



STAFF REPORT

AGENDA NO: 9c

MEETING DATE: October 6, 2025

To: Honorable Mayor and City Council

Date: October 6, 2025

From: Syed Murtuza, Director of Public Works – (650) 558-7230
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Subject: Adoption of Resolutions Approving the 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 Approving the Updated Tier 2 Drought Response Implementation Plan

RECOMMENDATION

Staff recommends that the City Council adopt the attached resolutions as follows:

1. Approve the attached 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. Approve the attached updated Tier 2 Drought Response Implementation Plan.

BACKGROUND

The City of Burlingame purchases its entire potable water supply from the San Francisco Regional Water System (RWS) and is one of the 26 member agencies of the Bay Area Water Supply and Conservation Agency (BAWSCA). The terms of this purchase are governed by the Water Supply Agreement (WSA) between BAWSCA agencies and the City and County of San Francisco.

A key component of the WSA is its drought management framework. This framework is structured in two tiers. The Tier 1 Plan, which is part of the WSA itself, governs the overall allocation of water between the SFPUC's retail customers and the collective group of 26 wholesale customers during a system-wide shortage. The Tier 2 Drought Response Implementation Plan is a separate agreement among the 26 wholesale agencies that determines how their collective allocation is subdivided and distributed to each individual agency, including Burlingame.

The existing Tier 2 Plan was adopted in 2011 and was implemented for the first time during the 2021-2023 drought period. That experience revealed that the old formula no longer reflects modern water use patterns, conservation achievements, or state efficiency standards, necessitating an update. Furthermore, the WSA contains minimum purchase requirements for four specific agencies

with alternative water sources. These requirements, based on 1980s usage data, have created a financial disincentive for those agencies to invest in local, drought-resilient supplies.

In January 2021, BAWSCA began facilitating an update to the Tier 2 Plan—the method for allocating water during shortages. Each Wholesale Customer appointed a lead negotiator. Between January 2022 and June 2024, BAWSCA and the lead negotiators met at least 62 times to negotiate the terms of the updated Tier 2 Plan.

Concurrently, negotiations took place to amend the minimum purchase requirements and the Tier 1 Plan. These negotiations concluded in the fall of 2024. Subsequently, San Francisco, acting through the SFPUC, approved the 2025 Amended and Restated WSA on May 13, 2025, pending approval by BAWSCA members (Wholesale Customers).

DISCUSSION

The proposed actions are the result of collaborative, multi-year negotiations to improve regional water reliability and equity. The proposed changes are supported by all BAWSCA agencies, and their unanimous adoption is required. By approving the plan, Burlingame maintains its seat at the table and ensures this collaboratively negotiated outcome is implemented. If the City or any other agency rejects it, drought allocations would default to a determination by the BAWSCA Board or the SFPUC, potentially resulting in a less favorable and more unpredictable outcome for Burlingame ratepayers.

The two actions required for adoption are: 1) approving the Water Supply Agreement Amendment, and 2) approving the updated Tier 2 Drought Response Implementation Plan.

WSA AMENDMENT

The WSA amendment updates the minimum purchase requirements (developed in the 1980s) for the four affected agencies (Alameda County Water District, Cities of Milpitas, Mountain View, and Sunnyvale) to align with current water use, establishes a 10-year review cycle, a one-year "rebound" reduction after droughts, and creates a more equitable method for applying financial penalties based on collective, rather than individual, underuse. This change removes a significant disincentive for those agencies to develop alternative supplies, thereby strengthening the entire system's resilience for all users, including Burlingame.

The amendment also incorporates a new "Tier 1 Family Plan." This change ensures that during a drought, financial penalties for exceeding water allocations will only be applied to a wholesale customer if the entire group of 26 agencies exceeds its total allocation from SFPUC. This provides a more collaborative and fair approach to drought management.

UPDATED TIER 2 DROUGHT RESPONSE IMPLEMENTATION PLAN

The updated Tier 2 plan is guided by principles that prioritize public health and safety, minimize economic disruption, and reward conservation. The new allocation formula uses a sequential process that prioritizes residential indoor use based on state standards, followed by non-residential indoor use, seasonal use, and a final allocation to bring agencies to a "Target Allocation." The

Target Allocation is based on a weighted share of (1) the Wholesale Customer's Base Period purchases from the RWS and (2) its Individual Supply Guarantee (ISG). The new formula guarantees a fair and sufficient allocation for residents' basic needs during a severe drought.

CONCLUSION

The approval of the proposed WSA Amendment will not alter Burlingame's current obligations, as the City is not among the four original minimum purchase customers. However, by modernizing the agreement and removing financial disincentives for other agencies to develop local, drought-resilient supplies, these changes contribute to greater system-wide reliability for the RWS, from which Burlingame receives 100% of its supply.

Approval of the updated Tier 2 Drought Response Implementation Plan is critical for enhancing Burlingame's water security during droughts. The new plan provides a predictable and equitable allocation framework based on a formula that prioritizes essential indoor water needs. For a community like Burlingame that is dependent on the RWS, this predictable formula is vital for planning and ensures its allocations are sufficient to meet public health and safety standards. The updated plan recognizes ongoing conservation efforts, minimizes economic and other adverse impacts of water shortages on customers, aligns with state indoor water use standards, and ensures that our ratepayers are treated fairly during periods of shortage.

Together, these actions strengthen the City's water reliability, protect public health, and preserve equitable cost-sharing throughout the BAWSCA service area.

FISCAL IMPACT

There is no additional cost or change to the City's current financial obligations by approving either the WSA Amendment or the updated Tier 2 Drought Response Implementation Plan.

Exhibits:

- Resolution – WSA
- Resolution – Tier 2 Plan
- WSA Amendments (Redline)
- Tier 2 Drought Response Implementation Plan