



BAWSCA Service Area

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

[BAWSCA Act, AB2058 (Papan-2002)]

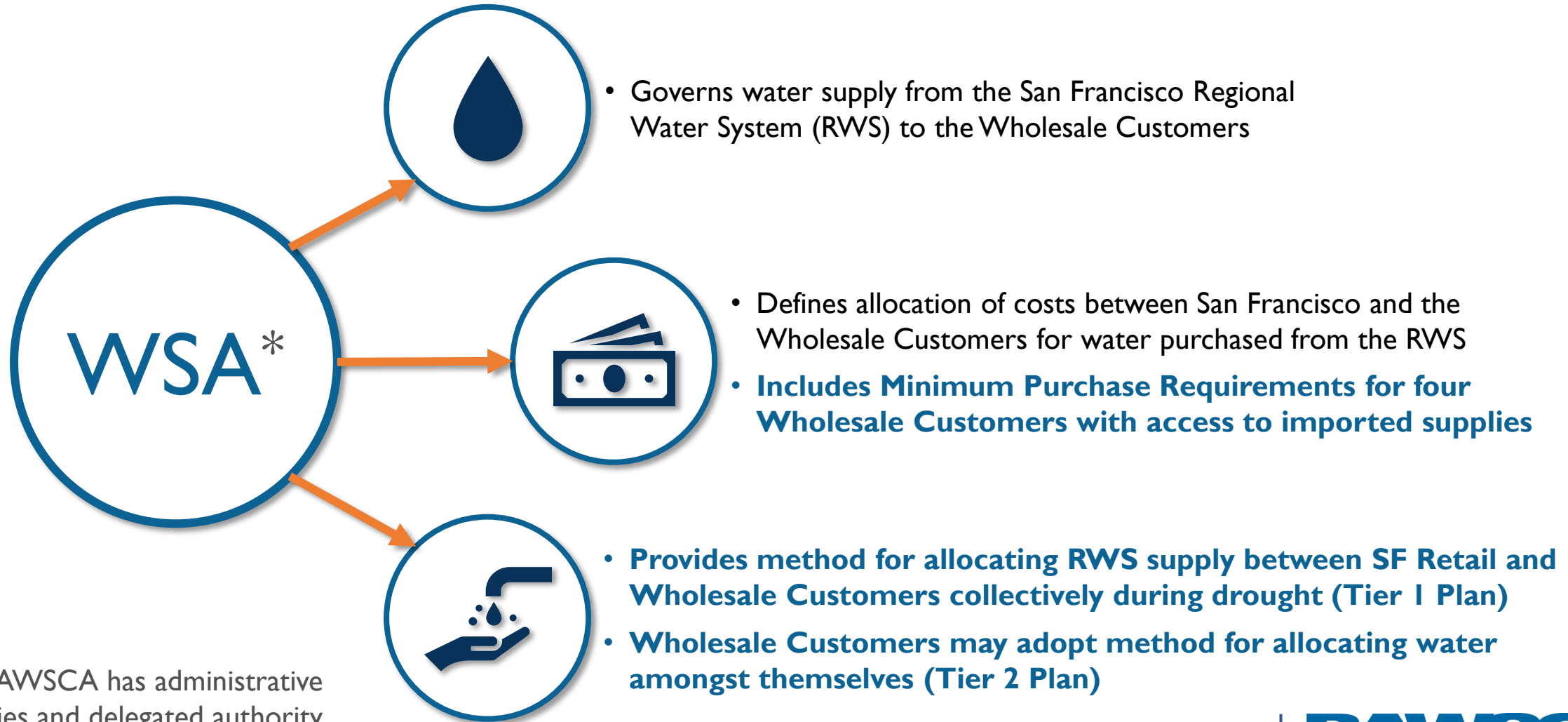
Updated Tier 2 Plan and WSA Amendments Adoption

BAWSCA | Brisbane Mtg
July 15, 2025

Agenda

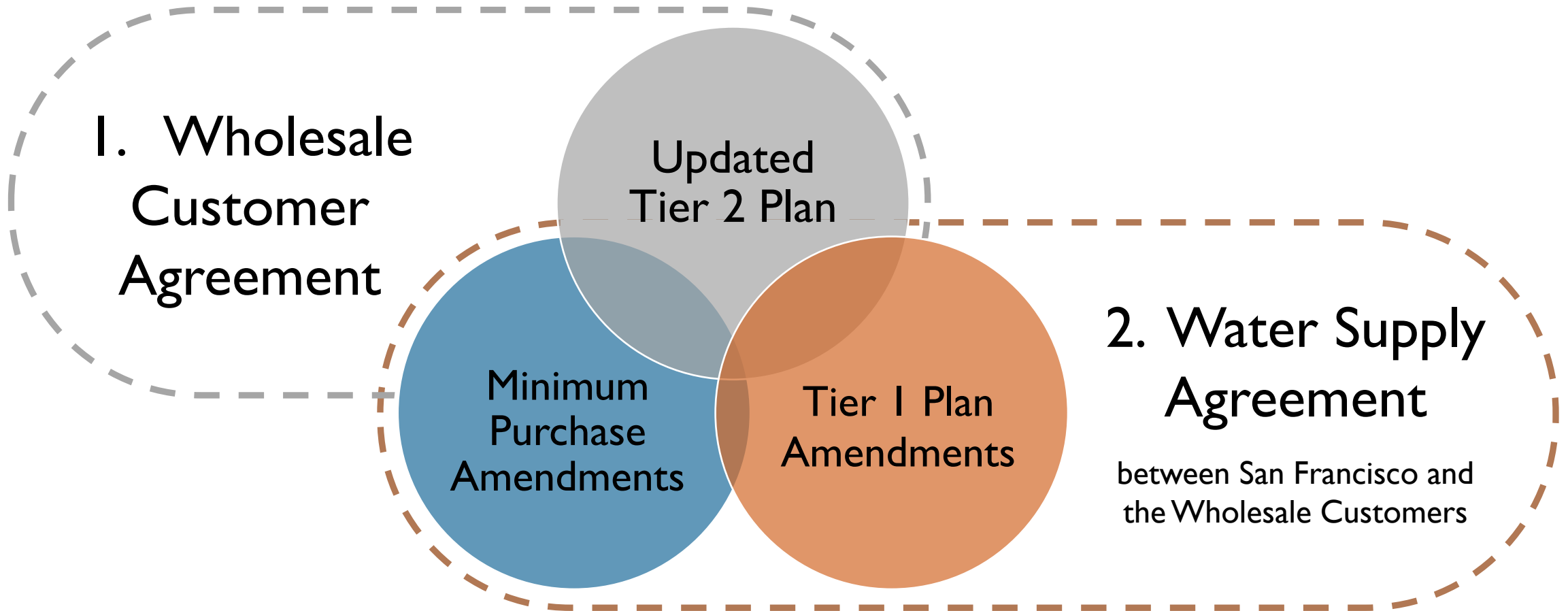
1. Overview of the Water Supply Agreement between San Francisco and the Wholesale Customers (WSA)
2. Review two water supply reliability contract actions
 - a. Updated Tier 2 Drought Response Implementation Plan (Tier 2 Plan)
 - b. WSA amendments

Key Elements of the Water Supply Agreement Between San Francisco and the Wholesale Customers (WSA)



* BAWSCA has administrative duties and delegated authority but is not a party to the contract

Two Important Water Supply Reliability Contract Actions



Shortages on the Regional Water System (RWS) are Governed by Two Plans

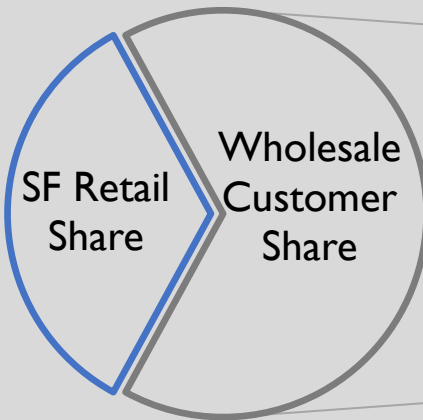
Shortages on the RWS

Available
RWS
Supply

* Applies during system-wide shortages due to drought of 20% or less

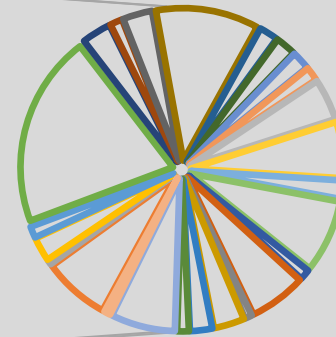
Tier 1 Plan

Method of allocating water from the RWS between:



Tier 2 Plan*

Method of allocating water from the RWS among the Wholesale Customers

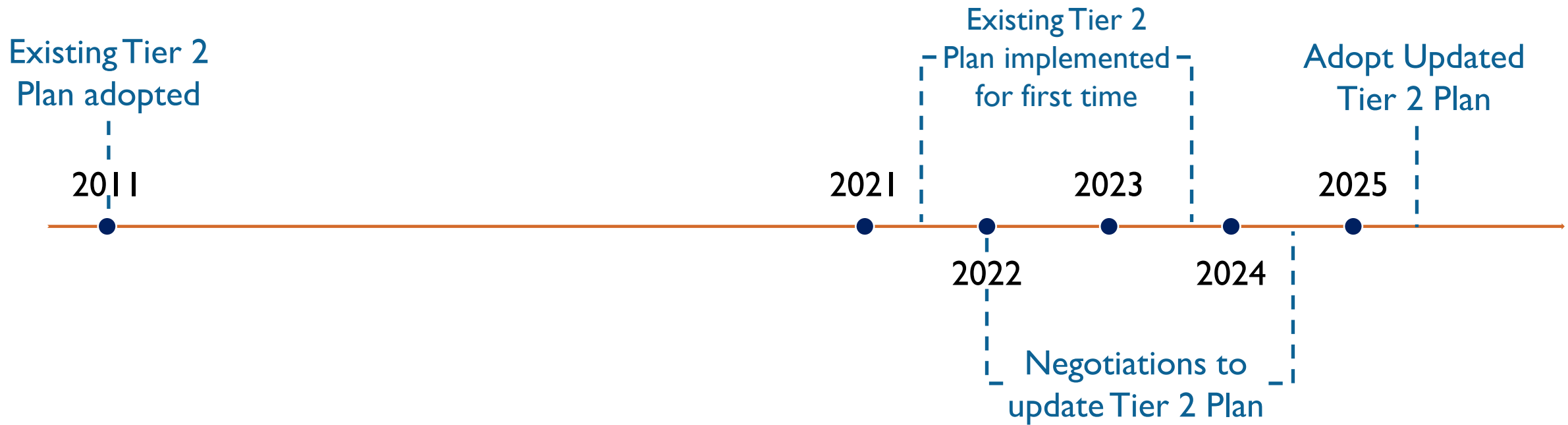


* Agreement among Wholesale Customers, San Francisco not included

Application of the Tier 1 and 2 Plans

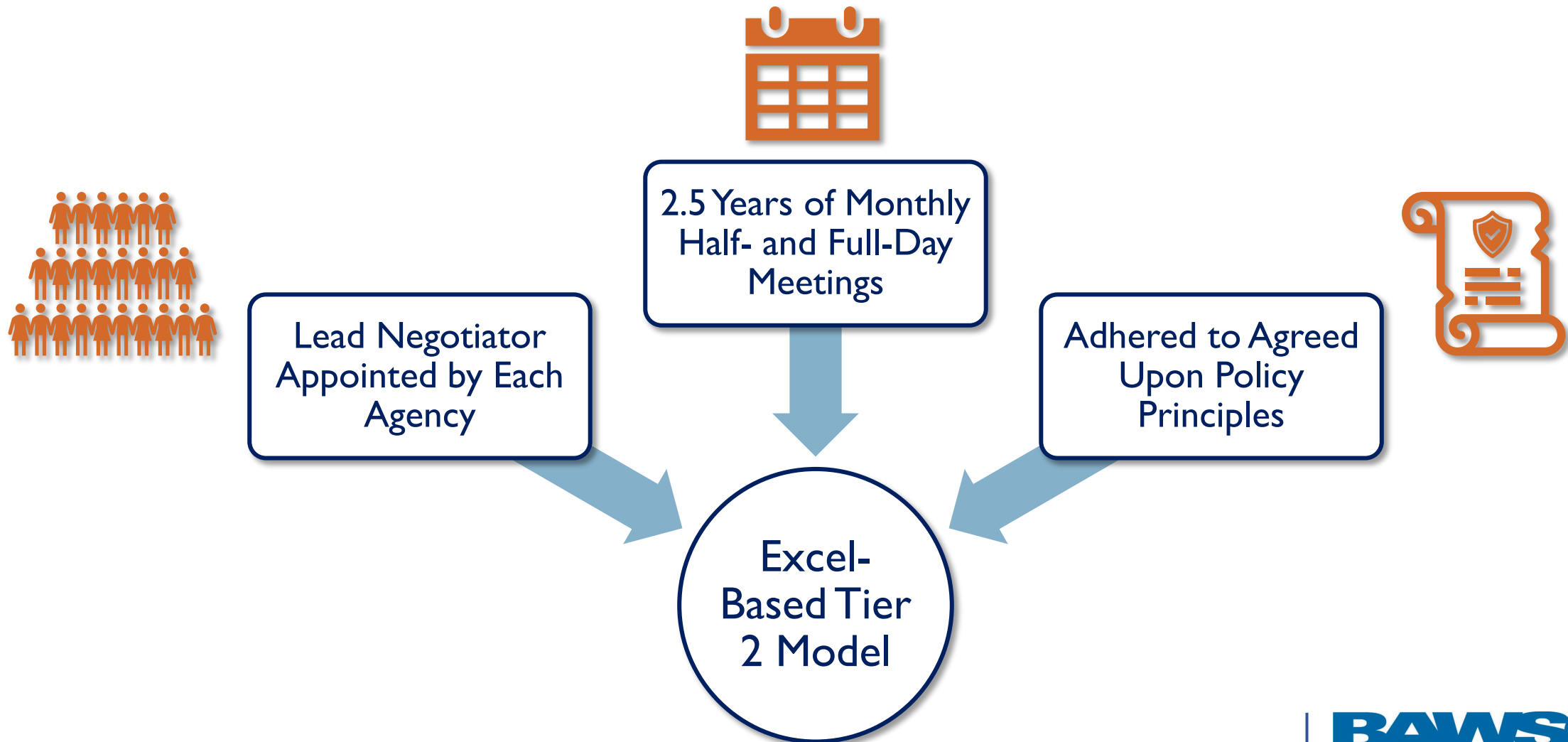
- Apply during system-wide shortages due to drought of 20% or less
- Excess use charges only apply during mandatory shortage emergencies
- Wholesale Customers may transfer shortage allocations and banked water amongst themselves and with San Francisco

Existing Tier 2 Plan Required an Update

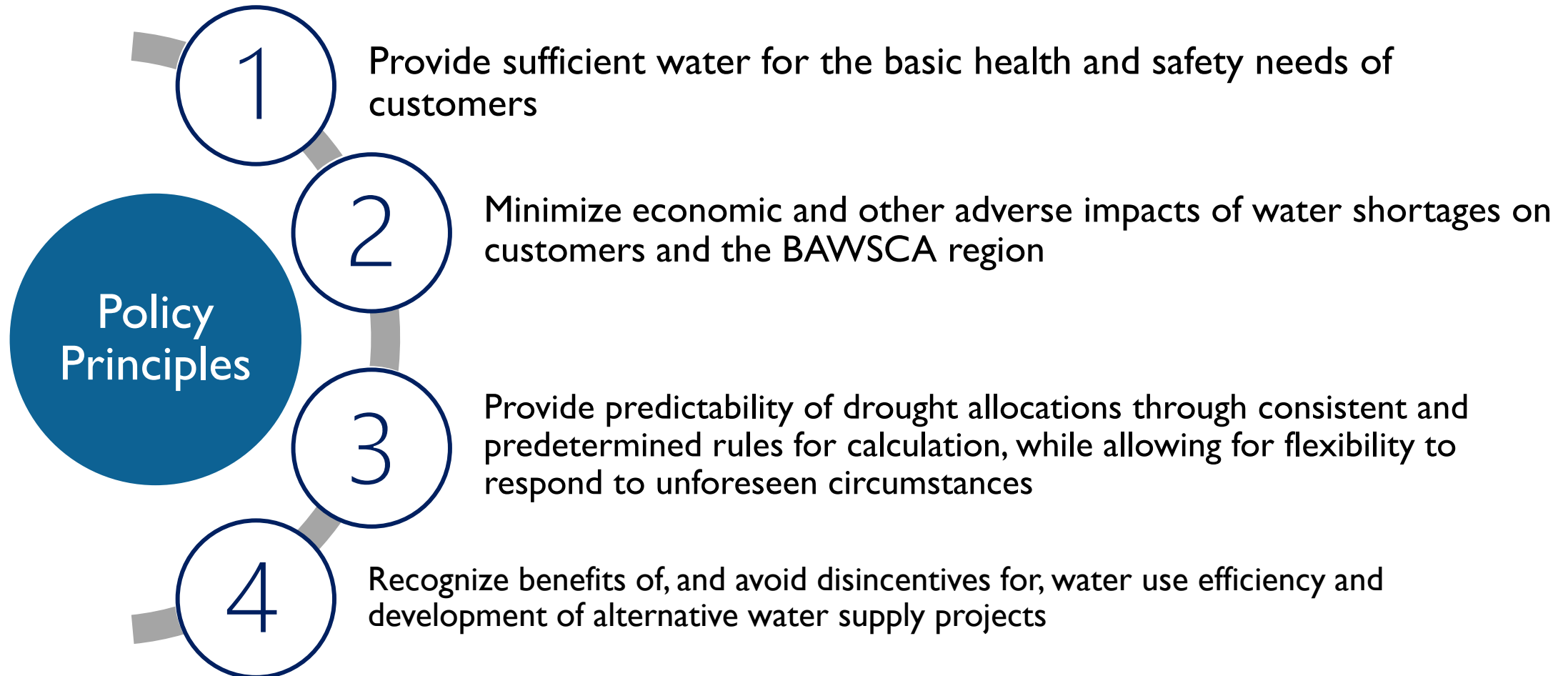


- 2021-23 implementation made clear the Plan no longer operates as originally intended
 - Conditions and overall water use in the region has changed
 - Special rules carved out for certain agencies now may apply to multiple agencies

Agreed Upon Plan Required Engagement from All 26 BAWSCA Member Agencies and 2.5 Years of Negotiation

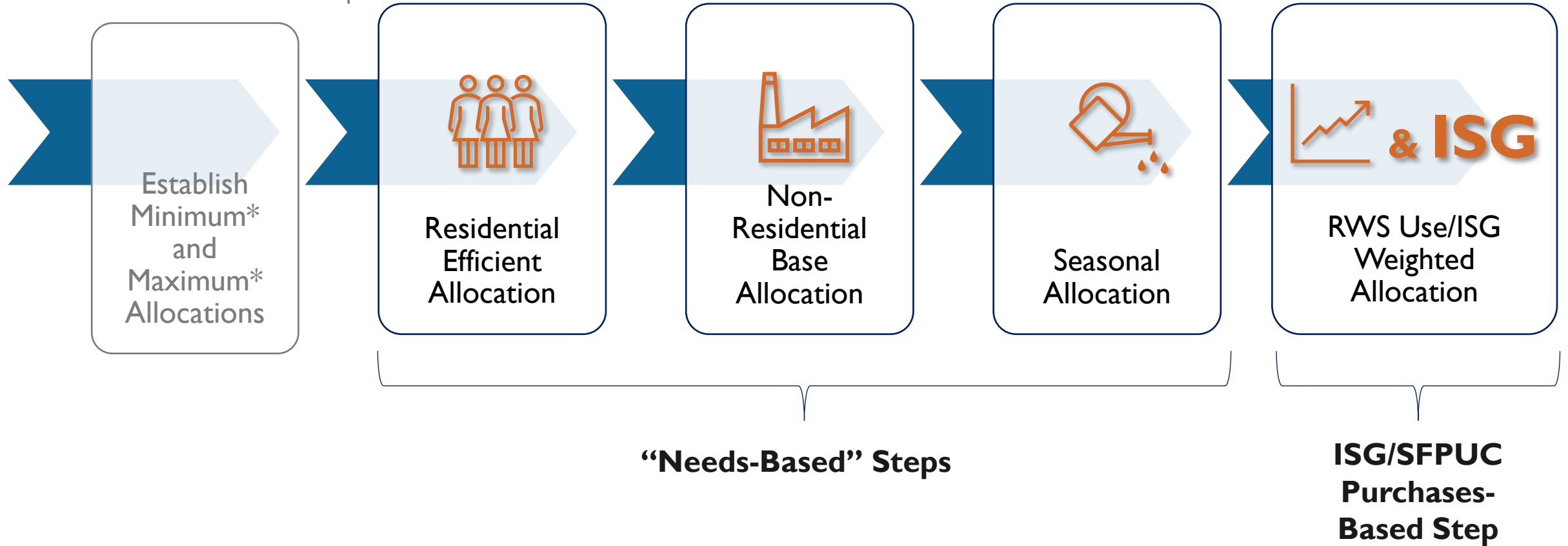


Tier 2 Plan Policy Principles



Tier 2 Plan Allocation Methodology

* No water allocated in these steps

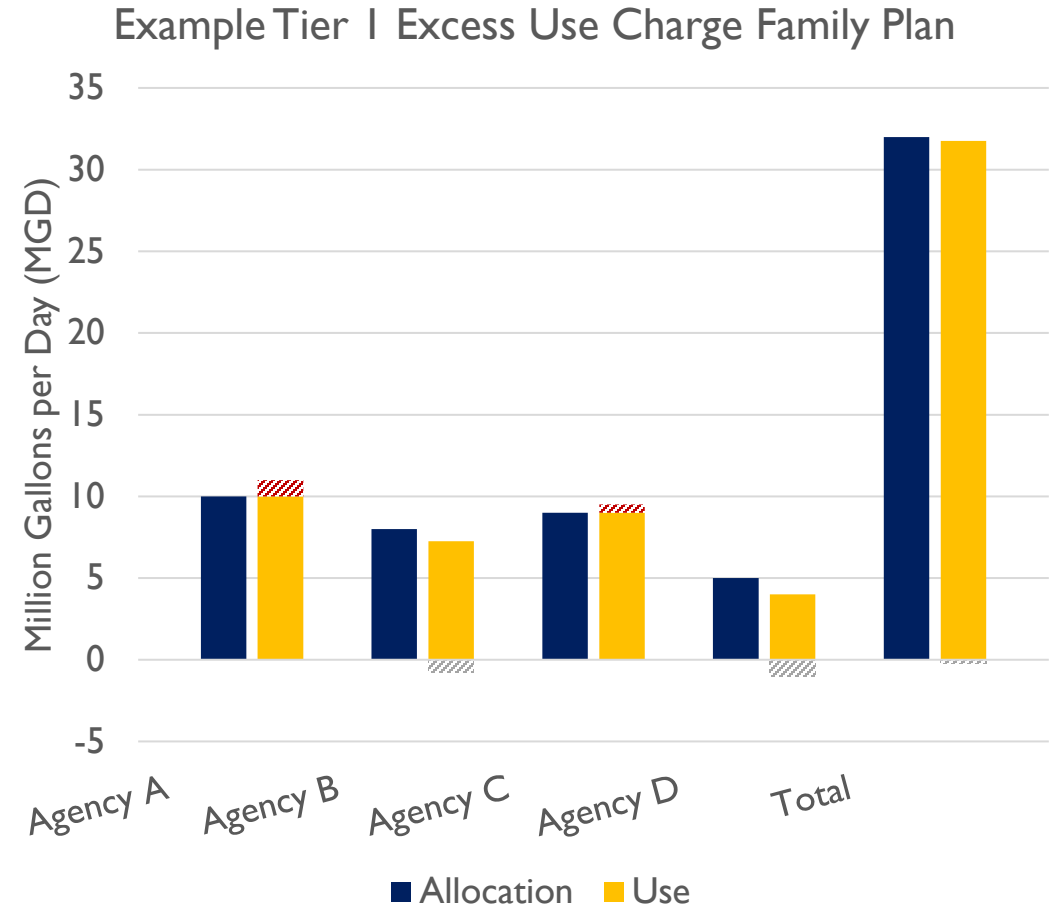


26 Member Agencies Successfully Negotiated an Updated Tier 2 Plan

- Finalizing the updated Tier 2 Plan required concessions from all agencies including an agreement to make changes to:
 - Tier 1 Plan
 - Minimum Purchase Quantities
- Updated Tier 2 Plan must be unanimously adopted by the 26 member agencies' governing bodies
 - Once unanimously adopted, the updated Tier 2 Plan will be used in the event of drought

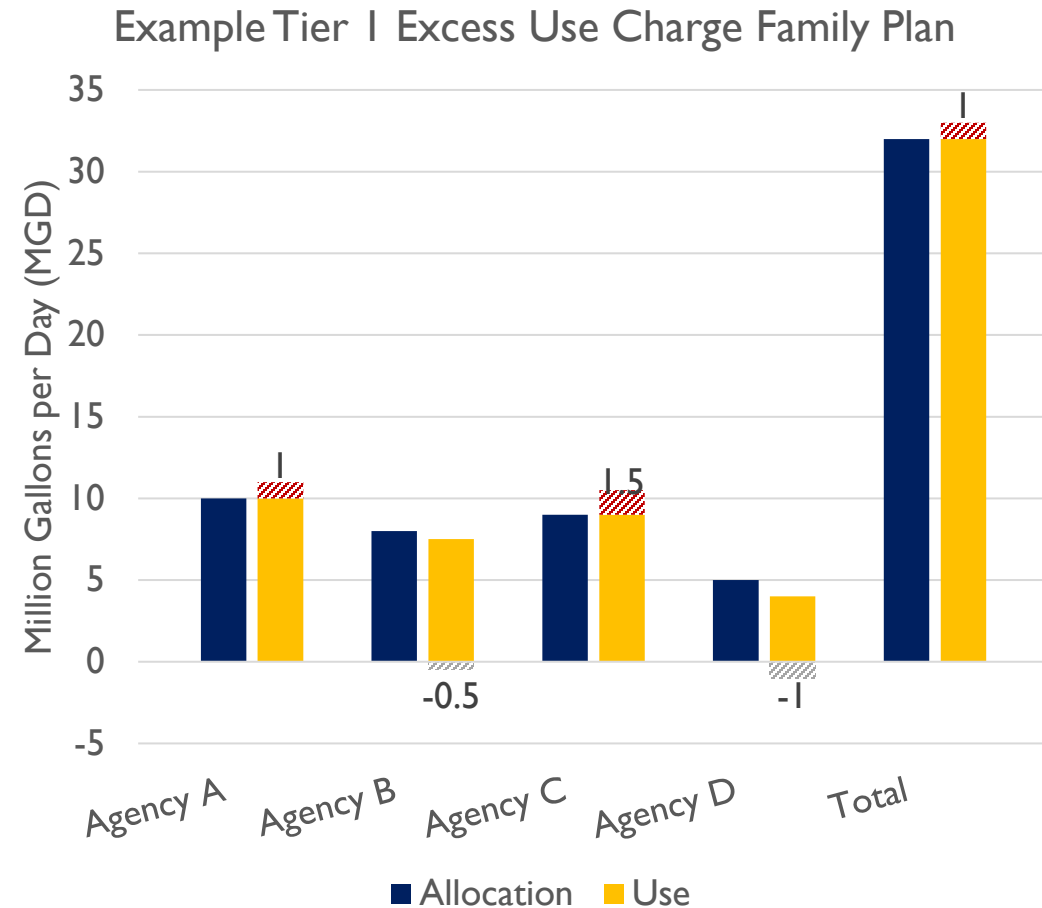
Tier I Plan Amendment Incorporates New Tier I Excess Use Charge Family Plan

- **Existing** - Excess use charges only applied during mandatory rationing conditions
- **New** - No excess use charges applied if collective Wholesale Customer purchases are less than Tier I allocation (*Similar to a cell phone family plan*)



Example of Proportional Excess Use Charge if Wholesale Customers Exceed Tier I Allocation

Agency	Allocation	Use	Over/ Under	Proportional Excess Use
A	10	11	1	0.4
B	8	7.5	-0.5	
C	9	10.5	1.5	0.6
D	5	4	-1	
Total	32	33	1	1



Minimum Purchase Requirements Apply to Four Agencies

- Minimum purchase requirements have been in place since the 1960s
 - Minimum Purchase Quantities (MPQs) lowered in 2009 (15+ years ago)
- Four Wholesale Customers with access to other imported water must purchase a minimum amount of water from the San Francisco Regional Water System (RWS)
 1. Alameda County Water District
 2. City of Milpitas
 3. City of Mountain View
 4. City of Sunnyvale
- Conditions have changed since MPQs were lowered in 2009 and require another reset
 - Overall demand on the RWS is lower
 - RWS is still subject to severe drought
 - San Francisco and all Wholesale Customers want to improve reliability of the RWS
 - Some MPQ agencies are paying for water they cannot use

Minimum Purchase Amendment has Three Simple Elements

1 MPQ Reset

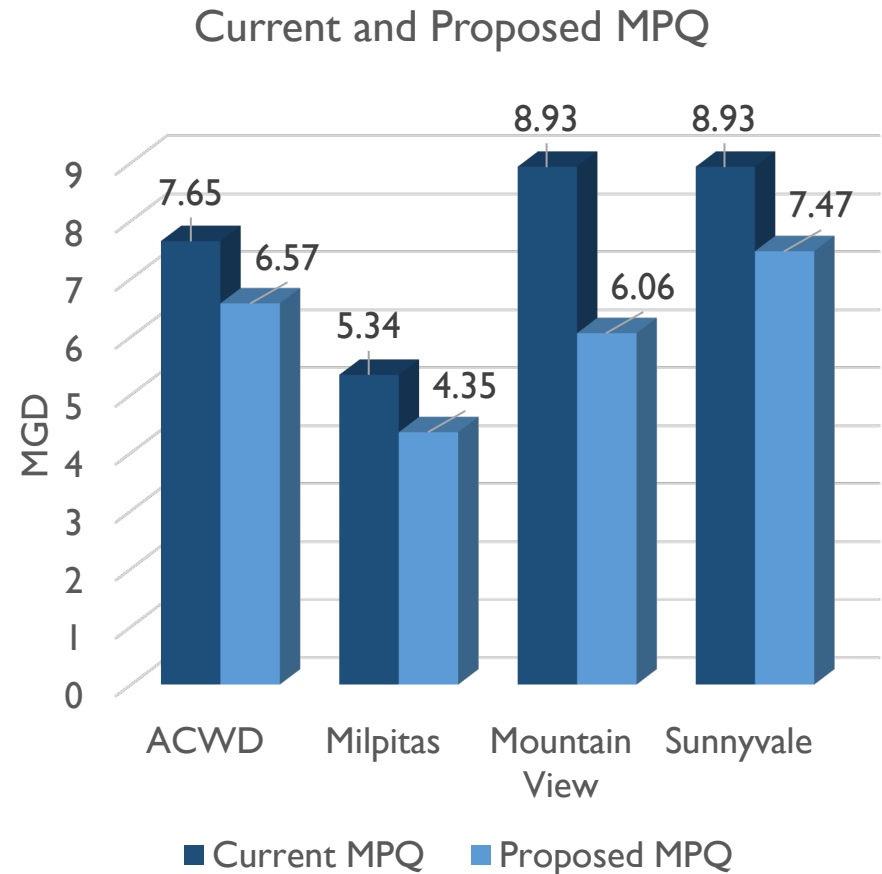
2 Drought Rebound MPQ

3 MPQ Collective Purchases Family Plan

Element I: Minimum Purchase Quantity Reset

- MPQs reset at 80% of SFPUC use from previous four non-drought years
- 10-year review for possible downward adjustment, if warranted

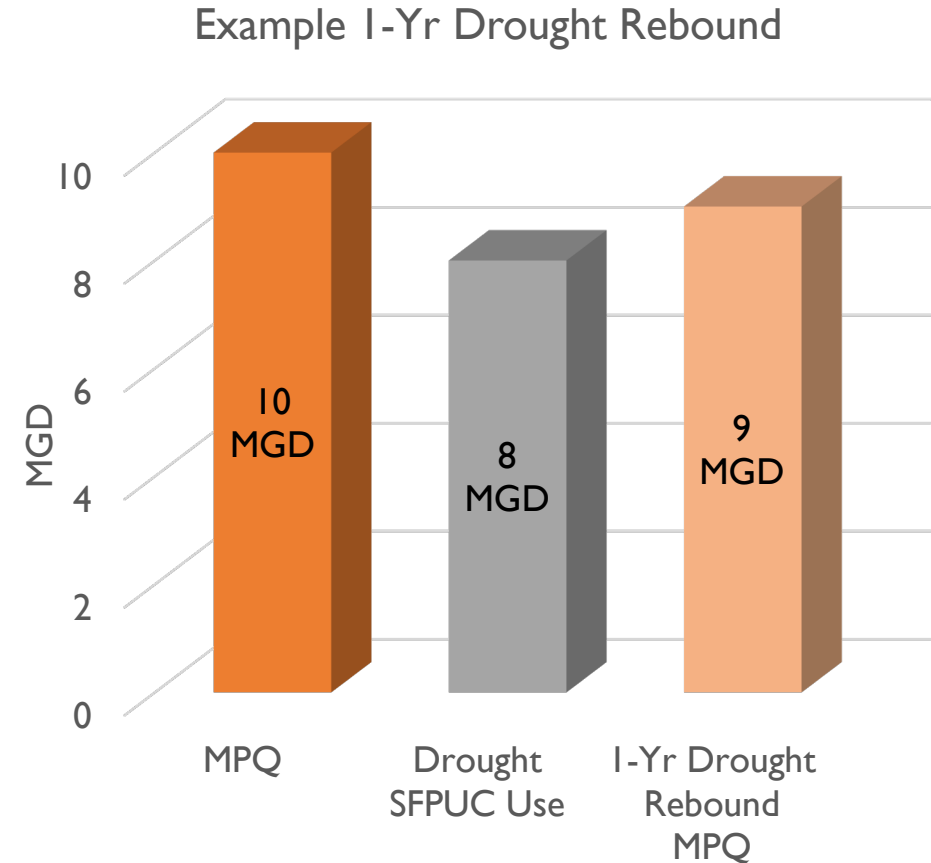
Note: 1984 Contract which set MPQs at 80% to 100% of each agency's 1981 San Francisco purchases



Element 2: Drought Rebound MPQ

- Creates a one-year drought rebound MPQ, which is set at midpoint between actual drought water use and the reset MPQ

Note: *MPQs are waived during drought to not disincentivize water conservation*



Element 3: MPQ Collective Purchases Family Plan

- MPQ Collective Purchases Family Plan
 - If the MPQ agencies collectively achieve the total required MPQ, no agency pays a penalty for not meeting their individual required MPQ
- If not collectively achieved, MPQ agencies pay proportional to their share of under-usage

WSA Amendment Impacts

Cost Analysis

- \$0.007 to \$0.040 per Ccf (0.13% to 0.72%) wholesale and retail customer increase

Benefits Analysis

- Removes a barrier for MPQ agencies to develop drought resistant local supplies and investment in water use efficiency
 - Improves reliability of the RWS
 - Benefits all RWS users
- MPQ agencies are well situated to develop local, drought resistant supplies
 - Large water agency
 - Manage own wastewater
 - Access to groundwater
- Minimizes agencies being charged for unused water