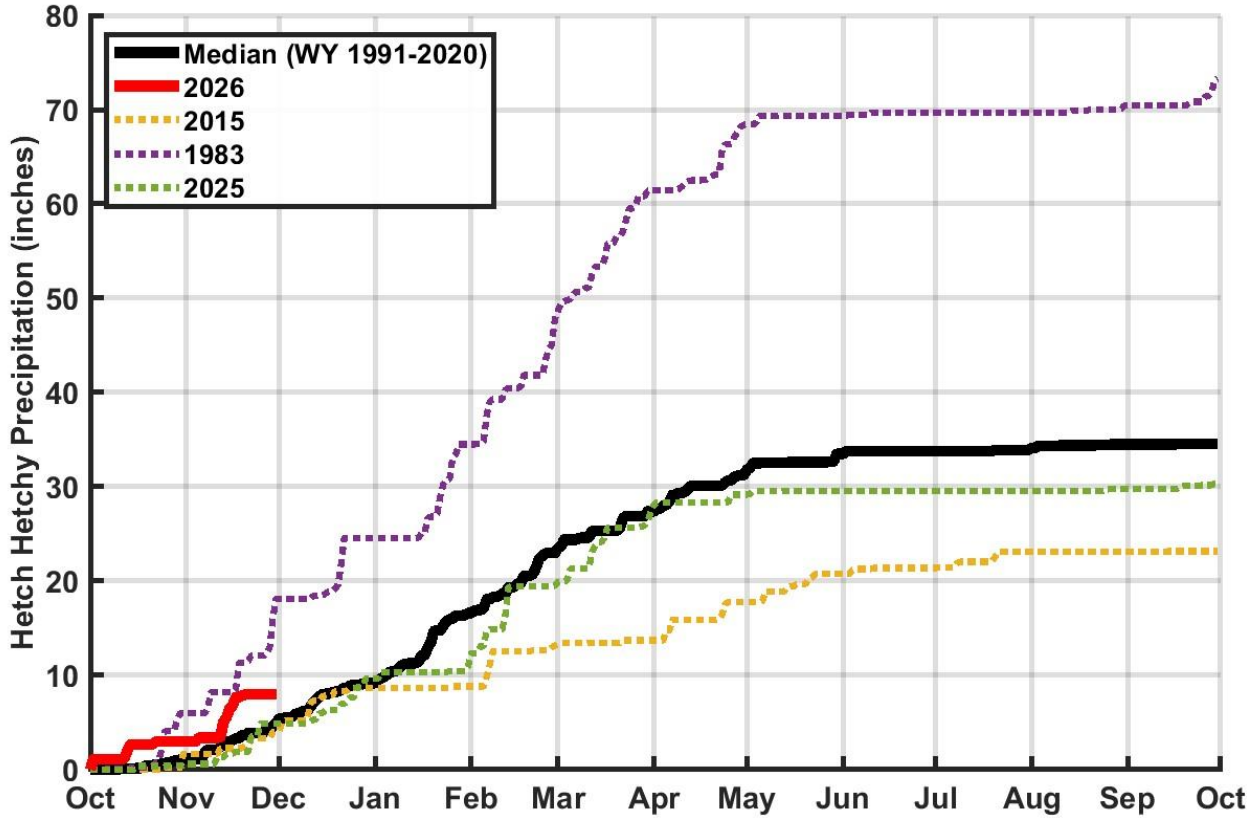
Ragsdale, 2023

December 1, 2025, Reservoir Storage

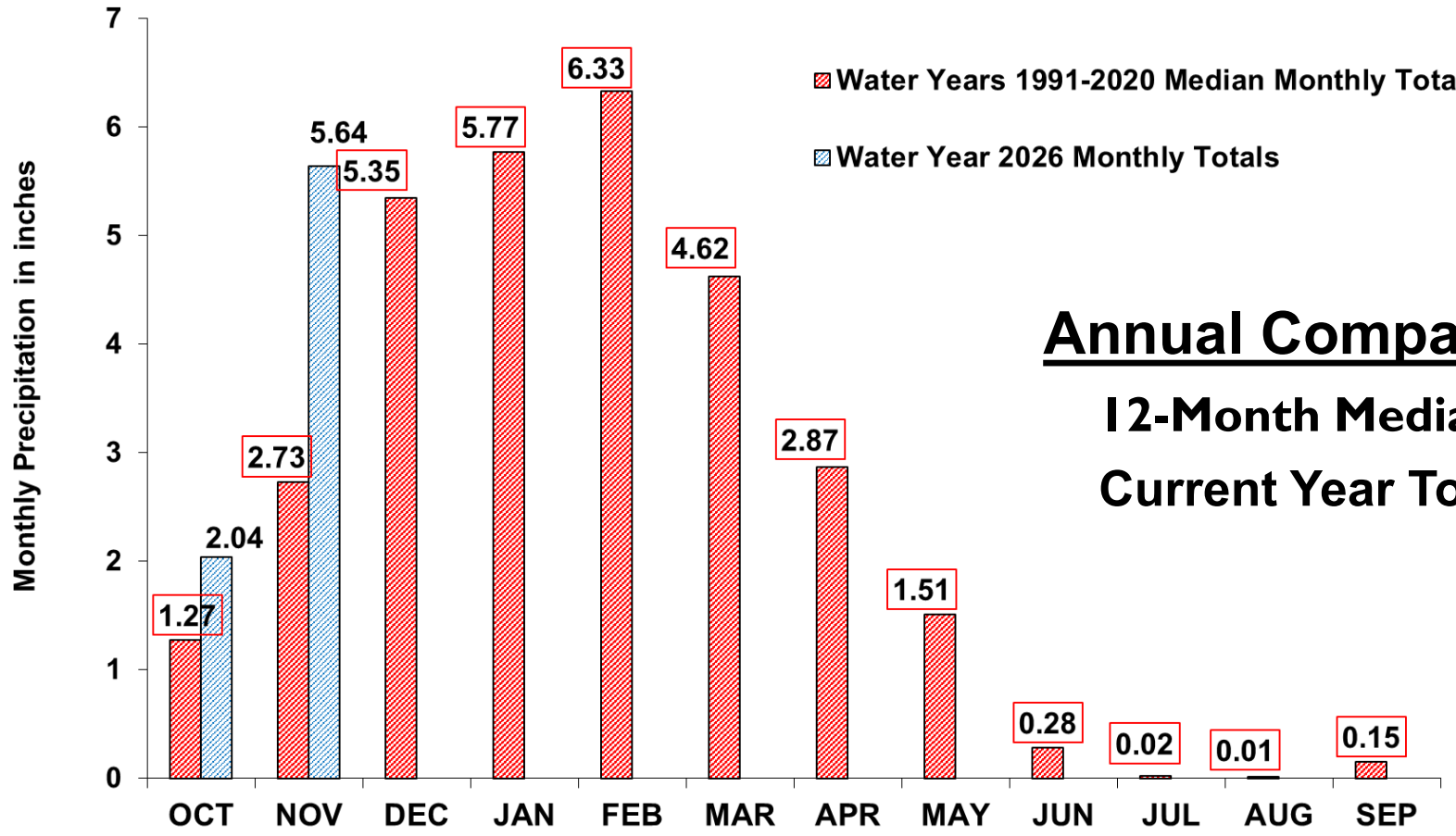
Reservoir	Current Storage[1,2,3] (AF)	Maximum Storage[4] (AF)	Available Capacity (AF)	Percent of Maximum Storage	Normal Percent of Maximum Storage[5]
Tuolumne System					
Hetch Hetchy	276,400	360,360	83,960	76.7%	**68.5%**
Cherry	252,500	273,345	20,845	92.4%	-
Eleanor	20,500	27,100	6,600	75.6%	-
Water Bank	557,135	570,000	12,865	97.7%	**98.0%**
Total Tuolumne Storage	**1,106,535**	**1,230,805**	**124,270**	**89.9%**	-
Local System					
Calaveras	68,953	96,670	27,717	71.3%	-
San Antonio	49,183	53,266	4,083	92.3%	-
Crystal Springs	52,409	68,953	16,544	76.0%	-
San Andreas	15,614	18,675	3,061	83.6%	-
Pilarcitos	1,745	3,125	1,380	55.8%	-
Total Local Storage	**187,904**	**240,689**	**52,785**	**78.1%**	-

Total System Storage	1,294,439	1,471,494	177,055	**88.0%**	**77.9%**
Total without water bank	737,304	901,494	164,190	**81.8%**	-

Hetch Hetchy Precipitation



Upcountry 6-station Precipitation Index as of November 30, 2025

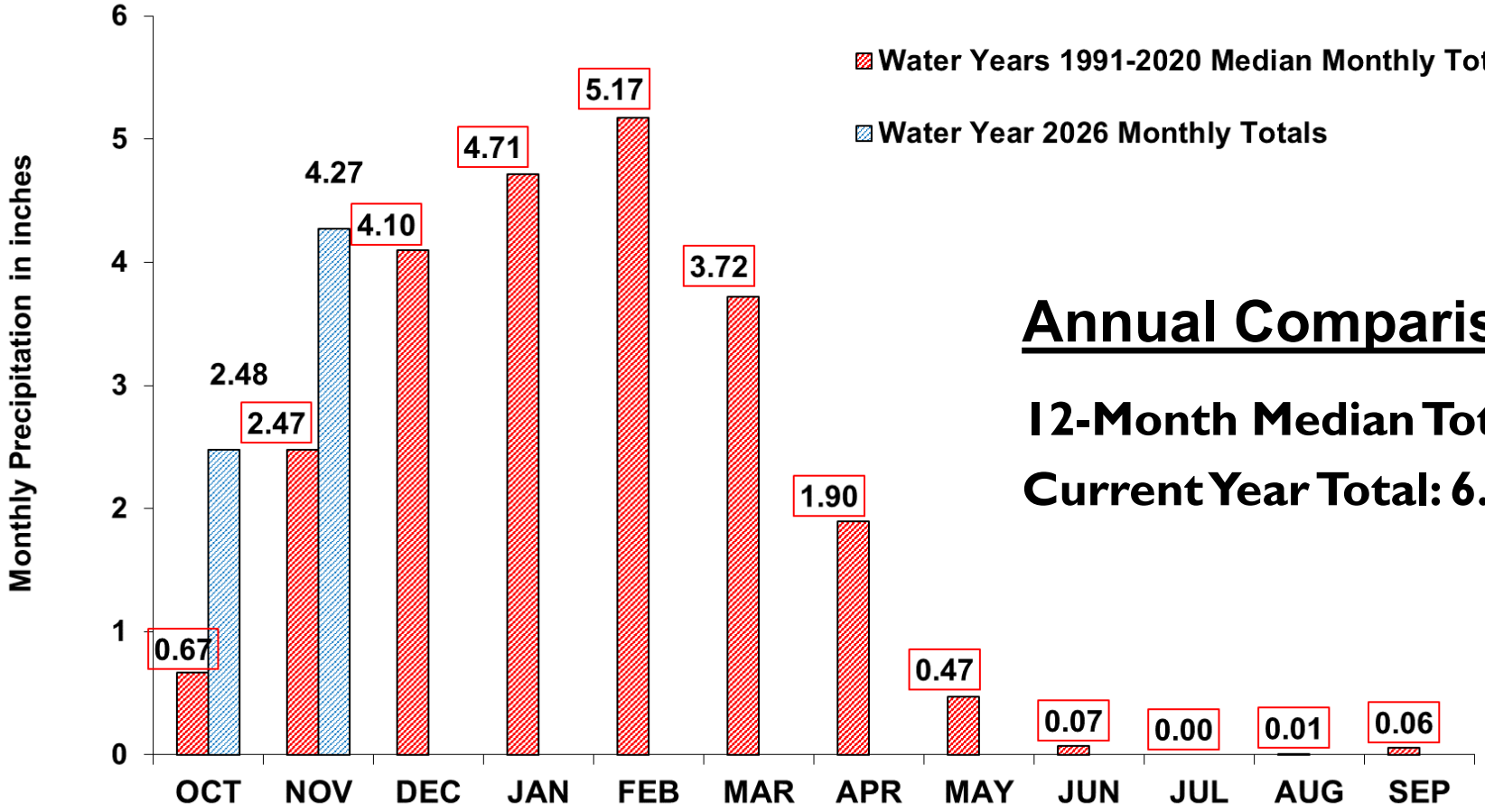


Annual Comparison:

12-Month Median Total: 30.92 inches

Current Year Total: 7.68 inches

Bay Area 7-station Precipitation Index as of November 30, 2025



Annual Comparison:

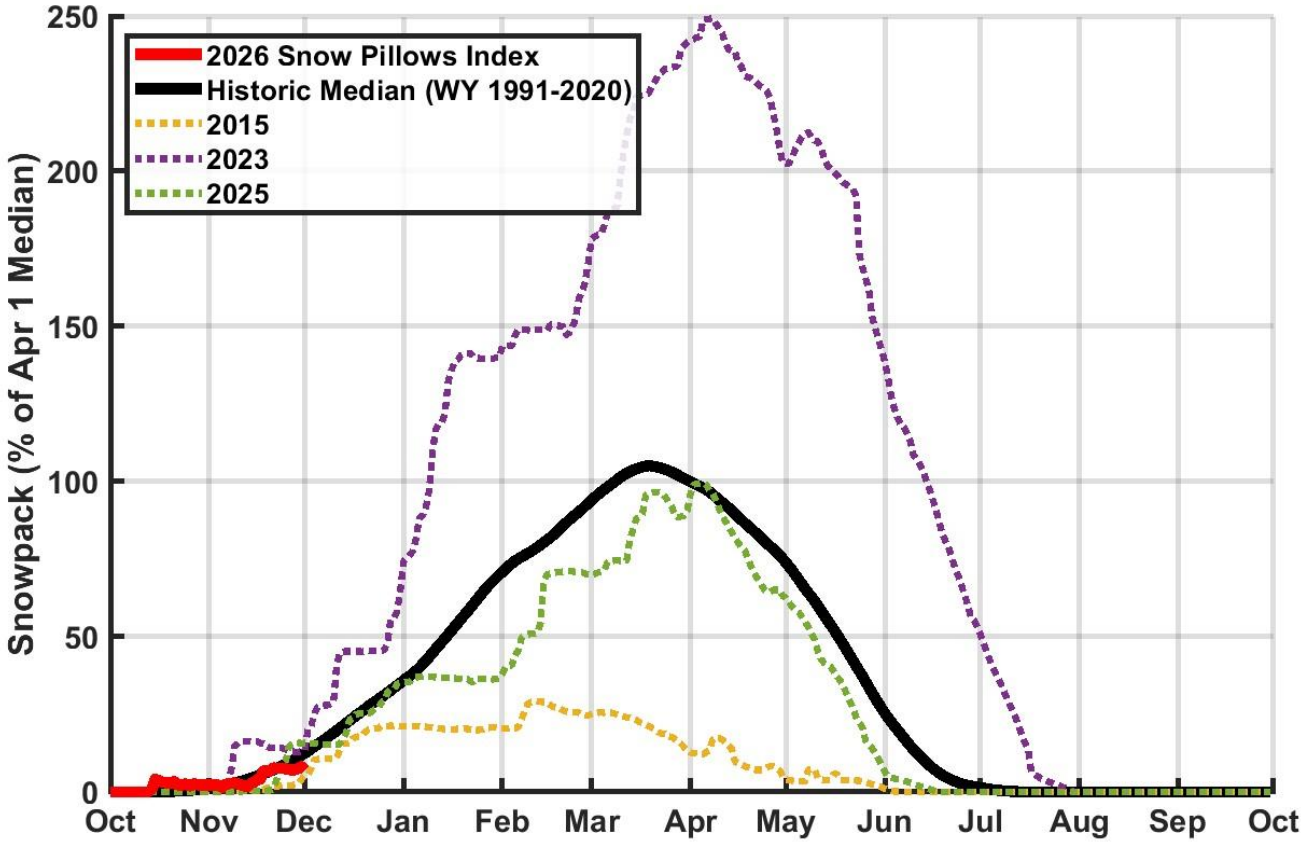
12-Month Median Total: 23.35 inches

Current Year Total: 6.75 inches

20 YEARS

BAWSCA
Bay Area Water Supply & Conservation Agency

Upcountry Snowpack



Bay Delta Plan / FERC Process Update

BAWSCA 2018

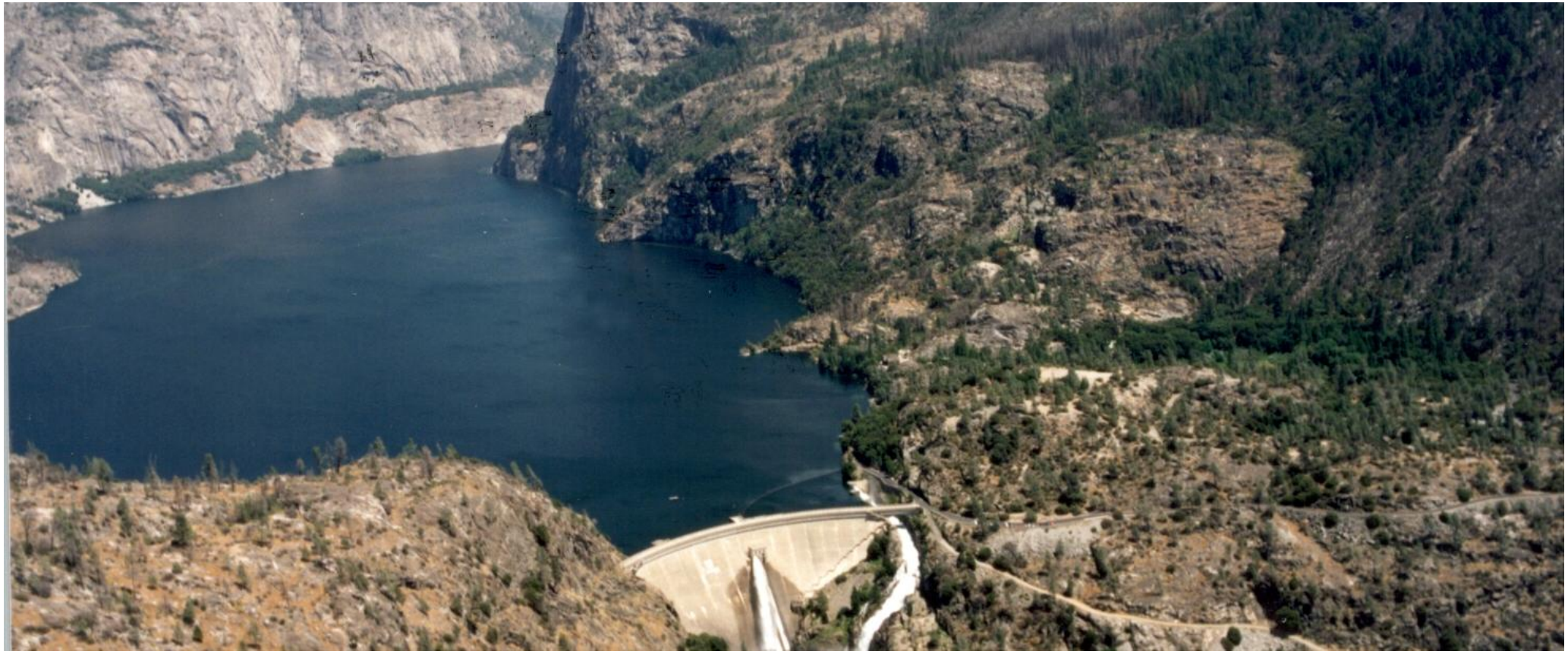
20 YEARS

BAWSCA
Bay Area Water Supply & Conservation Agency

Bay-Delta Plan and FERC Update

- Bay-Delta Plan Update
  - Based on comments received at their Nov. 5th Workshop and the written comments they received by Nov. 7th, the State Water Board is reviewing their draft Scientific Basis Report (SBR) for the Tuolumne River VA and will revise it if appropriate to produce a 2nd draft
  - The subsequent 2nd draft SBR will be provided for peer-review – likely in the first quarter of 2026
  - Concurrent with the peer-review, existing environmental documents will be reviewed and revised by staff if needed
  - The next public hearing or workshop in the proceeding may occur early - to mid-2026
- FERC Update
  - No substantial updates to report

Closed Session



SFPUC

Report After Closed Session

BAWSCA 2018

Next Meeting and Adjournment

Next Meeting

February 11, 2026
1:30 pm