

“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 (Lou Papan-2002)]

Board of Directors Meeting

March 19, 2026

Call To Order/Roll Call/Salute to Flag



Comments by Chair



Jensen, 2011

Board Policy Committee Report



BAWSCA 2018

Public Comments on Items Not on the Agenda



Sandkulla, 2023

SFPUC Report



Ragsdale, 2023

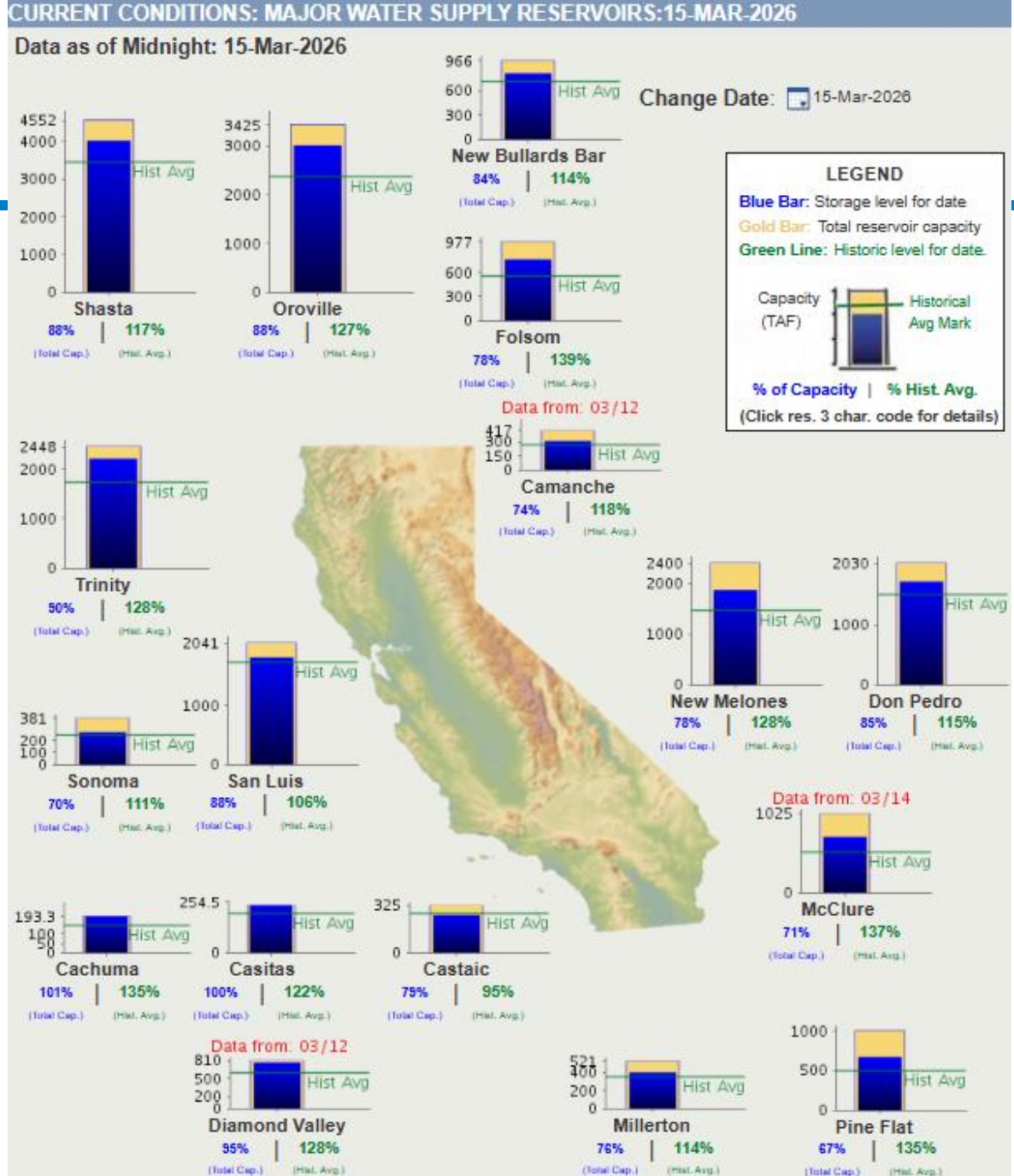
Water Supply Conditions Update

March 16, 2026

March 16, 2026, 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
<u>Tuolumne System</u>					
Hetch Hetchy	310,400	360,360	49,960	86.1%	62.9%
Cherry	242,900	273,345	30,445	88.9%	-
Eleanor	20,040	27,100	7,060	73.9%	-
Water Bank	570,000	570,000	0	100.0%	99.0%
Total Tuolumne Storage	1,143,340	1,230,805	87,465	92.9%	-
<u>Local System</u>					
Calaveras	64,834	96,670	31,836	67.1%	-
San Antonio	44,505	53,266	8,761	83.6%	-
Crystal Springs	48,966	68,953	19,987	71.0%	-
San Andreas	15,374	18,675	3,301	82.3%	-
Pilarcitos	1,868	3,125	1,257	59.8%	-
Total Local Storage	175,547	240,689	65,142	72.9%	-
Total System Storage	1,318,887	1,471,494	152,607	89.6%	79.9%
Total without water bank	748,887	901,494	152,607	83.1%	-

Other California Reservoirs



California Drought Monitor

Map released: Thurs. March 12, 2026

Data valid: March 10, 2026 at 8 a.m. EDT

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

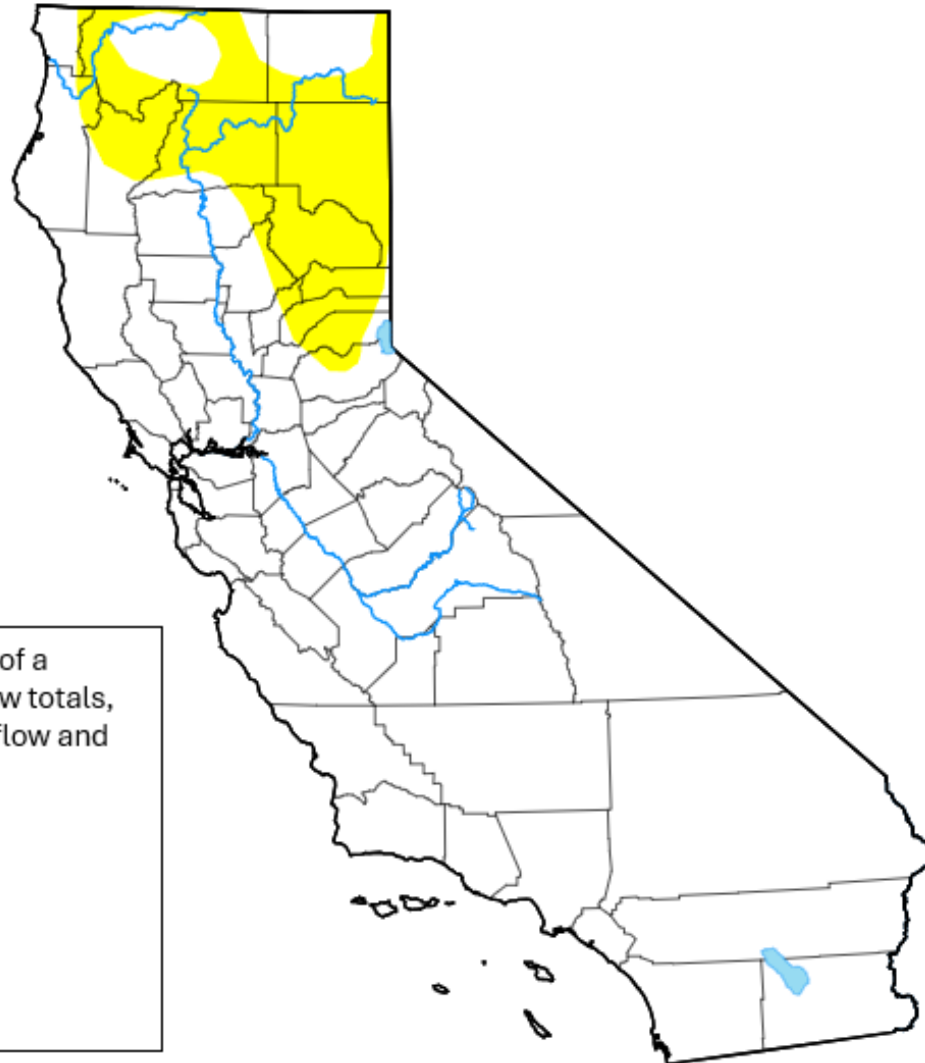
Authors

United States and Puerto Rico Author(s):

[Brad Pugh](#), NOAA/CPC

Pacific Islands and Virgin Islands Author(s):

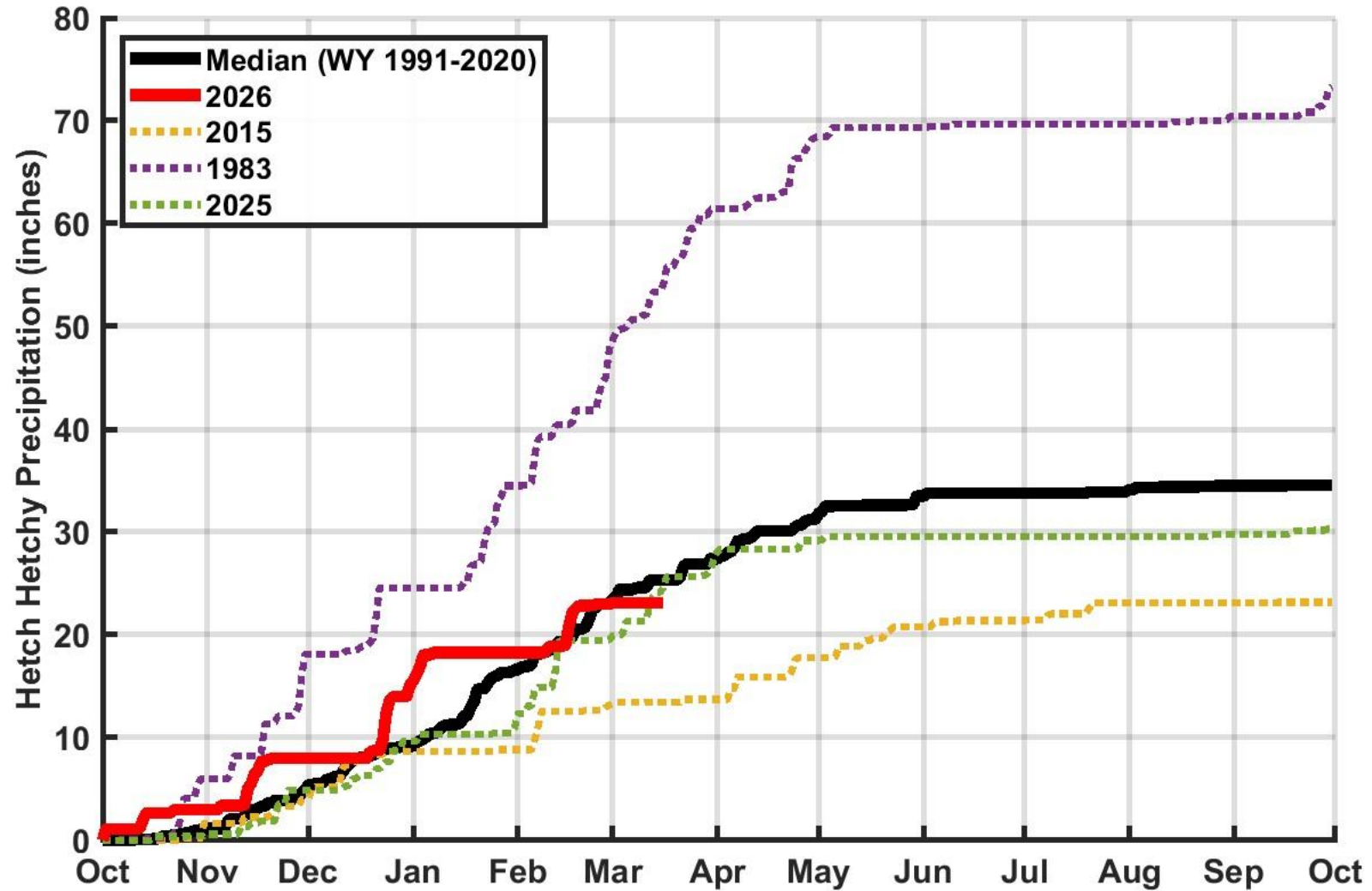
[Denise Gutzmer](#), National Drought Mitigation Center



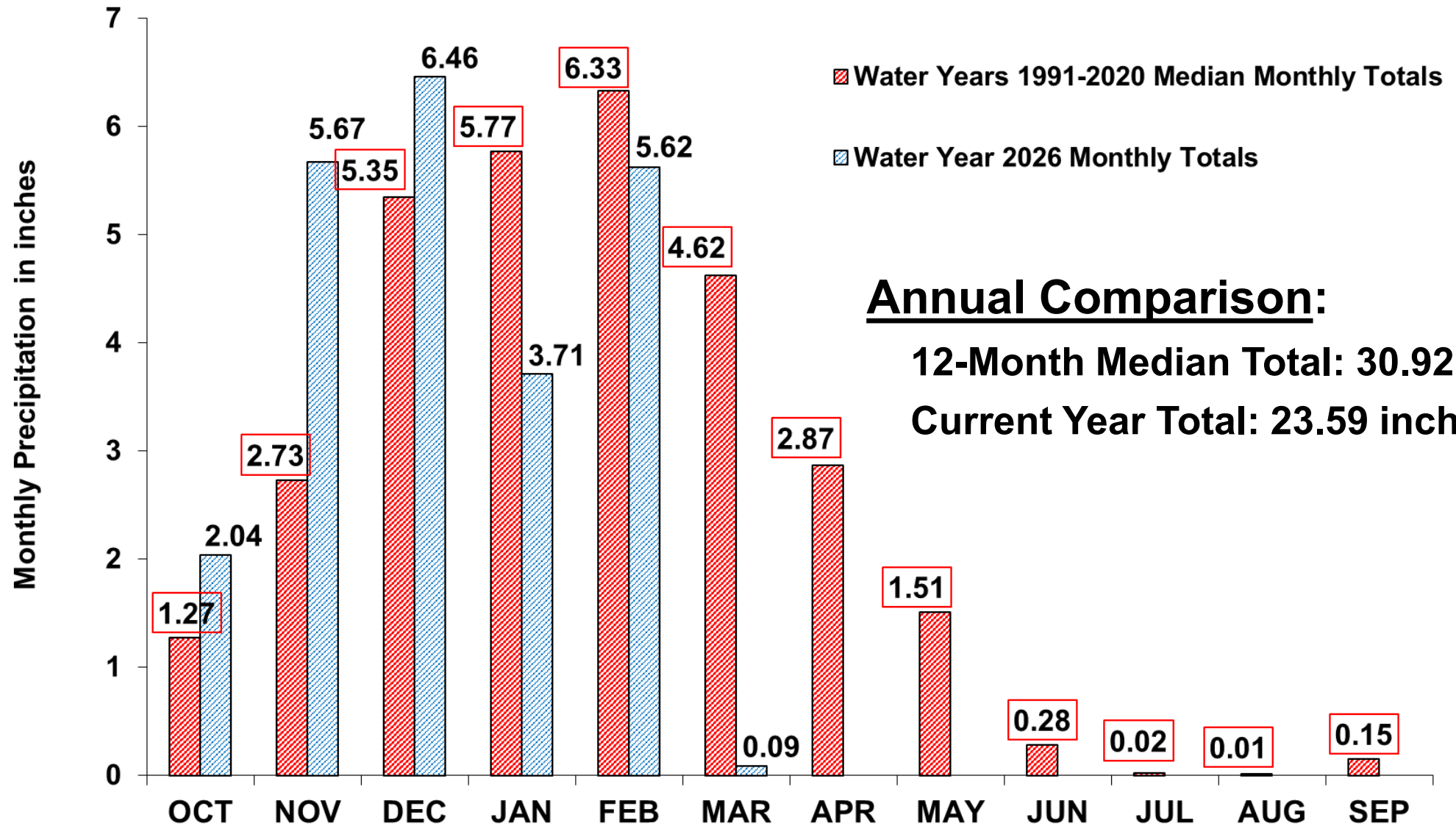
Color scale is based on the historical average of a combination of data including rainfall and snow totals, soil moisture levels, reservoir storage, streamflow and other data:

- >30% of historical average
- 20-30% of historical average
- 10-20% of historical average
- 5-10% of historical average
- 2-5% of historical average
- <2% of historical average

Hetch Hetchy Precipitation



Upcountry 6-station Precipitation Index as of March 15, 2026

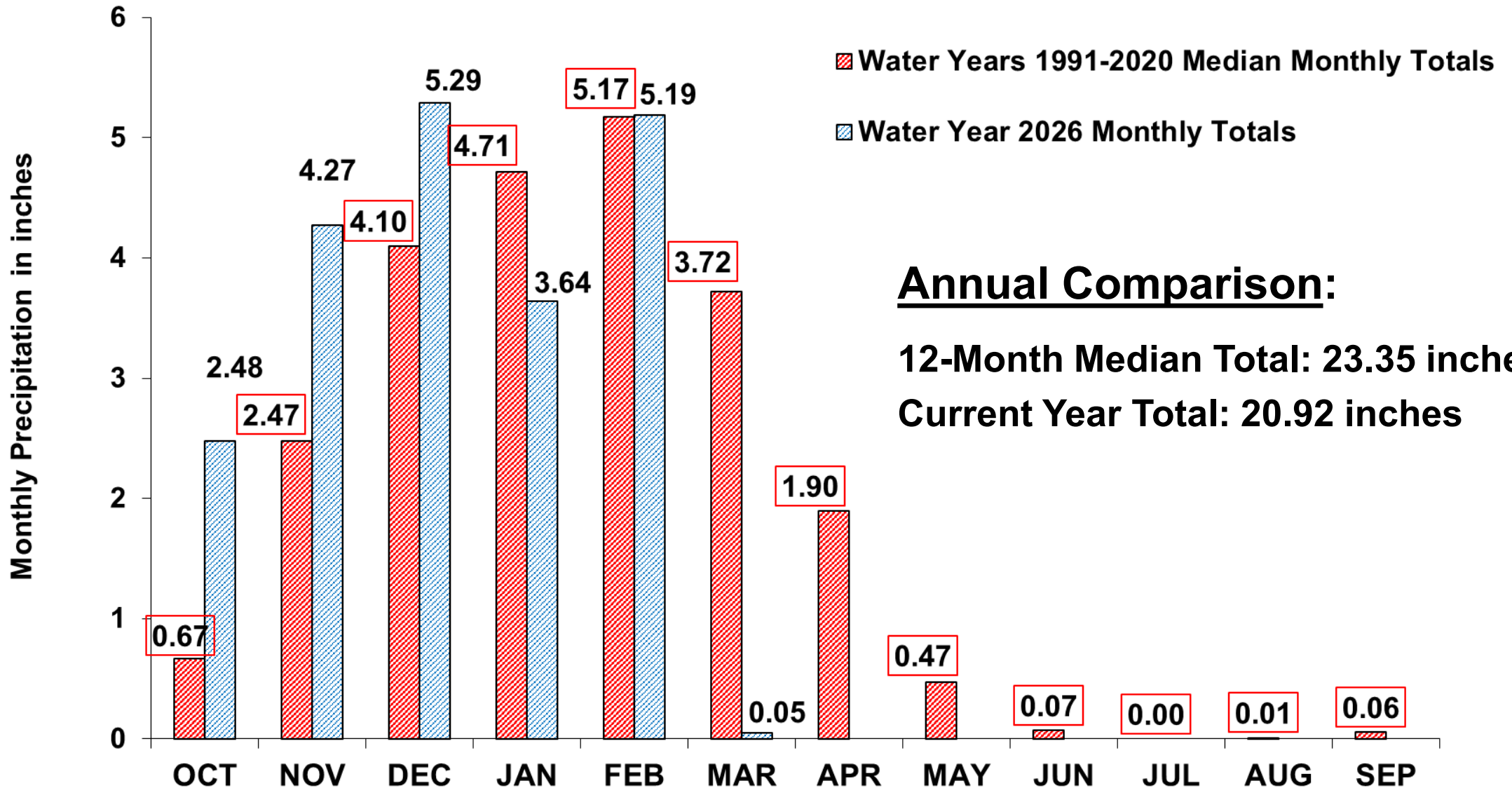


Annual Comparison:

12-Month Median Total: 30.92 inches

Current Year Total: 23.59 inches

Bay Area 7-station Precipitation Index as of March 15, 2026

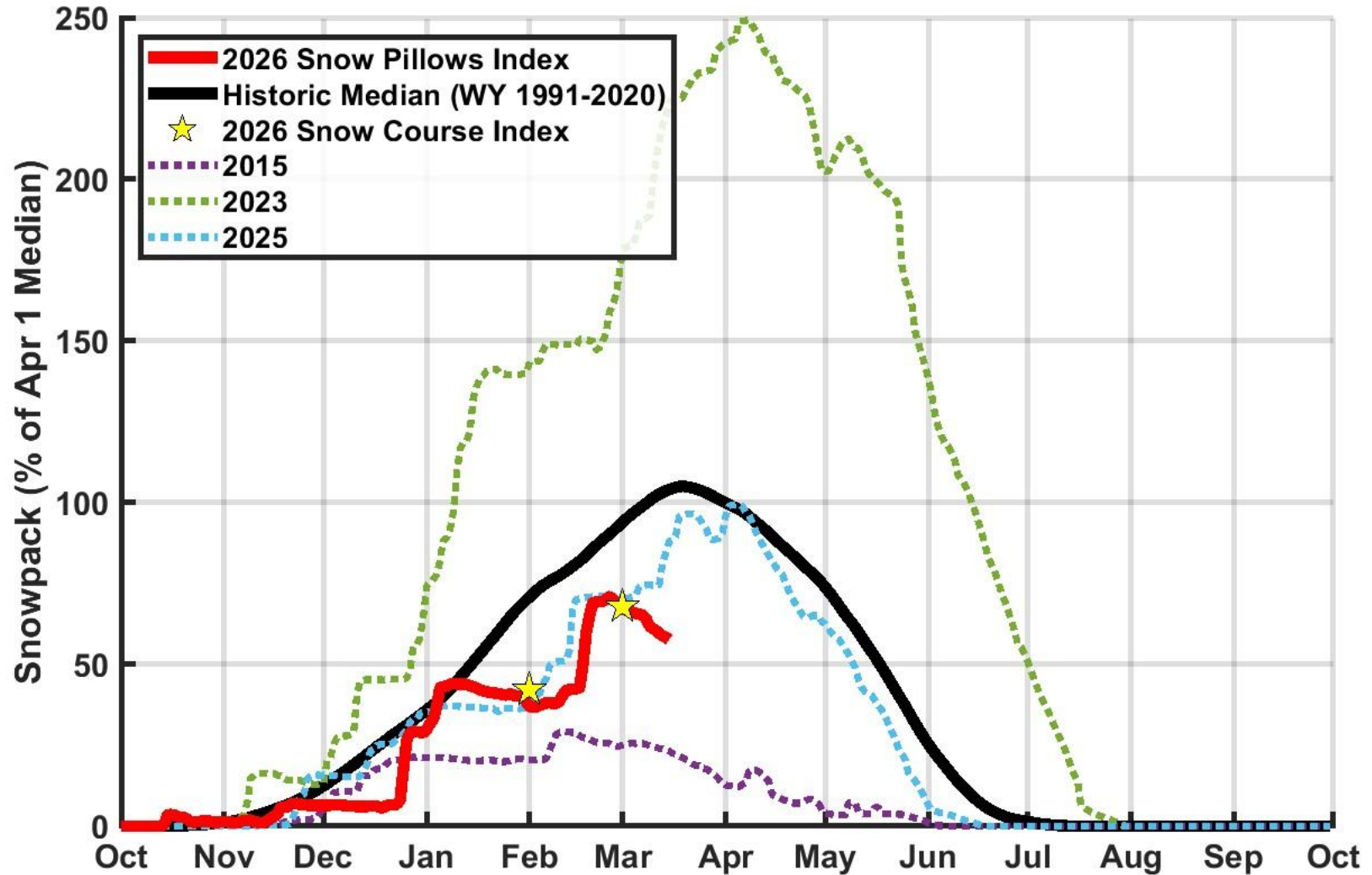


Annual Comparison:

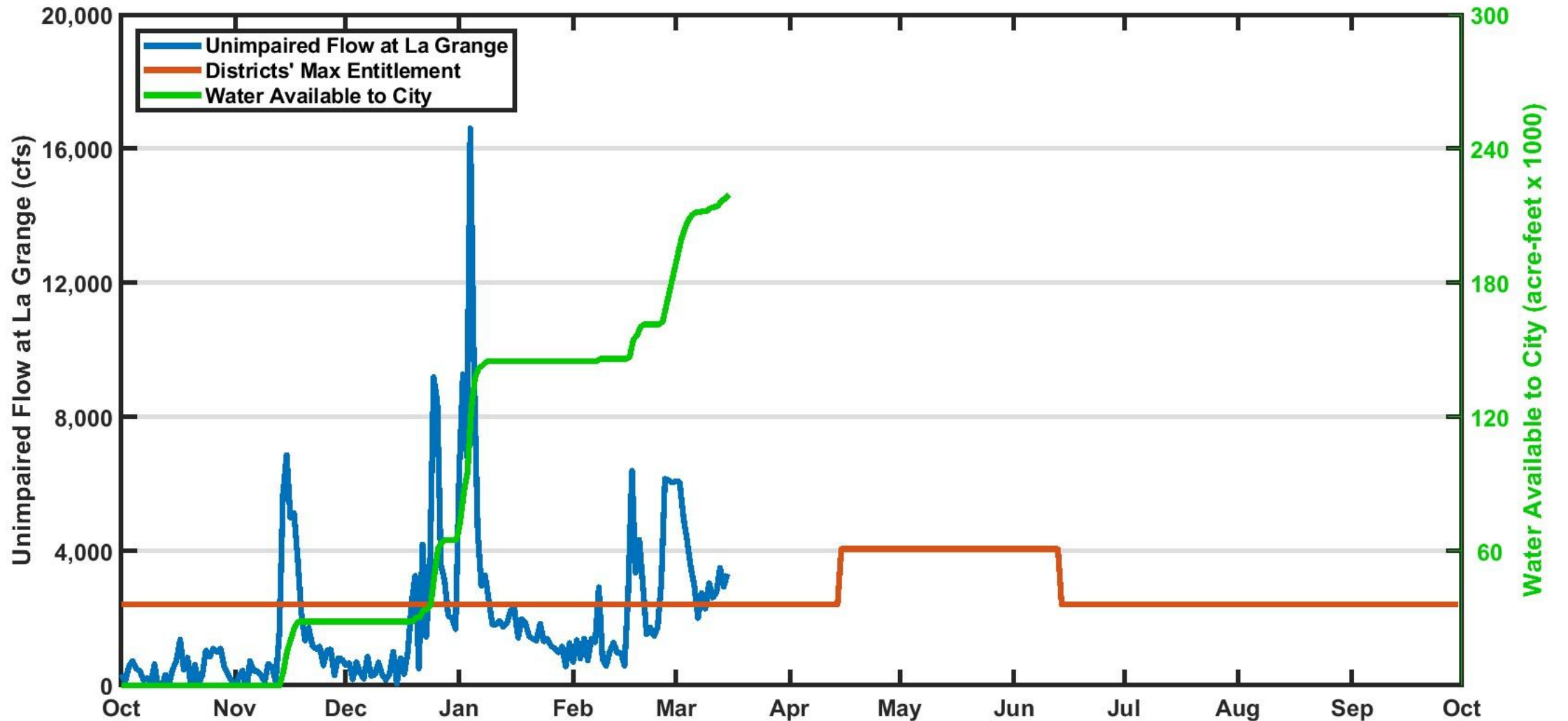
12-Month Median Total: 23.35 inches

Current Year Total: 20.92 inches

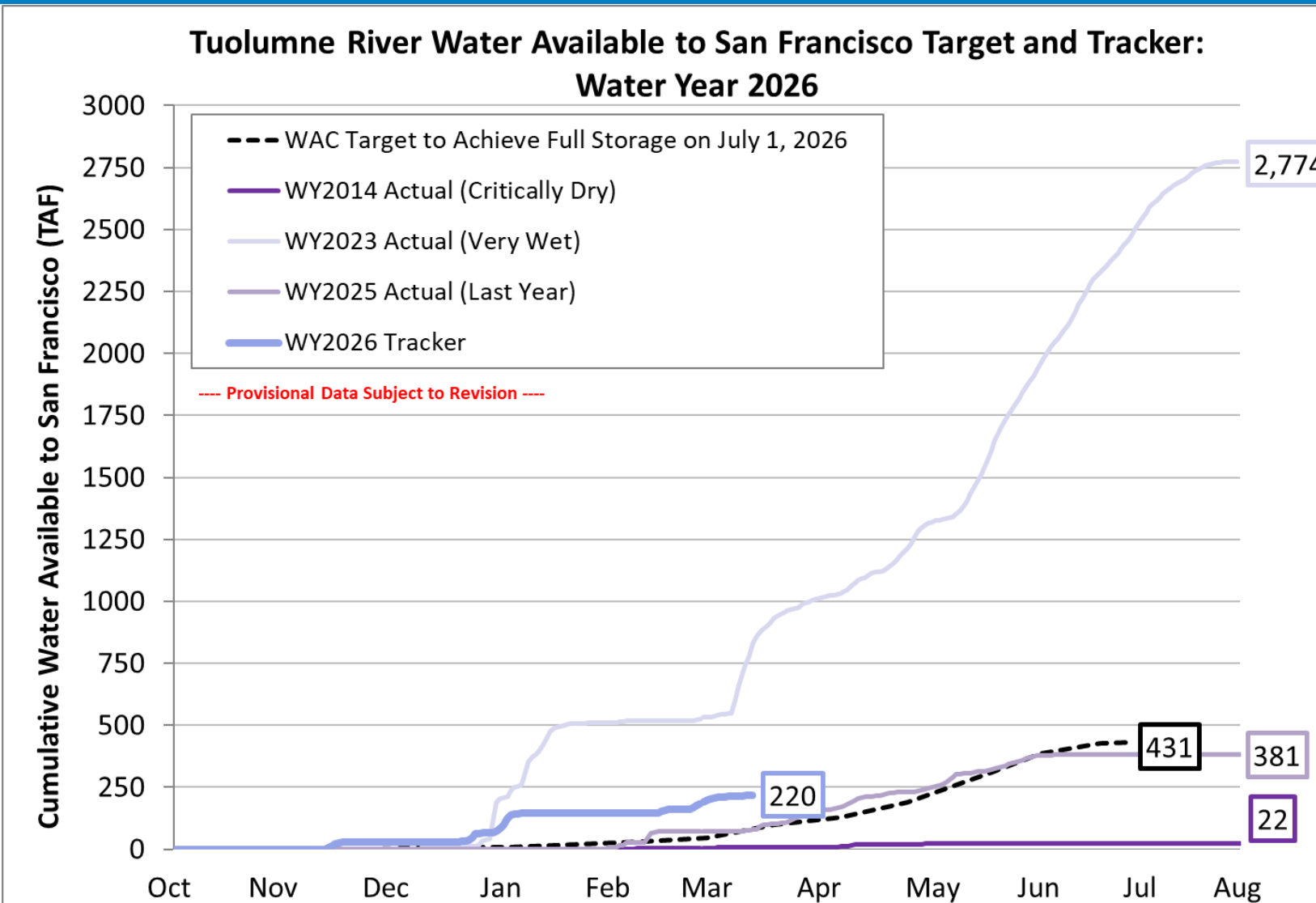
Upcountry Snowpack



Water Available to the City

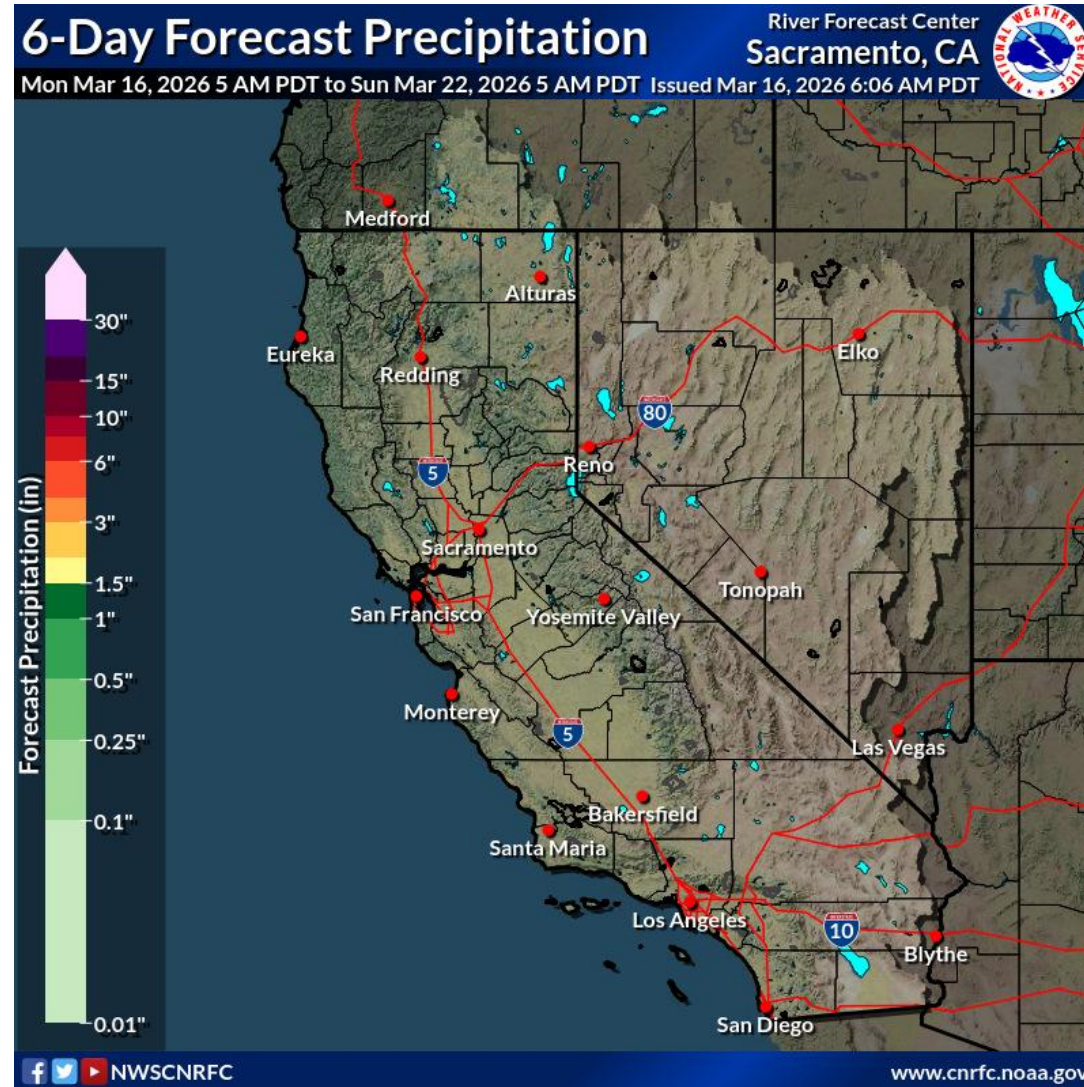


Tuolumne River Water Available to the City



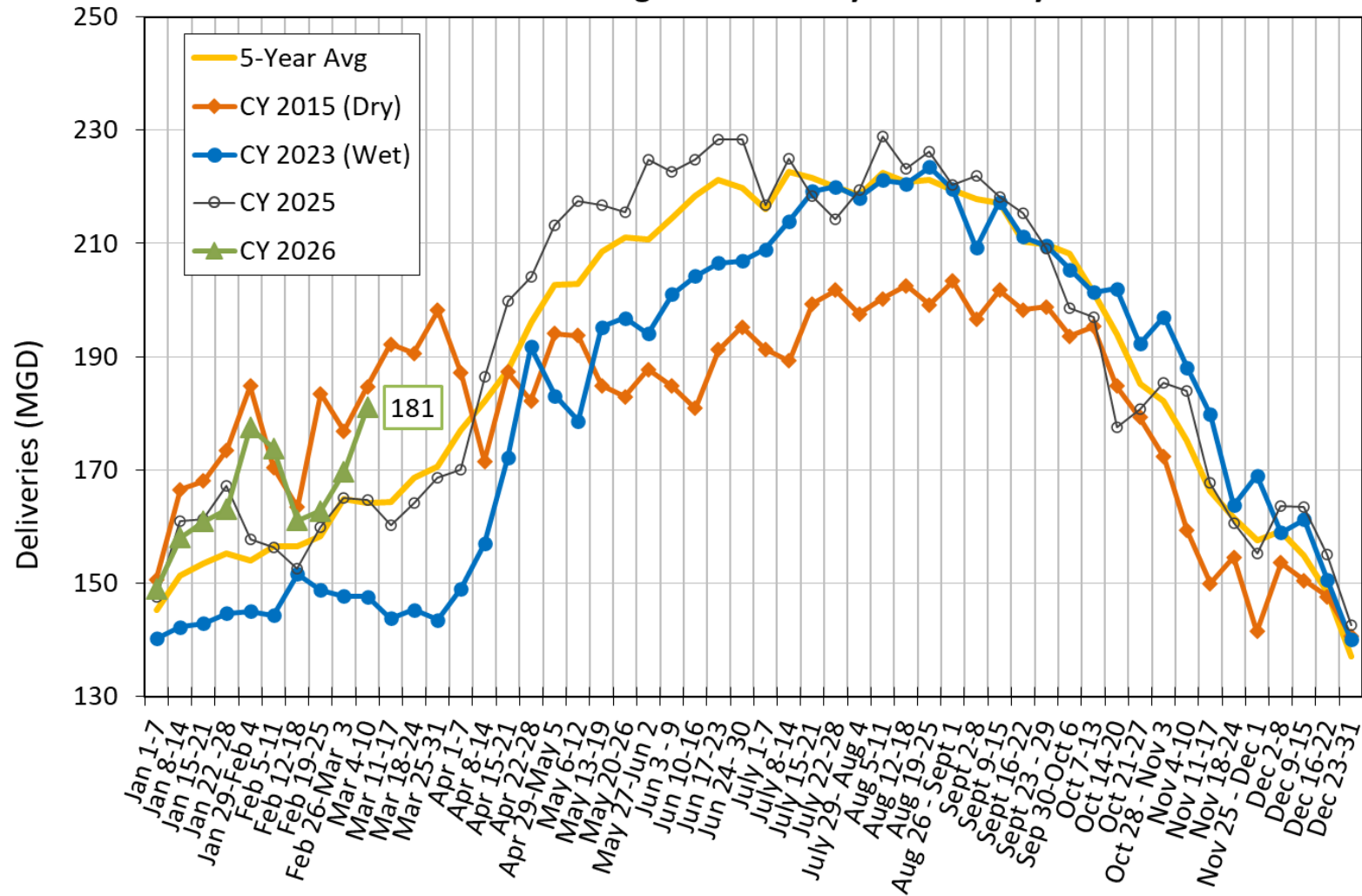
Target value assumes a modified maximum capacity at Crystal Springs Reservoir due to Fountain Thistle

California Precipitation Forecast



Total Deliveries

Regional Water System Total Deliveries
Source: SFPUC Regional Water System County Meters



Consent Calendar

- A. Approval of January 15, 2026 Minutes
- B. Budget Status Report
- C. Investment Report
- D. Bond Surcharge Collection, Account Balance and Payment Report



Action Calendar



SFPUC

Consideration of Resolution #2026-01 Concurring in Nomination of John Weed for California Water Insurance Fund Board

- There is a vacancy on the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA)
- ACWA-JPIA has invited its member agencies to submit nominations
- ACWD has nominated John Weed (ACWD Board Member and ACWA-JPIA Board Member for ACWD) for the position
- ACWD and Director Weed have requested BAWSCA's support for his nomination
 - BAWSCA provided similar support for Director Weed in 2023 and 2025
- ACWA-JPIA requires a resolution concurring the nomination
- Resolution 2026-01 meets the requirements of ACWA-JPIA

PUBLIC HEARING



AB 256 I (Government Code § 3502.3)

- Section became effective January 1, 2025
- In compliance, BAWSCA shall:
 1. Present the status of vacancies and recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year.
 2. The presentation shall be made prior to the adoption of the annual budget.
- BAWSCA does not have a recognized employee organization.
 - AB256 I requires public agencies to identify policies, procedures, and recruitment activities that may be impeding the hiring process. The statute authorizes the recognized employee organization (a union) to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts.
- Thus, the hearing elements related to unions do not apply to BAWSCA and do not need to be covered (e.g., # of job vacancies within the union, # of applicants for vacant positions within the union, etc.)

BAWSCA Status of Vacancies and Recruitment Efforts

- BAWSCA does not currently have any vacancies to report.
- All Nine (9) positions are filled
 - Our Office Assistant, Christiane Barth, is retiring at the end of April.
- BAWSCA has a “temp to hire” shadowing and training with the employee.
 - Temporary employees may be full- or part-time.
 - Shall not work for BAWSCA for more than six continuous months, or 1,000 hours during the fiscal year.
- If BAWSCA does not make the current temp to hire employee permanent, it will diligently continue its recruitment efforts to find a permanent solution.

Reports and Discussions



BAWSCA 2018

Preliminary Fiscal Year 2026-27 Work Plan, Results To Be Achieved, and Operating Budget



BAWSCA 2018

Preliminary FY 2026-27 Work Plan Will Achieve BAWSCA's Goal

- Preliminary Work Plan aligns with BAWSCA's legislated authority and three goal elements
 - Table 1 presents draft preliminary FY 2026-27 Work Plan
 - Table 2 presents activities not included
- Addresses critical issues identified between now and 2065
- Includes conclusion of BAWSCA's Strategy 2050 Project
- Other new or changed items include
 - 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).
 - 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.
 - Review SFPUC's Strategic Asset Management Plan and make recommendations.

Preliminary FY 2026-27 Work Plan Reflects Board Input Provided During January 15th Budget Planning Session

- Table 4 provides responses to the comments provided by the Board in January
- We continue to provide information about staff loading and as part of staff analysis performed in preparing the preliminary work plan:
 - Chart 1 “Staff Resource Analysis for Preliminary FY 2026-27 Work Plan”
 - Table 3 “Estimated Staff Hours and FTE by Preliminary FY 2026-27 Work Plan Item”

Major Tasks in Preliminary FY 2026-27 Work Plan

– *Reliable Water Supply*

- I. 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
 - b. Review and monitor SFPUC's Regional 10-Year Capital Plan to ensure that identified projects and programs meet the needs of the members in a cost-effective and appropriate manner
 - c. Review and monitor SFPUC's Asset Management Program to ensure ongoing long-term maintenance and protection of RWVS assets. **Review SFPUC's Strategic Asset Management Plan to be finalized in FY 2026-27 and recommend modifications or additions**
 - 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

Major Tasks in Preliminary FY 2026-27 Work Plan

– *Reliable Water Supply*

2. Long-Term Supply Solutions: Implement Strategy
 - a. **Complete** the development of BAWSCA's Strategy 2050
 - b. **Develop a plan for the implementation of Strategy 2050, including the identification of specific work efforts to be performed in FY 2027-28 and beyond.**
 - c. Participate in Bay Area Regional Reliability (BARR) Partnership
 - d. Participate in the continued planning of the PureWater Peninsula portable reuse project.
 - e. Facilitate development of other local water supply options
 - f. Use BAWSCA Reliability Model to evaluate Bay Delta Plan/VA impacts
 - g. Facilitate use of the BAWSCA Reliability Model by members via subscription program
 - 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.**

Completion of Strategy 2050 Included in FY 2026-27 Work Plan but Separately Budgeted

- Strategy 2050 development is primarily staffed using consultant (EKI) under contract
 - Consulting and legal expense related to the project is funded from the Water Management Charge and therefore separately budgeted
- Staff resources to develop Strategy 2050 are included in the proposed work plan and metrics shown on staff loading percentages
- Completion of the Strategy will lead to an implementation plan
 - Staff will revise the proposed work plan for 2027-2028

Exploring SFPUC's Debt-Funded Capital Policies

- SFPUC rate calculations include cost of debt (which finances capital spending over time) and “revenue-funded capital” which is revenue that pays directly for capital expenditures.
- In recent years, the amount of revenue funded capital has increased
 - This has the effect of increasing rates in the short term but lowering them in the longer term because there is less capital financed by debt
- San Francisco is making a policy decision and BAWSCA staff is interested in exploring whether that policy is in the best interests of the BAWSCA agencies
- BAWSCA Staff would review and report to the Board by the end of the fiscal year

Subjects for Evaluation

- Constraints on SFPUC additional borrowing because of WSIP debt, revenue coverage, and policies surrounding how wholesale customer revenue applies to bond coverage ratios.
- Can the RFA be useful in providing policy flexibility?
- To what extent it is reasonable for current customers to pay the full cost of projects that will have a long useful life?
- Is the current level (nearly 40% of capital is revenue funded) reasonable and necessary?
- Are SFPUC's revenue-funded capital targets reasonable when measured against industry peers and best practices?
- At what point will existing debt loads from WSIP be retired, allowing for more debt financing?

Major Tasks in Preliminary FY 2026-27 Work Plan

– *Reliable Water Supply*

3. Near-Term Supply Solutions: Water Conservation and Drought Response
 - a. Represent member agency interests in discussions related to “Making Water Conservation a California Way of Life” requirements as appropriate
 - b. Provide regional coordination to support AMI implementation and data management
 - c. Implement BAWSCA’s core conservation programs that benefit all customers
 - d. Implement BAWSCA’s subscription conservation rebate programs
 - e. Engage with CalWEP and others to promote 3rd party development and administration of a lead repair and training certification program
 - f. Represent members in regional and State-level discussions relative to water conservation

Major Tasks in Preliminary FY 2026-27 Work Plan

– *Reliable Water Supply*

4. Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration
 - a. Monitor SFPUC's implementation of its Alternative Water Supply (AWS) Program
 - b. Protect members' interests to ensure SFPUC meets its legal and contractual water supply obligations
 - 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 2021 WSA amendments allowing for minimum purchase transfers
 - 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

Major Tasks in Preliminary FY 2026-27 Work Plan

– *Reliable Water Supply*

5. Protect Members' Interest in Reliable Water Supply
 - a. Participate in SWRCB Bay Delta Water Quality Control Plan proceedings
 - b. Participate in La Grange and Don Pedro FERC Relicensing proceedings
6. Pursue Grant Opportunities
 - a. Pursue and use grant funds, including Prop I Integrated Regional Water Management conservation grant
 - b. Pursue grant funding with regional partners
 - c. Support the use of BAWSCA's grant tracking tool by member agencies
 - d. Investigate potential grant funds to support implementation of BAWSCA's Strategy
7. Reporting and Tracking of Water Supply and Conservation Activities
 - a. Annual Survey
 - b. Annual Water Conservation Report
 - c. In partnership with members, operate and maintain updated Water Conservation Database

Major Tasks in Preliminary FY 2026-27 Work Plan

– *High Water Quality*

8. Support Member Agencies in Receiving Reliable Communication on Water Quality Issues
 - a. Coordinate members participation in Joint Water Quality Committee to ensure it addresses Wholesale Customer needs
 - b. Relay important water quality information to member agencies
 - c. Review and act on, if necessary, State legislation affecting water quality regulations

Major Tasks in Preliminary FY 2026-27 Work Plan – Fair Price

9. Perform Matters that Member Agencies have Delegated to BAWSCA in WSA
 - a. Administer WSA to protect financial interests of member agencies
 - b. Administer BAWSCA's revenue bonds issued to retire capital debt owed by the Wholesale Customers to SF

**AMENDED AND RESTATED
WATER SUPPLY AGREEMENT**

between

THE CITY AND COUNTY OF SAN FRANCISCO

and

WHOLESALE CUSTOMERS

in

**ALAMEDA COUNTY, SAN MATEO COUNTY AND
SANTA CLARA COUNTY**

NOVEMBER 2018

\$135,115,000*
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
REFUNDING REVENUE BONDS
(CAPITAL COST RECOVERY PREPAYMENT PROGRAM), SERIES 2023A
(THE "BONDS")

CERTIFICATE OF FINALITY OF PRELIMINARY OFFICIAL STATEMENT

October 8, 2021

The undersigned hereby states and certifies:

- That she is a duly authorized officer of the Bay Area Water Supply and Conservation Agency and such is duly

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 8, 2021

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: Moody's: "Aa3"
S&P: "AA-"
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, based on an analysis of existing laws, regulations, ratings and court decisions, and assuming, among other matters, the accuracy of certain representations and covenants with certain covenants, interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023A Bonds is not a specific preference item for purposes of the federal alternative minimum taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023A Bonds. See "TAX MATTERS" herein. Delivery of the Series 2023A Bonds and delivery of Bond Counsel's opinion with respect to the Series 2023A Bonds are subject to the satisfaction of certain terms and conditions provided in the Bond Purchase Contract as described under the heading "FORWARD DELIVERY OF THE SERIES 2023A BONDS."

BAWSCA
Bay Area Water Supply & Conservation Agency

\$135,115,000*
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Refunding Revenue Bonds
(Capital Cost Recovery Prepayment Program), Series 2023A

Dated: Date of Delivery Due: **October 1, as shown on inside cover page**

The Bay Area Water Supply and Conservation Agency Refunding Revenue Bonds (Capital Cost Recovery Prepayment Program), Series 2023A (the "Series 2023A Bonds"), will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2023A Bonds. Individual purchasers of Series 2023A Bonds will be made in book-entry form only, in denominations of \$1,000 or any integral multiple thereof. Purchasers of Series 2023A Bonds will not receive certificates representing their interest in the Series 2023A Bonds purchased but will receive a credit balance in the records of DTC. Principal and interest are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2023A Bonds will be issued pursuant to a Revenue Bond Indenture, dated as of January 1, 2013, by and between the Bay Area Water Supply and Conservation Agency (the "Agency") and the Trustee, and a Second Supplemental Revenue Bond Indenture, dated as of October 1, 2021 (the "Second Supplement"), by and between the Agency and the Trustee (said indenture as amended and supplemented, including as supplemented by the Second Supplement collectively, the "Indenture").

Principal is payable on the dates set forth on the inside cover page. Interest on the Series 2023A Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2023. Upon receipt of payments of principal and interest, DTC is obligated in turn to remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to purchasers of the Series 2023A Bonds, as described herein. As used herein, the term "Bonds" means the Bay Area Water Supply and Conservation Agency Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

Principal is payable on the dates set forth on the inside cover page. Interest on the Series 2023A Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2023. Upon receipt of payments of principal and interest, DTC is obligated in turn to remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to purchasers of the Series 2023A Bonds, as described herein. As used herein, the term "Bonds" means the Bay Area Water Supply and Conservation Agency Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

The Series 2023A Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2023A BONDS-Redemption" herein.

The Series 2023A Bonds are being issued to (i) refund a portion of the Bay Area Water Supply and Conservation Agency Revenue Bonds (Capital Cost Recovery Prepayment Program), Series 2012A and (ii) pay costs of issuance incurred in connection with the issuance of the Series 2023A Bonds. The Series 2023A Bonds will be secured by a pledge of and payable from surcharges imposed by the Agency and collected by the Public Utilities Commission of the City and County of San Francisco on water sold to certain retail water service providers in Alameda County, Santa Clara County and San Mateo County (the "Members") and interest and investment earnings on amounts held by the Trustee under the Indenture ("Revenues").

The Bonds are special, limited obligations of the Agency. The Bonds shall not be deemed to constitute a debt or liability of the Agency, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the faith and credit of the Agency, the State of California or of any political subdivision thereof, but shall be payable, except to the extent of certain amounts held under the Indenture pledged thereto, solely from Revenues. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for their payment. The Agency has no taxing power.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2023A Bonds are offered when, as, and if delivered to and received by the Underwriters, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Agency by Hanson Bridgett LLP and for the Underwriters by Stridling, Yocum, Carlson & Benth, a Professional Corporation. The Series 2023A Bonds are expected to be available for delivery through the facilities of The Depository Trust Company on or about January 5, 2023. See "FORWARD DELIVERY OF THE SERIES 2023A BONDS" for a discussion regarding the delayed delivery of the Series 2023A Bonds, certain conditions to the obligations of the Underwriters to purchase the Series 2023A Bonds and certain risks to purchasers of the Series 2023A Bonds resulting from the delayed delivery thereof.

Goldman Sachs & Co. LLC **J.P. Morgan**

Dated: October __, 2021

* Preliminary, subject to change

** DRAFT**

Major Tasks in Preliminary FY 2026-27 Work Plan

– Agency Effectiveness

I0. Maintain Community Allies and Contacts with Environmental Interests

- a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities
- 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 SFPUC, conduct tours of the water system for selected participants

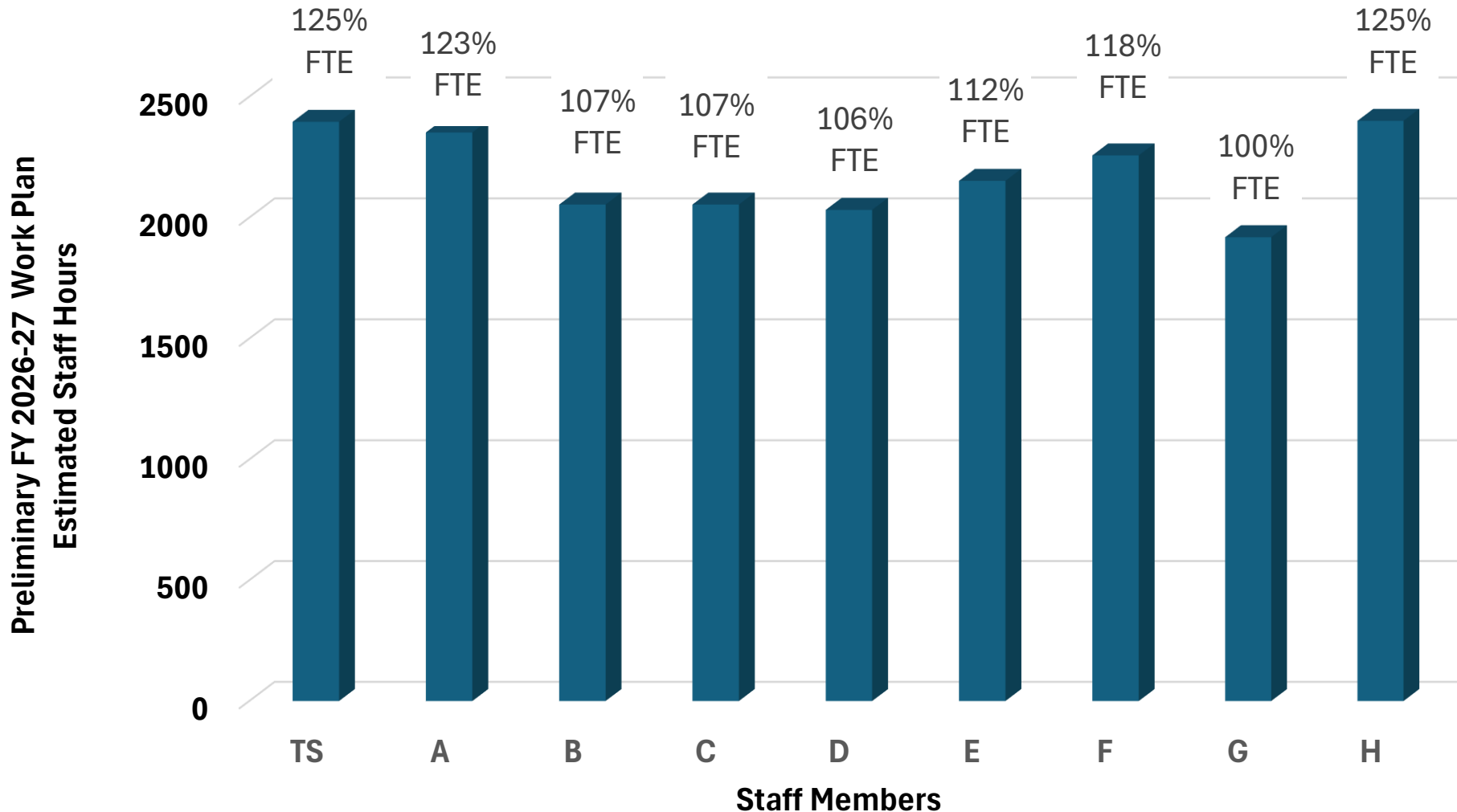
II. Manage the Activities of the Agency Professionally and Efficiently

- 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 provide additional Human Resources services
- d. Continue development of a staff-led plan to address BAWSCA's long-term policy and operational resilience to inform future policy making

Staffing Constraints Identified in the Development of Preliminary FY 2026-27 Work Plan

- Work plan development includes estimating staff hours by task
- All staff are estimated between 100% and 125% of available hours
 - CEO and Water Resources Manager have been estimated slightly below last year.
 - Staff hours reduced somewhat after completion of the Demand Study project.

Preliminary FY 2026-27 Work Plan Will Require Close Management to Ensure Sufficient Staff Resources to Implement



Staff Analysis Results

- CEO and one other staff allocated hours at 125% FTE
- All staff allocated hours not less than 100% FTE
- BAWSCA approved staff level is 9 FTEs
- Estimated 19,616 staff hours, or 10.23 FTEs, to implement Work Plan

Estimated Staff Hours and FTE by Preliminary FY 2026-27 Work Plan Item

Staff Hrs.	# of FTE	% of Total	Results to be Achieved in FY 2026-27
RELIABLE WATER SUPPLY			
896	0.5	5%	1. Facility Reliability: Monitor SFPUC WSIP, 10-Year CIP, Asset Mgmt. and Emergency Response
2,958	1.5	15%	2. Long-Term Supply Solutions: Implement Strategy
4,257	2.2	22%	3. Near-term Supply Solutions: Water Conservation and Drought Response
978	0.5	5%	4. Take Actions to Protect Members' Water Supply and Financial Interests in WSA Administration
500	0.3	2%	5. Protect Members' Interests in a Reliable Water Supply
36	0.0	0%	6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts
308	0.2	2%	7. Reporting and Tracking of Water Supply and Conservation Activities
HIGH QUALITY WATER			
170	0.1	1%	1. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues
FAIR PRICE			
2,308	1.2	12%	1. Perform Matters that Member Agencies Delegated to BAWSCA in the WSA
AGENCY EFFECTIVENESS			
1,056	0.6	5%	1. Maintain Community Allies and Contacts with Environmental Interests
6,149	3.2	31%	2. Manage the Activities of the Agency Professionally and Efficiently
19,616	10.2	100%	TOTAL Estimated Staff Hours and FTE to Implement Preliminary FY 2026-27 Work Plan

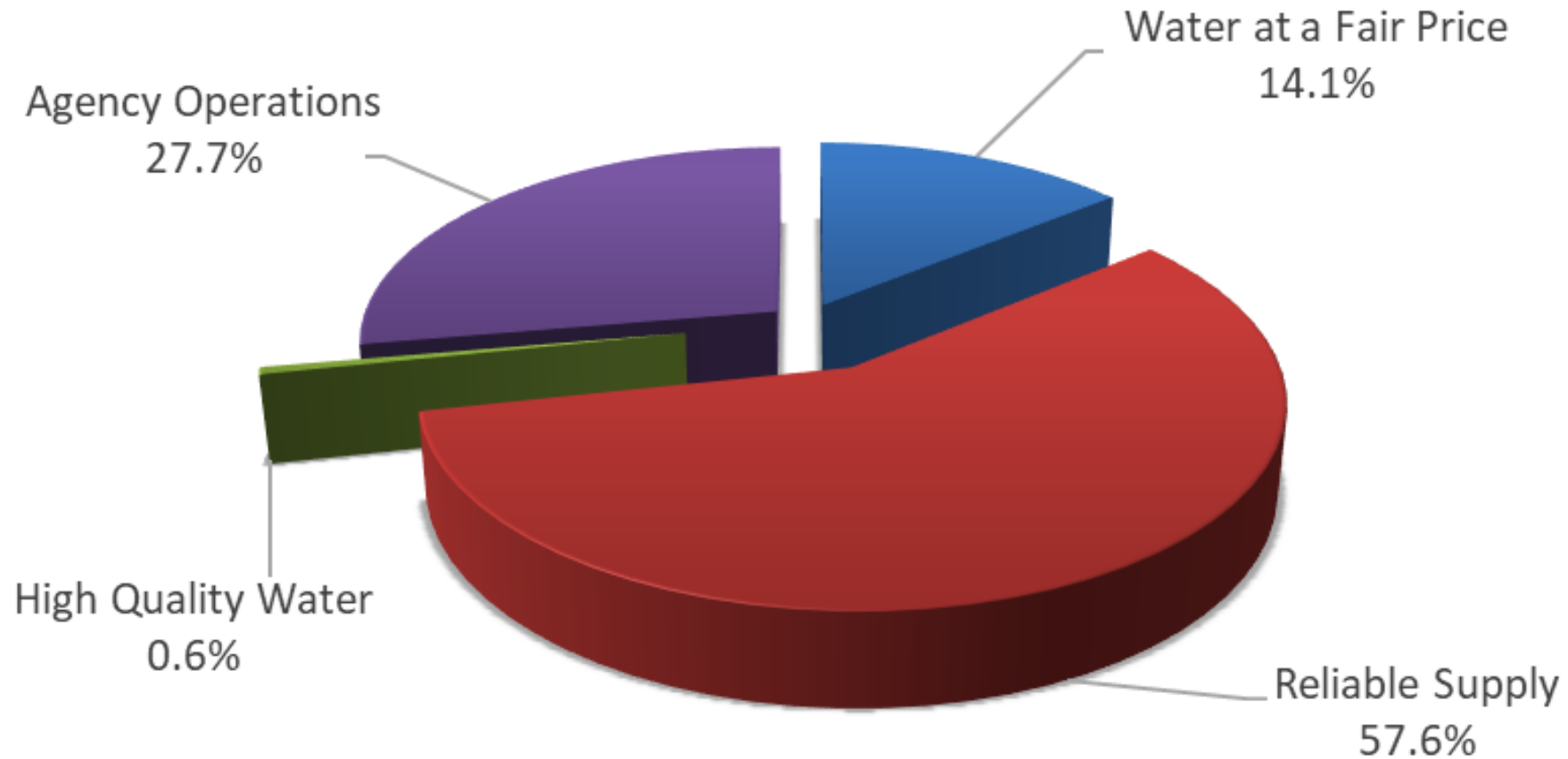
FY 2026-27: Initial Budget Considerations

- Operating budget continues to reflect implementation of water resources activities in support of current strategy
 - Implementation of BAWSCA's Core and Subscription conservation programs
 - Continued funding for ongoing approved projects
- Regional Water System reliability remains a critical Work Plan task
 - WSIP, CIP, and Asset Management oversight
 - Ensuring SF meets its legal and contractual water supply obligations
- Sustained level of effort for Phase I Bay Delta Plan and FERC
- CEO to examine forecast for end of year spending to understand impact on year-end General Reserve balance

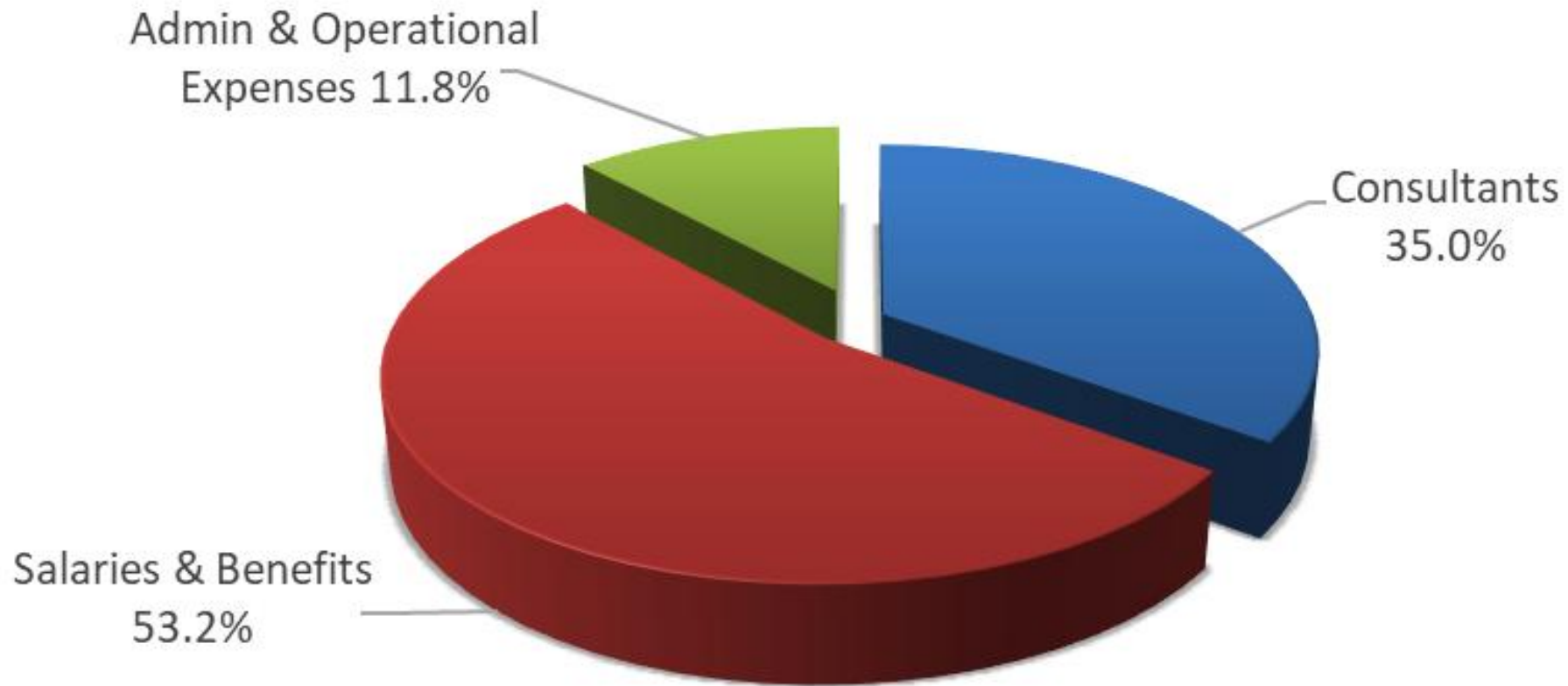
Preliminary Operating Budget and Funding Considerations

- BAWSCA's primary source of funding is its assessments on member agencies as provided for in its enabling legislation (AB 2058)
- 2.3% assessment increase was adopted to fund the approved FY 2025-26 Operating Budget
 - BAWSCA FY 2025-26 Operating Budget \$5,547,732
 - BAWSCA FY 2025-26 Assessments \$5,395,709

How is the FY 2026-27 Preliminary Budget of \$5.341M Applied to Agency Goals?



What Resources Does the FY 2026-27 Preliminary Budget of \$5.34M Purchase?



Considerations for Funding the Operating Budget

- Assessments on member agencies are BAWSCA's primary source of funding per AB 2058
- Four principles used historically by BAWSCA in considering how to fund the Operating Budget
 - Budget sufficient resources to achieve the desired Work Plan results.
 - Spend only what is needed to achieve the results.
 - Apply incremental and prudent increases in assessments as necessary.
 - Maintain a prudent General Reserve balance within Board guidelines (20%-35% of budget).
- No assessment increase is required to fund proposed FY 2026-27 Operating Budget
 - BAWSCA FY 2026-27 Operating Budget \$5,340,828
 - BAWSCA FY 2026-27 Assessments \$5,395,709
- Strategy 2050 Project is funded by the Water Management Charge in place from 2024 through March 2026
 - All outside costs for the project funded by the Charge
 - Staff hours shown above include hours spent on Strategy 2050

Four Funding Options Analyzed for Preliminary Operating Budget of \$5,340,828

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

Preliminary Work Plan and Budget Enables BAWSCA to Meet its Goal and Provide Significant Cost Value and Savings to Customers

- Preliminary 2026-27 Work Plan will enable BAWSCA to meet its legislative obligations and agency goal elements
 - BAWSCA was formed to protect the health, safety and economic well-being of the water customers outside of SF that depend on the Regional Water System
 - BAWSCA's goal is to ensure a reliable supply of high-quality water at a fair price for these water customers
- BAWSCA provides significant cost value and savings to water customers
 - BAWSCA's review of WRR has saved water customers over \$50M since 2001-02
 - BAWSCA's bonds, including the 2023 refunding, will save water customers \$89.4M over term of bonds
 - Estimated cost of preliminary Work Plan and Operating Budget to water customers is \$2.83 per person annually.

Next Steps

- Feedback from today will be incorporated into the Proposed FY 2026-27 Work Plan & Operating Budget
- April BPC Meeting: Proposed FY 2026-27 Work Plan and Operating Budget presented for further discussion
- May Board Meeting: Recommended Action

Wholesale Water Rate Setting in Accordance with the Water Supply Agreement



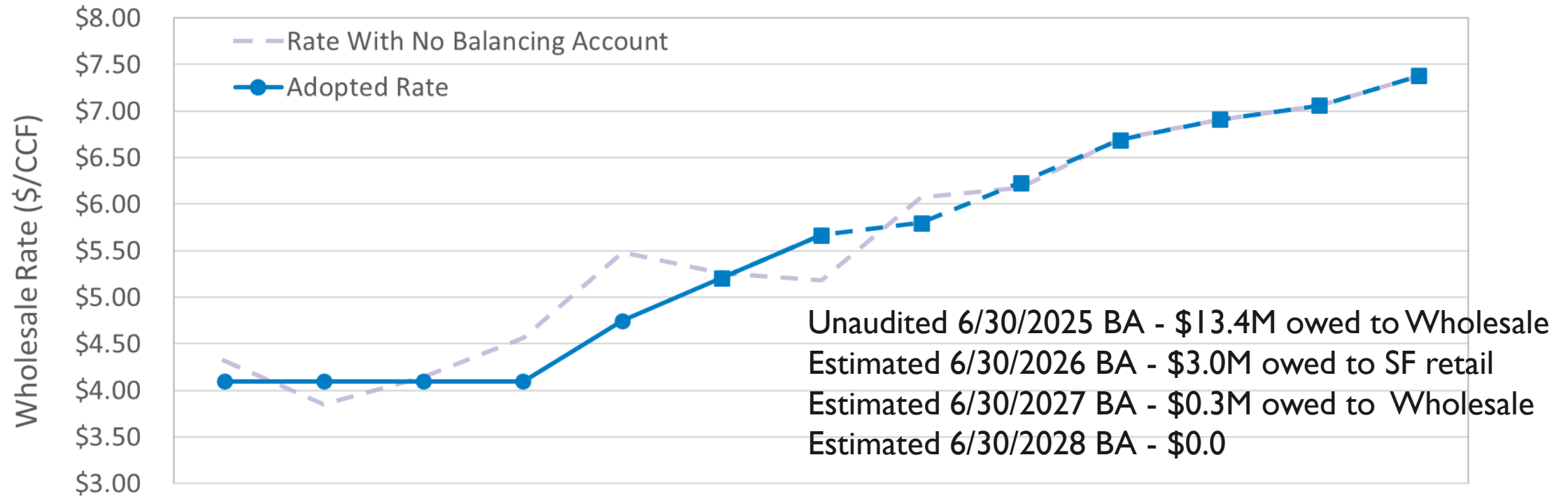
L. Ash, 2017

Wholesale Water Rates Are Established per WSA Article 6

- Wholesale Water Rate =
$$\frac{\text{Estimated WRR} - \text{Fixed Fee} \pm \text{Balancing Account}}{\text{Estimated Wholesale Water Use}}$$
- WRR is an annual amount due from Wholesale Customers to SFPUC (WSA Article 5)
 - Actual costs incurred during each fiscal year
 - Cost classification assigned
 - Water usage by City retail and Wholesale Customers
- Balancing Account serves as a true up mechanism between estimated and actual WRR
 - Balance in the Balancing Account is considered in rate settings
- Water use assumption is based on YTD actuals and the agencies own projections

$$\text{FY 2025-26 water rate: } \$5.80/\text{ccf} = \frac{\$375.9 \text{ million} - \$5.1 \text{ million} - \$1.6 \text{ million}}{131.3 \text{ mgd}}$$

Balancing Account Used to Smooth Wholesale Rates



	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Adopted / Forecasted Rates	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.75	\$ 5.21	\$ 5.67	\$ 5.80	\$ 6.23	\$ 6.69	\$ 6.91	\$ 7.06	\$ 7.38
Rate Change	0.0%	0.0%	0.0%	0.0%	15.9%	9.7%	8.8%	2.3%	7.4%	7.4%	3.3%	2.2%	4.5%
Rate w/o Balancing Account	\$ 4.32	\$ 3.85	\$ 4.14	\$ 4.56	\$ 5.48	\$ 5.26	\$ 5.18	\$ 6.13	\$ 6.18	\$ 6.70	\$ 6.91	\$ 7.06	\$ 7.38

BAWSCA's Auditing Role (WSA Section 7.06 & Section 8.04)

- Wholesale Customers delegate authority to BAWSCA to conduct an auditing review
 - SF's calculation of the annual WRR and changes in the Balancing Account
 - Within 60 days after the date the Compliance Auditor's report is issued
 - Within 12 months, an arbitration for any issues not being resolved shall be submitted
- BAWSCA reviews the WRR calculation based on cost classification
 - Power: Wholesale Customers pay \$0
 - Water: Wholesale Customers pay approx. 2/3 of all costs (in proportion to water use)
 - Joint: Costs allocated 45% to Water and 55% to Power (Wholesale share is approx. 30%)
- Fundamental cost allocation principles
 - Wholesale Customers should not pay for Power or Wastewater programs/facilities
 - Wholesale Customers should not pay for Water programs/facilities that benefit only SF retail
 - Wholesale Customers and City retail customers should both pay for costs of the RWS
 - based on their proportionate annual use of water delivered by the RWS

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

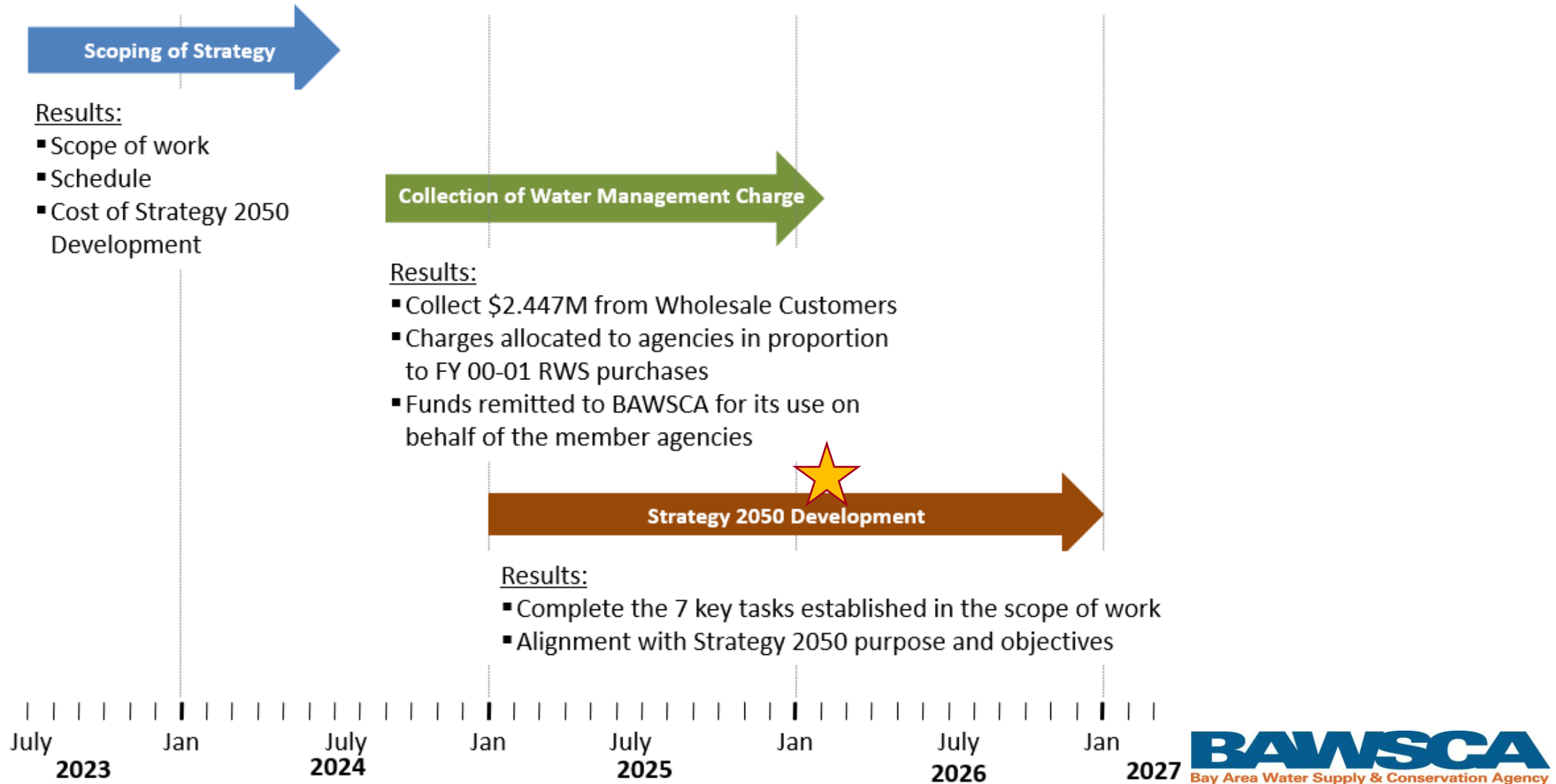
- Wholesale Water Rate =
$$\frac{\text{Estimated Wholesale Revenue Requirement} - \text{Fixed Fee} \pm \text{Balancing Account}}{\text{Estimated Wholesale Volumes}}$$
- FY 2026-27 Projected Wholesale Water Rate
$$\frac{\$380.3 \text{ million} - \$5.4 \text{ million} + \$3.0 \text{ million}}{125.7 \text{ MGD}} = \$6.23/\text{ccf}$$
- FY 2026-27 Rate Increase = 7.4%
- Factors driving rate increase:
 - Reduction in projected water sales
 - Shift in balancing account owed to Wholesale Customers to amount owed to SF Retail
 - Growth in Operating and Debt Service costs

BAWSCA's Strategy 2050 First Year Accomplishments and Affordability Program Update



BAWSCA 2018

BAWSCA Long-Term Reliable Water Supply Strategy 2050 On Schedule



Strategy 2050 Objectives

Purpose – *To identify the water supply management needs and opportunities for the BAWSCA region and establish a framework to collectively support water reliability and resilience.*

Objectives align with BAWSCA's goal to ensure a reliable supply of high-quality water at a fair price

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 interests 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.



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



2025 Accomplishments

1. Built Foundational Analytics & Planning Tools

- Completed regional demand projections and initiated risk/scenario analysis
- Advanced over 70+ Projects & Actions (P&As) for evaluation
- Enhanced regional groundwater and reliability models

2. Strengthened Regional Coordination & Preparedness

- Evaluated emergency preparedness risks and tools
- Developed intertie schematic across agencies
- Initiated Decision Support Tool for comparing portfolios

3. Advanced Regulatory & Policy Readiness

- Assessed impacts of emerging regulations
- Established frameworks for regional regulatory coordination
- Began mapping key water quality constituents

4. Expanded Regional Collaboration & Engagement

- Hosted workshops, roundtables, and board engagements
- Increased coordination with agencies, partners, and stakeholders

5. Developed Funding & Implementation Pathways

- Identified regional funding strategies and advocacy approaches
- Created framework for Grant Subscription Program
- Tracked funding opportunities

6. Integrated Affordability into Planning

- Evaluated affordability for typical and low-income households
- Established framework to incorporate affordability into decisions
- Identified programs to support customer affordability

Strategy 2050 Near-Term Goals Completed

- 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.
 - Created a schematic inventory of existing interties 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.
 - Integrated affordability into reliability planning. Analyzed current affordability throughout the BAWSCA region to evaluate how it can change with potential projects and actions (P&As) through Strategy 2050.

Affordability Assessment Overview

Purpose

- Evaluate different rate assistance programs by other agencies, ensuring compliance with Proposition 218
- Provide recommendation on potential programs or models to implement on a local or regional scale

Customer Assistance Programs (CAPS)

Utilities nationwide use a range of program types to help low-income customers pay their water and sewer bills. Programs are often used in combination.

Bill Discount



Reduces a customer's bill for households with annual income below a set threshold (% of poverty rate)

Flexible Terms



Alternative payment schedules, levelized billing, and arrearage forgiveness.

Lifeline Rate



A fixed volume of water provided free or at significant discount to cover basic drinking water and hygiene needs

Temporary Assistance



Short-term or one-time help to prevent or restore disconnection due to unexpected hardship

Water Efficiency



Subsidizes leak repairs and WaterSense rebates to reduce household bills and usage

Proposition 218 prohibits public water utilities from using ratepayer revenue to fund CAPs. Funding must come from non-ratepayer sources (grants, donations, municipal revenues, land leases, late fees).

CAPs in Practice: Local & National

Self-Certification of Eligibility

Seattle Public Utilities; Buffalo Sewer Authority

Applicants self-certify their income without third-party documentation (reported fraud levels are minimal)

Cross-Enroll with Existing Social Programs

Louisville & Jefferson County MSD; Detroit Water & Sewerage Dept.

Households already in LIHEAP, SNAP, Medicaid, or Section 8 auto-qualify with no separate application needed

Restructure Rates to Reduce Fixed Charges

City of Raleigh Public Utilities

Lower fixed charges and higher volumetric rates help low-volume users without requiring income-based subsidies or raising Prop. 218 issues

Build a Unified Benefits Platform

Los Angeles Dept. of Water & Power

Angeleno Connect centralizes all city assistance programs on one platform, delivered through a single debit card

Adopt a Formal Lifeline Rate

Detroit Water & Sewerage Dept.

Fixed volume of water provided free or at deep discount for low-income households

Partnership with Nonprofits

Santa Clara Valley Water District

Water Rate Assistance Program, partnership with Sacred Heart Community Service

Use a Universal Application

Seattle Public Utilities

One form covers multiple city assistance programs (water, food, transit, and housing), simplifying the application process

Key Takeaways from Affordability Assessment

- Enrollment is a common barrier
 - Self-certification, cross-enrollment, and simplified applications can increase participation
- Combining program types and/or nonprofit partnerships can expand both reach and funding
- Prop. 218 limits CA public utilities to non-ratepayer sources
- Monitor federal funding (Low Income Home Water Assistance Program - LIHWAP)

Board Engagement will be Important throughout the Development of Strategy 2050

- Input received at the 2025 WMR workshops and Board meetings were pivotal in the progress made in the development of the Strategy 2050 thus far.
- To ensure continued collaboration and input throughout the development of Strategy 2050, BAWSCA has prepared a schedule identifying key milestones and opportunities for Board and WMR engagement.
 - Three workshops are scheduled to take place in 2026.
 - Workshop topics align to key milestones in strategy 2050 development.

BAWSCA Board and Water Management Representatives Workshop Schedule for 2026

Spring
2026

- **Review Emergency Planning and Response Framework** - Discuss work related to emergency preparedness, including assessment of regional risks, existing emergency preparedness tools, and opportunities to strengthen coordination among BAWSCA member agencies.

Summer
2026

- **Discuss Portfolio Development of Projects & Actions (P&As)** - Discuss the development of portfolios of potential P&As to pursue through Strategy 2050, including how these efforts align with broader water management activities.

Fall 2026

- **Discuss the Role of BAWSCA in the Development of Projects & Actions-** The P&As identified through Strategy 2050 will be integrated into an interactive DST to provide further capability to adjust assumptions and prioritize alternatives. The Workshop will be an opportunity to determine BAWSCA's role in implementation of these P&As and further understand the DST tool and its capabilities.

CEO Report



BAWSCA 2018

Bay-Delta Plan and FERC Process Update (1 of 2)

- **Bay-Delta Plan Phase 1 (San Joaquin tributaries including the Tuolumne River)**
 - The State Water Board continues the development of a 2nd draft of their draft Scientific Basis Report (SBR) for the Tuolumne River Healthy Rivers and Landscape Plan
 - The subsequent 2nd draft SBR will be provided for peer-review – likely in the first half 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 will potentially occur in the coming months
- **Bay-Delta Plan Phase 2 (Sacramento System)**
 - Revised draft updates to the Phase 2 Bay-Delta Plan were released on Dec. 12th
 - Hearings were held on Jan. 28-30, 2026, to take public comments. Written comments were received on Feb. 2, 2026 (BAWSCA did not comment; the SFPUC commented via the SJTA)

Bay-Delta Plan and FERC Process Update (2 of 2)

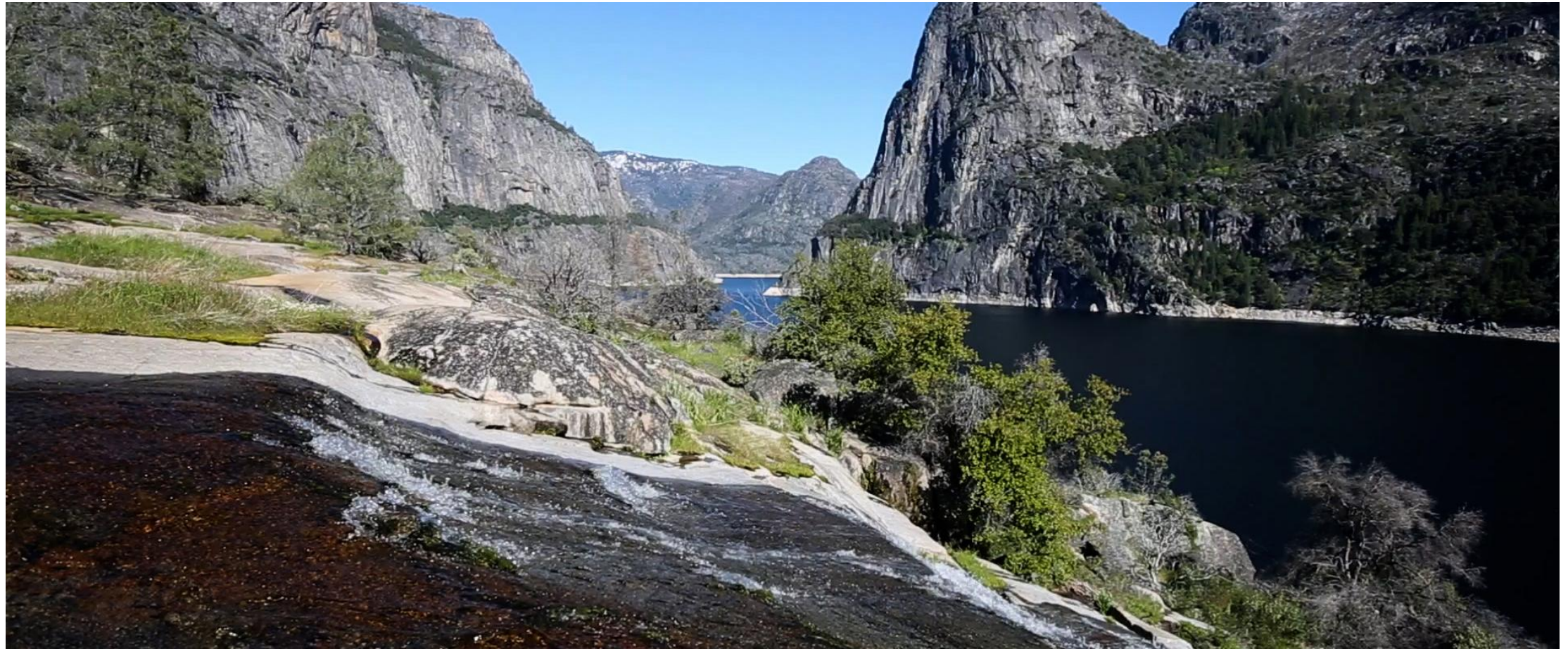
- **California Legislative Analysts' Office (LAO)**
 - On March 18, 2028, the LAO released a report entitled “The Bay-Delta Plan and Voluntary Agreements: Ensuring Effective Legislative Oversight”
 - The report provides recommendations for legislative oversight of proposed HRL Plans
 - BAWSCA is reviewing the report, as is the SFPUC
- **Litigation**
 - On March 2, 2026, BAWSCA filed its opening brief in the appeal challenging the March 15, 2024, decision in the State Water Board Cases
- **FERC Update**
 - CEQA review for the CWA 401 Certification associated with licensing at Don Pedro and La Grange is ongoing

CLOSED SESSION



BAWSCA 2018

Report from Closed Session



BAWSCA 2018

Additional Time for Public Comments – If Time Permits



BAWSCA 2018

Directors' Discussion



Sandkulla, 2023

Next Meeting and Adjournment

Next Meeting

May 21, 2026
6:30 pm

Burlingame Community Center