

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: June 10, 2025

Date: June 6, 2025

Agenda Title: 1) Consider Resolution 2025-03 Approving an Amendment to the 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
2) Consider Resolution 2025-04 Approving Tier 2 Drought Response Implementation Plan Pursuant to Section 3.11.C of the 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

Recommendation/Motion:

- 1) Adopt Resolution 2025-03 Approving an Amendment to the 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; and**
- 2) Adopt Resolution 2025-04 Approving Tier 2 Drought Response Implementation Plan Pursuant to Section 3.11.C of the 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**

Summary:

This staff report provides an overview of two important water supply reliability contract actions:

1. An amendment to the 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 (WSA): This amendment addresses three key areas:
 - a. Minimum Purchase Requirements: Modifies Minimum Purchase requirements to align with evolving water supply conditions.

- b. Tier 1 Water Shortage Allocation Plan (Tier 1 Plan): Establishes a new method for considering collective Wholesale Customer SFPUC purchases when determining how excess use charges will be applied.
 - c. Updates: Revisions to address discrete issues that arose over the course of implementing the WSA.
- 2. An updated Tier 2 Drought Response Implementation Plan (Tier 2 Plan): The Tier 2 Plan provides the method for allocating water from the San Francisco Regional Water System (RWS) among the Wholesale Customers during periods of shortage caused by drought.

Background:

Water Supply Agreement History

In June 2009, Coastside County Water District entered into a Water Supply Agreement with the City and County of San Francisco (San Francisco) and Wholesale Customers in Alameda County, San Mateo County and Santa Clara County (2009 WSA). The 2009 WSA establishes the terms by which the twenty-six Wholesale Customers purchase water from the RWS. The 2009 WSA builds upon the 1984 "Settlement Agreement and Master Water Sales Contract between the City and County of San Francisco and Certain Suburban Purchasers in San Mateo County, Santa Clara County and Alameda County."

In September 2017, the Bay Area Water Supply and Conservation Agency (BAWSCA) and the Water Management Representatives (WMR) of the BAWSCA member agencies began reviewing the issue of Minimum Purchase Requirements, as described in Section 3.07.C of the WSA, and discussing the creation of a process to transfer minimum annual purchase quantities among the Wholesale Customers. Throughout 2017 and 2018, the WMR held multiple meetings during which the agencies currently subject to Minimum Purchase Requirements (Original Minimum Purchase Customers) and the other Wholesale Customers shared their interests and concerns regarding changes to the Minimum Purchase Requirements and allowing transfers of minimum annual purchase quantities.

In 2019, Coastside County Water District approved the 2018 Amended and Restated WSA (2018 WSA), at which time the Wholesale Customers expressed a collective interest in working together to develop a process for the expedited and permanent transfer of minimum annual purchase quantities. The Wholesale Customers directed BAWSCA to facilitate negotiation of a new WSA amendment to provide a procedure for expedited and permanent transfers of minimum annual purchase quantities in a manner that safeguards the financial and water supply interests of

Wholesale Customers not participating in such transfers. This amendment was memorialized in the 2021 Amended and Restated WSA (2021 WSA).

Tier 2 Plan Negotiations and Development of Minimum Purchase Quantity Reset Proposal

In January 2022, BAWSCA began facilitating an update to the Tier 2 Plan, the method for allocating water from the RWS among the Wholesale Customers during shortages caused by drought. The Tier 2 Plan is an agreement among the twenty-six Wholesale Customers, and must be unanimously adopted by them. Each Wholesale Customer appointed a lead negotiator to represent the interests of its agency in the negotiations. (For Coastside County Water District, Mary Rogren, General Manager, served as the lead negotiator accompanied by Cathleen Brennan, Water Resource Analyst.) Between January 2022 and June 2024, BAWSCA and the lead negotiators, supported by a consulting firm providing technical and modeling expertise, met at least 62 times, most often for half-day, in-person meetings and smaller virtual sub-group sessions, to negotiate the terms of the updated Tier 2 Plan.

In November 2021, San Francisco declared a water shortage emergency in response to the Governor's executive action declaring a drought state of emergency across most of California. This action triggered implementation of the Tier 1 and Tier 2 Plans by BAWSCA and San Francisco for the first time.

Throughout the two and a half years of Tier 2 Plan negotiations, the Wholesale Customers gained insight into unique characteristics of each agency and specific challenges related to water supplies and droughts. During these discussions, Wholesale Customers subject to the Minimum Purchase requirements (Minimum Purchase Customers) articulated the unique challenges that the Minimum Purchase Requirements present. More detailed information about these issues is provided in Attachment A, the Summary of the WSA Amendments.

In June 2023, following several years of discussions regarding the Minimum Purchase Requirements, the SFPUC proposed amending the 2021 WSA to reset the existing minimum annual purchase quantities to align with current water consumption trends, while protecting investment in the RWS. For the remainder of 2023, the SFPUC, the Original Minimum Purchase Customers, and BAWSCA held multiple meetings to identify amendments that would address challenges related to the Minimum Purchase Requirements. Once the SFPUC and the Original Minimum Purchase Customers finalized their recommended amendments to the Minimum Purchase Requirements, the Original Minimum Purchase Customers presented the proposals to the broader Wholesale Customers' group to secure their support. Negotiations among the Wholesale Customers were concluded in Fall 2024.

In June 2024, the lead negotiators concluded negotiations on the updated Tier 2 Plan. The lead negotiators for the District (Mary Rogren and Cathleen Brennan) were able to obtain an exception to the Base Period SFPUC reliance calculation in the Tier 2 Plan given the District's unique challenges in efforts to perfect the District's water rights and given the District's limited ability to use local surface water sources in a drought. The agency representatives collectively agreed that they were ready to recommend the Tier 2 Plan to their governing boards for adoption. A summary of the Tier 2 Plan is provided in Attachment B.

Tier 1 Plan Amendment

In Fall of 2024, all twenty-six Wholesale Customers and San Francisco negotiated an amendment to the Tier 1 Plan in the WSA to incorporate a new "Tier 1 Family Plan," whereby San Francisco may only apply excess use charges to Wholesale Customers who exceed their individual shortage allocation when the collective Wholesale Customer usage exceeds the Tier 1 allocation. A more detailed summary of the WSA amendments are provided in Attachment A.

Recommendations

Staff recommends the Coastside County Water District Board of Directors approve:

1. A Resolution, approving revisions included in Exhibit A to the Resolution amending the Amended and Restated Water Supply Agreement Between the City and County of San Francisco Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County (WSA), approving those revisions to be incorporated into a revised WSA dated as of 2025, and authorizing the General Manager to execute such Agreement when final execution copies are prepared and distributed by BAWSCA; and
2. The Resolution approving the Tier 2 Drought Response Implementation Plan.

Attachments

- A. Summary of WSA Amendments
- B. Summary of Tier 2 Plan
- C. Resolution 2025-03 Approving an Amendment to the 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

- D. Resolution 2025-04 Approving Tier 2 Drought Response Implementation Plan Pursuant to Section 3.11.C of the Amended and Restated Water Supply Agreement

Attachment A: Summary of WSA Amendments

1. Minimum Purchase Requirements

Existing Section 3.07 of the 2021 WSA provides that four Wholesale Customers (Alameda County Water District and the Cities of Milpitas, Mountain View, and Sunnyvale, collectively, the “Original Minimum Purchase Customers”) may purchase water from sources other than from San Francisco, but they are each obligated to purchase a specific minimum annual quantity of water from the San Francisco, referred to as a “Minimum Purchase Requirement.” If a Minimum Purchase Customer does not meet its Minimum Purchase Requirement in a particular fiscal year, it must pay San Francisco for the difference between its metered water purchases during the fiscal year and its minimum annual purchase quantity set forth in Attachment E of the 2021 WSA.

It is assumed that the Minimum Purchase Requirements were originally designed to prevent four specific multi-source agencies from shifting from the RWS to other imported water sources. However, changed conditions, including recurring droughts, improved water use efficiency, and investments in local supplies have reduced demand on the RWS. Despite these improvements, the RWS remains vulnerable to severe droughts, prompting the San Francisco Public Utilities Commission (SFPUC) to invest in alternative water supplies. The Minimum Purchase Customers are well-positioned to develop their own local, drought-resilient supplies, which would reduce the regional dry-year supply gap, improving reliability of the RWS for all users. These amendments may reduce a perceived existing disincentive to improve efficiency and develop alternative supplies.

1.1. Reduction of Minimum Annual Purchase Quantities (MPQ)

MPQs set in the 1984 Settlement Agreement and Master Water Sales Contract (1984 Contract) were calculated based on 80% of each of the four Original Minimum Purchase Customer’s purchases from the RWS in the 1980s. The MPQs were later reduced by 5% as part of the 2009 WSA. Upon adoption of this amendment, the minimum annual purchase quantities of the Original Minimum Purchase Customers will be reset to 80% of each of the Minimum Purchase Customer’s average purchases from the most recent four non-drought years and the amendment will establish a continuing, periodic review of the minimum annual purchase quantities on a 10-year schedule.

1.2. Rebound Year Minimum Annual Purchase Quantity

Existing Section 3.07.C of the 2021 WSA provides that Minimum Purchase Requirements will be waived during drought, other period of water shortage on the RWS, or if the Governor declares a state of emergency that impacts water

supply use or deliveries from the RWS. Minimum Purchase Requirements are reinstated in the first year immediately following a drought. However, water use does not rebound to pre-drought levels for several years, depending on the level of conservation achieved.

The amendment provides a temporary, one-year reduction in the minimum annual purchase quantities equal to half of the demand reduction from pre-drought levels to allow for drought rebound. For example, if a Minimum Purchase Customer's pre-drought use and minimum annual purchase quantity are 10 million gallons per day (MGD) and drought RWS purchases are 8 MGD, the Rebound Year minimum annual purchase quantity will be set at 9 MGD.

1.3. Collective Minimum Annual Purchase Quantities Considered Before Application of Imputed Sales

Existing Section 3.07 of the 2021 WSA provides that if a Minimum Purchase Customer does not meet its Minimum Purchase Requirement in a particular fiscal year, it must pay the SFPUC for the difference between its metered water purchases during the fiscal year and its minimum annual purchase quantity. This amendment provides that the collective purchases from Original Minimum Purchase Customers will be considered together before an individual Original Minimum Purchase Customer is required to pay the difference between its metered water purchases and its Minimum Purchase Requirement. If collective purchases are more than the sum of minimum annual purchase quantities, payments to the SFPUC for an Original Minimum Purchase Customer(s) who did not meet its Minimum Purchase Requirement will not be required. If collective purchases are less than the sum of minimum annual purchase quantities, payments to the SFPUC for an Original Minimum Purchase Customer(s) who did not meet its Minimum Purchase Requirement will be proportionate to its share of total under usage.

2. Tier 1 Water Shortage Allocation Plan

The Tier 1 Water Shortage Allocation Plan ("Tier 1 Plan" included as Attachment H of the WSA) is the method and process for allocating water from the RWS between San Francisco retail customers and the Wholesale Customers collectively during system-wide shortages caused by drought of 20% or less. Section 3.11.C.3 of the WSA provides that the SFPUC will honor allocations of water among the Wholesale Customers ("Tier 2 Allocations") provided by BAWSCA or if unanimously agreed to by all Wholesale Customers.

The Tier 1 and Tier 2 Plans were implemented for the first time during the 2021 to 2023 drought. During the 2014 to 2017 drought, the Tier 1 and Tier 2 Plans were superseded by state-wide mandates from the Governor. During Tier 2 Plan negotiations, BAWSCA, the SFPUC, and the Wholesale Customers agreed to update the Tier 1 Plan to add a new “Tier 1 Family Plan.”

When the SFPUC declares a shortage emergency, it determines whether voluntary or mandatory rationing is required. At the end of the 12-month drought period, each Wholesale Customer’s purchases from the RWS are compared to their annual drought allocation. Excess use charges are only applied during mandatory rationing periods.

The new Tier 1 Family Plan ensures that excess use charges are only applied when the collective Wholesale Customer usage exceeds the Tier 1 allocation. If this occurs, excess use charges will be proportionally applied to agencies that exceeded their individual Tier 2 Allocations.

For example, if the twenty-six Wholesale Customers collectively exceed the Tier 1 allocation by 2 MGD, and only two agencies exceed their Tier 2 Allocations by 3 MGD each, then these two agencies will share the excess use charges proportionally.

3. General Updates to the WSA

Sections 2.03, 3.09, 9.07, and Attachment A, Definitions of “Imputed Sales” and “Level of Service Goals and Objectives” have been updated with current cross references, dates and corrections.

Attachment B: Summary of Tier 2 Plan

The WSA authorizes the Wholesale Customers to adopt a methodology for allocating the water collectively available from the RWS among the twenty-six Wholesale Customers during system-wide shortages caused by drought (the Tier 2 Plan). San Francisco is not a party to the Tier 2 Plan. The existing Tier 2 Plan was adopted in 2011 and was originally set to expire in 2018. In 2018, the California State Legislature passed two bills to implement a long-term framework for water use efficiency, commonly referred to as, “Making Water Conservation a California Way of Life.” These bills were anticipated to impact urban water use, and the extent of those impacts to the Wholesale Customers was unknown at the time. As such, the WMR instructed BAWSCA to hold off on initiating an update to the existing Tier 2 Plan. In 2018, and every year since, the BAWSCA Board of Directors (BAWSCA Board) has extended the term of the exiting Tier 2 Plan by one year. In 2024, the BAWSCA Board extended the term of the existing Tier 2 Plan through the end of 2025 and specified that the existing Tier 2 Plan will be superseded by an updated Tier 2 Plan once unanimously adopted by the twenty-six Wholesale Customers.

Since the existing Tier 2 Plan was adopted in 2011, conditions impacting water use have changed (e.g., water supply sources, water use trends, land use, and customer base). During the 2021 to 2023 drought, the Tier 1 and Tier 2 Plans were implemented for the first time. At that time, it became clear that the existing Tier 2 Plan no longer operated as originally intended and that an update was necessary.

The updated Tier 2 Plan maintains many of the key elements of the existing Tier 2 Plan, such as a rolling base period that captures service area growth over time and inclusion of Individual Supply Guarantee (ISG), but it also provides necessary updates to ensure a minimum supply of RWS water for base/indoor use for the portion of each service area where RWS is delivered.

1. Tier 2 Plan Update Process

Between January 2022 and June 2024, BAWSCA facilitated negotiations between the Wholesale Customers through a series of meetings, workshops, and workgroups to update the Tier 2 Plan. The Wholesale Customers began by reviewing the prior Plan and other shortage allocation plans throughout the state, then discussed and agreed upon policy principles for a revised Tier 2 Plan. BAWSCA, with support from a technical consultant team, introduced potential elements of a formula to align with the agreed upon policy principles. In monthly workshops, the Wholesale Customers discussed these options and provided feedback on which elements should be included, along with suggested refinements. These workshops, and the discussions, suggestions,

and comments expressed by the Wholesale Customers during this process, provided the primary forum through which the updated Tier 2 Plan was developed.

2. Tier 2 Plan Policy Principles

The Wholesale Customers collectively developed four policy principles to guide the development and performance of the updated Tier 2 Plan. These policy principles are outlined below.

- **Policy Principle #1** - Provide sufficient water for the basic health and safety needs of customers.
- **Policy Principle #2** - Minimize economic and other adverse impacts of water shortages on customers and the BAWSCA region.
- **Policy Principle #3** - Provide predictability of drought allocations through consistent and predetermined rules for calculation, while allowing for flexibility to respond to unforeseen circumstances.
- **Policy Principle #4** - Recognize benefits of, and avoid disincentives for, water use efficiency and development of alternative water supply projects.

3. Tier 2 Plan Allocation Formula

The updated Tier 2 Plan establishes a sequential allocation formula to determine how the available water from the RWS will be allocated among the individual Wholesale Customers. The allocation formula can generally be described as follows:

- The Minimum and Maximum Cutback establish the upper and lower bounds for each Wholesale Customer's final allocation. The Minimum Cutback is equal to 1/3 of the Overall Average Wholesale Customer Reduction, but no less than 5%. The Maximum Cutback is equal to 1.5 times the Overall Average Wholesale Customer Reduction.
- Each Wholesale Customer is allocated water on a residential per capita basis based on the State Indoor Water Use Efficiency Standard¹ and the portion of each Wholesale Customer's water demand met by the RWS.
- Each Wholesale Customer is allocated water based on its estimated non-residential indoor use by applying a cutback factor equal to half of the Overall

¹ SB 1157 (Hertzberg), signed into law in September 2022, established the standard for efficient indoor residential water use be 47 gallons per capita per day, lowering to 42 GPCD in 2030.

Average Wholesale Customer Reduction to each Wholesale Customer's estimated non-residential indoor demand, also known as Base Period purchase, from the RWS.

- Each Wholesale Customer is allocated water based on its estimated seasonal purchases from the RWS.
- Remaining water is allocated to bring each Wholesale Customer's final allocation as close to its "Target Allocation" as possible, while ensuring that each Wholesale Customer's final allocation is between the Minimum and Maximum Cutback bounds. The Target Allocation is based on a weighted share of (1) the Wholesale Customer's Base Period purchases from the RWS and (2) its ISG.

4. Tier 2 Plan Term

The term of the updated Tier 2 Plan is coordinated with the term of the WSA to avoid simultaneous renegotiation of these related agreements.

Proposed Water Supply Agreement (WSA) Contract Amendment

Regarding the Minimum Purchase Quantity (MPQ)

December 2024



What is the Minimum Purchase Requirement?

As early as the 1960s, four agencies with access to sources of supply not available to either San Francisco or the other Wholesale Customers were required to purchase a “minimum annual quantity of water” from the San Francisco Regional Water System (RWS).

The Minimum Purchase requirement guarantees an ongoing financial stake in the RWS and provides year-to-year financial stability for the RWS.

To encourage water conservation during droughts, MPQs are waived.

Why is the Minimum Purchase Amendment Needed?

The Minimum Purchase Quantities (MPQs) are no longer achieving their intended purpose given today’s conditions.

- Droughts, investments in water use efficiency, and development of local supplies have reduced demand on the RWS.
- The RWS is currently subject to severe drought and the SFPUC is investigating alternatives.
- MPQ agencies are well situated to develop local, drought resilient supplies, which improves reliability of the RWS for all users.
- Current MPQs disincentivize investments in local supplies.

Policy Considerations Driving the Minimum Purchase Amendment

- Acknowledge MPQ agencies' efforts toward permanent conservation and recycled water, while protecting the RWS from supply shifting based on cost.
- Reflect a realistic demand recovery period after droughts.
- Ensure cost impacts are shared between SF Retail and Wholesale Customers.
- Establish a process to prevent the current issues from recurring.

Proposed Amendment

The proposed amendment has three components:

1. MPQ Reset

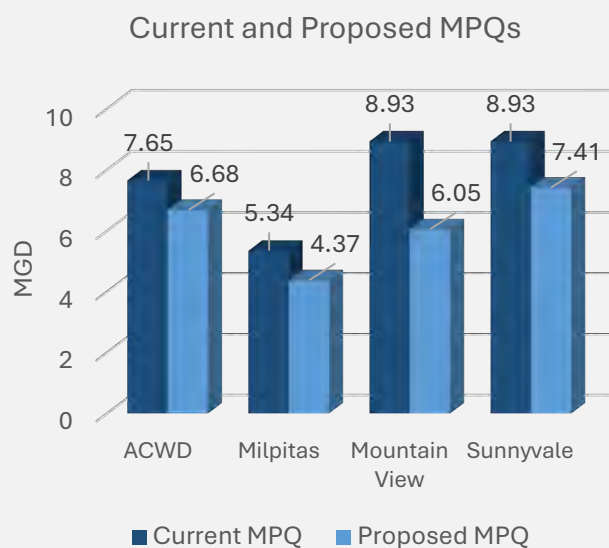
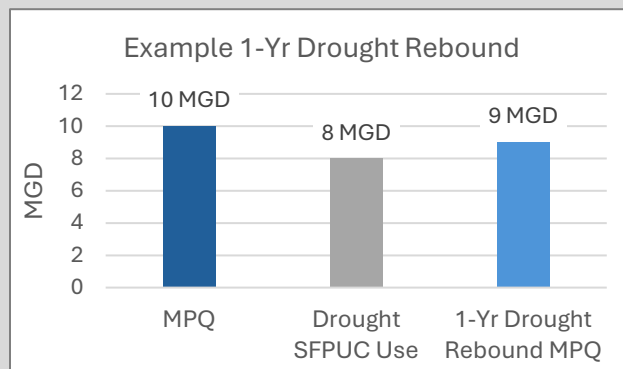
- MPQ reset at 80% of average SFPUC use from previous four non-drought years.
- Review every 10 years.

2. MPQ Family Plan

- Imputed sales will only be applied if the Minimum Purchase Agencies collectively use less than the sum of MPQ.

3. Drought Rebound

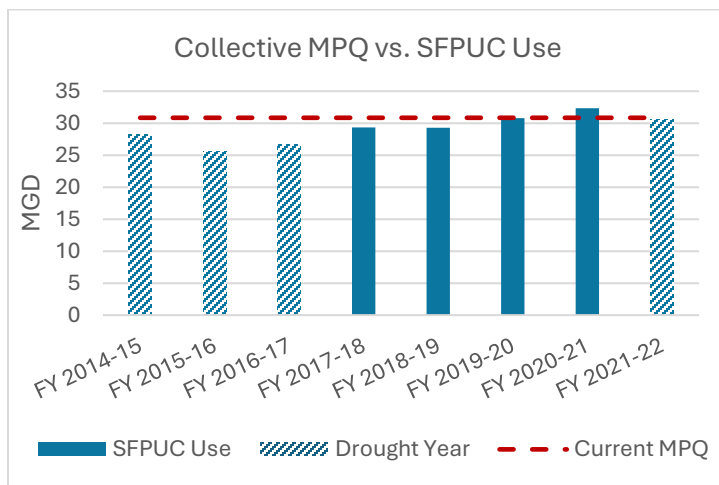
- One-year drought rebound MPQ set at the mid-point between drought use and MPQ.



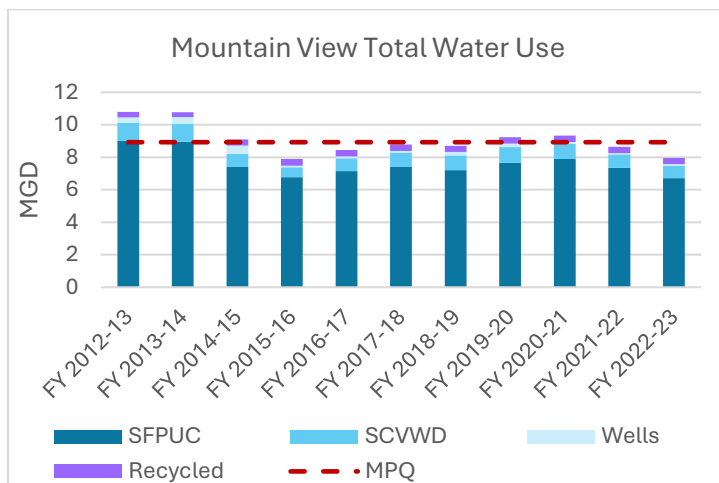
How does the Minimum Purchase Agencies' SFPUC use today compare to MPQs set in the 1980s?

Long-term investments in recycled water and water use efficiency have lowered demand on the RWS. Reductions in water use in response to SFPUC and state mandates for wise water use during droughts often persist for several years after restrictions are lifted. While MPQs are waived during droughts, they are reinstated immediately afterward, even though demand may take several years to rebound to pre-drought levels.

During the four non-drought years between the 2015-17 and the 2021-23 drought, the Minimum Purchase Agencies' collectively RWS purchases were at or below the total MPQ in all but one year.



More specifically, Mountain View's total water use from all potable supplies was below its MPQ in eight of the last 11 years (i.e., Mountain View doesn't have the demand in its service area to use the minimum amount of water it's required to purchase from the RWS).



What are the key Protections for the Wholesale Customer Provided by the Proposed Amendment?

Maintains purpose of the Minimum Purchase requirement:

- Ensures that Minimum Purchase Agencies don't shift purchases away from the RWS.

Improves the reliability of the RWS for all users:

- Allows Minimum Purchase Agencies to develop local supplies, reducing demand on the RWS.
- Extends duration that the 184 MGD Supply Assurance will meet Wholesale Customer demand.
- Cost shared proportionately between San Francisco and Wholesale Customers.

Enhances future stability of the WSA:

- Aligns intent of different sections of the WSA regarding development of local supplies while maintaining financial stability of the RWS.

What are the impacts to the WSA?

Cost Analysis

Given proportional allocation of costs based on purchases from the RWS, future analysis is imprecise (i.e., unit cost of water is based on variables that are hard to predict, such as total purchases).

Based on historical analysis, the cost increase of the amendment, in non-drought years, may be between \$0.007 to \$0.040 per ccf (0.13% to 0.72%). There is no impact in drought years.

Benefits Analysis

Removes barrier for MPQ agencies to develop drought-resistant local supplies, which improves reliability of the RWS and benefits all RWS users.

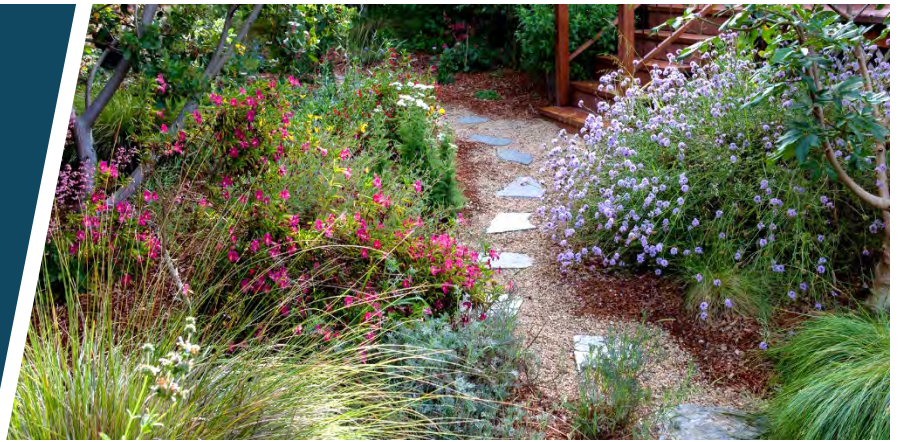
Ensures agencies are not charged for unused water.

Why is this Minimum Purchase amendment moving forward with the Tier 2 Plan?

The updated Tier 2 Plan imposes higher drought cutbacks on Minimum Purchase Agencies, further reducing RWS use below their MPQs and increasing the risk of paying for unused water once the drought restrictions are lifted. The proposed WSA amendment addresses this issue and other long-standing concerns raised by the Minimum Purchase Agencies.

Tier 1 and Tier 2 Drought Allocation Plans

December 2024



Application and Adoption of the Tier 1 and Tier 2 Plans

The Tier 1 and Tier 2 Plans only apply during system-wide water shortages caused by **drought of 20% or less**.

The Tier 1 Plan is contained in the Water Supply Agreement between San Francisco and the Wholesale Customers (WSA).

Changes to the Tier 1 Plan require an amendment to the WSA.

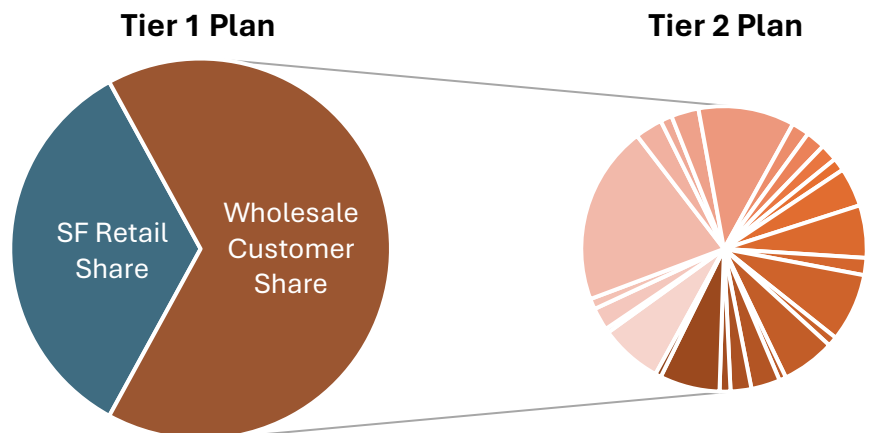
The existing Tier 2 Plan was adopted in 2011 and set to expire in 2018. Since 2018, the BAWSCA Board has annually extended the existing Tier 2 Plan while the Wholesale Customers developed a revised Tier 2 Plan.

The Tier 2 Plan must be unanimously adopted by the 26 Wholesale Customers. Under the WSA, San Francisco must provide allocations of water unanimously agreed to by all Wholesale Customers or adopted by the BAWSCA Board. (*WSA Section 3.11.C*) If a Tier 2 Plan is not adopted by the BAWSCA Board, San Francisco may make a final allocation decision.

Droughts on the San Francisco Regional Water System (RWS) are governed by two plans:

The **Tier 1 Plan** allocates RWS water between San Francisco retail customers and the Wholesale Customers collectively.

The **Tier 2 Plan** is the method for allocating the Wholesale Customers' share of RWS supply among the 26 Wholesale Customers.



Tier 1 and 2 Plan Implementation

Following declaration of a water shortage emergency by the San Francisco Public Utilities Commission (SFPUC), the SFPUC calculates the Tier 1 allocations. Then BAWSCA calculates each Wholesale Customer's individual allocation by applying the methodology in the Tier 2 Plan.

For the duration of the water shortage emergency, the SFPUC provides monthly reports to Wholesale Customers and BAWSCA, tracking actual water usage against drought allocations and detailing any transfers of shortage allocations or banked water among agencies.

The Tier 1 and Tier 2 Plans were implemented for the first time ever during the 2021-23 drought.

Tier 1 Shortage Allocation Plan Update

The Tier 1 Shortage Allocation Plan (Tier 1 Plan) allocates RWS supplies between San Francisco retail customers and the Wholesale Customers collectively and outlines the administrative process for drought allocations, including timelines, transfers of shortage allocations, and excess use charges.

San Francisco and the Wholesale Customers agreed to amend the Tier 1 Plan to include a new Tier 1 Excess Use Charge Family Plan (described below).

Tier 1 Excess Use Charge Family Plan

Excess use charges are only applied when the collective Wholesale Customer usage exceeds the Tier 1 allocation. If this occurs, excess use charges will be proportionally applied to agencies that exceeded their individual Tier 2 allocations.

Updated Tier 2 Drought Response and Implementation Plan

In early 2022, BAWSCA and Wholesale Customers began negotiating a Tier 2 Drought Response Implementation Plan (Tier 2 Plan) update. Lead negotiators appointed by each agency established four policy principles (listed below). Through mid-2024, the lead negotiators assessed various methods for allocating RWS drought supplies to align with these policy principles until they agreed on a final methodology.

Policy Principles

- #1:** Provide sufficient water for the basic health and safety needs of customers.
- #2:** Minimize economic and other adverse impacts of water shortages on customers and the BAWSCA region.
- #3:** Provide predictability of drought allocations through consistent and predetermined rules for calculation, while allowing for flexibility to respond to unforeseen circumstances.
- #4:** Recognize benefits of, and avoid disincentives for, water use efficiency and development of alternative water supply projects.

Tier 2 Plan Term

The Tier 2 Plan term is coordinated with the term of the WSA to avoid simultaneous renegotiation of these related agreements.

Negotiated Tier 2 Plan Allocation Formula

Allocations are determined using multiple factors:

- **Minimum and Maximum Cutbacks:** Establishes the upper and lower bounds of each Wholesale Customer's final allocation.
- **Residential Per Capita Basis:** Allocates water on a residential per capita basis, based on the portion of each agency's potable water demand met by the RWS.
- **Non-Residential Base Use:** Allocates water based on each agency's estimated non-residential indoor (base) use.
- **Seasonal Purchases:** Allocates water based on estimated seasonal use from the RWS.
- **Base Purchases/Individual Supply Guarantee (ISG) Weighted Share:** Remaining water is allocated based on a weighted share of 2/3 of RWS purchases and 1/3 of ISG.

RESOLUTION 2025-03

COASTSIDE COUNTY WATER DISTRICT

RESOLUTION NO. 2025-03

APPROVING AN AMENDMENT TO THE 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

WHEREAS, water supply agencies in Alameda, San Mateo, and Santa Clara Counties have purchased water from the City and County of San Francisco (San Francisco) for many years; and

WHEREAS, the San Francisco Public Utilities Commission (SFPUC) operates the Regional Water System, which delivers water to communities in Alameda, San Mateo, and Santa Clara Counties, as well as to customers within San Francisco (collectively, “the Parties”); and

WHEREAS, the Parties entered into the “Settlement Agreement and Master Water Sales Contract between the City and County of San Francisco and Certain Suburban Purchasers in San Mateo County, Santa Clara County and Alameda County” in 1984 (1984 Settlement Agreement and Master Water Sales Contract); and

WHEREAS, in April 2003, water supply agencies in Alameda, San Mateo and Santa Clara Counties (collectively referred to as the Wholesale Customers) established the Bay Area Water Supply and Conservation Agency (BAWSCA), as authorized by Water Code Sections 81300 *et seq.*; and

WHEREAS, upon expiration of the 1984 Settlement Agreement and Master Water Sales Contract, the Parties entered into the “Water Supply Agreement between San Francisco and Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County” (Water Supply Agreement or WSA) on July 1, 2009, authorized by SFPUC Resolution No. 09-0069, dated April 28, 2009; and

WHEREAS, in 2017, the Wholesale Customers directed BAWSCA to act as its authorized representative in discussions and negotiations with San Francisco to amend the Water Supply Agreement to address a number of substantive issues and these negotiations resulted in the Parties' adoption of the Amended and Restated Water Supply Agreement in 2018 authorized by SFPUC Resolution No. 18-0212, dated December 11, 2018; and

WHEREAS, on January 8, 2019, the Coastside County Water District Board of Directors by Resolution 2019-01 approved the Amended and Restated Water Supply Agreement (2018 WSA); and

WHEREAS, pursuant to WSA Section 3.07, four Wholesale Customers (Alameda County Water District and the Cities of Milpitas, Mountain View, and Sunnyvale, collectively, the "Original Minimum Purchase Customers") may purchase water from sources other than the SFPUC, but they are each obligated to purchase a specific minimum annual quantity of water from the SFPUC, referred to as a "Minimum Purchase Requirement;" and

WHEREAS, historically, if a Minimum Purchase Customer does not meet its Minimum Purchase Requirement in a particular fiscal year, it must pay the SFPUC for the difference between its metered water purchases during the fiscal year and its minimum annual purchase quantity set forth in WSA Attachment E; and

WHEREAS, some Original Minimum Purchase Customers pay the SFPUC for water that is not delivered due to either insufficient potable demand within their service area or conservation efforts during drought rationing; and

WHEREAS, as part of the 2018 negotiations, the Wholesale Customers and the SFPUC resolved to work promptly to identify a resolution to this as part of a future contract amendment; and

WHEREAS, in 2019, the Wholesale Customers directed BAWSCA to draft a proposed amendment to the 2018 WSA to provide a procedure for expedited and permanent transfers of minimum annual purchase quantities that safeguards the financial and water supply interests of Wholesale Customers not participating in such transfers and these negotiations resulted in the Parties' adoption of the Amended and Restated Water Supply Agreement in 2021, authorized by SFPUC Resolution No. 21-009, dated January 26, 2021; and

WHEREAS, on March 8, 2022 the Coastside County Water District Board of Directors by Resolution 2022-05 approved the Amended and Restated Water Supply Agreement (2021 WSA); and

WHEREAS, the 2021 WSA provided a significant, but incomplete solution to address the Original Minimum Purchase Customer's concerns with the minimum purchase quantities through a transfer process; and

WHEREAS, 2021 WSA Section 3.11.C. provides that the SFPUC may reduce the amount of water available to the Wholesale Customers in response to a drought; and

WHEREAS, 2021 WSA Section 3.11.C. provides that the Tier 1 Shortage Plan (Attachment H to the WSA) will be used, during system-wide shortages of 20% or less, to allocate water from the Regional Water System between Retail and Wholesale Customers ; and

WHEREAS, 2021 WSA Section 3.11.C. further provides that the SFPUC will honor allocations of water among the Wholesale Customers (Tier 2 Allocations) unanimously agreed to by all Wholesale Customers or provided by BAWSCA; and

WHEREAS, in 2021, the SFPUC and BAWSCA implemented the Tier 1 and Tier 2 Plans for the first time; and

WHEREAS, throughout 2022 and 2024, the Wholesale Customers convened at least once per month, most often for half-day in-person workshops, to negotiate an update to the method for sharing water made available from the SFPUC during shortages caused by drought (Tier 2 Plan); and

WHEREAS, each Wholesale Customer appointed a lead negotiator to represent the interests of its agency in the negotiations; and

WHEREAS, during the Tier 2 Plan negotiations, the Original Minimum Purchase Customers renewed discussions among the Wholesale Customers to identify a comprehensive and final solution to concerns about the minimum purchase quantities; and

WHEREAS, during the Tier 2 Plan negotiations, the Wholesale Customers identified, and the SFPUC agreed to, changes to the Tier 1 Plan that would facilitate agreement on the updated Tier 2 Plan; and

WHEREAS, in June 2023, following several years of discussions regarding the Minimum Purchase Requirements, the SFPUC proposed amending the 2021 WSA to reset the existing minimum annual purchase quantities to align with current water consumption trends, while protecting investment in the RWS; and

WHEREAS, in 2024, the SFPUC, the Original Minimum Purchase Customers, and BAWSCA held multiple meetings to identify amendments that would address challenges related to the Minimum Purchase Requirements; and

WHEREAS, once the SFPUC and the Original Minimum Purchase Customers discussed amendments to the Minimum Purchase Requirements, the Original Minimum Purchase Customers presented proposals to the broader Wholesale Customer group to secure their support; and

WHEREAS, in 2024, the Wholesale Customers came to a final agreement on a package that includes an updated Tier 2 Plan, amendments to the minimum purchase quantity requirements, and amendments to the Tier 1 Plan; and

WHEREAS, with its Alternative Water Supply Program, the SFPUC is in the early stages of planning for projects to support the Wholesale and Retail Customers' ability to respond to climate change and address future water supply challenges and vulnerabilities, such as regulatory changes, earthquakes, disasters, emergencies, and increases in population and employment; and

WHEREAS, the Original Minimum Purchase Customers are particularly well-suited to develop local, drought resilient supplies, which improve the reliability of the San Francisco Regional Water System (RWS) for all users; and

WHEREAS, under 2021 WSA Section 3.06.D, the Parties agree that they will diligently apply their best efforts to use both surface water and groundwater sources located within their respective service areas and available recycled water to the maximum feasible extent, taking into account the environmental impacts, the public health effects, and the effects on supply reliability of such use, as well as the cost of developing such sources; and

WHEREAS, each Wholesale Customer recognizes the importance of local water supplies in improving regional water supply reliability and commits to develop and use available local water supplies within their service areas, consistent with Section 3.06.D of the WSA; and

WHEREAS, the City of Mountain View approved a Recycled Water Feasibility Study Update Draft Report on March 22, 2022 with seven staff recommendations, including: (1) working with the City of Palo Alto and the Santa Clara Valley Water District on the first phase of an advanced water purification system to improve recycled water quality, (2) planning and siting a recycled water storage reservoir in the City of

Mountain View's North Bayshore Area to improve system performance and reliability, and (3) building-out the recycled water distribution system to serve all of North Bayshore and a portion of NASA Ames; and

WHEREAS, the City of Sunnyvale approved an updated Recycled Water Master Plan on September 24, 2024 and directed staff to look into expanding the recycled water system, which currently includes 22 miles of recycled water pipelines, two recycled water pump stations, and a recycled water storage tank with a 2.5-million-gallon capacity; and

WHEREAS, the City of Milpitas continues to promote the use of recycled water to existing and new customers along the recycled water pipeline within the city, and has committed to developing local groundwater supplies to help meet projected long term water demand; and

WHEREAS, since 1995, the Alameda County Water District has invested over \$300 million in water supply reliability initiatives to enhance local water supplies and reduce its dependence on imported supplies, including water conservation, conjunctive use groundwater management, brackish groundwater desalination, and groundwater banking; and

WHEREAS, as of January 2025, the SFPUC has budgeted \$298.3 million over the next ten years to fund water supply projects; and

WHEREAS, the Parties now desire to approve an amendment to the 2021 WSA to reduce the minimum annual purchase quantities to 80% of average purchases from the most recent four (4) non-drought years and establish a continuing, periodic review of the minimum annual purchase quantities on a 10-year schedule; and

WHEREAS, the amendment will also establish a Rebound Year minimum annual purchase quantity calculation for the first year following a waiver of the Minimum Purchase Requirements; and

WHEREAS, the amendment further provides that Imputed Sales will not apply to an Original Minimum Purchase Customer that does not meet its individual Minimum Purchase Requirements if the collective SFPUC purchases from all Original Minimum Purchase Customers are equal to or greater than the total collective minimum annual purchase quantity; and

WHEREAS, the Parties also desire to adopt an amendment to the Tier 1 Plan to provide that excess use charges will not apply to Wholesale Customers that exceed their individual annual shortage allocation if the Wholesale Customers' collective SFPUC purchases are less than the total Tier 1 allocation; and

WHEREAS, the amendment further provides that if the collective Wholesale Customers' SFPUC purchases exceed total Tier 1 allocation, excess use charges will be applied to each Wholesale Customer that exceeded its individual annual allocation, proportional to the collective Wholesale Customer's overuse of the total Tier 1 allocation; and

WHEREAS, the Parties also desire to adopt an amendment to the 2021 WSA to include the following substantive modifications:

- a) update references in Section 2.03.C regarding BAWSCA's authority to amend attachments;
- b) extend the timing of the completion of the WSIP to reflect the currently adopted program completion date (Section 3.09);
- c) correct a reference to a SFPUC resolution number in Section 9.07;
- d) update "Imputed Sales" definition in Attachment A to reference Attachment E;
- e) update "Level of Service Goals and Objectives" definition in Attachment A to reflect updated and expanded Level of Service Goals and Objectives adopted by the SFPUC in November 2023; and

WHEREAS, the SFPUC approved these amendments and authorized the execution of a 2025 Amended and Restated Water Supply Agreement incorporating these amendments on May 13, 2025 pursuant to SFPUC Resolution No. 25-0074; and

WHEREAS, the amendment considered now is not a "project" for the purposes of CEQA as it involves an administrative activity that does not result in a direct change to the environment (see 14 CCR Section 15378(b)(5)), and would not result in a direct or reasonably foreseeable indirect physical change in the environment (see 14 CCR Section 15060(c)(2)); and

WHEREAS, in the event the amendment is considered a "project," it would be subject to the categorical exemption for operation, repair, and maintenance of existing facilities (see 14 CCR Section 15301) and the amendment does not implicate substantial changes that involve a new significant environmental effect (see 14 CCR Section 15162(a)).

NOW, THEREFORE, BE IT RESOLVED that the Coastside County Water District Board of Directors finds as follows:

1. The Board of Directors approves the revisions included in the attached Exhibit A, approves those revisions to be incorporated into a revised WSA titled the "2025 Amended and Restated Water Supply Agreement Between the City and County of San Francisco Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County" dated as of 2025 (2025 Amended and Restated Water Supply Agreement).
2. The General Manager is authorized and directed to execute the 2025 Amended and Restated Water Supply Agreement, when final execution copies are prepared and distributed by BAWSCA.

PASSED AND ADOPTED this ____ day of _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

Glenn Reynolds, President
Board of Directors

Approved as to form:

ATTEST:

Patrick Miyaki
Attorney to the District

Mary Rogren, General Manager
Secretary of the District

Attachment:

Exhibit A: Redline and clean excerpts showing changes to Sections 2.03, 3.07, 3.09, 9.07, Attachment A, Attachment E and Attachment H of the Amended and Restated Water Supply Agreement.

ATTACHMENT TO RESOLUTION 2025-03

EXHIBIT A: **Redline** showing changes to Section 2.03, 3.07, 3.09, 9.07, Attachment A, Attachment E and Attachment H of the 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

3.07. Restrictions on Purchases of Water from Others; Minimum Annual Purchases

A. Each Wholesale Customer (except for Alameda County Water District and the cities of Milpitas, Mountain View and Sunnyvale) agrees that it will not contract for, purchase or receive, with or without compensation, directly or indirectly, from any person, corporation, governmental agency or other entity, any water for delivery or use within its service area without the prior written consent of San Francisco.

B. The prohibition in subsection A does not apply to:

1. recycled water;
2. water necessary on an emergency and temporary basis, provided that the Wholesale Customer promptly gives San Francisco notice of the nature of the emergency, the amount of water that has been or is to be purchased, and the expected duration of the emergency; or
3. water in excess of a Wholesale Customer's Individual Supply Guarantee.

C. Minimum Annual Purchase Quantities. Alameda County Water District and the cities of Milpitas, Mountain View and Sunnyvale may purchase water from sources other than San Francisco, provided that San Francisco shall require that each purchase a minimum annual quantity of water from San Francisco. -These Minimum Annual Purchase Quantities are set out in Attachment E and shall also be included in the Individual Water Sales Contracts between San Francisco and each of these four Wholesale Customers (collectively referred to as the Original Minimum Purchase Customers). Pursuant to Section 3.04, certain Wholesale Customers may also be required to purchase Temporary Modified Minimum Annual Purchase Quantities, set out in Attachment E-1, from San Francisco. Attachment E will be updated pursuant to Section 3.04 to reflect any reduction in existing Minimum Annual Purchase Quantities and any addition of new Minimum Annual Purchase Quantities when Temporary Modified Minimum Annual Purchase Quantities expire and are removed from Attachment E-1; Individual Water Sales Contracts between San Francisco and any Wholesale Customers who are participants in a transfer under Section 3.04 will similarly be amended, as necessary.

1. Annual Notice. After the end of each fiscal year, the SFPUC will send a written notice to each Wholesale Customer ~~that is subject to the minimum annual purchase requirements of this section~~ with a Minimum Annual Purchase Quantity, or a Temporary Modified Minimum Annual Purchase Quantity with a copy to BAWSCA. -The notice will include: ~~(4~~

(a) the quantity of water delivered to ~~the~~each of those Wholesale ~~Customer~~Customers individually and all of the Original Minimum Purchase Customers collectively during the previous fiscal year; ~~{~~

~~2~~

(b) each Wholesale Customer's individual Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity (as adjusted for a Rebound Year, if applicable, under Section 3.07.C.2);

~~)- whether or not the Wholesale Customer met its minimum annual purchase requirement under this section; (3~~

(c) whether or not each Wholesale Customer met its individual Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity (as adjusted for a Rebound Year, if applicable);

(d) whether or not the Original Minimum Purchase Customers collectively purchased a volume of water from San Francisco that is equal to or greater than the sum of their four Minimum Annual Purchase Quantities (as adjusted for a Rebound Year, if applicable);

(e) any Imputed Sales charged to the Wholesale ~~Customer~~Customers; and ~~{4~~

(f) the status of any Temporary Modified Minimum Annual Purchase ~~Quantity~~Quantities of the Wholesale ~~Customer, if applicable.~~Customers.

~~C-2.~~ Waiver and Rebound Year. The minimum annual purchase requirements set out in Attachments E and E-1 will be waived during a Drought or other period of water shortage if the water San Francisco makes available to these Wholesale Customers is less than ~~its~~their Minimum Annual Purchase ~~Quantity~~Quantities or Temporary Modified Minimum Annual Purchase Quantities, and may be waived during a state of emergency declared by the Governor of California that impacts water supply use or deliveries from the Regional Water System. Once the waiver is no longer in effect, each of the minimum annual purchase requirements set out in Attachments E and E-1 shall be temporarily set, for one full fiscal year (referred to as the Rebound Year), to the midpoint between (1) the Wholesale Customer's actual San Francisco purchases for the final year in which the waiver was in effect, up to a maximum of the Customer's Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity, and (2) the Wholesale Customer's Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity set out in Attachment E or Attachment E-1, as applicable. Any fiscal year in which a Wholesale Customer meets its Rebound Year-adjusted Temporary Modified Minimum

Annual Purchase Quantity, but not its standard Temporary Modified Minimum Annual Purchase Quantity, will not count as a fiscal year in which the Wholesale Customer has met or exceeded its Temporary Modified Minimum Purchase Quantity for the purposes of Section 3.04.C(4)(a).

D. Minimum Annual Purchase Quantity Reset. As shown on Attachment E, in Fiscal Year 2025-26, the Parties reset the then-existing Minimum Annual Purchase Quantities of the Original Minimum Purchase Customers to 80% of the average San Francisco purchases of each Customer over the four most recent non-drought years preceding Fiscal Year 2024-25, effective for Fiscal Year 2024-25. If the Parties extend the Term of this Agreement beyond June 30, 2034 pursuant to Section 2.02, the Parties will review the Minimum Annual Purchase Quantities of the Original Minimum Purchase Customers again ten years after the Fiscal Year 2025-26 reset. If the Original Minimum Purchase Customers, or San Francisco, want to propose a reset of the Minimum Annual Purchase Quantities for Fiscal Year 2035-36, they will provide written notice on or before June 30, 2034. The Parties will meet and confer promptly to evaluate written reset proposals. By November 30, 2035, if the Parties have come to an agreement, the SFPUC will calculate the revised Minimum Annual Purchase Quantities based on the agreed upon methodology and provide written notice to the Original Minimum Purchase Customers and BAWSCA. The Original Minimum Purchase Customers will have at least 15 business days to review and meet and confer with the SFPUC with any questions or concerns before the revised quantities are finalized. If the Parties are unable to come to an agreement, the then-existing Minimum Annual Purchase Quantities will remain unchanged. Any changes to the Minimum Annual Purchase Quantities under this Section 3.07.D will be reflected in a revised Attachment E approved with the written concurrence of San Francisco and BAWSCA in accordance with Section 2.03.C. The Parties intend to include a continuing, periodic review of the Minimum Annual Purchase Quantities on a ten-year schedule in the successor to this Agreement.

E. Collective Minimum Annual Purchase Quantities Considered Before Application of Imputed Sales. Imputed Sales will not apply to any of the individual Original Minimum Purchase Customers in a particular fiscal year if those Customers have collectively purchased a volume of water from San Francisco that is equal to or greater than the sum of their four Minimum Annual Purchase Quantities shown in Attachment E (or adjusted for a Rebound Year pursuant to Section 3.07.C.2, if applicable). If the Original Minimum Purchase Customers do not collectively purchase that sum, any Original Minimum Purchase Customer that has not met its standard or Rebound Year-adjusted Minimum Annual Purchase Quantity will be responsible for Imputed Sales proportional to its share of the difference between that sum and the Original Minimum Purchase Customers' total purchases from San Francisco. Examples of this calculation are contained in

[Attachment E-3.](#)

Redline Comparing 2021 Amended and Restated Water Supply Agreement and 2025 Proposed Amendments: Sections 2.03, 3.09, and 9.07, and Attachment A Definitions

2.03. Amendments.

C. Amendments to Attachments. The following attachments may be amended with the written concurrence of San Francisco and BAWSCA on behalf of the Wholesale Customers:

<u>Attachment</u>	<u>Name</u>
C	Individual Supply Guarantees (amendments reflecting Section 3.04 transfers only)
E	Minimum Annual Purchase Quantities (amendments reflecting Section 3.04 transfers and Section 3.07 resets only)
E-1	Temporary Modified Minimum Annual Purchase Quantities
G	Water Quality Notification and Communications Plan (as may be amended)
J	Water Use Measurement and Tabulation
L-1	Identification of WSIP Projects as Regional/Retail
N-1	Balancing Account/Rate Setting Calculation Table
N-2	Wholesale Revenue Requirement Schedules
N-3	Schedule of Projected Water Sales, Wholesale Revenue Requirement and Wholesale Rates
P	Management Representation Letter
R	Classification of Existing System Assets (subject to Section 5.11)

Amendments to these attachments shall be approved on behalf of San Francisco by the Commission and on behalf of BAWSCA by its Board of Directors, unless the Commission by resolution delegates such authority to the General Manager of the SFPUC or the Board of Directors by resolution delegates such authority to the General Manager/CEO of BAWSCA.

3.09. Completion of WSIP

San Francisco will complete construction of the physical facilities in the WSIP by ~~December~~June 30, ~~2021~~2032. The SFPUC agrees to provide for full public review and comment by local and state interests of any proposed changes that delay previously adopted project completion dates or that delete projects. The SFPUC shall meet and consult with BAWSCA before proposing to the Commission any changes in the scope of WSIP projects which reduce their capacity or ability to achieve adopted Level of Service Goals and Objectives. The SFPUC retains discretion to determine whether to approve the physical facilities in the WSIP until after it completes the CEQA process as set forth in Section 4.07.

9.07. City of Brisbane, Guadalupe Valley Municipal Improvement District, Town of Hillsborough

A. The parties acknowledge that San Francisco has heretofore provided certain quantities of water to the City of Brisbane ("Brisbane"), Guadalupe Valley Municipal Improvement District ("Guadalupe") and the Town of Hillsborough ("Hillsborough") at specified rates or without charge pursuant to obligations arising out of agreements between the predecessors of San Francisco and these parties, which agreements are referred to in judicial orders, resolutions of the SFPUC and/or the 1960 contracts between San Francisco and Brisbane, Guadalupe and Hillsborough. The parties intend to continue those arrangements and accordingly agree as follows:

1. Nothing in this Agreement is intended to alter, amend or modify the terms of SFPUC Resolution No. 74-~~0653~~0053 or the indenture of July 18, 1908 between the Guadalupe Development Company and the Spring Valley Water Company.

2. Nothing in this Agreement is intended to alter, amend or modify the Findings of Fact and Conclusions of Law and Judgment dated May 25, 1961 in that certain action entitled City and County of San Francisco v. Town of Hillsborough in the Superior Court of the State of California in and for the County of Marin, No. 23282, as modified by the Satisfaction of Judgment filed October 23, 1961 and the Compromise and Release between Hillsborough and San Francisco dated August 22, 1961. The rights and obligations of Hillsborough under these documents shall continue as therein set forth.

3. Nothing in this Agreement is intended to affect or prejudice any claims, rights or remedies of Guadalupe or of Crocker Estate Company, a corporation, or of Crocker

Land Company, a corporation, or of San Francisco, or of their successors and assigns, respectively, with respect to or arising out of that certain deed dated May 22, 1884, from Charles Crocker to Spring Valley Water Works, a corporation, recorded on May 24, 1884, in Book 37 of Deeds at page 356, Records of San Mateo County, California, as amended by that certain Deed of Exchange of Easements in Real Property and Agreement for Trade in Connection Therewith, dated July 29, 1954, recorded on August 4, 1954, in Book 2628, at page 298, Official Records of said San Mateo County, or with respect to or arising out of that certain action involving the validity or enforceability of certain provisions of said deed entitled City and County of San Francisco v. Crocker Estate Company, in the Superior Court of the State of California in and for the County of Marin, No. 23281.

Attachment A - Definitions

“**Imputed Sales**” apply when a Wholesale Customer does not meet the minimum annual purchase requirements of Section 3.07.C, [as shown on Attachment E and Attachment E-1](#), except in fiscal years in which a waiver of these requirements is in effect. Imputed Sales are calculated as the difference between (1) a Wholesale Customer’s metered water purchases during a fiscal year, from July 1 to June 30, and (2) the larger of (a) or (b) as follows: (a) the Wholesale Customer’s Minimum Annual Purchase Quantity, as specified in Attachment E [and may be adjusted pursuant to Section 3.07.C.2](#), or (b) the Wholesale Customer’s Temporary Modified Minimum Annual Purchase Quantity, as specified in Attachment E-1 [and may be adjusted pursuant to Section 3.07.C.2](#). If a Wholesale Customer has more than one Temporary Modified Minimum Annual Purchase Quantity, the largest quantity is used for calculating Imputed Sales. Imputed Sales are considered wholesale water usage for the purposes of calculating the Proportional Annual Use, and any fees charged for Imputed Sales are considered wholesale revenues.

“**Level of Service Goals and Objectives**” refers to the “Phased WSIP Goals and Objectives” adopted by the Commission in Resolution No. 08-0200 dated October 30, 2008 as part of the approval of the WSIP, [as updated and expanded by the "2023 Amended and Updated Water Enterprise Level of Service Goals and Objectives," adopted by the Commission in Resolution No. 23-0210 dated November 28, 2023](#), and any amendments that may be adopted by the Commission.

ATTACHMENT E

MINIMUM ANNUAL PURCHASE QUANTITIES

(Section 3.07.C)

AGENCY	MINIMUM ANNUAL PURCHASE QUANTITY (IN MGD)¹
Alameda County Water District	7.648 <u>6.682</u>
City of Milpitas	5.341 <u>4.371</u>
City of Mountain View	8.930 <u>6.047</u>
City of Sunnyvale	8.930 <u>7.412</u>

¹ In Fiscal Year (FY) 2025-26, the then-existing Minimum Annual Purchase Quantities for Alameda County Water District and the Cities of Milpitas, Mountain View, and Sunnyvale were reset to 80% of each of those four customers' average San Francisco purchases over the four non-drought years preceding FY 2024-25 (FY 2017-18, FY 2018-19, FY 2019-20, and FY 2020-21), effective FY 2024-25. Prior to this reset, from the effective date of this Agreement (July 1, 2009) through FY 2023-24, those four customers had the following Minimum Annual Purchase Quantities:

1. Alameda County Water District: 7.648 MGD
2. City of Milpitas: 5.341 MGD
3. City of Mountain View: 8.930 MGD
4. City of Sunnyvale: 8.930 MGD

ATTACHMENT H

WATER SHORTAGE ALLOCATION PLAN

This ~~Interim~~ Water Shortage Allocation Plan (“Plan”), also known as the Tier 1 Shortage Plan, describes the method for allocating water between the San Francisco Public Utilities Commission (“SFPUC”), on the one hand, and the Wholesale Customers collectively, on the other, during shortages caused by drought. The Plan also implements a method for allocating water among the individual Wholesale Customers, known as the Tier 2 Drought Response Implementation Plan (“Tier 2 Plan”), which has separately been adopted by the Wholesale Customers and does not include the SFPUC. The Plan includes provisions for transfers, banking, and excess use charges. The Plan applies only when the SFPUC determines that a system-wide water shortage due to drought exists, and all references to “shortages” and “water shortages” are to be so understood. This Plan was initially adopted pursuant to Section 7.03(a) of the 1984 Settlement Agreement and Master Water Sales Contract and has been incorporated and updated to correspond to the terminology used in the ~~June~~ 2009 Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County and Santa Clara County (“Agreement”), as amended and restated from time to time.

SECTION 1. SHORTAGE CONDITIONS

1.1. Projected Available SFPUC Water Supply. The SFPUC shall make an annual determination as to whether or not a shortage condition exists. The determination of projected available water supply shall consider, among other things, stored water, projected runoff, water acquired by the SFPUC from non-SFPUC sources, inactive storage, reservoir losses, allowance for carryover storage, and water bank balances, if any, described in Section 3.

1.2. Projected SFPUC Customer Purchases. The SFPUC will utilize purchase data, including volumes of water purchased by the Wholesale Customers and by Retail Customers (as those terms are used in the Agreement) in the year immediately prior to the drought, along with other available relevant information, as a basis for determining projected system-wide water purchases from the SFPUC for the upcoming ~~year~~ Supply Year (defined as the period from July 1 through June 30).

1.3. Shortage Conditions. The SFPUC will compare the projected available water supply (Section 1.1) with projected system-wide water purchases (Section 1.2). A shortage condition exists if the SFPUC determines that the projected available water supply is less than projected system-wide water purchases in the upcoming Supply Year ~~(defined as the period from July 1 through June 30)~~. When a shortage condition exists, SFPUC will determine whether voluntary or mandatory actions will be required to reduce purchases of SFPUC water to required levels.

1.3.1 Voluntary Response. If the SFPUC determines that voluntary actions will be sufficient to accomplish the necessary reduction in water use throughout its service area, the SFPUC and the Wholesale Customers will make good faith efforts to reduce their water purchases to stay within their annual ~~shortage~~ Tier 1 and Tier 2 allocations as applicable (see Section 2 of this Attachment H) and associated monthly water use budgets. The SFPUC will not impose excess use charges during periods of voluntary rationing, but may suspend the prospective accumulation of water bank credits, or impose a ceiling on further accumulation of bank credits, consistent with Section 3.2.1 of this Plan.

1.3.2 Mandatory Response. If the SFPUC determines that mandatory actions will be required to accomplish the necessary reduction in water use in the SFPUC service area, the SFPUC may implement excess use charges as set forth in Section 4 of this Plan.

1.4. Period of Shortage. A shortage period commences when the SFPUC determines that a water shortage exists, as set forth in a declaration of water shortage emergency issued by the SFPUC pursuant to California Water Code Sections 350 et seq. Termination of the water shortage emergency will be declared by resolution of the SFPUC.

SECTION 2. SHORTAGE ALLOCATIONS

2.1. Annual [Tier 1](#) Allocations between the SFPUC and the Wholesale Customers. The annual water supply available during shortages will be allocated between the SFPUC and the collective Wholesale Customers as follows:

Level of System Wide Reduction in Water Use Required	Share of Available Water	
	SFPUC Share	Wholesale Customers Share
5% or less	35.5%	64.5%
6% through 10%	36.0%	64.0%
11% through 15%	37.0%	63.0%
16% through 20%	37.5%	62.5%

[This Plan refers to the SFPUC's and Wholesale Customers' respective shares of available water so established as the SFPUC's and Wholesale Customers' Tier 1 allocations.](#) The water allocated to the SFPUC shall correspond to the total allocation for all Retail Customers. In the event that the SFPUC share of the available water supply in the above table results in Retail Customers having a positive allocation (i.e., a supply of additional water rather than a required percentage reduction in water use), the SFPUC's percentage share of the available water supply in the table shall be reduced to eliminate any positive allocation to Retail Customers, with a corresponding increase in the percentage share of the available water supply allocated to the Wholesale Customers. For any level of required reduction in system-wide water use during shortages, the SFPUC shall require Retail Customers to conserve a minimum of 5%, with any resulting reallocated supply credited to storage for inclusion in calculation of projected available water SFPUC water supply in a subsequent year (Section 1.1).

The parties agree to reevaluate the percentages of the available water supply allocated to Retail and Wholesale Customers by May 1, 2028.

2.2 Annual [Tier 2](#) Allocations among the Wholesale Customers. The annual water supply allocated to the Wholesale Customers collectively during system wide shortages of 20 percent or less ([i.e., the Wholesale Customers' Tier 1 allocation](#)) will be apportioned among them based on a methodology, [known as the Tier 2 Plan, that has been separately](#) adopted by all of the Wholesale Customers, [and not the SFPUC](#), as described in Section 3.11(C) of the Agreement. In any year for which the methodology must be applied, the Bay Area Water Supply and Conservation Agency ("BAWSCA") will calculate each Wholesale Customer's individual percentage share of the amount of water allocated to the Wholesale Customers collectively pursuant to Section 2.1. Following the declaration or reconfirmation of a water shortage emergency by the SFPUC, BAWSCA will deliver to the SFPUC General Manager a list, signed by the President of BAWSCA's Board of Directors and its General Manager, showing each Wholesale Customer together with its percentage share and stating that the list has been prepared in accordance with the methodology adopted by the Wholesale Customers. The SFPUC shall allocate water to each Wholesale Customer, as specified in the list. The shortage allocations so established ([known as Tier 2](#)

Redline Comparing 2021 Amended and Restated Water Supply Agreement and 2025 Proposed Amendments

[allocations](#)) may be transferred as provided in Section 2.5 of this Plan. If BAWSCA or all Wholesale Customers do not provide the SFPUC with individual allocations, the SFPUC may make a final allocation decision after first meeting and discussing allocations with BAWSCA and the Wholesale Customers.

The [Tier 2 Plan](#) methodology adopted by the Wholesale Customers utilizes the rolling average of each individual Wholesale Customer's purchases from the SFPUC during the three immediately preceding Supply Years. The SFPUC agrees to provide BAWSCA by November 1 of each year a list showing the amount of water purchased by each Wholesale Customer during the immediately preceding Supply Year. The list will be prepared using Customer Service Bureau report MGT440 (or comparable official record in use at the time), adjusted as required for any reporting errors or omissions, and will be transmitted by the SFPUC General Manager or his designee.

2.3. Limited Applicability of Plan to System Wide Shortages Greater Than Twenty Percent. The [Tier 1](#) allocations of water between the SFPUC and the Wholesale Customers collectively, provided for in Section 2.1, apply only to shortages of 20 percent or less. The SFPUC and Wholesale Customers recognize the possibility of a drought occurring which could create system-wide shortages greater than 20 percent despite actions taken by the SFPUC aimed at reducing the probability and severity of water shortages in the SFPUC service area. If the SFPUC determines that a system wide water shortage greater than 20 percent exists, the SFPUC and the Wholesale Customers agree to meet within 10 days and discuss whether a change is required to the allocation set forth in Section 2.1 in order to mitigate undue hardships that might otherwise be experienced by individual Wholesale Customers or Retail Customers. Following these discussions, the Tier 1 ~~water~~ allocations set forth in Section 2.1 of this Plan, or a modified version thereof, may be adopted by mutual written consent of the SFPUC and the Wholesale Customers. If the SFPUC and Wholesale Customers meet and cannot agree on an appropriate Tier 1 allocation within 30 days of the SFPUC's determination of water shortage greater than 20 percent, then (1) the provisions of Section 3.11(C) of the Agreement will apply, unless (2) all of the Wholesale Customers direct in writing that a Tier 2 allocation methodology agreed to by them be used to apportion the water to be made available to the Wholesale Customers collectively, in lieu of the provisions of Section 3.11(C).

The provisions of this Plan relating to transfers (in Section 2.5), banking (in Section 3), and excess use charges (in Section 4) shall continue to apply during system-wide shortages greater than 20 percent.

2.4. Monthly Water Budgets. Within 10 days after adopting a declaration of water shortage emergency, the SFPUC will determine the amount of Tier 1 water allocated to the Wholesale Customers collectively pursuant to Section 2.1. The SFPUC General Manager, using the Tier 2 allocation percentages shown on the list delivered by BAWSCA pursuant to Section 2.2, will calculate each Wholesale Customer's individual annual [Tier 2](#) allocation. The SFPUC General Manager, or his designee, will then provide each Wholesale Customer with a proposed schedule of monthly water budgets based on the pattern of monthly water purchases during the Supply Year immediately preceding the declaration of shortage (the "Default Schedule"). Each Wholesale Customer may, within two weeks of receiving its Default Schedule, provide the SFPUC with an alternative monthly water budget that reschedules its annual Tier 2 ~~shortage~~ allocation over the course of the succeeding Supply Year. If a Wholesale Customer does not deliver an alternative monthly water budget to the SFPUC within two weeks of its receipt of the Default Schedule, then its monthly budget for the ensuing Supply Year shall be the Default Schedule proposed by the SFPUC.

Monthly Wholesale Customer water budgets will be derived from annual Tier 2 allocations for purposes of accounting for excess use. Monthly Wholesale Customer water budgets shall be adjusted during the year to account for transfers of shortage allocation under Section 2.5 and transfers of banked water under Section 3.4.

2.5. Transfers of Shortage Allocations. Voluntary transfers of shortage allocations between the SFPUC and any Wholesale Customers, and between any Wholesale Customers, will be permitted using the same procedure as that for transfers of banked water set forth in Section 3.4. The SFPUC and BAWSCA shall be notified of each transfer. Transfers of shortage allocations shall be deemed to be an emergency transfer and shall become effective on the third business day after notice of the transfer has been delivered to the SFPUC. Transfers of shortage allocations shall be in compliance with Section 3.05 of the Agreement. The transferring parties will meet with the SFPUC, if requested, to discuss any effect the transfer may have on its operations.

SECTION 3. SHORTAGE WATER BANKING

3.1. Water Bank Accounts. The SFPUC shall create a water bank account for itself and each Wholesale Customer during shortages in conjunction with its resale customer billing process. Bank accounts will account for amounts of water that are either saved or used in excess of the shortage allocation for each agency; the accounts are not used for tracking billings and payments. When a shortage period is in effect (as defined in Section 1.4), the following provisions for bank credits, debits, and transfers shall be in force. A statement of bank balance for each Wholesale Customer will be included with the SFPUC's monthly water bills.

3.2. Bank Account Credits. Each month, monthly purchases will be compared to the monthly budget for that month. Any unused shortage allocation by an agency will be credited to that agency's water bank account. Credits will accumulate during the entire shortage period, subject to potential restrictions imposed pursuant to Section 3.2.1. Credits remaining at the end of the shortage period will be zeroed out; no financial or other credit shall be granted for banked water.

3.2.1. Maximum Balances. The SFPUC may suspend the prospective accumulation of credits in all accounts. Alternatively, the SFPUC may impose a ceiling on further accumulation of credits in water bank balances based on a uniform ratio of the bank balance to the annual water allocation. In making a decision to suspend the prospective accumulation of water bank credits, the SFPUC shall consider the available water supply as set forth in Section 1.1 of this Plan and other reasonable, relevant factors.

3.3. Account Debits. Each month, monthly purchases will be compared to the budget for that month. Purchases in excess of monthly budgets will be debited against an agency's water bank account. Bank debits remaining at the end of the fiscal year will be subject to excess use charges (see Section 4).

3.4. Transfers of Banked Water. In addition to the transfers of shortage allocations provided for in Section 2.5, voluntary transfers of banked water will also be permitted between the SFPUC and any Wholesale Customer, and among the Wholesale Customers. The volume of transferred water will be credited to the transferee's water bank account and debited against the transferor's water bank account. The transferring parties must notify the SFPUC and BAWSCA of each transfer in writing (so that adjustments can be made to bank accounts), and will meet with the SFPUC, if requested, to discuss any affect the transfer may have on SFPUC operations. Transfers of banked water shall be deemed to be an emergency transfer and shall become effective on the third business day after notice of the transfer has been delivered to the SFPUC. If the SFPUC incurs extraordinary costs in implementing transfers, it will give written notice to the transferring parties within ten (10) business days after receipt of notice of the transfer. Extraordinary costs means additional costs directly attributable to accommodating transfers and which are not incurred in non-drought years nor simply as a result of the shortage condition itself. Extraordinary costs shall be calculated in accordance with the procedures in the Agreement and shall be subject to the disclosure and auditing requirements in the Agreement. In the case of transfers between Wholesale Customers, such extraordinary costs shall be considered to be expenses chargeable solely to individual Wholesale Customers and shall be borne equally by the parties to the transfer. In the case of

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transfers between the SFPUC and a Wholesale Customer, the SFPUC's share of any extraordinary transfer costs shall not be added to the Wholesale Revenue Requirement.

3.4.1. Transfer Limitations. The agency transferring banked water will be allowed to transfer no more than the accumulated balance in its bank. Transfers of estimated prospective banked credits and the "overdrafting" of accounts shall not be permitted. The price of transfer water originally derived from the SFPUC system is to be determined by the transferring parties and is not specified herein. Transfers of banked water shall be in compliance with Section 3.05 of the Agreement.

SECTION 4. WHOLESALE EXCESS USE CHARGES

4.1. Amount of Excess Use Charges. Monthly excess use charges shall be determined by the SFPUC at the time of the declared water shortage consistent with the calendar in Section 6 and in accordance with Section 6.03 of the Agreement. The excess use charges will be in the form of multipliers applied to the rate in effect at the time the excess use occurs. The same excess use charge multipliers shall apply to the Wholesale Customers and all Retail Customers. The excess use charge multipliers apply only to the charges for water delivered at the rate in effect at the time the excess use occurred.

4.2 Monitoring Suburban Water Use. During periods of voluntary rationing, water usage greater than a customer's allocation (as determined in Section 2) -will be indicated on each SFPUC monthly water bill. During periods of mandatory rationing, monthly and cumulative water usage greater than a Wholesale Customer's shortage allocation and the associated excess use charges will be indicated on each SFPUC monthly water bill.

4.3. Suburban Excess Use Charge Payments. An annual reconciliation will be made of monthly excess use charges according to the calendar in Section 6. Annual excess use charges will be calculated by comparing total annual purchases for each Wholesale Customer with its annual shortage allocation (as adjusted for transfers of shortage allocations and banked water, if any). Excess use charge payments by those Wholesale Customers with net excess use will be paid according to the calendar in Section 6. The SFPUC may dedicate excess use charges paid by Wholesale Customers toward the purchase of water from the State Drought Water Bank or other willing sellers in order to provide additional water to the Wholesale Customers. Excess use charges paid by the Wholesale Customers constitute Wholesale Customer revenue and shall be included within the SFPUC's annual Wholesale Revenue Requirement calculation.

4.4. Tier 1 Family Plan. During periods of mandatory rationing, the SFPUC will not assess excess use charges on any of the Wholesale Customers if the Wholesale Customers' collective cumulative purchases over the course of the Supply Year are less than the Wholesale Customers' Tier 1 allocation, as set forth in Section 2.1. If the Wholesale Customers' collective cumulative purchases exceed the Wholesale Customers' Tier 1 allocation, the SFPUC shall assess excess use charges on each individual Wholesale Customer that exceeded its individual Tier 2 allocation (established in accordance with Section 2.2) over the course of the Supply Year in proportion to each individual Wholesale Customer's share of the collective Wholesale Customers' purchases that exceeded the Wholesale Customers' Tier 1 allocation.

SECTION 5. GENERAL PROVISIONS GOVERNING WATER SHORTAGE ALLOCATION PLAN

5.1. Construction of Terms. This Plan is for the sole benefit of the parties and shall not be construed as granting rights to any person other than the parties or imposing obligations on a party to any person other than another party.

5.2. Governing Law. This Plan is made under and shall be governed by the laws of the State of California.

5.3. Effect on Agreement. This Plan describes the method for allocating water between the SFPUC and the collective Wholesale Customers during system-wide water shortages of 20 percent or less. This Plan also provides for the SFPUC to allocate water among the Wholesale Customers in accordance with directions provided by the Wholesale Customers through BAWSCA under Section 2.2, and to implement a program by which such allocations may be voluntarily transferred among the Wholesale Customers. The provisions of this Plan are intended to implement Section 3.11(C) of the Agreement and do not affect, change or modify any other section, term or condition of the Agreement.

5.4. Inapplicability of Plan to Allocation of SFPUC System Water During Non-Shortage Periods. The SFPUC's agreement in this Plan to a respective share of SFPUC system water during years of shortage shall not be construed to provide a basis for the allocation of water between the SFPUC and the Wholesale Customers when no water shortage emergency exists.

5.5. Termination. This Plan shall expire at the end of the Term of the Agreement~~-. The SFPUC and the Wholesale Customers can mutually agree to revise or terminate this Plan prior to that date due to changes in the water delivery capability of the SFPUC system, the acquisition of new water supplies, and other factors affecting the availability of water from the SFPUC system during times of shortage.~~

SECTION 5. ALLOCATION CALENDAR

6.1. Annual Schedule. The annual schedule for the shortage allocation process is shown below. This schedule may be changed by the SFPUC to facilitate implementation.

6.1.1

In All Years	Target Dates
1. SFPUC delivers list of annual purchases by each Wholesale Customer during the immediately preceding Supply Year	November 1
2. SFPUC meets with the Wholesale Customers and presents water supply forecast for the following Supply Year	February
3. SFPUC issues initial estimate of available water supply	February 1
4. SFPUC announces potential first year of drought (if applicable)	February 1
5. SFPUC and Wholesale Customers meet upon request to exchange information concerning water availability and projected system-wide purchases	February 1-May 31
6. SFPUC issues revised estimate of available water supply, and confirms continued potential shortage conditions, if applicable	March 1
7. SFPUC issues final estimate of available water supply	April 15 th or sooner if adequate snow course measurement data is available to form a robust estimate on available water supply for the coming year.
8. SFPUC determines amount of water available to Wholesale Customers collectively	April 15 th or sooner if adequate snow course measurement data is available to form a robust estimate on available water

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supply for the coming year.

In Drought Years	Target Dates
9. SFPUC formally declares the existence of water shortage emergency (or end of water shortage emergency, if applicable) under Water Code Sections 350 et. seq.	April 15-30
10. SFPUC declares the need for a voluntary or mandatory response	April 15-30
11. BAWSCA submits calculation to SFPUC of individual Wholesale Customers' percentage shares of water allocated to Wholesale Customers collectively	April 15- 30
12. SFPUC determines individual shortage allocations, based on BAWSCA's submittal of individual agency percentage shares to SFPUC, and monthly water budgets (Default Schedule)	April 25—May 10
13. Wholesale Customers submit alternative monthly water budgets (optional)	May 8-May 24
14. Final drought shortage allocations are issued for the Supply Year beginning July 1 through June 30	June 1
15. Monthly water budgets become effective	July 1
16. Excess use charges indicated on monthly Suburban bills	August 1 (of the beginning year) through June 30 (of the succeeding year)
17. Excess use charges paid by Wholesale Customers for prior year	August of the succeeding year

ATTACHMENT TO RESOLUTION 2025-03

EXHIBIT A: **Clean version** showing changes to Section 2.03, 3.07, 3.09, 9.07, Attachment A, Attachment E and Attachment H of the 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

3.07. Restrictions on Purchases of Water from Others; Minimum Annual Purchases

A. Each Wholesale Customer (except for Alameda County Water District and the cities of Milpitas, Mountain View and Sunnyvale) agrees that it will not contract for, purchase or receive, with or without compensation, directly or indirectly, from any person, corporation, governmental agency or other entity, any water for delivery or use within its service area without the prior written consent of San Francisco.

B. The prohibition in subsection A does not apply to:

1. recycled water;
2. water necessary on an emergency and temporary basis, provided that the Wholesale Customer promptly gives San Francisco notice of the nature of the emergency, the amount of water that has been or is to be purchased, and the expected duration of the emergency; or
3. water in excess of a Wholesale Customer's Individual Supply Guarantee.

C. Minimum Annual Purchase Quantities. Alameda County Water District and the cities of Milpitas, Mountain View and Sunnyvale may purchase water from sources other than San Francisco, provided that San Francisco shall require that each purchase a minimum annual quantity of water from San Francisco. These Minimum Annual Purchase Quantities are set out in Attachment E and shall also be included in the Individual Water Sales Contracts between San Francisco and each of these four Wholesale Customers (collectively referred to as the Original Minimum Purchase Customers). Pursuant to Section 3.04, certain Wholesale Customers may also be required to purchase Temporary Modified Minimum Annual Purchase Quantities, set out in Attachment E-1, from San Francisco. Attachment E will be updated pursuant to Section 3.04 to reflect any reduction in existing Minimum Annual Purchase Quantities and any addition of new Minimum Annual Purchase Quantities when Temporary Modified Minimum Annual Purchase Quantities expire and are removed from Attachment E-1; Individual Water Sales Contracts between San Francisco and any Wholesale Customers who are participants in a transfer under Section 3.04 will similarly be amended, as necessary.

1. Annual Notice. After the end of each fiscal year, the SFPUC will send a written notice to each Wholesale Customer with a Minimum Annual Purchase Quantity, or a Temporary Modified Minimum Annual Purchase Quantity with a copy to BAWSCA. The notice will include:

- (a) the quantity of water delivered to each of those Wholesale Customers individually and all of the Original Minimum Purchase Customers collectively during the previous fiscal year;
- (b) each Wholesale Customer's individual Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity (as adjusted for a Rebound Year, if applicable, under Section 3.07.C.2);
- (c) whether or not each Wholesale Customer met its individual Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity (as adjusted for a Rebound Year, if applicable);
- (d) whether or not the Original Minimum Purchase Customers collectively purchased a volume of water from San Francisco that is equal to or greater than the sum of their four Minimum Annual Purchase Quantities (as adjusted for a Rebound Year, if applicable);
- (e) any Imputed Sales charged to the Wholesale Customers; and
- (f) the status of any Temporary Modified Minimum Annual Purchase Quantities of the Wholesale Customers.

2. Waiver and Rebound Year. The minimum annual purchase requirements set out in Attachments E and E-1 will be waived during a Drought or other period of water shortage if the water San Francisco makes available to these Wholesale Customers is less than their Minimum Annual Purchase Quantities or Temporary Modified Minimum Annual Purchase Quantities, and may be waived during a state of emergency declared by the Governor of California that impacts water supply use or deliveries from the Regional Water System. Once the waiver is no longer in effect, each of the minimum annual purchase requirements set out in Attachments E and E-1 shall be temporarily set, for one full fiscal year (referred to as the Rebound Year), to the midpoint between (1) the Wholesale Customer's actual San Francisco purchases for the final year in which the waiver was in effect, up to a maximum of the Customer's Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity, and (2) the Wholesale Customer's Minimum Annual Purchase Quantity or Temporary Modified Minimum Annual Purchase Quantity set out in Attachment E or Attachment E-1, as applicable. Any fiscal year in which a Wholesale Customer meets its Rebound Year-adjusted Temporary Modified Minimum Annual Purchase Quantity, but not its standard Temporary Modified Minimum Annual Purchase Quantity, will not count as a fiscal year in which the Wholesale Customer has met or exceeded its Temporary Modified Minimum Purchase Quantity for the purposes of Section 3.04.C(4)(a).

D. Minimum Annual Purchase Quantity Reset. As shown on Attachment E, in Fiscal

Year 2025-26, the Parties reset the then-existing Minimum Annual Purchase Quantities of the Original Minimum Purchase Customers to 80% of the average San Francisco purchases of each Customer over the four most recent non-drought years preceding Fiscal Year 2024-25, effective for Fiscal Year 2024-25. If the Parties extend the Term of this Agreement beyond June 30, 2034 pursuant to Section 2.02, the Parties will review the Minimum Annual Purchase Quantities of the Original Minimum Purchase Customers again ten years after the Fiscal Year 2025-26 reset. If the Original Minimum Purchase Customers, or San Francisco, want to propose a reset of the Minimum Annual Purchase Quantities for Fiscal Year 2035-36, they will provide written notice on or before June 30, 2034. The Parties will meet and confer promptly to evaluate written reset proposals. By November 30, 2035, if the Parties have come to an agreement, the SFPUC will calculate the revised Minimum Annual Purchase Quantities based on the agreed upon methodology and provide written notice to the Original Minimum Purchase Customers and BAWSCA. The Original Minimum Purchase Customers will have at least 15 business days to review and meet and confer with the SFPUC with any questions or concerns before the revised quantities are finalized. If the Parties are unable to come to an agreement, the then-existing Minimum Annual Purchase Quantities will remain unchanged. Any changes to the Minimum Annual Purchase Quantities under this Section 3.07.D will be reflected in a revised Attachment E approved with the written concurrence of San Francisco and BAWSCA in accordance with Section 2.03.C. The Parties intend to include a continuing, periodic review of the Minimum Annual Purchase Quantities on a ten-year schedule in the successor to this Agreement.

E. Collective Minimum Annual Purchase Quantities Considered Before Application of Imputed Sales. Imputed Sales will not apply to any of the individual Original Minimum Purchase Customers in a particular fiscal year if those Customers have collectively purchased a volume of water from San Francisco that is equal to or greater than the sum of their four Minimum Annual Purchase Quantities shown in Attachment E (or adjusted for a Rebound Year pursuant to Section 3.07.C.2, if applicable). If the Original Minimum Purchase Customers do not collectively purchase that sum, any Original Minimum Purchase Customer that has not met its standard or Rebound Year-adjusted Minimum Annual Purchase Quantity will be responsible for Imputed Sales proportional to its share of the difference between that sum and the Original Minimum Purchase Customers' total purchases from San Francisco. Examples of this calculation are contained in Attachment E-3.

Proposed 2025 Amended and Restated Water Supply Agreement: Sections 2.03, 3.09, and 9.07, and Attachment A Definitions.

2.03. Amendments.

C. Amendments to Attachments. The following attachments may be amended with the written concurrence of San Francisco and BAWSCA on behalf of the Wholesale Customers:

<u>Attachment</u>	<u>Name</u>
C	Individual Supply Guarantees (amendments reflecting Section 3.04 transfers only)
E	Minimum Annual Purchase Quantities (amendments reflecting Section 3.04 transfers and Section 3.07 resets only)
E-1	Temporary Modified Minimum Annual Purchase Quantities
G	Water Quality Notification and Communications Plan (as may be amended)
J	Water Use Measurement and Tabulation
L-1	Identification of WSIP Projects as Regional/Retail
N-1	Balancing Account/Rate Setting Calculation Table
N-2	Wholesale Revenue Requirement Schedules
N-3	Schedule of Projected Water Sales, Wholesale Revenue Requirement and Wholesale Rates
P	Management Representation Letter
R	Classification of Existing System Assets (subject to Section 5.11)

Amendments to these attachments shall be approved on behalf of San Francisco by the Commission and on behalf of BAWSCA by its Board of Directors, unless the Commission by resolution delegates such authority to the General Manager of the SFPUC or the Board of Directors by resolution delegates such authority to the General Manager/CEO of BAWSCA.

3.09. Completion of WSIP

San Francisco will complete construction of the physical facilities in the WSIP by June 30, 2032. The SFPUC agrees to provide for full public review and comment by local and state interests of any proposed changes that delay previously adopted project completion dates or that delete projects. The SFPUC shall meet and consult with BAWSCA before proposing to the Commission any changes in the scope of WSIP projects which reduce their capacity or ability to achieve adopted Level of Service Goals and Objectives. The SFPUC retains discretion to determine whether to approve the physical facilities in the WSIP until after it completes the CEQA process as set forth in Section 4.07.

9.07. City of Brisbane, Guadalupe Valley Municipal Improvement District, Town of Hillsborough

A. The parties acknowledge that San Francisco has heretofore provided certain quantities of water to the City of Brisbane ("Brisbane"), Guadalupe Valley Municipal Improvement District ("Guadalupe") and the Town of Hillsborough ("Hillsborough") at specified rates or without charge pursuant to obligations arising out of agreements between the predecessors of San Francisco and these parties, which agreements are referred to in judicial orders, resolutions of the SFPUC and/or the 1960 contracts between San Francisco and Brisbane, Guadalupe and Hillsborough. The parties intend to continue those arrangements and accordingly agree as follows:

1. Nothing in this Agreement is intended to alter, amend or modify the terms of SFPUC Resolution No. 74-0053 or the indenture of July 18, 1908 between the Guadalupe Development Company and the Spring Valley Water Company.

2. Nothing in this Agreement is intended to alter, amend or modify the Findings of Fact and Conclusions of Law and Judgment dated May 25, 1961 in that certain action entitled City and County of San Francisco v. Town of Hillsborough in the Superior Court of the State of California in and for the County of Marin, No. 23282, as modified by the Satisfaction of Judgment filed October 23, 1961 and the Compromise and Release between Hillsborough and San Francisco dated August 22, 1961. The rights and obligations of Hillsborough under these documents shall continue as therein set forth.

3. Nothing in this Agreement is intended to affect or prejudice any claims, rights or remedies of Guadalupe or of Crocker Estate Company, a corporation, or of Crocker

Land Company, a corporation, or of San Francisco, or of their successors and assigns, respectively, with respect to or arising out of that certain deed dated May 22, 1884, from Charles Crocker to Spring Valley Water Works, a corporation, recorded on May 24, 1884, in Book 37 of Deeds at page 356, Records of San Mateo County, California, as amended by that certain Deed of Exchange of Easements in Real Property and Agreement for Trade in Connection Therewith, dated July 29, 1954, recorded on August 4, 1954, in Book 2628, at page 298, Official Records of said San Mateo County, or with respect to or arising out of that certain action involving the validity or enforceability of certain provisions of said deed entitled City and County of San Francisco v. Crocker Estate Company, in the Superior Court of the State of California in and for the County of Marin, No. 23281.

Attachment A - Definitions

“Imputed Sales” apply when a Wholesale Customer does not meet the minimum annual purchase requirements of Section 3.07.C, as shown on Attachment E and Attachment E-1, except in fiscal years in which a waiver of these requirements is in effect. Imputed Sales are calculated as the difference between (1) a Wholesale Customer’s metered water purchases during a fiscal year, from July 1 to June 30, and (2) the larger of (a) or (b) as follows: (a) the Wholesale Customer’s Minimum Annual Purchase Quantity, as specified in Attachment E and may be adjusted pursuant to Section 3.07.C.2, or (b) the Wholesale Customer’s Temporary Modified Minimum Annual Purchase Quantity, as specified in Attachment E-1 and may be adjusted pursuant to Section 3.07.C.2. If a Wholesale Customer has more than one Temporary Modified Minimum Annual Purchase Quantity, the largest quantity is used for calculating Imputed Sales. Imputed Sales are considered wholesale water usage for the purposes of calculating the Proportional Annual Use, and any fees charged for Imputed Sales are considered wholesale revenues.

“Level of Service Goals and Objectives” refers to the “Phased WSIP Goals and Objectives” adopted by the Commission in Resolution No. 08-0200 dated October 30, 2008 as part of the approval of the WSIP, as updated and expanded by the "2023 Amended and Updated Water Enterprise Level of Service Goals and Objectives," adopted by the Commission in Resolution No. 23-0210 dated November 28, 2023, and any amendments that may be adopted by the Commission.

ATTACHMENT E

MINIMUM ANNUAL PURCHASE QUANTITIES

(Section 3.07.C)

AGENCY	MINIMUM ANNUAL PURCHASE QUANTITY (IN MGD) ¹
Alameda County Water District	6.682
City of Milpitas	4.371
City of Mountain View	6.047
City of Sunnyvale	7.412

¹ In Fiscal Year (FY) 2025-26, the then-existing Minimum Annual Purchase Quantities for Alameda County Water District and the Cities of Milpitas, Mountain View, and Sunnyvale were reset to 80% of each of those four customers' average San Francisco purchases over the four non-drought years preceding FY 2024-25 (FY 2017-18, FY 2018-19, FY 2019-20, and FY 2020-21), effective FY 2024-25. Prior to this reset, from the effective date of this Agreement (July 1, 2009) through FY 2023-24, those four customers had the following Minimum Annual Purchase Quantities:

1. Alameda County Water District: 7.648 MGD
2. City of Milpitas: 5.341 MGD
3. City of Mountain View: 8.930 MGD
4. City of Sunnyvale: 8.930 MGD

ATTACHMENT E-3

ATTACHMENT E-3

Illustrations of Imputed Sales Considering Collective Regional Water System Use by Original Minimum Purchase Customers Compared to Sum of Minimum Annual Purchase Quantities Pursuant to Section 3.07.E

Scenario 1: Collective Purchases Equal to or Greater Than Sum of MAPQs¹ (No Imputed Sales)²

Line #	Wholesale Customer	A	B	C	D	$E = (D[\text{LINE \#}] / D5) \times (B5 - A5)$
		MAPQ	RWS ³ Use (mgd)	RWS Over MAPQ (mgd)	RWS Under MAPQ (mgd)	Proportion of Use Under Total MAPQ (mgd)
1	Alameda County Water District	6.682	7.682	1.00		N/A
2	City of Milpitas	4.371	3.871		-0.50	N/A
3	City of Mountain View	6.047	5.047		-1.00	N/A
4	City of Sunnyvale	7.412	7.912	0.50		N/A
5	Total	24.512	24.512	1.50	-1.50	N/A

Scenario 2: Collective Purchases Less Than Sum of MAPQs (by 1.0 mgd) (Imputed Sales)⁴

Line #	Wholesale Customer	A	B	C	D	$E = (D[\text{LINE \#}] / D5) \times (B5 - A5)$
		MAPQ	RWS Use (mgd)	RWS Over MAPQ (mgd)	RWS Under MAPQ (mgd)	Proportion of Use Under Total MAPQ (mgd)
1	Alameda County Water District	6.682	7.182	0.50		N/A
2	City of Milpitas	4.371	3.871		-0.50	-0.25
3	City of Mountain View	6.047	4.547		-1.50	-0.75
4	City of Sunnyvale	7.412	7.912	0.50		N/A
5	Total	24.512	23.512	1.00	-2.00	-1.0

¹ Minimum Annual Purchase Quantity (MAPQ)

² In Scenario 1, the Original Minimum Purchase Customers' collective purchases from San Francisco in a particular fiscal year (Line 5B) are equal to the sum of their Minimum Annual Purchase Quantities (Line 5A). Therefore, no Imputed Sales are applied to individual Original Minimum Purchase Customers that purchased less than their individual Minimum Annual Purchase Quantities (in this scenario, Milpitas and Mountain View).

³ Regional Water System (RWS)

⁴ In Scenario 2, the Original Minimum Purchase Customers' collective purchases from San Francisco in a particular fiscal year (Line 5B) are 1.0 mgd less than the sum of their Minimum Annual Purchase Quantities (Line 5A). Therefore, Imputed Sales are applied proportionally to any individual Original Minimum Purchase Customer that purchased less than its individual Minimum Annual Purchase Quantity (in this scenario, Milpitas and Mountain View), so that customer is responsible for its share of the difference between the sum of all Minimum Annual Purchase Quantities (Line 5A) and the collective amount of RWS use (Line 5B). In this scenario, Mountain View is responsible for 75% and Milpitas is responsible for 25% of the 1.0 mgd difference between Line 5A and Line 5B.

Scenario 3: Collective Purchases Equal to or Greater Than Sum of MAPQs – with Rebound Year-Adjusted MAPQs (No Imputed Sales)⁵

Line #	Wholesale Customer	A	B	C = A - ((A[LINE #] - B[LINE #]) / 2)	D	E	F	G = (F[LINE #] / F5) × (D5 - C5)
		MAPQ	RWS Use in Waiver's Final Year	Rebound Year-Adjusted MAPQ	RWS Use (mgd)	RWS Over Rebound Year- Adjusted MAPQ (mgd)	RWS Under Rebound Year- Adjusted MAPQ (mgd)	Proportion of Use Under Total Rebound Year-Adjusted MAPQ (mgd)
1	Alameda County Water District	6.682	5.682	6.182	7.512	1.33		N/A
2	City of Milpitas	4.371	3.371	3.871	3.591		-0.28	N/A
3	City of Mountain View	6.047	5.047	5.547	4.847		-0.70	N/A
4	City of Sunnyvale	7.412	6.412	6.912	7.782	0.87		N/A
5	Total	24.512	20.512	22.512	23.732	2.20	-0.98	N/A

⁵ In Scenario 3, the Original Minimum Purchase Customers' collective purchases from San Francisco in a particular fiscal year (Line 5D) are greater than the sum of their Rebound Year-adjusted Minimum Annual Purchase Quantities that are currently in effect pursuant to Section 3.07.C.2 (Line 5C). Therefore, no Imputed Sales are applied to individual Original Minimum Purchase Customers that purchased less than their individual Rebound Year-adjusted Minimum Annual Purchase Quantities (in this scenario, Milpitas and Mountain View).

ATTACHMENT H

WATER SHORTAGE ALLOCATION PLAN

This Water Shortage Allocation Plan (“Plan”), also known as the Tier 1 Shortage Plan, describes the method for allocating water between the San Francisco Public Utilities Commission (“SFPUC”), on the one hand, and the Wholesale Customers collectively, on the other, during shortages caused by drought. The Plan also implements a method for allocating water among the individual Wholesale Customers, known as the Tier 2 Drought Response Implementation Plan (“Tier 2 Plan”), which has separately been adopted by the Wholesale Customers and does not include the SFPUC. The Plan includes provisions for transfers, banking, and excess use charges. The Plan applies only when the SFPUC determines that a system-wide water shortage due to drought exists, and all references to “shortages” and “water shortages” are to be so understood. This Plan was initially adopted pursuant to Section 7.03(a) of the 1984 Settlement Agreement and Master Water Sales Contract and has been incorporated and updated to correspond to the terminology used in the 2009 Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County and Santa Clara County (“Agreement”), as amended and restated from time to time.

SECTION 1. SHORTAGE CONDITIONS

1.1. Projected Available SFPUC Water Supply. The SFPUC shall make an annual determination as to whether or not a shortage condition exists. The determination of projected available water supply shall consider, among other things, stored water, projected runoff, water acquired by the SFPUC from non-SFPUC sources, inactive storage, reservoir losses, allowance for carryover storage, and water bank balances, if any, described in Section 3.

1.2 Projected SFPUC Customer Purchases. The SFPUC will utilize purchase data, including volumes of water purchased by the Wholesale Customers and by Retail Customers (as those terms are used in the Agreement) in the year immediately prior to the drought, along with other available relevant information, as a basis for determining projected system-wide water purchases from the SFPUC for the upcoming Supply Year (defined as the period from July 1 through June 30).

1.3. Shortage Conditions. The SFPUC will compare the projected available water supply (Section 1.1) with projected system-wide water purchases (Section 1.2). A shortage condition exists if the SFPUC determines that the projected available water supply is less than projected system-wide water purchases in the upcoming Supply Year. When a shortage condition exists, SFPUC will determine whether voluntary or mandatory actions will be required to reduce purchases of SFPUC water to required levels.

1.3.1 Voluntary Response. If the SFPUC determines that voluntary actions will be sufficient to accomplish the necessary reduction in water use throughout its service area, the SFPUC and the Wholesale Customers will make good faith efforts to reduce their water purchases to stay within their annual Tier 1 and Tier 2 allocations as applicable (see Section 2 of this Attachment H) and associated monthly water use budgets. The SFPUC will not impose excess use charges during periods of voluntary rationing, but may suspend the prospective accumulation of water bank credits, or impose a ceiling on further accumulation of bank credits, consistent with Section 3.2.1 of this Plan.

1.3.2 Mandatory Response. If the SFPUC determines that mandatory actions will be required to accomplish the necessary reduction in water use in the SFPUC service area, the SFPUC may implement excess use charges as set forth in Section 4 of this Plan.

1.4. Period of Shortage. A shortage period commences when the SFPUC determines that a water shortage exists, as set forth in a declaration of water shortage emergency issued by the SFPUC pursuant to

California Water Code Sections 350 et seq. Termination of the water shortage emergency will be declared by resolution of the SFPUC.

SECTION 2. SHORTAGE ALLOCATIONS

2.1. Annual Tier 1 Allocations between the SFPUC and the Wholesale Customers. The annual water supply available during shortages will be allocated between the SFPUC and the collective Wholesale Customers as follows:

Level of System Wide Reduction in Water Use Required	Share of Available Water	
	SFPUC Share	Wholesale Customers Share
5% or less	35.5%	64.5%
6% through 10%	36.0%	64.0%
11% through 15%	37.0%	63.0%
16% through 20%	37.5%	62.5%

This Plan refers to the SFPUC's and Wholesale Customers' respective shares of available water so established as the SFPUC's and Wholesale Customers' Tier 1 allocations. The water allocated to the SFPUC shall correspond to the total allocation for all Retail Customers. In the event that the SFPUC share of the available water supply in the above table results in Retail Customers having a positive allocation (i.e., a supply of additional water rather than a required percentage reduction in water use), the SFPUC's percentage share of the available water supply in the table shall be reduced to eliminate any positive allocation to Retail Customers, with a corresponding increase in the percentage share of the available water supply allocated to the Wholesale Customers. For any level of required reduction in system-wide water use during shortages, the SFPUC shall require Retail Customers to conserve a minimum of 5%, with any resulting reallocated supply credited to storage for inclusion in calculation of projected available water SFPUC water supply in a subsequent year (Section 1.1).

The parties agree to reevaluate the percentages of the available water supply allocated to Retail and Wholesale Customers by May 1, 2028.

2.2 Annual Tier 2 Allocations among the Wholesale Customers. The annual water supply allocated to the Wholesale Customers collectively during system wide shortages of 20 percent or less (i.e., the Wholesale Customers' Tier 1 allocation) will be apportioned among them based on a methodology, known as the Tier 2 Plan, that has been separately adopted by all of the Wholesale Customers, and not the SFPUC, as described in Section 3.11(C) of the Agreement. In any year for which the methodology must be applied, the Bay Area Water Supply and Conservation Agency ("BAWSCA") will calculate each Wholesale Customer's individual percentage share of the amount of water allocated to the Wholesale Customers collectively pursuant to Section 2.1. Following the declaration or reconfirmation of a water shortage emergency by the SFPUC, BAWSCA will deliver to the SFPUC General Manager a list, signed by the President of BAWSCA's Board of Directors and its General Manager, showing each Wholesale Customer together with its percentage share and stating that the list has been prepared in accordance with the methodology adopted by the Wholesale Customers. The SFPUC shall allocate water to each Wholesale Customer, as specified in the list. The shortage allocations so established (known as Tier 2 allocations) may be transferred as provided in Section 2.5 of this Plan. If BAWSCA or all Wholesale Customers do not provide the SFPUC with individual allocations, the SFPUC may make a final allocation decision after first meeting and discussing allocations with BAWSCA and the Wholesale Customers.

The Tier 2 Plan methodology adopted by the Wholesale Customers utilizes the rolling average of each individual Wholesale Customer's purchases from the SFPUC during the three immediately preceding Supply Years. The SFPUC agrees to provide BAWSCA by November 1 of each year a list showing the amount of water purchased by each Wholesale Customer during the immediately preceding Supply Year. The list will be prepared using Customer Service Bureau report MGT440 (or comparable official record in use at the time), adjusted as required for any reporting errors or omissions, and will be transmitted by the SFPUC General Manager or his designee.

2.3. Limited Applicability of Plan to System Wide Shortages Greater Than Twenty Percent. The Tier 1 allocations of water between the SFPUC and the Wholesale Customers collectively, provided for in Section 2.1, apply only to shortages of 20 percent or less. The SFPUC and Wholesale Customers recognize the possibility of a drought occurring which could create system-wide shortages greater than 20 percent despite actions taken by the SFPUC aimed at reducing the probability and severity of water shortages in the SFPUC service area. If the SFPUC determines that a system wide water shortage greater than 20 percent exists, the SFPUC and the Wholesale Customers agree to meet within 10 days and discuss whether a change is required to the allocation set forth in Section 2.1 in order to mitigate undue hardships that might otherwise be experienced by individual Wholesale Customers or Retail Customers. Following these discussions, the Tier 1 allocations set forth in Section 2.1 of this Plan, or a modified version thereof, may be adopted by mutual written consent of the SFPUC and the Wholesale Customers. If the SFPUC and Wholesale Customers meet and cannot agree on an appropriate Tier 1 allocation within 30 days of the SFPUC's determination of water shortage greater than 20 percent, then (1) the provisions of Section 3.11(C) of the Agreement will apply, unless (2) all of the Wholesale Customers direct in writing that a Tier 2 allocation methodology agreed to by them be used to apportion the water to be made available to the Wholesale Customers collectively, in lieu of the provisions of Section 3.11(C).

The provisions of this Plan relating to transfers (in Section 2.5), banking (in Section 3), and excess use charges (in Section 4) shall continue to apply during system-wide shortages greater than 20 percent.

2.4. Monthly Water Budgets. Within 10 days after adopting a declaration of water shortage emergency, the SFPUC will determine the amount of Tier 1 water allocated to the Wholesale Customers collectively pursuant to Section 2.1. The SFPUC General Manager, using the Tier 2 allocation percentages shown on the list delivered by BAWSCA pursuant to Section 2.2, will calculate each Wholesale Customer's individual annual Tier 2 allocation. The SFPUC General Manager, or his designee, will then provide each Wholesale Customer with a proposed schedule of monthly water budgets based on the pattern of monthly water purchases during the Supply Year immediately preceding the declaration of shortage (the "Default Schedule"). Each Wholesale Customer may, within two weeks of receiving its Default Schedule, provide the SFPUC with an alternative monthly water budget that reschedules its annual Tier 2 allocation over the course of the succeeding Supply Year. If a Wholesale Customer does not deliver an alternative monthly water budget to the SFPUC within two weeks of its receipt of the Default Schedule, then its monthly budget for the ensuing Supply Year shall be the Default Schedule proposed by the SFPUC.

Monthly Wholesale Customer water budgets will be derived from annual Tier 2 allocations for purposes of accounting for excess use. Monthly Wholesale Customer water budgets shall be adjusted during the year to account for transfers of shortage allocation under Section 2.5 and transfers of banked water under Section 3.4.

2.5. Transfers of Shortage Allocations. Voluntary transfers of shortage allocations between the SFPUC and any Wholesale Customers, and between any Wholesale Customers, will be permitted using the same procedure as that for transfers of banked water set forth in Section 3.4. The SFPUC and BAWSCA shall be notified of each transfer. Transfers of shortage allocations shall be deemed to be an emergency transfer and shall become effective on the third business day after notice of the transfer has been delivered to the SFPUC. Transfers of shortage allocations shall be in compliance with Section 3.05 of the

Agreement. The transferring parties will meet with the SFPUC, if requested, to discuss any effect the transfer may have on its operations.

SECTION 3. SHORTAGE WATER BANKING

3.1. Water Bank Accounts. The SFPUC shall create a water bank account for itself and each Wholesale Customer during shortages in conjunction with its resale customer billing process. Bank accounts will account for amounts of water that are either saved or used in excess of the shortage allocation for each agency; the accounts are not used for tracking billings and payments. When a shortage period is in effect (as defined in Section 1.4), the following provisions for bank credits, debits, and transfers shall be in force. A statement of bank balance for each Wholesale Customer will be included with the SFPUC's monthly water bills.

3.2. Bank Account Credits. Each month, monthly purchases will be compared to the monthly budget for that month. Any unused shortage allocation by an agency will be credited to that agency's water bank account. Credits will accumulate during the entire shortage period, subject to potential restrictions imposed pursuant to Section 3.2.1. Credits remaining at the end of the shortage period will be zeroed out; no financial or other credit shall be granted for banked water.

3.2.1. Maximum Balances. The SFPUC may suspend the prospective accumulation of credits in all accounts. Alternatively, the SFPUC may impose a ceiling on further accumulation of credits in water bank balances based on a uniform ratio of the bank balance to the annual water allocation. In making a decision to suspend the prospective accumulation of water bank credits, the SFPUC shall consider the available water supply as set forth in Section 1.1 of this Plan and other reasonable, relevant factors.

3.3. Account Debits. Each month, monthly purchases will be compared to the budget for that month. Purchases in excess of monthly budgets will be debited against an agency's water bank account. Bank debits remaining at the end of the fiscal year will be subject to excess use charges (see Section 4).

3.4. Transfers of Banked Water. In addition to the transfers of shortage allocations provided for in Section 2.5, voluntary transfers of banked water will also be permitted between the SFPUC and any Wholesale Customer, and among the Wholesale Customers. The volume of transferred water will be credited to the transferee's water bank account and debited against the transferor's water bank account. The transferring parties must notify the SFPUC and BAWSCA of each transfer in writing (so that adjustments can be made to bank accounts), and will meet with the SFPUC, if requested, to discuss any affect the transfer may have on SFPUC operations. Transfers of banked water shall be deemed to be an emergency transfer and shall become effective on the third business day after notice of the transfer has been delivered to the SFPUC. If the SFPUC incurs extraordinary costs in implementing transfers, it will give written notice to the transferring parties within ten (10) business days after receipt of notice of the transfer. Extraordinary costs means additional costs directly attributable to accommodating transfers and which are not incurred in non-drought years nor simply as a result of the shortage condition itself. Extraordinary costs shall be calculated in accordance with the procedures in the Agreement and shall be subject to the disclosure and auditing requirements in the Agreement. In the case of transfers between Wholesale Customers, such extraordinary costs shall be considered to be expenses chargeable solely to individual Wholesale Customers and shall be borne equally by the parties to the transfer. In the case of transfers between the SFPUC and a Wholesale Customer, the SFPUC's share of any extraordinary transfer costs shall not be added to the Wholesale Revenue Requirement.

3.4.1. Transfer Limitations. The agency transferring banked water will be allowed to transfer no more than the accumulated balance in its bank. Transfers of estimated prospective banked credits and the "overdrafting" of accounts shall not be permitted. The price of transfer water originally derived from the SFPUC system is to be determined by the transferring parties and is not specified herein. Transfers of banked water shall be in compliance with Section 3.05 of the Agreement.

SECTION 4. WHOLESALE EXCESS USE CHARGES

4.1. Amount of Excess Use Charges. Monthly excess use charges shall be determined by the SFPUC at the time of the declared water shortage consistent with the calendar in Section 6 and in accordance with Section 6.03 of the Agreement. The excess use charges will be in the form of multipliers applied to the rate in effect at the time the excess use occurs. The same excess use charge multipliers shall apply to the Wholesale Customers and all Retail Customers. The excess use charge multipliers apply only to the charges for water delivered at the rate in effect at the time the excess use occurred.

4.2 Monitoring Suburban Water Use. During periods of voluntary rationing, water usage greater than a customer's allocation (as determined in Section 2) will be indicated on each SFPUC monthly water bill. During periods of mandatory rationing, monthly and cumulative water usage greater than a Wholesale Customer's shortage allocation and the associated excess use charges will be indicated on each SFPUC monthly water bill.

4.3. Suburban Excess Use Charge Payments. An annual reconciliation will be made of monthly excess use charges according to the calendar in Section 6. Annual excess use charges will be calculated by comparing total annual purchases for each Wholesale Customer with its annual shortage allocation (as adjusted for transfers of shortage allocations and banked water, if any). Excess use charge payments by those Wholesale Customers with net excess use will be paid according to the calendar in Section 6. The SFPUC may dedicate excess use charges paid by Wholesale Customers toward the purchase of water from the State Drought Water Bank or other willing sellers in order to provide additional water to the Wholesale Customers. Excess use charges paid by the Wholesale Customers constitute Wholesale Customer revenue and shall be included within the SFPUC's annual Wholesale Revenue Requirement calculation.

4.4. Tier 1 Family Plan. During periods of mandatory rationing, the SFPUC will not assess excess use charges on any of the Wholesale Customers if the Wholesale Customers' collective cumulative purchases over the course of the Supply Year are less than the Wholesale Customers' Tier 1 allocation, as set forth in Section 2.1. If the Wholesale Customers' collective cumulative purchases exceed the Wholesale Customers' Tier 1 allocation, the SFPUC shall assess excess use charges on each individual Wholesale Customer that exceeded its individual Tier 2 allocation (established in accordance with Section 2.2) over the course of the Supply Year in proportion to each individual Wholesale Customer's share of the collective Wholesale Customers' purchases that exceeded the Wholesale Customers' Tier 1 allocation.

SECTION 5. GENERAL PROVISIONS GOVERNING WATER SHORTAGE ALLOCATION PLAN

5.1. Construction of Terms. This Plan is for the sole benefit of the parties and shall not be construed as granting rights to any person other than the parties or imposing obligations on a party to any person other than another party.

5.2. Governing Law. This Plan is made under and shall be governed by the laws of the State of California.

5.3. Effect on Agreement. This Plan describes the method for allocating water between the SFPUC and the collective Wholesale Customers during system-wide water shortages of 20 percent or less. This Plan also provides for the SFPUC to allocate water among the Wholesale Customers in accordance with directions provided by the Wholesale Customers through BAWSCA under Section 2.2, and to implement a program by which such allocations may be voluntarily transferred among the Wholesale Customers. The provisions of this Plan are intended to implement Section 3.11(C) of the Agreement and do not affect, change or modify any other section, term or condition of the Agreement.

5.4. Inapplicability of Plan to Allocation of SFPUC System Water During Non-Shortage Periods.

The SFPUC's agreement in this Plan to a respective share of SFPUC system water during years of shortage shall not be construed to provide a basis for the allocation of water between the SFPUC and the Wholesale Customers when no water shortage emergency exists.

5.5. Termination. This Plan shall expire at the end of the Term of the Agreement. The SFPUC and the Wholesale Customers can mutually agree to revise or terminate this Plan prior to that date due to changes in the water delivery capability of the SFPUC system, the acquisition of new water supplies, and other factors affecting the availability of water from the SFPUC system during times of shortage.

SECTION 6. ALLOCATION CALENDAR

6.1. Annual Schedule. The annual schedule for the shortage allocation process is shown below. This schedule may be changed by the SFPUC to facilitate implementation.

6.1.1

In All Years	Target Dates
1. SFPUC delivers list of annual purchases by each Wholesale Customer during the immediately preceding Supply Year	November 1
2. SFPUC meets with the Wholesale Customers and presents water supply forecast for the following Supply Year	February
3. SFPUC issues initial estimate of available water supply	February 1
4. SFPUC announces potential first year of drought (if applicable)	February 1
5. SFPUC and Wholesale Customers meet upon request to exchange information concerning water availability and projected system-wide purchases	February 1-May 31
6. SFPUC issues revised estimate of available water supply, and confirms continued potential shortage conditions, if applicable	March 1
7. SFPUC issues final estimate of available water supply	April 15 th or sooner if adequate snow course measurement data is available to form a robust estimate on available water supply for the coming year.
8. SFPUC determines amount of water available to Wholesale Customers collectively	April 15 th or sooner if adequate snow course measurement data is available to form a robust estimate on available water supply for the coming year.
In Drought Years	Target Dates
9. SFPUC formally declares the existence of water shortage emergency (or end of water shortage emergency, if applicable) under Water Code Sections 350 et. seq.	April 15-30
10. SFPUC declares the need for a voluntary or mandatory response	April 15-30
11. BAWSCA submits calculation to SFPUC of individual Wholesale Customers' percentage shares of water allocated to Wholesale Customers collectively	April 15- 30

- | | |
|---|---|
| 12. SFPUC determines individual shortage allocations, based on BAWSCA's submittal of individual agency percentage shares to SFPUC, and monthly water budgets (Default Schedule) | April 25—May 10 |
| 13. Wholesale Customers submit alternative monthly water budgets (optional) | May 8-May 24 |
| 14. Final drought shortage allocations are issued for the Supply Year beginning July 1 through June 30 | June 1 |
| 15. Monthly water budgets become effective | July 1 |
| 16. Excess use charges indicated on monthly Suburban bills | August 1 (of the beginning year) through June 30 (of the succeeding year) |
| 17. Excess use charges paid by Wholesale Customers for prior year | August of the succeeding year |

RESOLUTION 2025-04

COASTSIDE COUNTY WATER DISTRICT

RESOLUTION NO. 2025-04

APPROVING TIER 2 DROUGHT RESPONSE IMPLEMENTATION PLAN
PURSUANT TO SECTION 3.11.C
OF THE 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

THIS RESOLUTION IS ADOPTED based upon the following facts and circumstances:

WHEREAS, The Coastside County Water District is one of twenty-six (26) agencies in San Mateo, Santa Clara and Alameda Counties (Wholesale Customers) which purchase water from the City and County of San Francisco (San Francisco) pursuant to a Water Supply Agreement entered into in 2009, and recently amended in 2018, 2021 and 2025 (the Agreement or WSA). Collectively these 26 agencies are referred to in the Agreement as Wholesale Customers; and

WHEREAS, Section 3.11 of the Agreement addresses situations when insufficient water is available in the San Francisco Regional Water System (RWS) to meet the full demands of all users. Section 3.11.C provides that during periods of water shortage caused by drought, the San Francisco Public Utilities Commission (SFPUC) will allocate available water between its retail customers and the Wholesale Customers collectively, in accordance with a schedule contained in the Water Shortage Allocation Plan set forth in Attachment H to the Agreement (Tier 1 Plan); and

WHEREAS, Section 3.11.C authorizes the Wholesale Customers to adopt a Drought Allocation Plan, including a methodology for allocating the available water among the individual Wholesale Customers (Tier 2 Plan). The WSA also commits the SFPUC to honor allocations of water unanimously agreed to by all Wholesale Customers or, if unanimous agreement cannot be achieved, water allocations that have been adopted by the Board of Directors of the Bay Area Water Supply and Conservation Agency (BAWSCA). The Agreement also provides that the SFPUC can allocate water supplies as necessary during a water shortage emergency if no agreed upon plan for water allocation has been adopted by the 26 Wholesale Customers or the BAWSCA Board of Directors; and

WHEREAS, Commencing in January 2022, representatives appointed by the managers of each of the Wholesale Customers began meeting monthly to develop a set of principles to serve as guidelines for an equitable allocation methodology, and to develop formulas and procedures, in order to implement those principles. These discussions, and supporting technical analyses, have been conducted with the

assistance of BAWSCA; and

WHEREAS, The Tier 2 Plan, attached to this resolution as Exhibit A, has been endorsed by all of the Wholesale Customer representatives who participated in the formulation process and they have each recommended that it be formally adopted by the governing body of their respective agencies; and

WHEREAS, The Tier 2 Plan allocates the collective Wholesale Customer share of RWS supply made available by the SFPUC among each of the 26 Wholesale Customers through December 31, 2034 and is coordinated with the term of the Agreement, and extension and renewal terms.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Coastsides County Water District as follows:

1. The Tier 2 Drought Response Implementation Plan, as attached as Exhibit A (Tier 2 Plan), is approved.
2. This approval is conditioned upon all of the other twenty-five Wholesale Customers approving the Tier 2 Plan, such approvals being evidenced through adoption of similar resolutions or, in the case of private-sector organizations, by other equivalently binding written commitments signed by an executive officer acting within the scope of delegated authority, and all such approvals occurring on or before December 31, 2025.

If such resolutions or binding commitments are not adopted by that date, this resolution will automatically expire and be of no further effect after December 31, 2025, unless it has been extended prior thereto by further action of this Board.

PASSED AND ADOPTED this ____ day of _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

Glenn Reynolds, President
Board of Directors

Approved as to form:

ATTEST:

Patrick Miyaki
Attorney to the District

Mary Rogren, General Manager
Secretary of the District

Attachment:

Exhibit A. Tier 2 Drought Response Plan and Example Tier 2 Plan Excel-Based Model

Tier 2 Drought Response Implementation Plan

Drought Shortage
Allocation Plan for the
Regional Water System
Wholesale Customers



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1. Introduction

The Tier 2 Drought Response Implementation Plan (the “Plan” or “Tier 2 Plan”) describes the method for allocating the water made available by the San Francisco Regional Water System (“RWS”) among the Wholesale Customers during shortages caused by Drought. This Plan is adopted pursuant to Section 3.11(C) of the Amended and Restated Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers in Alameda, San Mateo, and Santa Clara Counties (the “WSA”).

2. Relationship to Water Supply Agreement

The WSA includes a Water Shortage Allocation Plan which, among other things, (a) provides for the allocation of available water between Retail Customers (e.g., retail water customers within the City and County of San Francisco) and the Wholesale Customers collectively during system-wide water shortages of 20 percent or less, (b) contemplates the adoption by the Wholesale Customers of this Plan for allocation of the Wholesale Customers share of available water, (c) commits the SFPUC to implement this Plan, (d) provides for banking of unused allocation, and (e) provides for the transfer of both banked water and shortage allocations between and among the Wholesale Customers and commits the SFPUC to implement such transfers. That plan is referred to as the Tier 1 Plan and is included as Attachment H to the WSA.

The Tier 1 Plan also provides the methodology for determining the Overall Average Wholesale Customer Reduction, expressed as a percentage cutback from prior year’s normal SFPUC purchases, and Overall Wholesale Customer Allocation, in million gallons per day (MGD), both of which are used in determining the final Allocation Factor for each Wholesale Customer. The Overall Average Wholesale Customer Reduction is determined by dividing the volume of water available to the Wholesale Customers (the “Overall Wholesale Customer Allocation” or “Tier 1 Allocation”), shown as a share of available water in Section 2 of the Tier 1 Plan, by the prior year’s normal total Wholesale Customers’ RWS purchases and subtracting that value from one.

3. Development Process

Between January 2022 and June 2024, Bay Area Water Supply and Conservation Agency (BAWSCA), supported by Woodard & Curran technical consultants, facilitated negotiations between the Wholesale Customers through a series of meetings, workshops, and workgroups to develop a formula and implementation plan to allocate RWS supplies in the event of shortage caused by a SFPUC declared Drought, as defined in the WSA. These meetings, workshops, and workgroups provided a forum for in-depth discussion of the objectives, mechanics, and policy aspects of the elements of an updated Plan.

The Wholesale Customers began negotiations by reviewing the prior Plan, then discussed and agreed upon four policy principles to lay the foundation for a revised Plan. BAWSCA, with support from Woodard & Curran as the technical consultant team, introduced potential elements of a formula to align with the agreed upon policy principles. In monthly workshops, the Wholesale Customers discussed these options and provided feedback on which elements should be included in the Plan, along with suggested refinements. These workshops, and the discussions, suggestions, and comments expressed by the Wholesale Customers during this process, were the primary forum through which this Plan was developed.

4. Plan Policy Principles

The Wholesale Customers collectively developed four policy principles (the “Policy Principles”) to guide the development and performance of the Tier 2 Plan. The Tier 2 Plan and associated Tier 2 Plan Allocation Model were developed in consideration of these policy principles, with the intent to abide by each policy principle while minimizing conflicts between policy principles. The policy principles are summarized below and implemented in Attachment B, Tier 2 Plan Data Sources and Calculations.

1. **Policy Principle #1** - Provide sufficient water for the basic health and safety needs of customers.
2. **Policy Principle #2** - Minimize economic and other adverse impacts of water shortages on customers and the BAWSCA region.
3. **Policy Principle #3** - Provide predictability of drought allocations through consistent and predetermined rules for calculation, while allowing for flexibility to respond to unforeseen circumstances.
4. **Policy Principle #4** - Recognize benefits of, and avoid disincentives for, water use efficiency and development of alternative water supply projects.

5. Allocation Formula

Guided by the Policy Principles, the Wholesale Customers developed a specific formula for apportioning the Overall Wholesale Customer Allocation among the individual Wholesale Customers. The Tier 2 Allocation Model requires several inputs to calculate each Wholesale Customer's allocation. First, Base Period data are collected to be used as inputs in the Tier 2 formula. Next each Wholesale Customer's allocation is calculated in five steps.

Base Period Calculations

The Base Period in the Tier 2 Plan is defined as the average of each Wholesale Customer's two years with the highest volumes of SFPUC purchases from the previous three non-Drought years. A non-Drought year is defined as a full fiscal year (July 1 through June 30) in which the SFPUC has not declared a water shortage emergency, as defined in the WSA. BAWSCA's Annual Survey, which compiles and publishes data self-reported by the Wholesale Customers, is the primary source for model inputs.

Tier 2 Plan Allocation Formula Inputs

- **Population:** Each Wholesale Customer's population as reported in the most recently published Annual Survey and is not tied to Drought or non-Drought year status.
- **Base Period SFPUC Purchases:** The average of each Wholesale Customer's two years with the highest volumes of SFPUC purchases from the previous three non-Drought years.
- **Base Period Total Potable Water Production:** Total potable production as reported in the Annual Survey.

-
- **Base Period SFPUC Reliance:** Each Wholesale Customer's Base Period SFPUC Purchases divided by Base Period Total Potable Water Production, expressed as a percentage.
 - **Base Period Percent Indoor Demand:** The single lowest month's total potable demand (a proxy for indoor use) divided by the average monthly total potable demand, expressed as a percentage. The resulting percentages are averaged for the two selected Base Period years.
 - **Base Period Percent Non-Residential Demand:** Each Wholesale Customer's potable water consumption from the Base Period from all customer categories except residential, divided by the Wholesale Customer's Base Period Total Potable Water Production, expressed as a percentage. The resulting percentages are averaged for the two selected Base Period years.
 - **Individual Supply Guarantee (ISG):** Each Wholesale Customer's share of the Supply Assurance, as shown on Attachment C to the WSA, with proxies for Hayward, San Jose, and Santa Clara in order to provide inputs for the Tier 2 Allocation Formula

There are three exceptions to the Base Period Calculations: (1) Coastside County Water District ("Coastside CWD") Base Period SFPUC Purchases and Base Period SFPUC Reliance, (2) Stanford Base Period Percent Indoor Demand, and (3) Stanford Population Calculation.

- (1) Coastside CWD Base Period SFPUC Purchases will be calculated as 94% of its Base Period Total Potable Water Production. Base Period SFPUC Reliance will be fixed at 94%. More information is provided in Attachment B.
- (2) Stanford's Base Period Percent Indoor Demand calculation will exclude demand from the month of December and/or January when the campus is closed and demand is abnormally low.
- (3) Stanford's population is calculated as described in Attachment B.

Furthermore, three Wholesale Customers do not have an ISG and a proxy is used in the Tier 2 Plan: (1) Hayward, (2) San Jose, and (3) Santa Clara. Background on ISG and each ISG proxy is described in Attachment B.

Data sources, methodologies, and equations used to calculate each input are described further in Attachment B.

Step 0: Establish SFPUC Minimum and Maximum Cutback

The Minimum and Maximum Cutback establish the upper and lower bounds for each Wholesale Customer's final allocation.

No water is allocated in this step. Instead, allocations in subsequent steps are limited such that no Wholesale Customer's final allocation is outside the upper and lower bounds (i.e., above the Minimum Cutback or below the Maximum Cutback) established in this step.

Minimum Cutback: Each Wholesale Customer will contribute to meeting the Overall Average Wholesale Customer Reduction by taking a Minimum Cutback from its Base Period SFPUC

Purchases (up to its ISG or proxy). This establishes the upper limit of each Wholesale Customer's potential final allocation. The Minimum Cutback, expressed as a percentage, is equal to 1/3 times the Overall Average Wholesale Customer Reduction, but no less than 5%.

Maximum Cutback: The Maximum Cutback establishes the lower limit of each Wholesale Customer's potential final allocation. The Maximum Cutback, expressed as a percentage, is equal to 1.5 times the Overall Average Wholesale Customer Reduction. The Maximum Cutback is calculated from each Wholesale Customer's Base Period SFPUC Purchases (up to its ISG, or proxy).

Step 1 Override Exception: If a Wholesale Customer's allocation in Step 1 exceeds the upper limit established by the Minimum Cutback at 1/3 times the Overall Average Wholesale Customer Reduction, the Wholesale Customer's Minimum Cutback will be reduced, but the Minimum Cutback will be no less than 5%.

Calculations and an example of the Step 1 Override Exception are provided in Attachment B.

Step 1: Efficient Residential Allocation

Step 1 allocates water on a residential per capita basis, based on the State Indoor Water Use Efficiency Standard¹ and the portion of each Wholesale Customer's water demand met by the RWS.

The per capita efficient residential volume, in gallons, will align with the State Residential Indoor Water Use Efficiency Standard, established as 47 gallons per capita per day (GPCD) through 2029 and 42 GPCD beginning in 2030. This step multiplies the per-capita volume by each Wholesale Customer's Population and Base Period SFPUC Reliance to determine the total amount of supply allocated to each Wholesale Customer in this step.

Step 2: Non-Residential Base Allocation

Step 2 allocates water based on each Wholesale Customer's estimated non-residential indoor/base demand.

To calculate non-residential indoor/base demand, each Wholesale Customer's Base Period SFPUC Purchases are multiplied by:

- Base Period Percent Indoor Demand
- Base Period Percent Non-Residential Demand
- Non-Residential Base Allocation Factor – this is equal to one minus 50% of the Overall Average Wholesale Customer Reduction.
 - For example, in a 20% Overall Average Wholesale Customer Reduction, the Non-Residential Base Allocation Factor will be 90% ($1 - (20\% \div 2)$) of each Wholesale Customer's non-residential indoor/base demand.

¹ SB 1157, signed into law in September 2022, established the standard for efficient indoor residential water use be 47 gallons per capita per day ("GPCD"), lowering to 42 GPCD in 2030.

Step 3: SFPUC Maximum Cutback Reserve

The Maximum Cutback establishes the lower limit for each Wholesale Customer's final allocation. See Step 0 for more information.

No water is allocated in this step. Instead, this step calculates the gap between each Wholesale Customer's allocation after Step 2 and the lower limit of its potential final allocation. This step then reserves the sum of the gap for all Wholesale Customers from the Overall Wholesale Customer Allocation for Step 5. This Maximum Cutback Reserve ensures, after other steps are applied, that sufficient water is available in the final step to provide that each Wholesale Customer's final allocation is equal to, or greater than, the lower limit of its potential allocation established by the Maximum Cutback.

Step 4: Seasonal Allocation

Step 4 allocates water based on estimated seasonal purchases from the RWS.

The inverse of each Wholesale Customer's Base Period Percent Indoor Demand (1 - % Indoor Demand) is used to estimate percent seasonal demand, which is then multiplied by Base Period SFPUC Purchases to estimate each Wholesale Customers' SFPUC seasonal purchases. Each Wholesale Customer's estimated SFPUC seasonal purchases are multiplied by the Seasonal Cutback Factor to establish each Wholesale Customer's Seasonal Allocation.

The Seasonal Cutback Factor is calculated based upon the Overall Wholesale Customer Allocation remaining to be allocated after Step 2. Of the remaining Overall Wholesale Customer Allocation after Step 2 (less the Maximum Cutback Reserve), 50% is allocated through the Seasonal Minimum Allocation Step. The detailed methodology for calculating the Seasonal Cutback Factor is described in Attachment B.

Step 5: SFPUC Purchases and ISG-Based Allocation

Step 5 allocates the water remaining after Step 4 to get agencies as close to the "Target Allocation" as possible. Each Wholesale Customer's Target Allocation is based on a weighted share of two-thirds Base Period SFPUC Purchases and one-third ISG (or proxy) while ensuring each agency's final allocation is between the Minimum and Maximum Cutback limits.

The detailed methodology for calculating the Base Period SFPUC Purchases and ISG weighted allocation is described in Attachment B.

6. Plan Implementation

The Tier 2 Plan applies when, and only when, the SFPUC declares a Drought that has is a system-wide water shortage of 20 percent or less. The Tier 2 Plan applies only to water acquired and distributed by the SFPUC to the Wholesale Customers through the WSA and has no effect on water obtained by a Wholesale Customer from any source other than the SFPUC.

Shortages Greater than 20 Percent

In no way should it be construed that the Wholesale Customers relieve the SFPUC of its obligations established in the Level of Service goals adopted in the Water System Improvement

Program (“WSIP”), including the level of service goal to “meet dry-year delivery needs while limiting drought rationing to a maximum 20 percent system-wide reduction water service during extended droughts” (2023 Amended and Updated LOS Goals and Objectives, SFPUC Resolution No. 23-0210, adopted November 28, 2023, updating the Resolution No. 08-0200, adopted October 30, 2008). Should conditions occur that result in system-wide shortages greater than 20%, the provisions in WSA Section 3.11(C) apply. The Tier 2 Plan calculations may be used during discussions with the SFPUC on how to implement reductions above 20% with the Wholesale Customers and for planning purposes only to estimate potential Wholesale Customer allocations for system-wide shortages greater than 20% (e.g., to inform efforts such as Urban Water Management Plans).

BAWSCA Role in Plan Implementation

In accordance with the WSA, upon the SFPUC’s declaration or reconfirmation of a water shortage emergency, BAWSCA will calculate and provide the SFPUC with each Wholesale Customer’s individual percentage share of the amount of water allocated to the Wholesale Customers collectively.

In the event that shortage conditions change and the SFPUC takes action to declare an increase or decrease to the system-wide shortage level, BAWSCA will recalculate the Tier 2 Plan and submit new Allocation Factors to the SFPUC. When rerunning the Tier 2 calculations, the Base Period will not change to provide predictability (Policy Principle #3). The only inputs that will change are the Overall Wholesale Customer Allocation and population, if a more recent Annual Survey has been published.

If the appropriate base period data, as specified in this Plan, are not available when BAWSCA initially calculates the Tier 2 Allocation Factors, the Base Period may be updated. However, BAWSCA may only provide the SFPUC with updated Allocation Factors if the Commission takes action to declare or reconfirm a shortage condition.

Each year, BAWSCA will provide the Wholesale Customers with a review of the Tier 2 Plan. The annual review will include:

- Calculation of each Wholesale Customer’s Allocation Factor for regional shortages of 10% and 20% for the current Base Period, based upon the most recent published BAWSCA Annual Survey;
- Review of Base Period data used to develop the calculations.

7. Plan Term

The term of the Tier 2 Plan will be the same as the WSA term and may be extended by the written agreement of all the Wholesale Customers. The Tier 2 Plan negotiators chose to coordinate the Plan term with WSA term in order to avoid simultaneous renegotiation of these related agreements. Pursuant to WSA Section 2, the WSA expires on June 30, 2034. In December 2031, the SFPUC may provide written notice to the Wholesale Customers that it is willing to extend the WSA for five years, through June 30, 2039. Between January 1, 2032 and June 30, 2032, any Wholesale Customer may accept the SFPUC’s offer to extend the Term by providing a written notice of extension to the SFPUC. If the WSA is extended, the Tier 2 Plan

shall expire on December 31, 2034, unless extended by the written agreement of all Wholesale Customers. The Wholesale Customers will meet to review and potentially negotiate amendments to the Tier 2 Plan between July 2032 and June 2034.

If the SFPUC is not willing to extend the term of the WSA, or the Wholesale Customers decline the offer to extend the term of the WSA, the term of the Tier 2 Plan shall be automatically extended for two additional years through December 31, 2036 to allow for more time for the Wholesale Customers to meet to review and potentially negotiate amendments to the Tier 2 Plan between July 2034 and June 2036.

Sample schedules described above are provided in the table below.

Date	Extension of WSA with Limited Negotiated Changes	Parties must renegotiate WSA Terms
Dec 2031	SFPUC indicates willingness to extend term of WSA for 5 years	SFPUC indicates willingness to extend term of WSA for 5 years
Jan - Jun 2032	Wholesale Customers <u>accept</u> offer to extend term of WSA	Wholesale Customers <u>decline</u> offer to extend term of WSA
Jul 2032 - Jun 2034	Wholesale Customers meet to review, extend and potentially negotiate amendments to the Tier 2 Plan	SFPUC and Wholesale Customers negotiate amendments to WSA
Jul 2034 – Jun 2036		Wholesale Customers meet to review and potentially negotiate amendments to the Tier 2 Plan

Attachment A: List of Abbreviations and Definitions

Abbreviations

BAWSCA – Bay Area Water Supply and Conservation Agency

GPCD – gallons per capita per day

ISG – Individual Supply Guarantee

MGD – million gallons per day

RWS – San Francisco Regional Water System

SFPUC – San Francisco Public Utilities Commission

WSA – Amended and Restated Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers in Alameda, San Mateo and Santa Clara Counties

WSIP – Water System Improvement Program

Definitions

Allocation Factor – Each Wholesale Customer's portion of the Overall Wholesale Customer Allocation, expressed as a percent.

Base Period – The average of each Wholesale Customer's two years with the highest volumes of SFPUC purchases from the previous three non-Drought years.

BAWSCA Annual Survey – An annual survey of the Wholesale Customers, conducted by BAWSCA, to update key service area information including actual and projections of Wholesale Customer water demand and population.

Drought – “[a] water shortage caused by lack of precipitation, as reflected in resolutions of the Commission calling for voluntary or mandatory water rationing based on evaluation of water stored or otherwise available to the Regional Water System, whether or not the Commission declares a water shortage emergency pursuant to Water Code §§ 350 et seq., as amended from time to time.” (*WSA, Attachment A*)

Individual Supply Guarantee – “[each] Wholesale Customer's share of the Supply Assurance, as shown in Attachment C [to the WSA].” (*WSA, Attachment A*)

Overall Average Wholesale Customer Reduction – The percent cutback from Base Period SFPUC Purchases, calculated by dividing the Overall Wholesale Customer Allocation by the sum of the Wholesale Customer's Base Period SFPUC Purchases.

Overall Wholesale Customer Allocation or Tier 1 Allocation – The volume of water available to the Wholesale Customers from the RWS.

Regional Water System – “[the] water storage, transmission and treatment system operated by the SFPUC in Tuolumne, Stanislaus, San Joaquin, Alameda, Santa Clara, San Mateo and San Francisco counties, including projects constructed under the WSIP, but excluding Direct Retail and Direct Wholesale assets.” (*WSA, Attachment A*)

SFPUC Purchases – For the purposes of the Tier 2 Plan, SFPUC Purchases are defined as the volume of water purchased by and delivered to a Wholesale Customer for use within its service area. SFPUC Purchases specifically exclude (1) **In-Lieu Water**, which is Regional Water System water pursuant to the WSA and the Regional Groundwater Storage and Recovery Project Operating Agreement and (2) **Imputed Sales**, both defined in the WSA, Attachment A.

Supply Assurance – “[the] 184 MGD maximum annual average metered supply of water dedicated by San Francisco to public use in the Wholesale Service Area (not including San Jose and Santa Clara) in the 1984 Agreement and Section 3.01 of this Agreement.” (*WSA, Attachment A*)

Tier 1 Plan or Tier 1 Shortage Plan – “[the] Water Shortage Allocation Plan (Attachment H) adopted by the SFPUC and the Wholesale Customers in conjunction with this Agreement [the WSA] describing the method for allocating water between the SFPUC and the Wholesale Customers collectively for shortages of up to 20% of deliveries from the Regional Water System, as amended from time-to-time.” (*WSA, Attachment A*)

Tier 2 Plan or Tier 2 Drought Response Implementation Plan – The method of apportioning the Tier 1 Allocation among the 26 Wholesale Customers.

Tier 2 Plan Allocation Model – The Excel-based tool used for applying the Tier 2 Plan allocation methodology and determining each Wholesale Customer's Allocation Factor.

Wholesale Customers – “[the] 26 water customers identified in Section 1.02 [of the WSA] that are contracting for purchase of water from San Francisco pursuant to [the WSA].” (*WSA, Attachment A*)

Attachment B: Tier 2 Plan Data Sources and Calculations

BAWSCA Annual Survey

Each year, BAWSCA conducts an annual survey of its members in order to update key BAWSCA service area information including population, current and projected water use, and climatology. BAWSCA begins collecting data in October of each year. The Wholesale Customers submit data through BAWSCA's Water Conservation Database. Between approximately January and March, BAWSCA reviews the Wholesale Customers' submissions for potential errors and works with Wholesale Customers to confirm and finalize the data. The final report is published around March of each year for the fiscal year ending the previous June 30th.

Base Period inputs will use data published in the Annual Surveys from the previous three non-Drought years. Depending on when the SFPUC declares a shortage emergency, the most recent non-Drought year's Annual Survey may not be finalized and published. If the most recent non-Drought year's Annual Survey is not available, the Base Period inputs will use data from the three most recent non-Drought year's published in Annual Surveys.

Base Period

The Tier 2 Plan uses historical SFPUC purchases, total potable water production, monthly potable production, potable consumption by customer category, and population for Steps 0 through 5. These values are established using a historical base period with established water supply and delivery data.

The Base Period for all inputs except population is defined as the average from the highest two years of SFPUC Purchases over the most recent three non-Drought years. The selection of Base Period is unique to each Wholesale Customer. Two example agencies are provided in the table below, where the data associated with the highest two years are highlighted.

Previous Non-Drought Year	Agency A		Agency B	
	SFPUC Purchases	Percent Non-Residential	SFPUC Purchases	Percent Non-Residential
Year 1	2.50	70%	5.90	58%
Year 2	2.75	69%	6.20	56%
Year 3	2.40	67%	6.10	55%
Calculation	$\frac{(2.50 + 2.75)}{2}$	$\frac{(0.70 + 0.69)}{2}$	$\frac{(6.20 + 6.10)}{2}$	$\frac{(0.56 + 0.55)}{2}$
Average of Highest Two Years	2.63	70%	6.15	55.5%

Coastside CWD Special Provisions for Base Period Calculations

Coastside CWD Base Period SFPUC Purchases will be calculated as 94% of its Base Period Total Potable Water Production. Base Period SFPUC Reliance will be fixed at 94%.

Coastside CWD's high variability in SFPUC purchases from year to year, the California Coastal Commission limitations on growth in its service area, and geographical and hydrological isolation set it apart from other Wholesale Customers. Uniquely among the Wholesale Customers, Coastside CWD does not have interties with other Wholesale Customers or agencies. Additionally, it has junior rights on local surface water supplies. To ensure resiliency, Coastside CWD must maximize its use of Denniston Creek in normal years to provide evidence to the State in its ongoing case to perfect its water rights. This results in low RWS purchases in non-drought years, which are the source of each Wholesale Customer's Base Period. The Coastside CWD special provisions for Base Period SFPUC Purchases ensure its dry year reliance on the RWS is reflected in the Tier 2 Plan.

Minimum Cutback Factor

The minimum cutback factor is used to establish the upper limit at or below which each Wholesale Customer's final allocation will be. The minimum cutback factor is equal to 1/3 times the Overall Average Wholesale Customer Reduction, expressed as a percentage. Base Period SFPUC Purchases (up to ISG or proxy) are multiplied by 1 minus the minimum cutback factor. An example equation is provided below.

Wholesale Customer final allocation upper limit = Base Period SFPUC Purchases × (1 – (1/3 × Overall Average Wholesale Customer Reduction))

Step 1 Override Exception

If a Wholesale Customer's allocation in Step 1 (Efficient Residential Allocation) is greater than the upper limit of its potential allocation established by the Minimum Cutback, the Step 1 allocation will override. However, no Wholesale Customer's final cutback will be less than 5%.

For example, in a 20% Overall Average Wholesale Customer Reduction, the Minimum Cutback will be 6.67% (20% × 1/3). An example Wholesale Customer's calculation is provided below.

Base Period SFPUC Purchases	5.0 MGD
Minimum Cutback Factor	- 6.67%
Upper Limit of Potential Final Allocation	4.67 MGD

Population	101,000
Base Period SFPUC Reliance	100%
Residential Efficient Allocation	47 GPCD
Step 1 Allocation	4.75 MGD

The example agency's final cutback will be 5.1% as calculated below:

$$4.75 \text{ mgd} / 5.0 \text{ mgd} - 1 = -5.1\%$$

Maximum Cutback Factor

The maximum cutback factor is used to establish the lower limit at or above each Wholesale Customer's final allocation. The maximum cutback factor is equal to 1.5 times the Overall Average Wholesale Customer Reduction, expressed as a percentage. Base Period SFPUC

Purchases (up to ISG or proxy) are multiplied by 1 minus the minimum cutback factor. An example equation is provided below.

$$\begin{aligned} & \text{Wholesale Customer final allocation lower limit} \\ &= \text{Base Period SFPUC Purchases} \\ &\times (1 - (1.5 \times \text{Overall Average Wholesale Customer Reduction})) \end{aligned}$$

Efficient Residential Volume

The Tier 2 Plan uses a per-capita volume, in gallons, to calculate each Wholesale Customer's Efficient Residential Allocation (Step 1 of the Allocation Model). The per-capita volume is 47 gallons per capita per day through 2029 and 42 GPCD beginning in 2030, consistent with the State of California Indoor Residential Water Use Standard for 2025 established by SB 1157.

SFPUC Reliance

For agencies with multiple potable water sources, the Tier 2 Plan calculates SFPUC Reliance by dividing each agency's Base Period SFPUC Purchases by Base Period Total Potable Water Production, expressed as a percentage. SFPUC Reliance is used in Step 1 to calculate multi-source agency's Residential Efficient Allocation met by the RWS.

Population

The Tier 2 Plan uses population reported in the most recently published Annual Survey to calculate each Wholesale Customer's Efficient Residential Allocation in Step 1.

BAWSCA reviews data submitted for the Annual Survey and works with agencies to ensure the information is correct before making it public. As part of this annual review, BAWSCA will flag any agencies that have reported population increases greater than 5%. BAWSCA will first confirm with the agency that there are no reporting errors. If the reported data are correct, BAWSCA will include a note to all agencies during the annual review of the Tier 2 Plan.

Stanford University Population Calculation

Stanford has historically reported its population in the BAWSCA Annual Survey using data from the Stanford Office of Institutional Research & Decision Support, which annually documents population based on student enrollment and data from human resources. This number captures all students (undergraduate and graduate), post-docs, faculty, and staff that are employed and work on campus. The population report does not directly capture residential population that is not enrolled or employed (significant others or dependents). However, it would include a daytime population component. Stanford reviewed several population sources and calculation methods including census data. Based on review of the available sources for population information, Stanford proposed, and the BAWSCA agencies agreed, to utilize a formula that captures student and faculty/staff residential population. This new approach would eliminate the inclusion of daytime staff and faculty who do not live on campus.

The formula takes the Office of Institutional Research & Decision Support data and uses only the "Total Students" and adds a multiplier of 2.57 people per residence (single and multi-family) for the faculty/staff housing area.

Stanford Population = (Faculty/Staff Housing Residences x 2.57) + ("Total Students" from Population Report)

Percent Indoor Demand

For each Base Period year, percent indoor demand is calculated by dividing each Wholesale Customer's lowest month of potable production by the Wholesale Customer's average monthly potable production. The two resulting percentages are averaged together. An example equation is provided below, where Y_1 and Y_2 represent the two Base Period years.

$$\% \text{ Indoor Use} = \frac{\frac{\text{Lowest Month Production, } Y_1}{\text{Average Monthly Production, } Y_1} + \frac{\text{Lowest Month Production, } Y_2}{\text{Average Monthly Production, } Y_2}}{2}$$

Percent Seasonal Demand

Percent seasonal demand is calculated as the inverse of percent indoor demand.

$$\text{Percent Seasonal Demand} = 1 - \% \text{ Indoor Demand}$$

Percent Non-Residential Demand

For each Base Period year, percent non-residential demand is calculated by first dividing each Wholesale Customer's potable water consumption from all residential customer categories by the Wholesale Customer's total annual potable production. The resulting percentage is subtracted from one to calculate the inverse and thus captures all non-residential demands including non-revenue water and dedicated irrigation meters². The two resulting percentages from the two Base Period years are averaged together. An example equation is provided below, where Y_1 and Y_2 represent the two Base Period years.

$$\% \text{ NR Use} = \frac{(1 - \frac{\text{Residential Use, } Y_1}{\text{Potable Production, } Y_1}) + (1 - \frac{\text{Residential Use, } Y_2}{\text{Potable Production, } Y_2})}{2}$$

Individual Supply Guarantee (ISG)

Use of ISG in the Tier 2 Plan

Each Wholesale Customer's ISG is used in the Tier 2 Plan calculations with proxies for Hayward, San Jose and Santa Clara, in order to provide inputs for the Tier 2 Allocation Formula. See WSA, Attachment C for a current list of ISG values.

Hayward's de facto ISG (22.1 MGD) is used in place of permanent ISG for the purposes of the Tier 2 Plan calculations. This figure is used in WSA, Attachment D, to determine whether Hayward's increased use requires pro-rata reduction of remaining Wholesale Customers' ISG.

² Prior to FY 22-23, all consumption recorded under the dedicated irrigation sector in the Water Conservation Database is assumed to be non-residential. Starting in FY 22-23, Wholesale Customers were given the option to separate out residential vs. non-residential dedicated irrigation consumption.

San Jose and Santa Clara's temporary and interruptible contract amounts (4.5 MGD each) are used in place of ISG for the purposes of the Tier 2 Plan calculations.

Background on ISG

San Francisco has a perpetual legal obligation and commitment (Supply Assurance) to deliver 184 MGD to the 24 permanent Wholesale Customers collectively. The Supply Assurance is subsequently allocated among the 24 permanent Wholesale Customers through Individual Supply Guarantees (ISG), which represent each Wholesale Customer's share of the 184 MGD Supply Assurance. San Jose and Santa Clara are not included in San Francisco's Supply Assurance obligation; rather each has a temporary and interruptible water supply contract with San Francisco. Through the WSA and its individual contracts with San Jose and Santa Clara, San Francisco has many requirements to plan for water supply development and analyze the sufficiency of water supply to San Jose and Santa Clara. For example, San Francisco must complete a CEQA review and provide at least a 10-year notice of interruption.

Hayward does not have an Individual Supply Guarantee

San Francisco and Hayward entered into a water supply contract on February 9, 1962 (the "1962 contract") which provided that San Francisco would supply Hayward with all water supplemental to water controlled by Hayward, in sufficient quantity to supply the total water needs of Hayward's service area "on a permanent basis." This 1962 contract remains the Individual Water Sales Contract between San Francisco and Hayward. Due to the terms of this ongoing contract, Hayward does not have an ISG. If Hayward's purchases exceed 22.1 MGD for three consecutive years, the remaining 23 Wholesale Customer's ISG will be reduced on a pro rata (WSA, Attachment D).

Currently, the sum of the 23 Wholesale Customers fixed ISG is 161.9 MGD.

184 MGD Supply Assurance - 161.9 MGD = 22.1 MGD water available for Hayward purchases (i.e., Hayward's "de facto" ISG)

Hayward's proxy ISG for the purpose of the Tier 2 Plan is 22.1 MGD.

San Jose and Santa Clara do not have an Individual Supply Guarantee

During the term of the 1984 Settlement Agreement, San Francisco provided water to San Jose and Santa Clara on a temporary and interruptible basis, pursuant to SFPUC Resolution No. 85-0256. The SFPUC has contracted to supply a combined annual average of 9 MGD to San Jose and Santa Clara (4.5 MGD each) through 2028. The 9 MGD allocated to San Jose and Santa Clara is not included in the Supply Assurance. San Francisco will decide whether to make San Jose and Santa Clara permanent customers by December 31, 2028. (WSA, Sec. 4.05)

San Jose and Santa Clara's proxy ISG for the purpose of the Tier 2 Plan is 4.5 MGD each.



July 2024 Model Concept - Efficient Res Allocation + Non-Res Base Allocation + Seasonal Allocation + Base SFPUC Purchases/ISG-Based Allocation - Variable Base Year

Model Set-up/Assumptions	
Allocation Year/Projection Year	FY24-25
Tier 1 Shortage Allocation (mgd)	114.20
Base Period SFPUC Purchases (mgd)	134.34
Overall Reduction from Base Period Required	-15.0%
SFPUC Maximum Cutback Factor	-22.5%
SFPUC Minimum Cutback Factor	-5.0%
Non-Residential Base Allocation %	92.5%
Step 5 Reserved % of Remaining Tier 1 Allocation (less Step 3 Reserved) after Step 2	50%
Unreserved % of Remaining Tier 1 Allocation (less Step 3 Reserved and Step 5 Reserved) After Step 2	50%
Seasonal Allocation %	7.9%
Step 5 ISG Weighting	33%
Step 5 Base SFPUC Purchases Weighting	67%
Residential Efficient Allocation (R-GPCD)	47.0
Adjustment % for SFPUC Minimum Cutback, if efficient residential allocation is greater than minimum cutback	95%
Effective Date for Model Run (update for testing only)	12/16/2024

Instructions:

1. Adjust aqua cells in OVERVIEW tab to adjust model parameters. If there are errors in the inputs, an error message will appear in Columns E-F.
2. View allocation calculations and results in "Tier 2 Allocation" and "Agency Charts" tabs.

Base Years	
Non-Drought Year 1	FY18-19
Non-Drought Year 2	FY19-20
Non-Drought Year 3	FY20-21

Error Message(s) (if applicable)

Calculation Steps for July 2024 Model Concept:	
0. SFPUC Minimum Cutback	a. Calculate Minimum Cutback from Lesser of Base Period SFPUC Purchases and ISG (Lesser of Base Period SFPUC Purchases and ISG × [1+SFPUC Minimum Cutback Factor])
	b. Calculate Efficient Residential Allocation (population × per capita allocation × % SFPUC reliance)
	c. Determine if Minimum Cutback is greater than the Efficient Residential Allocation
	d. If Efficient Residential Allocation is greater than the Minimum Cutback, an agency's cutback may be no less than 5%
1. Efficient Residential Allocation	a. Calculate Efficient Residential Allocation (population × per capita allocation)
	b. Account for % SFPUC Reliance
	c. Provide Efficient Residential Allocation
2. Non-Residential Base Allocation	
	a. Incorporate Estimated % Indoor Use (see glossary for definition and calculation of % Indoor Use)
	b. Incorporate % Non-Residential Use
	c. Calculate Non-Residential Base Allocation (% Indoor Use × % Non-Residential Use × Base Period SFPUC Purchases × Non-Residential Indoor Allocation %)
	d. Add Non-Residential Base Allocation to the Step 1 Allocation
3. Calculate Potential SFPUC Maximum Cutback Need	a. Calculate SFPUC Maximum Cutback (Base Period SFPUC Purchases × [1 + SFPUC Maximum Cutback Factor])
	b. Reserve the sum of the potential SFPUC Maximum Cutback need for Step 5 (Maximum Cutback Reserve)
4. Seasonal Allocation	
	a. Determine % Seasonal Use (1 - % Indoor Use)
	b. Calculate seasonal SFPUC Purchases (Base Period SFPUC Purchases × % Seasonal Use)
	c. Calculate Seasonal Allocation (seasonal SFPUC Purchases × Seasonal Allocation %)
	d. Add the Seasonal Allocation to the Step 2 Allocation
5. Base Period/ISG-Based Allocation	
	a. Calculate weighted average of Base Period SFPUC Purchases and ISG, up to Minimum Cutback
	b. Calculate Weighted Share of total Tier 1 Allocation to Wholesale Customers (agency weighted average Base Period SFPUC Purchases/ISG ÷ total Wholesale Customer weighted average × Tier 1 Allocation)
	c. Calculate the gap between Step 4 allocation and the lesser of 1) weighted share, or 2) Minimum Cutback
	d. Allocate remaining supplies, except Maximum Cutback Reserve, among agencies with a gap, proportionately to gap, up to the Minimum Cutback
	e. Confirm allocation meets Maximum Cutback; allocate water from Maximum Cutback Reserve up to Maximum Cutback
	f. Allocate remaining supplies among agencies with a gap, proportionately to gap, up to the Minimum Cutback

No water is allocated in this step
Establishes the upper limit of each agency's final allocation

Relevant Base Period Data							0. Establish SFPUC Minimum Cutback						1. Efficient Residential Allocation					
Agency	Selected Base Year 1	Selected Base Year 2	Base Period SFPUC Purchases (mgd)	Base Period Reliance on SFPUC	ISG (mgd)	Total Potable Production (mgd)	Lesser of Base Period SFPUC Purchases and ISG (mgd)	SFPUC Minimum Cutback (mgd)	SFPUC Maximum Cutback (mgd)	Is efficient residential allocation greater than minimum cutback?	Adjusted SFPUC Minimum Cutback, if efficient residential allocation is greater than	0. Effective SFPUC Minimum Cutback (mgd)	Population	% Potable Demand Reliance on SFPUC	Allocation based on efficient residential indoor use (mgd)	Efficient Residential Allocation	1. Efficient Residential (mgd)	
Alameda CWD	2021	2020	8.63	22%	13.76	39.32	8.63	8.20	6.69	<input type="checkbox"/>		8.20	344,000	22%	16.17	3.55	3.55	
Brisbane	2019	2020	0.65	100%	0.98	0.65	0.65	0.62	0.50	<input type="checkbox"/>		0.62	4,851	100%	0.23	0.23	0.23	
Burlingame	2020	2019	3.45	100%	5.23	3.45	3.45	3.28	2.67	<input type="checkbox"/>		3.28	31,080	100%	1.46	1.46	1.46	
Coastside	2021	2019	1.69	94%	2.18	1.80	1.69	1.61	1.31	<input type="checkbox"/>		1.61	18,890	94%	0.89	0.83	0.83	
CWS - Total	2021	2020	29.23	95%	35.68	30.62	29.23	27.77	22.66	<input type="checkbox"/>		27.77	262,704	95%	12.35	11.78	11.78	
Daly City	2020	2019	3.84	64%	4.29	6.00	3.84	3.64	2.97	<input type="checkbox"/>		3.64	107,000	64%	5.03	3.22	3.22	
East Palo Alto	2020	2019	1.57	100%	3.46	1.57	1.57	1.49	1.21	<input type="checkbox"/>		1.49	29,519	100%	1.39	1.39	1.39	
Estero	2020	2021	4.32	100%	5.90	4.32	4.32	4.10	3.35	<input type="checkbox"/>		4.10	37,443	100%	1.76	1.76	1.76	
Hayward	2021	2019	14.26	100%	22.10	14.26	14.26	13.55	11.06	<input type="checkbox"/>		13.55	159,800	100%	7.51	7.51	7.51	
Hillsborough	2021	2020	2.66	100%	4.09	2.66	2.66	2.53	2.06	<input type="checkbox"/>		2.53	11,592	100%	0.54	0.54	0.54	
Menlo Park	2019	2020	3.09	100%	4.46	3.09	3.09	2.94	2.40	<input type="checkbox"/>		2.94	20,319	100%	0.95	0.95	0.95	
Mid-Peninsula	2020	2021	2.63	100%	3.89	2.63	2.63	2.50	2.04	<input type="checkbox"/>		2.50	30,159	100%	1.42	1.42	1.42	
Millbrae	2019	2020	1.92	100%	3.15	1.92	1.92	1.83	1.49	<input type="checkbox"/>		1.83	20,666	100%	0.97	0.97	0.97	
Milpitas	2020	2021	5.67	67%	9.23	8.49	5.67	5.39	4.40	<input type="checkbox"/>		5.39	81,067	67%	3.81	2.54	2.54	
Mountain View	2021	2020	7.78	87%	12.46	8.90	7.78	7.40	6.03	<input type="checkbox"/>		7.40	81,501	87%	3.83	3.35	3.35	
North Coast	2021	2020	2.39	100%	3.84	2.39	2.39	2.27	1.85	<input type="checkbox"/>		2.27	37,082	100%	1.74	1.74	1.74	
Palo Alto	2021	2020	9.95	100%	16.58	9.95	9.95	9.45	7.71	<input type="checkbox"/>		9.45	68,624	100%	3.23	3.23	3.23	
Purissima Hills	2021	2020	1.82	100%	1.62	1.82	1.62	1.54	1.26	<input type="checkbox"/>		1.54	7,350	100%	0.35	0.35	0.35	
Redwood City	2020	2021	8.62	100%	10.93	8.62	8.62	8.19	6.68	<input type="checkbox"/>		8.19	90,928	100%	4.27	4.27	4.27	
San Bruno	2020	2021	0.93	30%	3.25	3.09	0.93	0.89	0.72	<input type="checkbox"/>		0.89	43,910	30%	2.06	0.62	0.62	
San Jose	2019	2020	4.27	99%	4.50	4.29	4.27	4.05	3.31	<input type="checkbox"/>		4.05	43,036	99%	2.02	2.01	2.01	
Santa Clara	2020	2021	3.25	20%	4.50	16.27	3.25	3.09	2.52	<input type="checkbox"/>		3.09	132,476	20%	6.23	1.24	1.24	
Stanford	2020	2019	1.43	100%	3.03	1.43	1.43	1.36	1.11	<input type="checkbox"/>		1.36	20,000	100%	0.94	0.94	0.94	
Sunnyvale	2021	2020	9.47	54%	12.58	17.68	9.47	8.99	7.34	<input type="checkbox"/>		8.99	156,317	54%	7.35	3.93	3.93	
Westborough	2020	2019	0.80	100%	1.32	0.80	0.80	0.76	0.62	<input type="checkbox"/>		0.76	13,486	100%	0.63	0.63	0.63	
Total			134.34		193.02	196.04	134.14							1,853,800		87.13		60.49
Allocated																	60.49	
Unallocated																	53.71	
Reserved																	0	

2. Non-Residential Base Allocation					3. SFPUC Maximum Cutback "Reserve"			4. Seasonal Allocation				5. Base SFPUC Purchases/ISG-Based Allocation with Minimum Cutback		First Iteration of Base Per Allocation		
Agency	Estimated % Indoor Use	% Non-Residential Use	Non-Residential Base Allocation (mgd)	2. Non-Residential Base Allocation (mgd)	No water is allocated in this step Establishes the lower limit of an agency's final allocation and potential need is reserved for Step 5			% Seasonal Use	Seasonal SFPUC Purchases (mgd)	Seasonal Allocation (mgd)	4. Seasonal Allocation (mgd)	Basis for Target Allocation (SFPUC Purchases / ISG weighting from OVERVIEW tab)		Target Allocation	First Iteration of Base Per Allocation	
					SFPUC Maximum Cutback (mgd)2	Does Step 2 Allocation Meet SFPUC Maximum Cutback?	SFPUC Maximum Cutback Shortfall (mgd)					Weighted Average of Base Period SFPUC Purchases (up to ISG) and ISG (mgd)	Weighted Share of Tier 1 Allocation (mgd)		Lesser of Weighted Share and Minimum Cutback Allocation (i.e., Target Allocation)	Target Allocation Based Gap (mgd)
Alameda CWD	69%	41%	2.22	5.77	6.69	<input type="checkbox"/>	0.92	31%	2.71	0.22	5.99	10.33	7.68	7.68	1.69	0.31
Brisbane	66%	68%	0.27	0.50	0.50	<input type="checkbox"/>	0.01	34%	0.22	0.02	0.51	0.76	0.56	0.56	0.05	0.01
Burlingame	73%	40%	0.93	2.39	2.67	<input type="checkbox"/>	0.28	27%	0.93	0.07	2.46	4.04	3.00	3.00	0.54	0.10
Coastside	64%	46%	0.47	1.30	1.31	<input type="checkbox"/>	0.01	36%	0.60	0.05	1.35	1.85	1.38	1.38	0.03	0.01
CWS - Total	61%	30%	5.02	16.80	22.66	<input type="checkbox"/>	5.85	39%	11.26	0.89	17.69	31.36	23.32	23.32	5.62	1.05
Daly City	88%	23%	0.73	3.64	2.97	<input checked="" type="checkbox"/>	0.00	12%	0.46	0.04	3.64	3.99	2.96	2.96	0.00	0.00
East Palo Alto	79%	18%	0.21	1.49	1.21	<input checked="" type="checkbox"/>	0.00	21%	0.33	0.03	1.49	2.19	1.63	1.49	0.00	0.00
Estero	63%	45%	1.13	2.89	3.35	<input type="checkbox"/>	0.46	37%	1.58	0.13	3.01	4.84	3.60	3.60	0.59	0.11
Hayward	72%	45%	4.33	11.85	11.06	<input checked="" type="checkbox"/>	0.00	28%	3.95	0.31	12.16	16.85	12.53	12.53	0.37	0.07
Hillsborough	36%	9%	0.08	0.62	2.06	<input type="checkbox"/>	1.44	64%	1.70	0.14	0.76	3.13	2.33	2.33	1.57	0.29
Menlo Park	53%	63%	0.94	1.90	2.40	<input type="checkbox"/>	0.50	47%	1.47	0.12	2.01	3.54	2.63	2.63	0.62	0.12
Mid-Peninsula	68%	27%	0.45	1.87	2.04	<input type="checkbox"/>	0.18	32%	0.86	0.07	1.93	3.05	2.27	2.27	0.33	0.06
Millbrae	76%	36%	0.49	1.46	1.49	<input type="checkbox"/>	0.03	24%	0.46	0.04	1.49	2.33	1.73	1.73	0.24	0.04
Milpitas	78%	51%	2.08	4.62	4.40	<input checked="" type="checkbox"/>	0.00	22%	1.23	0.10	4.72	6.85	5.09	5.09	0.37	0.07
Mountain View	66%	43%	2.04	5.39	6.03	<input type="checkbox"/>	0.65	34%	2.64	0.21	5.60	9.33	6.94	6.94	1.34	0.25
North Coast	80%	24%	0.42	2.16	1.85	<input checked="" type="checkbox"/>	0.00	20%	0.48	0.04	2.20	2.87	2.13	2.13	0.00	0.00
Palo Alto	61%	38%	2.11	5.34	7.71	<input type="checkbox"/>	2.37	39%	3.90	0.31	5.65	12.14	9.03	9.03	3.38	0.63
Purissima Hills	38%	12%	0.07	0.42	1.26	<input type="checkbox"/>	0.84	62%	1.13	0.09	0.51	1.62	1.21	1.21	0.70	0.13
Redwood City	68%	34%	1.81	6.08	6.68	<input type="checkbox"/>	0.60	32%	2.80	0.22	6.31	9.38	6.98	6.98	0.67	0.13
San Bruno	78%	29%	0.20	0.82	0.72	<input checked="" type="checkbox"/>	0.00	22%	0.21	0.02	0.84	1.70	1.26	0.89	0.05	0.01
San Jose	69%	62%	1.68	3.69	3.31	<input checked="" type="checkbox"/>	0.00	31%	1.33	0.11	3.79	4.34	3.23	3.23	0.00	0.00
Santa Clara	73%	50%	1.10	2.35	2.52	<input type="checkbox"/>	0.17	27%	0.88	0.07	2.42	3.66	2.72	2.72	0.31	0.06
Stanford	63%	45%	0.38	1.32	1.11	<input checked="" type="checkbox"/>	0.00	37%	0.53	0.04	1.36	1.96	1.46	1.36	0.00	0.00
Sunnyvale	69%	42%	2.54	6.48	7.34	<input type="checkbox"/>	0.86	31%	2.98	0.24	6.71	10.49	7.80	7.80	1.09	0.20
Westborough	73%	26%	0.14	0.76	0.62	<input checked="" type="checkbox"/>	0.00	27%	0.22	0.02	0.76	0.97	0.72	0.72	0.00	0.00
Total			31.83	91.90	103.98		15.18		44.87	3.56	95.38	153.57	114.20	113.58	19.56	3.64
Allocated				91.90			91.90				95.38					
Unallocated				22.30			22.30				18.82					
Reserved				0			15.18				15.18					

First Iteration of Base Period/ISG-Based Allocation		Maximum Cutback			Second Iteration of Base Period/ISG-Based Allocation			Third Iteration of Base Period/ISG-Based Allocation If all agencies meet their Target Allocation, remaining water is allocated up to Minimum Cutback				Final Allocation (mgd)	Cutback Percentage	Allocation Factor
Agency	First Iteration of Target Based Allocation (mgd)	Does Step 5 Initial Allocation Meet SFPUC Maximum Cutback?	Maximum Cutback (mgd)	Initial Step 5 Allocation with Maximum Cutback (mgd)	Target Allocation Based Gap (mgd)3	Target Based Allocation 2 (mgd)	Second Iteration of Target Based Allocation (mgd)	Equal or Greater than Weighted Share/Minimum Cutback	Target Allocation Based Gap 3 (mgd)	Third Iteration of Target Based Allocation (mgd)	5. Weighted Share/ Maximum Cutback Based Allocation (mgd)			
Alameda CWD	6.30	<input type="checkbox"/>	0.39	6.69	0.99	0.88	7.57	<input type="checkbox"/>	0.11	0.00	7.57	7.57	12.3%	6.6%
Brisbane	0.52	<input checked="" type="checkbox"/>	0.00	0.52	0.04	0.04	0.56	<input type="checkbox"/>	0.00	0.00	0.56	0.56	13.8%	0.5%
Burlingame	2.56	<input type="checkbox"/>	0.11	2.67	0.33	0.29	2.97	<input type="checkbox"/>	0.04	0.00	2.97	2.97	14.0%	2.6%
Coastside	1.35	<input checked="" type="checkbox"/>	0.00	1.35	0.02	0.02	1.38	<input type="checkbox"/>	0.00	0.00	1.38	1.38	18.8%	1.2%
CWS - Total	18.74	<input type="checkbox"/>	3.91	22.66	0.66	0.59	23.24	<input type="checkbox"/>	0.07	0.00	23.24	23.24	20.5%	20.4%
Daly City	3.64	<input checked="" type="checkbox"/>	0.00	3.64	0.00	0.00	3.64	<input checked="" type="checkbox"/>	0.00	0.00	3.64	3.64	5.0%	3.2%
East Palo Alto	1.49	<input checked="" type="checkbox"/>	0.00	1.49	0.00	0.00	1.49	<input checked="" type="checkbox"/>	0.00	0.00	1.49	1.49	5.0%	1.3%
Estero	3.12	<input type="checkbox"/>	0.23	3.35	0.25	0.22	3.57	<input type="checkbox"/>	0.03	0.00	3.57	3.57	17.3%	3.1%
Hayward	12.23	<input checked="" type="checkbox"/>	0.00	12.23	0.30	0.27	12.50	<input type="checkbox"/>	0.03	0.00	12.50	12.50	12.4%	10.9%
Hillsborough	1.05	<input type="checkbox"/>	1.01	2.06	0.27	0.24	2.30	<input type="checkbox"/>	0.03	0.00	2.30	2.30	13.6%	2.0%
Menlo Park	2.13	<input type="checkbox"/>	0.27	2.40	0.24	0.21	2.61	<input type="checkbox"/>	0.03	0.00	2.61	2.61	15.7%	2.3%
Mid-Peninsula	2.00	<input type="checkbox"/>	0.05	2.04	0.23	0.20	2.24	<input type="checkbox"/>	0.03	0.00	2.24	2.24	14.9%	2.0%
Millbrae	1.54	<input checked="" type="checkbox"/>	0.00	1.54	0.19	0.17	1.71	<input type="checkbox"/>	0.02	0.00	1.71	1.71	11.1%	1.5%
Milpitas	4.79	<input checked="" type="checkbox"/>	0.00	4.79	0.30	0.27	5.06	<input type="checkbox"/>	0.03	0.00	5.06	5.06	10.8%	4.4%
Mountain View	5.85	<input type="checkbox"/>	0.19	6.03	0.90	0.80	6.84	<input type="checkbox"/>	0.10	0.00	6.84	6.84	12.2%	6.0%
North Coast	2.20	<input checked="" type="checkbox"/>	0.00	2.20	0.00	0.00	2.20	<input checked="" type="checkbox"/>	0.00	0.00	2.20	2.20	7.7%	1.9%
Palo Alto	6.28	<input type="checkbox"/>	1.44	7.71	1.31	1.17	8.88	<input type="checkbox"/>	0.15	0.00	8.88	8.88	10.8%	7.8%
Purissima Hills	0.64	<input type="checkbox"/>	0.62	1.26	0.00	0.00	1.26	<input checked="" type="checkbox"/>	0.00	0.00	1.26	1.26	30.9%	1.1%
Redwood City	6.43	<input type="checkbox"/>	0.25	6.68	0.29	0.26	6.95	<input type="checkbox"/>	0.03	0.00	6.95	6.95	19.5%	6.1%
San Bruno	0.85	<input checked="" type="checkbox"/>	0.00	0.85	0.04	0.04	0.88	<input type="checkbox"/>	0.00	0.00	0.88	0.88	5.5%	0.8%
San Jose	3.79	<input checked="" type="checkbox"/>	0.00	3.79	0.00	0.00	3.79	<input checked="" type="checkbox"/>	0.00	0.00	3.79	3.79	11.1%	3.3%
Santa Clara	2.47	<input type="checkbox"/>	0.05	2.52	0.20	0.18	2.70	<input type="checkbox"/>	0.02	0.00	2.70	2.70	16.9%	2.4%
Stanford	1.36	<input checked="" type="checkbox"/>	0.00	1.36	0.00	0.00	1.36	<input checked="" type="checkbox"/>	0.00	0.00	1.36	1.36	5.0%	1.2%
Sunnyvale	6.92	<input type="checkbox"/>	0.42	7.34	0.47	0.41	7.75	<input type="checkbox"/>	0.05	0.00	7.75	7.75	18.1%	6.8%
Westborough	0.76	<input checked="" type="checkbox"/>	0.00	0.76	0.00	0.00	0.76	<input checked="" type="checkbox"/>	0.00	0.00	0.76	0.76	5.0%	0.7%
Total			8.92	107.95	7.04	6.25	114.20		0.79	0.00	114.20	114.20		
Allocated			99.02	107.95			114.20				114.20			
Unallocated			0.00	6.25			0.00				0.00			
Reserved			15.18	0.00			0.00				0.00			

Instructions: Copy/paste the table below into the "Historical Saves" tab, columns A through F.						
Agency	Agency	Allocation Year (FY)	Allocation Year (integer)	Final Allocation (mgd)	Cutback Percentage	Allocation Factor
Alameda CWD	Alameda CWD	FY24-25	2025	7.57	12%	7%
Brisbane	Brisbane	FY24-25	2025	0.56	14%	0%
Burlingame	Burlingame	FY24-25	2025	2.97	14%	3%
Coastside	Coastside	FY24-25	2025	1.38	19%	1%
CWS - Total	CWS - Total	FY24-25	2025	23.24	20%	20%
Daly City	Daly City	FY24-25	2025	3.64	5%	3%
East Palo Alto	East Palo Alto	FY24-25	2025	1.49	5%	1%
Estero	Estero	FY24-25	2025	3.57	17%	3%
Hayward	Hayward	FY24-25	2025	12.50	12%	11%
Hillsborough	Hillsborough	FY24-25	2025	2.30	14%	2%
Menlo Park	Menlo Park	FY24-25	2025	2.61	16%	2%
Mid-Peninsula	Mid-Peninsula	FY24-25	2025	2.24	15%	2%
Millbrae	Millbrae	FY24-25	2025	1.71	11%	1%
Milpitas	Milpitas	FY24-25	2025	5.06	11%	4%
Mountain View	Mountain View	FY24-25	2025	6.84	12%	6%
North Coast	North Coast	FY24-25	2025	2.20	8%	2%
Palo Alto	Palo Alto	FY24-25	2025	8.88	11%	8%
Purissima Hills	Purissima Hills	FY24-25	2025	1.26	31%	1%
Redwood City	Redwood City	FY24-25	2025	6.95	19%	6%
San Bruno	San Bruno	FY24-25	2025	0.88	5%	1%
San Jose	San Jose	FY24-25	2025	3.79	11%	3%
Santa Clara	Santa Clara	FY24-25	2025	2.70	17%	2%
Stanford	Stanford	FY24-25	2025	1.36	5%	1%
Sunnyvale	Sunnyvale	FY24-25	2025	7.75	18%	7%
Westborough	Westborough	FY24-25	2025	0.76	5%	1%
Total						
Allocated						
Unallocated						
Reserved						

Instructions: Copy/paste the table below into the "Historical Saves" tab, columns A through F.

Input Category	Value	Allocation Year (FY)	Allocation Year (integer)
Allocation Year/Projection Year	FY24-25	FY24-25	2025
Tier 1 Shortage Allocation (mgd)	114.20	FY24-25	2025
Overall Reduction from Base Period Required	-15%	FY24-25	2025
SFPUC Maximum Cutback Factor	-22%	FY24-25	2025
SFPUC Minimum Cutback Factor	-5%	FY24-25	2025
Non-Residential Base Allocation %	93%	FY24-25	2025
Step 5 Reserved % of Remaining Tier 1 Allocation (less Step	50%	FY24-25	2025
Unreserved % of Remaining Tier 1 Allocation (less Step 3	50%	FY24-25	2025
Seasonal Allocation %	8%	FY24-25	2025
Step 5 ISG Weighting	33%	FY24-25	2025
Step 5 Base SFPUC Purchases Weighting	67%	FY24-25	2025
Residential Efficient Allocation (R-GPCD)	47.0	FY24-25	2025
Adjustment % for SFPUC Minimum Cutback, if efficient	95%	FY24-25	2025



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

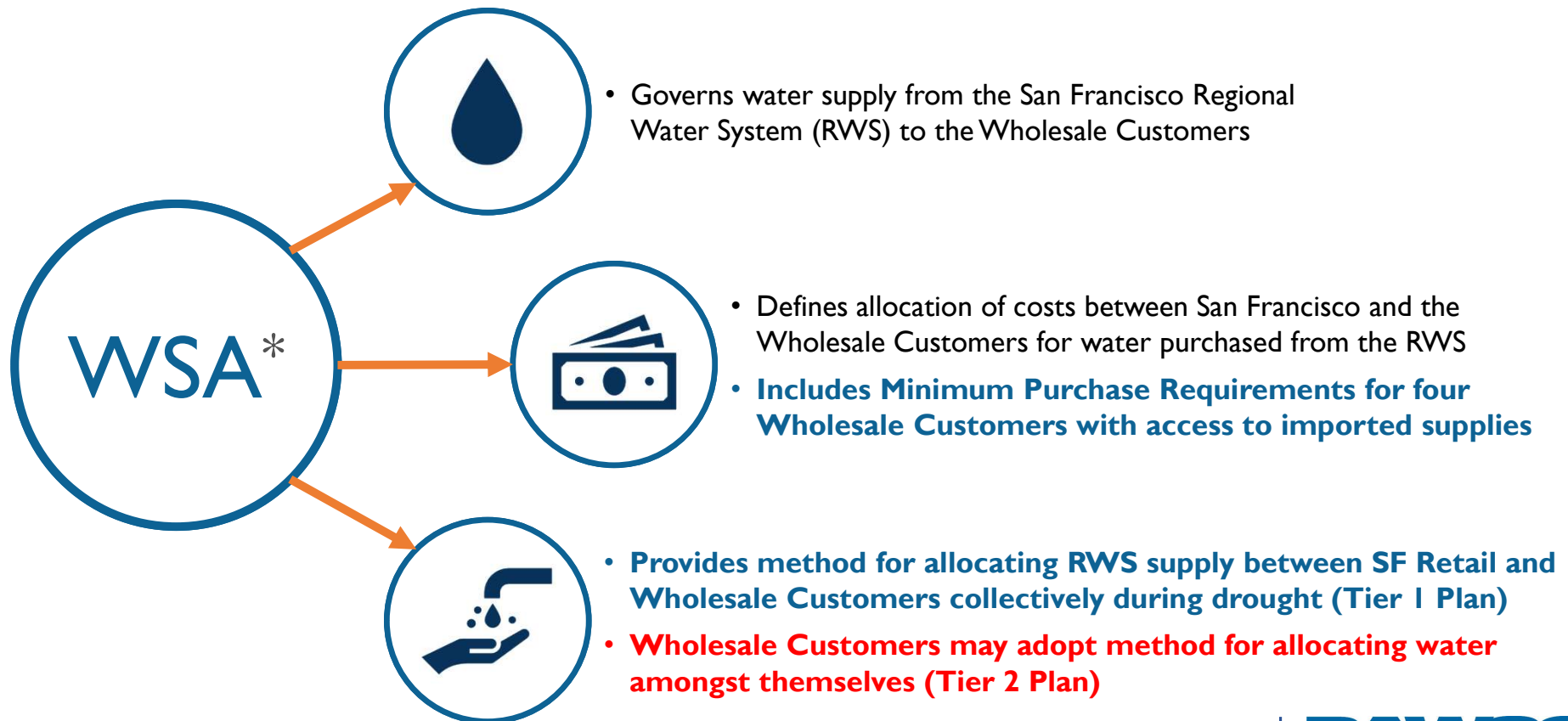
[BAWSCA Act, AB2058 (Papan-2002)]

WSA Amendments and Updated Tier 2 Plan Adoption Coastside County Water District June 10, 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. WSA Amendments
 - Minimum Purchase Requirements
 - Tier 1 Water Shortage Allocation Plan: How excess use charges will be applied
 - Other updates/definition clarifications
 - b. Updated Tier 2 Drought Response Implementation Plan (Tier 2 Plan)

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



WSA Amendments (Resolution 2025-03):

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
 - Some MPQ agencies are paying for water they cannot use
 - RWS is still subject to severe drought
 - San Francisco and all Wholesale Customers want to improve reliability of the RWS

WSA Amendments: (Resolution 2025-03):

Minimum Purchase Amendment has Three Elements

1

Minimum Purchase Quantity (MPQ) Reset

- Resets MPQs at 80% of actual use during previous four non-drought years
- Includes a 10-year review for possible downward adjustment, if warranted

2

One-Year Drought Rebound MPQ

- Creates a one-year drought rebound MPQ to recognize lower demand coming out of a drought

3

MPQ Collective Purchases Family Plan

- If MPQ Agencies collectively achieve the total required MPQ, no agency pays a penalty for not meeting its individual requirement
- If not, penalties are applied proportionally to the total under usage

MPQ = Minimum Purchase Quantity

WSA Amendments (Resolution 2025-03):

Impact of Minimum Purchase Quantity Amendment

Cost Analysis

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

Impact to Coastside County Water District - \$10K annually

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

WSA Amendments (Resolution 2025-03): Shortages on the Regional Water System (RWS) are Governed by Two Plans

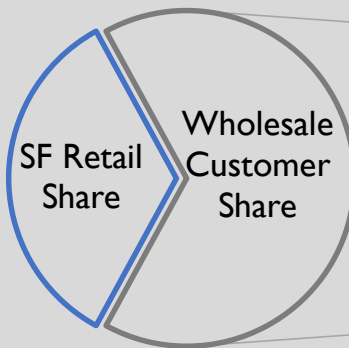
Shortages on the RWS

Available
RWS
Supply

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

Tier 1 Plan

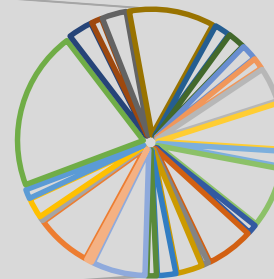
Method of allocating water from the RWS between:



in WSA

Tier 2 Plan*

Method of allocating water from the RWS among the Wholesale Customers



* Agreement among Wholesale Customers, San Francisco not included

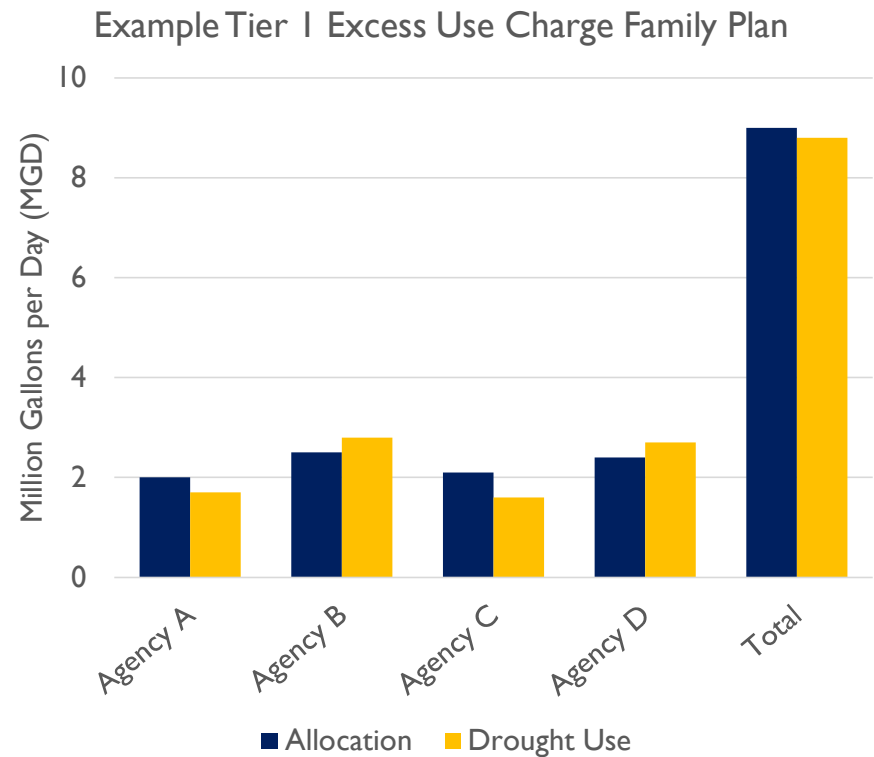
Application of the Tier 1 and 2 Plans

- 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

WSA Amendments (Resolution 2025-03):

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

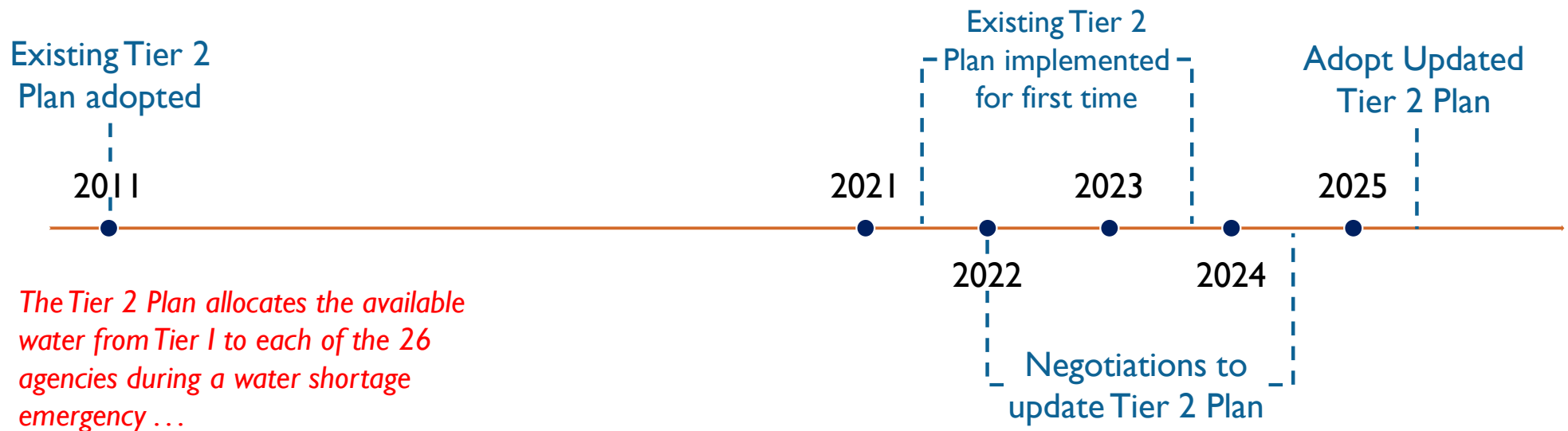
- **Existing** - Excess use charges only applied during mandatory rationing conditions *(using Tier 2 allocations)*
- **New** - No excess use charges applied if collective Wholesale Customer purchases are less than Tier I allocation *(Similar to a cell phone family plan)*



WSA Amendments Summary – Resolution 2025-03

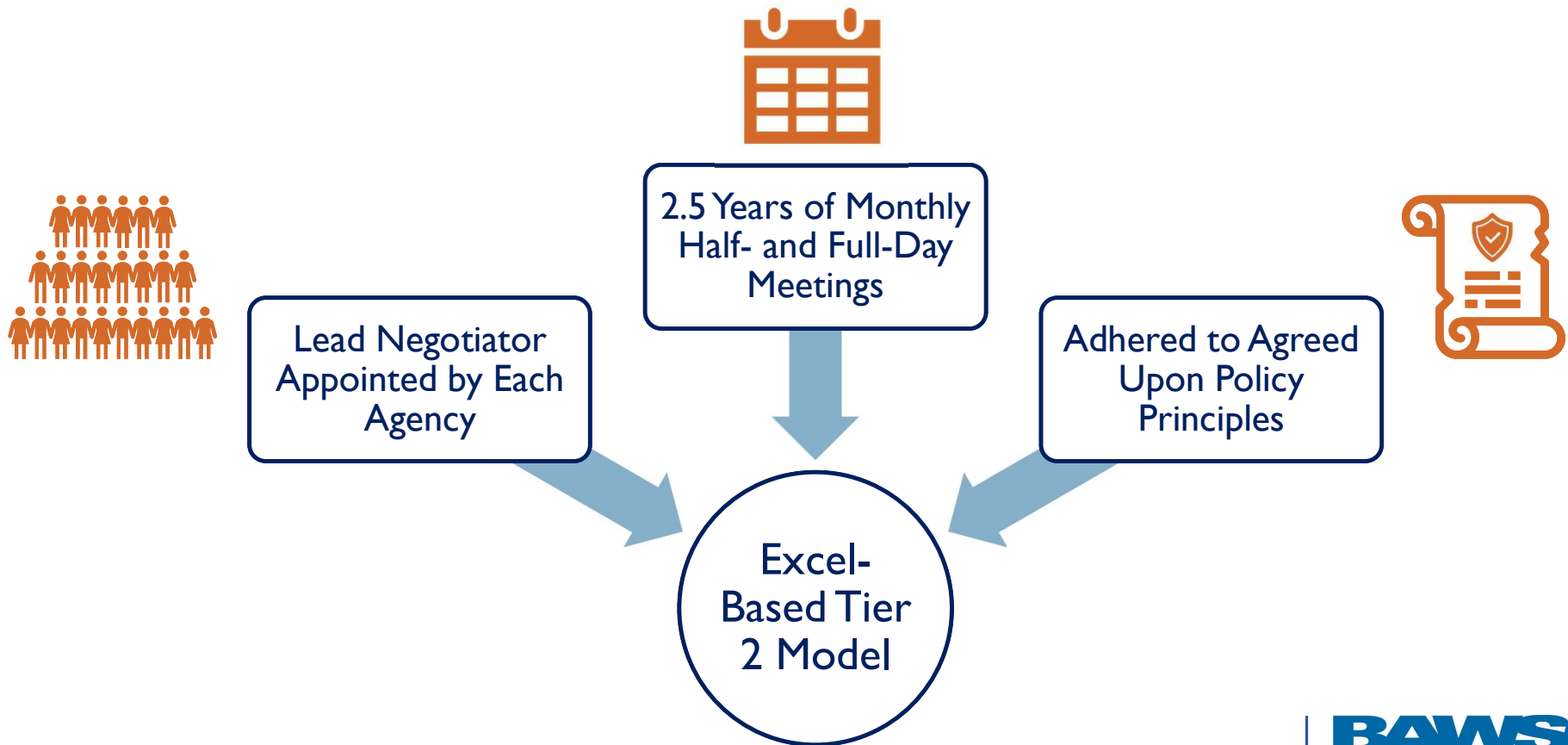
1. Minimum Purchase Requirements Modifications
2. Tier I Family Plan Amendment: Excess use charges are only applied by San Francisco when the collective Wholesale Customer usage exceed the Tier I allocation (during mandatory rationing periods.)
3. General housekeeping updates: definitions of “Imputed Sales” and “Level of Service Goals and Objectives”

Updated Tier 2 Plan (Resolution 2025-04): *Existing Tier 2 Plan Required an Update*



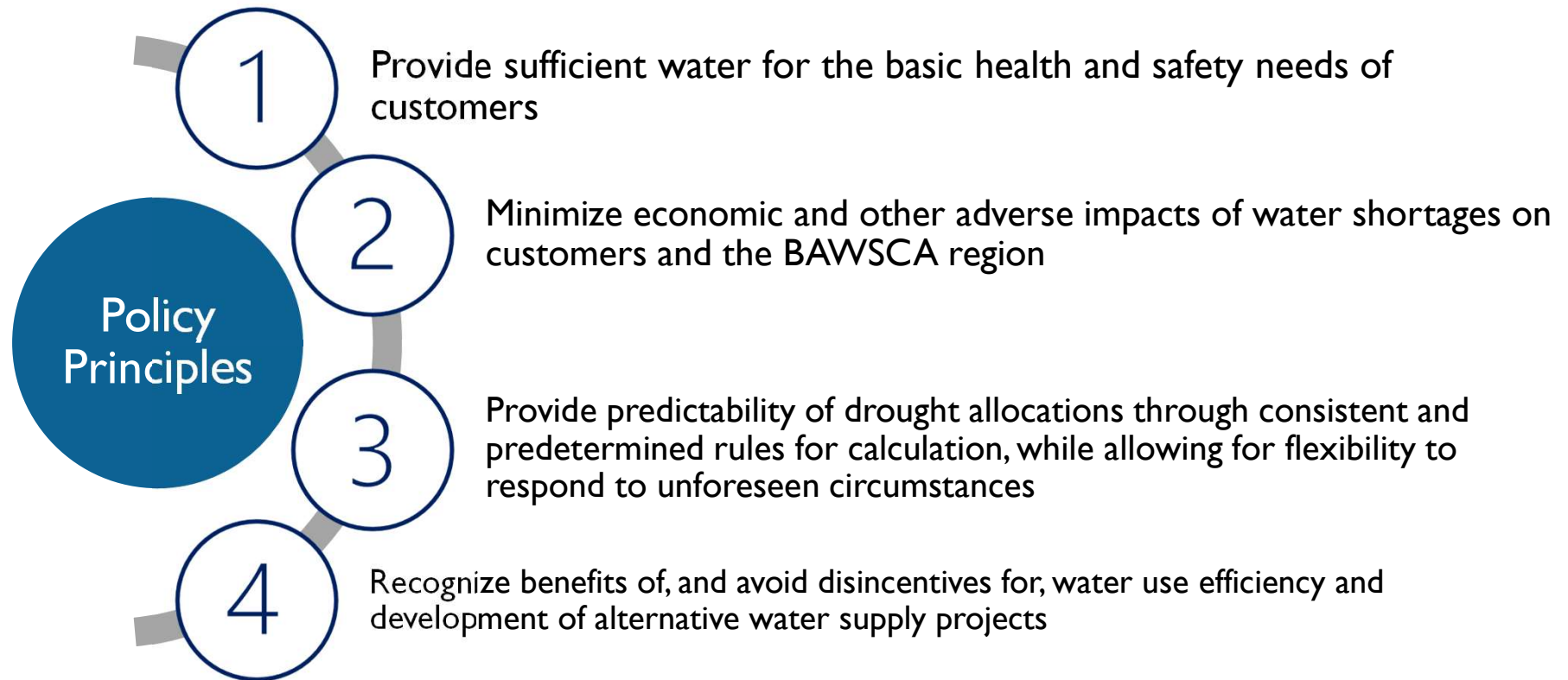
- 2021-23 implementation made clear the Plan no longer operates as originally intended
 - Conditions and overall water use in the region has changed
 - Special rules carved out for certain agencies now may apply to multiple agencies

Updated Tier 2 Plan (Resolution 2025-04):
Agreed Upon Plan Required Engagement from All 26 BAWSCA
Member Agencies and 2.5 Years of Negotiation



Updated Tier 2 Plan (Resolution 2025-04):

Tier 2 Plan Policy Principles



Updated Tier 2 Plan (Resolution 2025-04): 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
- Coastside County Water District negotiated an exception within the calculations
 - Local surface water sources cannot be relied upon in a drought
 - Coastside needs to maximize use of local surface water sources to perfect its water rights
- 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