

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

ALTERNATIVE WATER SUPPLY ANNUAL PROGRESS REPORT 2025-2026



Table of Contents

Report Overview and Organization	3
Section 1: AWS Program and Plan Background	4
1.1 Water Supply Availability	5
1.2 SFPUC Obligations and Demands	5
1.3 AWS Projects & Recommendations	5
1.4 Local Water Supply Projects	7
1.5 San Joaquin Valley & Upcountry Projects	9
Section 2: Program Highlights and Updates	10
2.1 Progress on AWS Plan Recommendations	10
2.2 Financial Update	12
Section 3: Update to AWS Projects.....	14
3.1 Active Projects	14
3.2 Deferred or Canceled Projects	22
3.3 Looking Ahead	22

Pictured on the cover is Crystal Springs Reservoir (2025).

Report Overview and Organization

This Annual Progress Report summarizes AWS project and planning activities that took place between July 2025 and June 2026.

The AWS Program provides a framework to address water supply vulnerabilities and uncertainties such as changing regulatory conditions and climate change that affect retail and wholesale customers of the Regional Water System. Staff have been reporting regularly on the status of the AWS Program since its inception in 2019. In February 2024 the AWS Plan was published, laying out a roadmap for the program based on current information as of the time of its preparation. As planned, a significant update to the 2024 AWS Plan is expected to begin in FY 2026-2027 as more updates are available on regional demands and supply availability. This report is organized in three sections.

Section 1 (AWS Program and Plan Background) includes a brief introduction to the AWS Program to provide relevant context to support the information in Sections 2 and 3. For a more complete description of the AWS Program guidance and priorities, readers are encouraged to review the AWS Plan in its entirety, which can be found online at www.sfpuc.gov/awsplan.

Section 2 (Program Highlights and Updates) provides an update on the recommendations that were included in the AWS Plan, programmatic updates, and financial updates for the period between **July 2025 and June 2026**.

Section 3 (Update to AWS Projects) describes project-specific updates within the reporting year, including achievements on AWS projects, financial expenditures, and planned future activities.





Section 1: AWS Program and Plan Background

The SFPUC depends on the Tuolumne River watershed for about 85% of the drinking water it delivers to over 2.7 million retail and wholesale customers. That reliance on one watershed has increasingly become the biggest water supply vulnerability for the SFPUC due to three main factors. First, the SFPUC's water rights on the Tuolumne River are junior to those of the Modesto and Turlock Irrigation Districts (the Districts). In wet years, there is enough water for all. In dry years, however, the Districts are entitled to take their full share first, and very little of the natural river flow may be left for the SFPUC's Regional Water System (RWS). Second, climate change is shrinking the Sierra snowpack and shifting when runoff arrives, so the SFPUC cannot count on historic patterns to refill reservoirs. Droughts more often and lasting longer than they did a generation ago. Third, in 2018 the State Water Resources Control Board adopted the San Francisco Bay/Sacramento-San Joaquin Delta Estuary Water Quality Control Plan (Bay-Delta Plan Amendment). It has not yet been implemented, but if it is implemented as adopted, the new instream flow requirements on the Tuolumne River would significantly reduce water available to the RWS, which has an outsized impact on the SFPUC's water supply reliability due to the factors described above.

Demand management and supply diversification have been SFPUC priorities for decades. Under the Water System Improvement Program (WSIP), the Regional Groundwater Storage and Recovery Project (RGSR) will enable the SFPUC to bank groundwater in wet years for use in dry years. In the retail service area, the SFPUC has invested hundreds of millions of dollars in conservation, local groundwater, recycled water, and onsite water reuse to reduce demand on RWS supplies and stretch every drop further. At the same time, several of the dry-year supplies that the SFPUC originally anticipated under WSIP are delivering less than planned. RGSR's expected yield is below the volumes assumed when the program was designed. Dry-year water transfers with the Districts did not materialize. And the Alameda Creek Recapture Project and Lower Crystal Springs Dam Improvements Project face operating constraints that result in less available water supply through WSIP than originally anticipated. The combination of WSIP dry year supply developments, deeper recent droughts, and looming Bay-Delta Plan Amendment requirements resulted in the SFPUC formalizing the AWS Program in 2019 to address the increasing water supply vulnerabilities and uncertainties.

1.1 Water Supply Availability

As detailed in the 2024 AWS Plan, the SFPUC's water supply planning methodology for dry-year conditions estimates the total system yield (or water availability), which includes direct water supply from the Regional Water System, with WSIP projects implemented, and the estimated rationing that would address a portion of demands during droughts. While there are other drivers that may limit water supply in the future, instream flow requirements associated with Bay-Delta Plan Amendment could have the most pronounced impact on water availability for the 2045 planning horizon and beyond. These new instream flow requirements result in a projected water availability in dry years (expressed as total system yield) of 152 MGD.

1.2 SFPUC Obligations and Demands

The SFPUC has a legal and contractual obligation to deliver up to 184 MGD annually (Supply Assurance) to 24 of the 26 wholesale customers represented by the Bay Area Water Supply and Conservation Agency (BAWSCA). The Water Supply Agreement between the SFPUC and its customers carries forward the Supply Assurance, which is perpetual and survives the expiration of the agreement. Customers who are included in the Supply Assurance are referred to as Wholesale Customers. San Jose and Santa Clara are the two customers who are provided water on an interruptible basis. In accordance with the Water Supply Agreement, the Commission will have to make a policy decision by December 31, 2028 on whether to provide a permanent water supply to the two cities.

In addition to wholesale obligations, the SFPUC provides an allocation of up to 81 MGD (Retail Allocation) to customers in San Francisco and suburban retail customers (Retail Customers). The combined Supply Assurance and Retail Allocation (265 MGD) along with the consideration to make San Jose and Santa Clara permanent customers (9 MGD) are current and potential future obligation drivers that affect what the SFPUC has to plan for in its long-term water supply planning.

Customer projected demands for 2045 reflected in the AWS Plan were from the SFPUC 2020 Urban Water Management Plan, adjusted for changes to the Non-Potable Ordinance in 2021 (retail demand) and the FY 2021-2022 BAWSCA Annual Survey (wholesale demand). Since then, the SFPUC has prepared the 2025 Urban Water Management Plan. Additionally, BAWSCA has published its FY 2024-2025 Annual Survey (March 2026), which includes minor updates to the 2045 demand projections since the AWS Plan was published. Updated demands prepared for the 2025 Urban Water Management Plan also included the development of two additional demand scenarios. Changes to demands and demand scenarios through 2050 will be reflected in the next AWS Plan Update, which is scheduled to begin in FY 2026-2027.

1.3 AWS Projects & Recommendations

Negotiations with the State on the Bay-Delta Plan Amendment are ongoing, but the updated demands prepared for the 2025 Urban Water Management Plan and additional demand scenarios are lower than those assumed in the 2024 AWS Plan. Obligations through the Supply Assurance and Retail Allocation, and the policy decision before the Commission regarding the interruptible status of San Jose and Santa Clara remain unchanged.

Section 1 – AWS Program and Plan Background

The 2024 AWS Plan described the six AWS Projects that the SFPUC was evaluating to partially address the projected water supply gap anticipated at the time. The AWS Projects included two storage expansion projects with associated conveyance (and supply, if needed), one recycled water project that increased the availability of potable groundwater in dry years, and three purified recycled water projects that would provide a new source of supply, including in dry years. Based on 2024 planning estimates, these projects were expected to augment supplies from 19.5 MGD to 48 MGD in future dry years. Increases in supply were also expected to result in corresponding increases in rationing.

In addition to the six AWS Plan projects, the SFPUC identified a range of water supply options such as groundwater banking in the upcountry watershed. These efforts are grouped as the San Joaquin Valley & Upcountry Projects.



The AWS Plan recommendations were based on a need to approach the water supply gap through three categories of actions: 1) avoid widening the gap by continued support for projects that are already being implemented; 2) fill the water supply gap with new drought-resistant supplies; and 3) encourage demand reduction or supply management actions that result in a smaller gap. Because no single approach will provide a solution, the SFPUC is focused on making progress toward each of these three objectives as it continues to implement the AWS Program. Section 2 discusses the progress made on the three key objectives.

Section 1 – AWS Program and Plan Background

1.4 Local Water Supply Projects

The SFPUC implements new projects and initiatives in its retail service area that can offset future retail purchases from the RWS, thereby helping to reduce the water supply gap. These projects supplement the SFPUC's robust efforts in conservation, non-potable water reuse (both centralized and decentralized), and local and regional groundwater that have been underway for many years. The SFPUC has implemented conservation programs to minimize both indoor and outdoor retail water demands, resulting in an average residential indoor and outdoor water consumption rate of 43 gallons per person per day.

The San Francisco Groundwater Supply Project has been underway to provide 4 MGD of local supply before 2045. However, to fully realize this water supply benefit, new treatment will be required to address organic compounds that were detected at three locations. Funding of \$17.6 million was allocated in the FY 27-36 CIP. Planning for the treatment project is underway.

PureWaterSF is a project that envisions providing a new, local drinking water supply in San Francisco by treating recycled water from the Oceanside and Southeast Treatment Plants. In 2020, the SFPUC successfully completed a small-scale research and demonstration purified recycled water project at its headquarters. With limited opportunities for large non-potable applications remaining in San Francisco, the SFPUC has evaluated the maximum potential for recycling water for drinking or producing purified recycled water that can be blended in San Francisco's drinking water reservoirs consistent with draft regulations that were being developed by the State Water Resources Control Board at the time. The final regulations were adopted and took effect in 2024.

This fiscal year, the SFPUC applied findings from previous internal focus groups and surveys from peer water utilities to develop and conduct the first citywide public opinion research on purified recycled water. The work was comprised of phone and digital surveys and focus groups. Through this effort, the SFPUC gained an understanding of San Franciscans' current, or baseline, knowledge of attitudes towards purified recycled water. The results will inform an outreach and public engagement plan, which would be adjusted iteratively as public opinion research is repeated every few years. The SFPUC has presented and will continue to present this work internally and to other water reuse practitioners.

In addition to outreach and knowledge sharing, the SFPUC has also made headway in capital and facility planning. The SFPUC property at 1990 Newcomb Avenue, the current site of the San Francisco Water Division (formerly known as the City Distribution Division) offices and yard, is planned as the future home of a demonstration, training, and outreach facility known as the **Purified Recycled Water Research, Operator Training, and Outreach Facility**, or "PROOF." This facility is a necessary step to support future implementation of a full-scale facility, known as PureWaterSF East, which will eventually serve purified recycled water to the east side of San Francisco. A joint Needs Assessment Report and Alternatives Analysis Report for PureWaterSF East were initiated this fiscal year. Identification of a similar site on the west side of San Francisco for PureWaterSF West is ongoing.

The Water Resources Division's **Innovations Program** encourages testing of forward-thinking ideas. The SFPUC partners with the community, industry, developers, technology vendors, and others who play key roles in ensuring the long-term sustainability of San Francisco. Water Innovation fits in with

Section 1 – AWS Program and Plan Background

the SFPUC's OneWaterSF approach. Included in the Innovations Program are the development of new technologies and initiatives to demonstrate the feasibility of atmospheric water generation technology, wastewater heat recovery in onsite non-potable systems, expanded leak detection, and breweries treating process water for reuse. The SFPUC is also focused on developing new projects and opportunities for partnerships.

San Francisco's **Onsite Water Reuse Program** allows for the collection, treatment, and use of alternate water sources for non-potable applications in individual buildings and at the district-scale through the installation and operation of an Onsite Treated Non-potable Water System (OTNWS). Additionally, San Francisco's Non-potable Water Ordinance (NPO) requires new developments of 100,000 square feet or more to install and operate an OTNWS. The required alternate water sources and required non-potable uses are based on development project type (e.g. commercial vs. residential). The SFPUC also administers the **Onsite Water Reuse Grant Program** to provide grant funding for projects installing and operating an OTNWS on a voluntary basis and for mandatory projects installing an OTNWS that generates potable water offsets above and beyond baseline NPO compliance.



Stormwater Capture & Reuse focuses on the collection and harvest of stormwater and rainwater for reuse. Many properties that fall under the SFPUC city-wide mandates for new construction, which aim to manage stormwater runoff prior to discharge to the City storm system, utilize the 'capture and reuse' of stormwater and rainwater. Enacted in 2010, the **Stormwater Management Ordinance** requires new and redevelopment projects to manage stormwater runoff using green infrastructure, including rainwater collection and reuse, and to maintain that green infrastructure for the lifetime of the project. The SFPUC's Stormwater Management Program provides guidance on how to incorporate green infrastructure into the site's design.

Additionally, the Urban Watershed Planning Division administers incentive-based grant programs to reduce stormwater runoff. Some of these grant programs include the Green Infrastructure Grant Program, Green Infrastructure Grants for Homes Program, Floodwater Management Grant Program, and Urban Watershed Stewardship Grant Program. Since the launch of the **Green Infrastructure Grant Program** in February 2019, the SFPUC has awarded \$32.7 million in grants to 33 projects. When

Section 1 – AWS Program and Plan Background

completed, the projects are designed to capture and divert about 19 million gallons of stormwater per year. The program has continued to see a steady level of interest, with an average of four new projects awarded and \$4.8 million in investments per year since the program's inception. The program funded new projects to transform local outdoor spaces, reduce flood risk, improve urban habitat, increase climate resilience, and improve coastal water quality.

Under the **Vista Grande Drainage Basin Improvement Project**, the SFPUC is coordinating with the City of Daly City to divert stormwater from the Vista Grande Watershed to South Lake Merced. The project is aimed toward improving stormwater management, increasing lake levels, improving lake water quality, and restoring the Lake Merced Drainage Basin's natural hydrology.

1.5 San Joaquin Valley & Upcountry Projects

In addition to projects that are being implemented locally and regionally in the San Francisco Bay Area, the SFPUC is also exploring projects that would extend the availability of existing surface water supplies from the Tuolumne River watershed under dry-year conditions. The following three projects are described in the AWS Plan and will continue to be updated as more information become available.

Groundwater Banking in the Modesto Irrigation District and Turlock Irrigation District service areas could be used to provide some additional water supply to meet instream releases in dry years reducing water supply impacts to the SFPUC service area. For example, additional surface water could be provided to irrigators in wet years, which would offset the use of groundwater, thereby allowing the groundwater to remain in the basin rather than be used. The groundwater that remains in the basin can then be used in a subsequent dry year for irrigation, freeing up surface water that would have otherwise been delivered to irrigators to meet instream flow requirements.

Inter-Basin Collaborations could include establishing a partnership between interests on the Tuolumne River and those on the Stanislaus River, which would allow responsibility for streamflow to be assigned variably based on the annual hydrology. The Tuolumne system tends to spill more excess flow in wetter years than the Stanislaus, and this excess flow could be shaped and credited to meet Stanislaus system requirements, while New Melones Reservoir in the Stanislaus system is refilling. Then the stored water could be partially used to provide required streamflow to meet Stanislaus and Tuolumne requirements in future dry years.

Dry-Year Transfers have long been pursued by the SFPUC. During the planning and implementation of the Phased Water System Improvement Program, the SFPUC pursued a long-term agreement to transfer 2 MGD from Modesto Irrigation District in dry years only. The negotiations were terminated in 2012. Subsequently, the SFPUC initiated some discussions with Oakdale Irrigation District to secure a similar dry year transfer. While no transfer has been secured to date, the SFPUC continues to engage in discussions with partners to explore potential transfer opportunities on the Tuolumne River and throughout the San Joaquin Valley.

Section 2 – AWS Program Highlights and Updates



Section 2: Program Highlights and Updates

Section 2 presents the AWS program’s accomplishments and key milestones achieved throughout the 2025-2026 reporting period and the anticipated next steps.

2.1 Progress on AWS Plan Recommendations

The AWS Plan recognizes the potential for a significant future water supply gap and has identified recommendations that aim to (1) avoid widening the water supply gap, (2) fill the water supply gap, and (3) reduce the water supply gap. **Table 1** lists the 15 recommendations outlined in Chapter 6 of the AWS Plan along with a status update.

Table 1. Current State of Each AWS Plan Recommendation

Recommendation	Current Status
1. Support funding in the FY 2025-2034 CIP to evaluate alternatives for additional treatment, infrastructure, and associated staffing needed to achieve 6.2 MGD of dry-year supply by 2045 from the Regional Groundwater Storage and Recovery project. Staffing needs will be re-evaluated in a future CIP development process.	The project team commenced work on the existing conditions assessment and project needs definition.
2. Include the Phase 2 re-design of the Alameda Creek Recapture Project as a new project in the FY 2025-2034 CIP.	The project is in planning and has not started construction yet.
3. Continue reporting progress on negotiations related to the Proposed Voluntary Agreement [now referred to as Agreements to Support Healthy Rivers and Landscapes] and potential transfers and projects in the San Joaquin Valley that could contribute to instream flow releases. Identify resource and funding needs, as and when appropriate. No new funding or additional resources are needed to support this recommendation.	Update will be included in the next AWS Plan.

Section 2 – AWS Program Highlights and Updates

Recommendation	Current Status
4. Provide updates to the AWS Plan, beginning in FY 2026-2027 and periodically thereafter, to align with AWS Project milestones, changes to regulatory requirements, and CIP planning. No new funding or resource allocation for this effort is anticipated.	Update to the AWS Plan will begin in FY 2026-2027.
5. Based on its assessment in 2024, the SFPUC will develop 1-2 additional demand scenarios for the retail service area including a sensitivity analysis as appropriate to understand the key inputs driving changes in demand. Past projections should be compared to actual deliveries to calibrate the new demand scenario(s). Staff should also collaborate closely with BAWSCA in this effort to track retail and wholesale assumptions.	Two additional demand scenarios were included in the 2025 Urban Water Management Plan and will be used to inform the next AWS Plan Update.
6. Evaluate infrastructure and operational needs and estimate any additional funding necessary to achieve 4 MGD of dry-year supply by 2045 from the San Francisco Groundwater Supply Project, which is a retail project in San Francisco.	Funding approved. Status on the SF Groundwater Supply Project is included in Section 1.
7. Following the development of a water supply strategy, AWS staff will recommend whether to approve participation in the LVE Project before scheduled financial closing in 2024. Based on feasibility analysis to date and in anticipation of a positive staff recommendation, support the SFPUC's share of funding for the full implementation of the LVE Project. Participation in the LVE Project will also require continued planning for two companion projects: Conveyance Alternatives for LVE and Supply Alternatives for LVE.	The Los Vaqueros Expansion Project was canceled.
8. Continue developing terms of agreement with project partners and prospective recycled water customers. Assuming that terms of agreement will be reached, support funding for completion for final design and construction of the Daly City Recycled Water Expansion Project in the FY 2025-2034 CIP.	The Daly City Recycled Water Expansion Project has been deferred.
9. Include the South Bay Purified Water Project as a new project with funding support through 10% design and environmental review in the FY 2025-2034 CIP. This project supports the evaluation needed to help the SFPUC Commission make a decision regarding the permanent status for the Cities of San Jose and Santa Clara.	Project planning is underway, led by San Jose, Santa Clara, and Valley Water.

Section 2 – AWS Program Highlights and Updates

Recommendation	Current Status
10. Support funding in the FY 2025-2034 CIP to continue planning through environmental review and 10% design for the PureWater Peninsula and ACWD-USD Purified Water. Support the use of existing funds to continue planning through the Alternatives Analysis for the Calaveras Reservoir Expansion Project.	Funding approved for PureWater Peninsula. ACWD-USD Purified Water has been deferred.
11. Prioritize planning for operational integration by working with SFPUC operations staff. Support hiring an Operations Planning Manager to begin preparing for system integration, staffing, maintenance, and planning to support development of the AWS Program in the future.	There is currently no proposed budget related to this recommendation.
12. Support hiring a Purified Water Program Manager who will be responsible for tracking and ensuring compliance with new regulations, coordination with stakeholders, and establishing a technical advisory panel to support the successful demonstration and implementation of purified water projects within the AWS Program.	Funding approved.
13. Prioritize continued coordination with Finance to help track and address long-term project financing options and affordability.	Ongoing. There is no budget associated with this recommendation.
14. Support planning the technical analyses, demonstration, and outreach for PureWaterSF, a local supply project in the retail service area. This work will be supported by the new Purified Water Program Manager and no additional staffing would be needed to support this recommendation at this time.	Funding for initial planning approved. Status on the PureWaterSF Project is included in Section 1.
15. In partnership with BAWSCA, explore the feasibility of a grant program to support local projects that reduce demands on the RWS. No funding or additional resources are needed for this effort at this time.	Ongoing coordination with BAWSCA and their Strategy 2050 for potential opportunities to support local projects.

2.2 Financial Update

In February 2026, the SFPUC adopted the 2-year Operating and Capital Budget for FY 2026-27 and FY 2027-28 and the 10-year Capital Plan for FY 2026-27 through FY 2035-36. The two-year budget focuses on affordability, responsible management, and sound investment.

Specific financial updates to AWS projects are as follows:

Section 2 – AWS Program Highlights and Updates

- **AWS Planning and Reporting** – Expenditures in this category include AWS Program development, feasibility studies, public outreach, strategic planning modeling and program reporting, and staff support (water quality, legal, environmental, water resources, and engineering).
- **PureWater Peninsula** – This is an active project where \$401,000 was spent in this reporting period. Refer to Section 3 for project updates.
- **South Bay Purified Water** – No expenditures in this reporting period.
- **ACWD-USD Purified Water** – The project was deferred, no funds were spent in this reporting period.
- **Calaveras Reservoir Expansion** – The project had been previously deferred, there are no significant expenditures in this project.
- **Daly City Recycled Water** – The project was deferred, no funds were spent in this reporting period.
- **Los Vaqueros Reservoir Expansion** – This project has been canceled.

Table 2 shows the dollars spent or encumbered on AWS projects from July 2025 to June 2026. Expenditures are rounded to the nearest thousand.

Table 2. Dollars Spent or Encumbered on Projects to Date

Project Name	Status	Total Spent in 2025-26
AWS Planning and Reporting	Active	\$570,000
PureWater Peninsula	Active	\$401,000
South Bay Purified Water	Active	\$0
ACWD-USD Purified Water	Deferred	\$0
Calaveras Reservoir Expansion	Deferred	<\$1,000
Daly City Recycled Water Project	Deferred	\$0
Los Vaqueros Expansion Group	Canceled	\$0
Total	-	\$971,000

Section 3: Update to AWS Projects

The AWS Plan identified six regional AWS projects that can address the future water supply gap and the priorities for this planning effort. Since the release of this plan in 2024, three projects have been deferred (Daly City Recycled Water Expansion, ACWD-USD Purified Water, and Calaveras Reservoir Expansion) and one project has been canceled (Los Vaqueros Reservoir Expansion). A map of the regional AWS projects is shown in **Figure 1**.

Beyond these AWS projects, there are additional regional and local efforts that can impact either the projected water supply availability or the demands on the RWS. While these efforts are not specifically part of the AWS Program, there are opportunities for collaboration in the San Joaquin Valley and local initiatives in San Francisco which are described in Sections 1.5 and 1.6.

3.1 Active Projects

The AWS Program is continuing to pursue the following projects:

- PureWater Peninsula
- South Bay Purified Water



Section 3 – Update to AWS Projects

Figure 2. Map of AWS Project Locations



LEGEND

- Existing RWS Pipeline
- Other Local Agency Pipeline
- - - Potential/Proposed Pipeline
- ★ Potential/Proposed Project Facility
- Water Treatment
- Potential New Outfall
- Wastewater Treatment

- 1 PureWater Peninsula Project
- 2 South Bay Purified Water Project

Note: All locations and sizes shown are approximate and represent the general vicinity for potential facilities. Light-shaded circles indicate project facilities associated with each project; they do not indicate project size or volume of water produced.

PureWater Peninsula

SFPUC Project Manager: YinLan Zhang

PROJECT DESCRIPTION

PureWater Peninsula can provide 6 MGD of water supply through reservoir water augmentation at Crystal Springs Reservoir, which is a facility of the RWS. A future phase of direct potable reuse through raw water augmentation or treated water augmentation to partner agencies is anticipated, but would not be led by the SFPUC. In the first phase, treated wastewater from Silicon Valley Clean Water would be conveyed to an advanced water treatment plant to produce purified recycled water that meets state and federal drinking water quality standards. The purified recycled water would then be delivered to Crystal Springs Reservoir and directly to water purveyors on the Peninsula. Purified recycled water that goes to Crystal Springs Reservoir would be blended with regional surface water supplies and treated again at Harry Tracy Water Treatment Plant. In addition to the SFPUC and Silicon Valley Clean Water who will participate in Phase 1, the City of San Mateo, Cal Water, Redwood City, Mid- Peninsula Water District and BAWSCA are also participating in the broader scope of the project. Initial feasibility analyses have been completed.



GENERAL PROJECT INFORMATION

Avg. Annual Supply	Availability	Supply Type	Local or Regional?	Capital Cost/Acre-Foot
6 MGD	All Years	Purified Water	Regional	\$1,868

PROJECT PARTNERS AND INTERESTS

SFPUC	Silicon Valley Clean Water & City of San Mateo
Increase dry-year supply reliability	Reduce Bay discharges
Cal Water	BAWSCA / Redwood City / Mid-Peninsula Water District
Develop local supplies	Increase dry-year supply

INSTITUTIONAL COMPLEXITY

SFPUC Only ☒ Multi-Party Partnership ☐

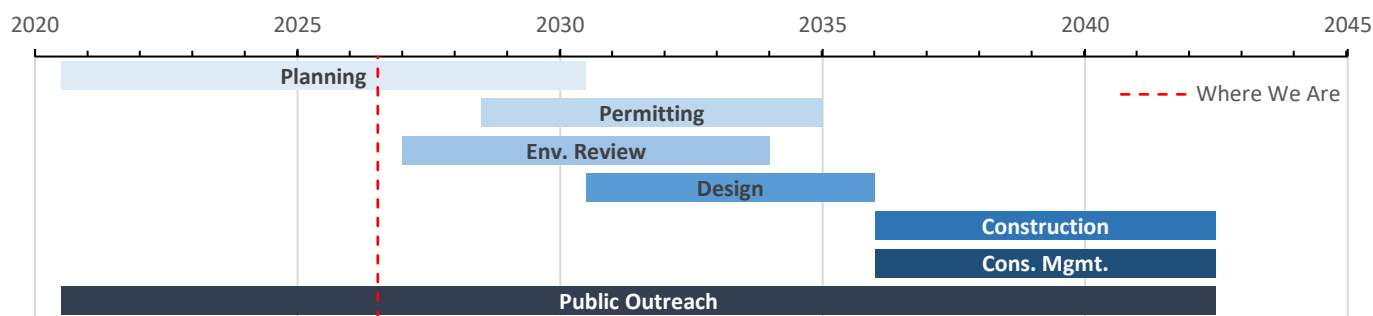
Institutional complexity is a relative measure that considers project service area, facilities ownership, number of project partners, cost share, and whether SFPUC is the construction and design lead.

TOTAL PROJECT COST (2023 DOLLARS)

Estimated Capital Cost	Estimated Annual O&M	10-Yr CIP Budget Allocation	Current Allocation
\$760M	TBD	\$116M	\$6.8M

SFPUC BUDGET INFORMATION

ESTIMATED PROJECT SCHEDULE (NOT A BASELINE SCHEDULE)



BENEFITS

- Reduces Bay discharges.
- Provides a new drought-resistant water supply

RISKS AND UNCERTAINTIES

- Operational and water quality challenges
- Water supply during non-drought years would impact operations and storage availability in the Regional Water System

PureWater Peninsula

Current Status – Planning



Current Planning Considerations

To evaluate the merits of the project to produce dry-year water supply, the SFPUC has focused on the following planning objectives this past year:

1. Implementing the project as a part of the SFPUC Water Enterprise Capital Plan.
2. Determine which ownership model for the advanced water treatment plant would benefit the SFPUC and SVCW and their stakeholders the most.
3. Obtaining a mobile demonstration trailer to initiate public outreach.

Activities Conducted this Past Year

At the end of FY 2024, the SFPUC decided to pursue a 6-mgd indirect potable reuse (IPR) reservoir augmentation project using only Silicon Valley Clean Water effluent. In FY 2025, the SFPUC Commission adopted the project as part of the 10-year capital plan, formally incorporating it into the Water Enterprise Capital Projects portfolio. Following capital project delivery procedures, SFPUC staff initiated a Needs Assessment Report (NAR), which is the first step of the SFPUC infrastructure planning process, and it is due for completion in September 2026. The NAR identifies the alternatives recommended for evaluation in the next phase of SFPUC's infrastructure planning process: the Alternatives Analysis Report (AAR). These recommended alternatives span treatment trains, post-treatment considerations, conveyance alignments, and potential connection points into Crystal Springs Reservoir.

California regulations for surface water augmentation projects require demonstration of purified recycled water compliance with blending and retention standards through hydrodynamic reservoir modeling, and that modeling process needs to be directed by a State Water Board approved Independent Advisory Panel. SFPUC staff initiated work this year to assemble an Independent Advisory Panel in preparation for the upcoming reservoir modeling efforts.

SFPUC staff also worked with SVCW on the purchase of a demonstration and piloting trailer from Clean Water Services in Oregon and continued discussions on the partnership agreement.

Section 3 – Update to AWS Projects

The Initial Strategic Outreach Plan for PureWater Peninsula recommended a demonstration pilot project or trailer as a key tool for public education and outreach; it gives community members first-hand exposure to the advanced treatment process and ability to taste the water to help build confidence and trust in the project. A pilot project also offers the added benefit of testing treatment technologies to inform the design of the full-scale facility. In late 2025, an opportunity arose to purchase a purified recycled water demonstration trailer from Clean Water Services, a wastewater utility in Hillsboro, Oregon. Purchasing this existing trailer, rather than commissioning a new one, provides significant cost savings for the project. After the project team assessed the trailer's condition, the purchase was approved. In the second half of 2026, the trailer will be transported from Oregon and set up at SVCW, where it will produce purified recycled water using the same effluent source planned for the full-scale advanced treatment plant. Outreach programming and water quality sampling will also be planned for later in 2026.

Ongoing discussions with SVCW about terms for the partnership agreement continued in FY 2025. The focus of the discussions is the ownership model for the advanced treatment plant. SFPUC and SVCW are evaluating different ownership models to find the most appropriate one for the project and fit each agency's operational needs.



Expenditures this year covered the consultant costs and staff time.

Upcoming Activities in 2026-2027

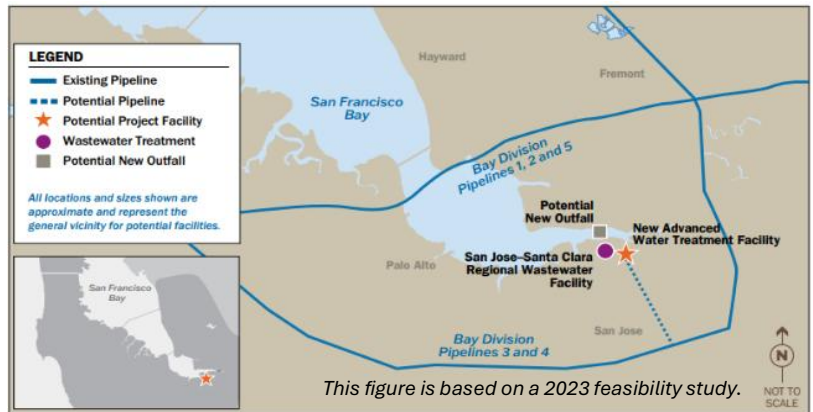
The SFPUC will initiate a task order for the Alternatives Analysis Report. The SFPUC and SVCW will work on setting up the demonstration and piloting trailer for public outreach and water quality sampling. The partners will also continue to evaluate ownership models for the advanced treatment plant and develop the partnership agreement.

South Bay Purified Water

SFPUC Project Manager: Fan Lau

PROJECT DESCRIPTION

The cities of San Jose and Santa Clara are developing a joint purified recycled water project that would serve the local demands of San Jose and Santa Clara during all types of water years, while also potentially supplementing Regional Water System supply in dry years. An initial concept for a 10-MGD advanced water treatment facility using source water from the San Jose-Santa Clara Regional Wastewater Facility was studied in partnership with SFPUC. This initial feasibility study was completed in July 2023. Since then, Valley Water has emerged as a key partner and the project has been rebranded as Pure Water Silicon Valley. The SFPUC continues to be peripherally involved and monitor the progress of this project. Project information here is based on the concept that was analyzed in the 2023 feasibility study and will be updated to reflect the project's regional benefits, still to be determined. Any cost-share by the SFPUC would be proportionate to the benefit accrued to all customers of the RWS.



GENERAL PROJECT INFORMATION

Avg. Annual Supply (based on 2023 feasibility study)	Availability	Supply Type	Local or Regional?	Capital Cost/Acre-Foot
3.5 MGD	Drought and All Years	Purified Recycled Water	Regional	\$1,264

PROJECT PARTNERS AND INTERESTS

SFPUC	City of San Jose, City of Santa Clara, and Valley Water
Increase dry-year supply reliability	Develop local supplies, increase all-year and dry-year supplies

INSTITUTIONAL COMPLEXITY

SFPUC Only



Multi-Party Partnership

Institutional complexity is a relative measure that considers project service area, facilities ownership, number of project partners, cost share, and whether SFPUC is the construction and design lead.

TOTAL PROJECT COST (2023 DOLLARS)

Estimated Capital Cost	Estimated Annual O&M
\$658M	TBD

SFPUC BUDGET INFORMATION

10-Yr CIP Budget Allocation	Current Allocation
\$6.7M	\$0M

BENEFITS

- Provides a new drought-resistant supply to San Jose and Santa Clara
- Provides a water supply option to support San Jose's and Santa Clara's request for permanent status
- Provides a dry-year supply to the Regional Water System

RISKS AND UNCERTAINTIES

- Operational and water quality challenges in RWS transmission system
- Public acceptance of non-traditional water supply
- NPDES compliance related to discharge of reverse osmosis concentrate (i.e., brine) to San Francisco Bay
- Impacts of enhanced source water control

South Bay Purified Water

Current Status – Planning



Current Planning Considerations

This project has potential implications on the permanent status of San Jose and Santa Clara as customers of the SFPUC, a decision that must be made by the Commission by December 31, 2028. Such a decision would be more favored should the project yield a dry-year supply that benefits the region.

To evaluate the merits of the project to produce dry-year water supply, the SFPUC considered the following near-term planning questions:

1. Is there a technically viable project that can provide purified recycled water for the Regional Water System customers as well as for local customers of San Jose and Santa Clara?
2. How can benefits be characterized proportionately?

Activities Conducted this Past Year

In 2023, the initial project partners—SFPUC, City of San Jose, and City of Santa Clara—completed a feasibility study exploring an initial concept of a 10-MGD advanced water treatment facility that would use source water from the San Jose-Santa Clara Regional Wastewater Facility and operate at 6.5-MGD capacity during wet and normal years. During dry years, the facility would ramp up to the full 10-MGD capacity. The additional 3.5 MGD of purified recycled water produced during dry years would be fed into the RWS to increase dry-year reliability for all SFPUC customers. The feasibility study also explored a larger project intended to maximize available production capacity and considered various options for blending and distribution. The source water flow and quality were characterized based on actual dry-year data to provide a conservative approach and to ensure that the project would be able to operate during dry years.



After completion of the 2023 feasibility study with SFPUC, Valley Water emerged as a key partner. Given their experience in implementing purified recycled water, building both public acceptance in

Section 3 – Update to AWS Projects

its service area and the Silicon Valley Advanced Water Purification Center, Valley Water’s involvement could increase the project’s potential. In September 2024, the SFPUC, City of San Jose, City of Santa Clara, and Valley Water participated in an in-person workshop to discuss project needs and structure, key roles and responsibilities, and areas for long-term collaboration. Shortly after this workshop, the Cities of San Jose and Santa Clara embarked on developing a project charter with Valley Water and the project has been rebranded as Pure Water Silicon Valley. While SFPUC is not involved in this chartering process, the Cities of San Jose and Santa Clara continue to ensure that SFPUC’s interests in a dry-year supply are represented and that SFPUC is apprised of the charter progress.

This project continues to be identified in the CIP with its own dedicated project number. However, because the SFPUC is not actively involved as a project partner, SFPUC’s capital planning for this project is on hold.

Upcoming Activities in 2026-2027

As Pure Water Silicon Valley continues to be developed by the Cities of San Jose and Santa Clara with Valley Water, no significant activities for the SFPUC are anticipated next fiscal year. However, the SFPUC will continue to monitor the project’s progress and remain involved to the extent that a regional benefit to the SFPUC can be realized. No timeline has been identified for discussions with the SFPUC, but SFPUC’s primary driver continues to be its Commission’s 2028 deadline to decide whether or not San Jose and Santa Clara will be made permanent customers. Looking ahead, the key current planning questions for the project are:

1. Does the project have a regional benefit to the wholesale customers of the RWS?
2. Where should the new water supply tie into the RWS? How will this affect water quality, operational needs, and distribution of RWS supplies?
3. How do we ensure we obtain the new supply when we need it and when the system can accommodate it?

3.2 Deferred or Canceled Projects

The following projects are currently deferred:

- Calaveras Reservoir Expansion
- Daly City Recycled Water Expansion
- Regional Conveyance Alternatives
- Regional Supply Alternatives
- SFPUC – Alameda County Water District – Union Sanitary District Purified Water Partnership

Lastly, the AWS Program is not actively planning for the Los Vaqueros Reservoir Expansion Project which has ceased.

3.3 Looking Ahead

Looking ahead, planning uncertainties remain and diversifying the SFPUC’s supplies to improve dry year reliability remains a priority. Purified recycled water provides a sustainable supply source that can help meet that goal. As utilities across California and the world pursue purified recycled water projects, the SFPUC should continue to collaborate with water and wastewater utilities to help build successful dry year supplies while also encouraging actions to reduce reliance on surface water supplies and improve the efficient use and distribution of our existing supplies.

