

August 6, 2026

Dear Big Basin Water Company Customer,

An Honest Update on the Path Toward Consolidation

Many of you have seen the recent update from the Big Basin Public Water Initiative about our Board's decision to send a Letter of Intent to the State Water Resources Control Board regarding possible consolidation of Big Basin Water Company (BBWC) with the San Lorenzo Valley Water District (SLVWD). That update was accurate, and we appreciate BBPWI's efforts to keep customers informed — including their point that the Letter of Intent does not commit either side to consolidation. We want to build on that and share the clearest picture from where we sit.

This is a genuine step forward, and it reflects our Board's real commitment to finding a long-term solution for your water system. At the same time, we think you deserve the context behind it — what this step does, what it doesn't do yet, and what still has to happen — so that the hope so many of you have is grounded in an accurate understanding of the road ahead.

The single most important fact to understand: whether this consolidation can move forward at all depends almost entirely on whether the State agrees to fund the necessary repairs and upgrades. Everything else in this letter — the Letter of Intent, the Sanbell evaluation, the process steps — is in service of answering that one question. If the State does not fund it, consolidation is unlikely to be a viable path forward, no matter how much progress is made elsewhere.

What the Letter of Intent Does

- It opens the door to a formal conversation with the State Water Board about consolidation and about funding options that would not otherwise be available to BBWC as a privately-held system.
- It authorizes Sanbell Engineering to evaluate the BBWC system and the most recent State Water Board's sanitary survey and prepare 90% design drawings and a cost analysis, which will be brought back to the State Water Board. This is a concrete, practical step — it will give everyone, including BBWC customers, a much clearer picture of the scope of work needed and what it will cost, which in turn helps the State determine the best path forward, including funding.
- It reflects our Board's willingness to explore this path in good faith.

What the Letter of Intent Does Not Do

It's just as important to us that you understand the limits of this step:

- It does not commit SLVWD, BBWC, or the State to complete a consolidation.
- It does not create any binding obligation, financial commitment, or guaranteed timeline.
- It does not resolve who will pay for the infrastructure upgrades BBWC needs, or how much state or grant funding, if any, will be available.

- Initiate the final Consolidation Agreement which requires a separate, public vote of the SLVWD Board of Directors.

The Financial Reality

Bringing the BBWC system into compliance with current safety, reliability, and fire-resilience standards will require a significant capital investment. The 90% design drawings and cost analysis that Sanbell Engineering will prepare under the Letter of Intent should give everyone a far more precise picture of that cost than is available today. Under the standard SLVWD adopted in its Water System Consolidation Policy, BBWC would need to be brought up to the District's current average infrastructure standard — not a stricter, custom standard — which could reduce the scope of required upgrades compared to some earlier estimates. Even so, the cost is expected to remain substantial.

SLVWD's Consolidation Policy is explicit on one point: the District will not approve a consolidation that requires a subsidy from current SLVWD ratepayers. That means the cost of upgrading the BBWC system will need to be covered through some combination of BBWC rates, state or grant funding, and other outside resources — it cannot be funded by SLVWD's existing customer base. In practice, that puts State funding at the center of whether this path is workable at all. State funding depends completely on the information contained in the Sanbell design, and consolidation depends completely on State funding.

We want to be upfront about this because we care that your support, if you choose to give it, is based on a full and accurate picture. Consolidation with a publicly-held utility is what opens the door to state and grant funding — that part is genuinely encouraging. But it's an open door, not a guarantee, and we think that distinction matters as this process moves forward.

What Still Has to Happen

- The court-appointed receiver would also need to submit a Letter of Intent to the State Water Board.
- Sanbell needs to evaluate the BBWC system and come up with 90% drawings for a complete consolidation.
- Most importantly, the State would need to decide whether, and how much, funding it will commit to this project. This is the step that will ultimately determine whether consolidation is achievable — without State funding, the other steps in this process cannot resolve the underlying cost problem.
- Any final consolidation would require approval by the SLVWD Board of Directors at a public meeting, and may require review by the Local Agency Formation Commission (LAFCO).
- There is no set timeline for these steps, and like any multi-party process, the terms could evolve along the way. We'll do our best to keep you informed at each stage.

Our Commitment to You

We will continue to keep our own customers, and BBWC customers, informed as this process moves forward. Our Board adopted a Water System Consolidation Policy that governs how any consolidation — including one involving BBWC — will be evaluated, with protections for both BBWC customers and existing SLVWD ratepayers built in. You can read that policy in full at [Consolidation Policy](#).

We share the hope that BBWC customers have for a stable, well-funded, well-maintained water system. We simply want that hope to be paired with a realistic understanding of the work, the funding questions, and the decisions that still lie ahead.

If you have questions, please reach out to me directly.

Sincerely,

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San Lorenzo Valley Water District