



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed

Mayor

Minutes
SPECIAL MEETING
Budget Hearing #3
Thursday, January 23, 2020
9:00 A.M.

(Approved February 11, 2020)

NOTE DIFFERENT TIME AND LOCATION

525 Golden Gate Avenue, Second Floor
O'Shaughnessy Conference Room
San Francisco, CA 94102

Commissioners

Ann Moller Caen, President
Francesca Vietor, Vice President
Anson Moran
Sophie Maxwell
Tim Paulson

Harlan L. Kelly, Jr.

General Manager

Donna Hood

Secretary



For information, contact the Commission Secretary at 415-554-3165
Minutes and other information are available on the SFPUC web site:

www.sfwater.org

1. Call to Order
Budget Chair Caen called the meeting to order at 9:09 am.
2. Roll Call
*Present: Caen, Vietor, Moran, and Maxwell
Commissioner Paulson arrived at 9:11 am.*
3. Summary of Commissioner Questions from the January 9 Budget Hearing #1 and January 16 Budget Hearing #2, and staff answers
Eric Sandler, CFO and Assistant General Manager (AGM) Business Services, presented a spreadsheet with updated Commissioner questions and staff responses from the first two budget hearings.

Commissioner Paulson arrived at 9:11 am.

No public comment.

4. Water Enterprise Budget and Capital Plan
 - i. FY 2020-21 and FY 2021-22 Water Enterprise Operating Budget
Steve Ritchie, AGM Water, began with a review of the San Francisco Regional Water System and of SFPUC customers with more than 2.7 million residents and businesses, including 26 wholesale customers.

AGM Ritchie presented the Water Enterprise organizational chart and introduced Division Managers.

Mr. Ritchie reviewed the 2008 Water Enterprise Level of Service (LOS) Goals and Objectives: (1) Water Quality - maintain high water quality, (2) Seismic Reliability - reduce vulnerability to earthquakes, (3) Delivery Reliability - increase delivery reliability and improve ability to maintain the system, (4) Water Supply - meet customer water needs in non-drought and drought periods, (5) Sustainability - enhance sustainability in all system activities, and (6) Cost-Effectiveness - achieve a cost-effective, fully operational systems.

He noted the Water Enterprise budget proposal is guided by the SFUPC Strategic Planning Goals and reviewed the following.

- *People: Meeting workforce challenges of succession planning; and the need for increasingly special skill sets internally.*
- *Resilience: Managing increased risks (dam safety and lands management); and responding to State and Federal Regulations.*
- *The Future Integrating Technology into Work: Requires a significant commitment of staff time and resources.*

AGM Ritchie reviewed needs for operating and maintaining new facilities and equipment at the City Distribution Division and Water Supply and

Treatment Division facilities; and operating budget-funded positions for the Wastewater Enterprise, not including Hetch Hetchy Water.

- Supporting Our People - *To operate and maintain new facilities and to keep up with aging infrastructure while demands for service are increasing:*
 - *Regional Groundwater Project and other new facilities (FY21 seven positions; FY22 two positions).*
 - *Positions for in-City Construction for new service and main replacement (FY21 nine project-funded positions; FY22 eight project-funded positions).*
 - *To provide modern facilities to meet 21st Century demands and expectations (potential new City Distribution Division Yard; New Millbrae Laboratory and South Shop).*

- Increasing Our Resiliency
 - *Disaster Preparedness – Wildfire Mitigation (four positions, three of which are project funded); Auxiliary Water Supply System (FY21 two project-funded positions; FY22 two project-funded positions).*
 - *Safety - new equipment in-City, and radio system improvements system-wide.*
 - *Efficiency - Geographic Information System Support in-City (FY21 two project-funded positions); system-wide Supervisory Control and Data Acquisition improvements.*

Becoming a Utility of the Future, Now

- Maintaining Level-of-Service
 - *Dam Safety (regional and local dams)*
 - *Watershed protection and expanding access*

AGM Ritchie presented the Water Enterprise Use of Funds for FY2020, FY2021 and FY2022; Water Enterprise Total Budget (FY2020-21 request 2% change; FY2021-22 request 4% change); Water Enterprise Full Time Authorized Positions (FY2020-21 request 3% change; FY2021-22 request 1% change). He indicated the total change for the 10-Year Water Capital Spending Plan (Regional, Local and AWSS) is 28%.

ii. FY2020-21 through FY2029-30 Water Enterprise Capital Plan, including the FY2020-21 and FY2021-22 Capital Budget

AGM Ritchie outlined the FY2020-21 to FY2029-30 10-year Water Capital Plan, and FY2020-21 to FY2021-22 Water Capital Budget.

He indicated the Water Enterprise 10-Year Capital Improvement Program Local and Regional Water CIP is 2,206,188,878 (increase of \$480,040,487 over last 10-Year plan); Water Enterprise Two-year Capital Improvement Program is \$287,686,93 for FY2020-21 and \$195,902,795 for FY 2021-22; and \$153,000,000 for FY 2020-21 is General Fund from proposed Earthquake Safety and Emergency Response bond measure on the March 2020 ballot.

AGM Ritchie continued with a review of the Regional Water 10-Year CIP and Two-Year CIP and highlighted the Regional Water Two-Year CIP requests: Water Treatment (\$21.8M), Water Supply and Storage (\$29.8M), Watershed and Land Management (\$52.6M), Buildings and Grounds (\$25.1M).

Tim Ramirez responded to questions from Vice President (VP) Vietor and Commissioner Maxwell regarding the \$20M budget requested for two trails in the Peninsula Watershed. Brief discussion ensued.

AGM Ritchie outlined significant changes in the Regional Water 10-Year CIP. He reviewed the Local Water 10-Year CIP and Two-Year CIP and highlighted the Local Water Two-Year CIP requests: Water Supply Projects (\$9.4M), Local Water Conveyance (\$107.1M), Local Reservoir and Tank Improvements (\$8.7M), and Buildings and Grounds (\$49.7M).

Bill Teahan responded to a question from Commissioner Maxwell regarding meters for large office and residential buildings.

AGM Ritchie reviewed significant changes in the Local Water 10-Year CIP.

VP Vietor expressed concern with water supply projects and budget priorities. Brief discussion ensued.

Commissioner Moran noted that many of the Water Enterprise position needs are being met by reallocation of existing resources.

AGM Ritchie responded to a question from Chair Caen regarding what decision have been made regard trails.

CFO Sandler responded to a question from Chair Caen regarding the previous 10-Year budget figures presented.

Public Comment

- Nicole Sandkulla, BAWSCA, noted the CIP Assessment Study recommendation for a separate stand-alone document is needed in the future. Past appropriations that have not been spent shows fiscal control and accountability; dam safety work and water supply discussions are important and funding request seems appropriate, but the work must to get done. Improve staffing and consulting work needed.*
- Liz Westbrook, Trail Director, Bay Area Ridge Trail, expressed support for staff recommendations for the Ridge trail. Challenging work is to come. Hope to dedicate additional eight miles this year. Support project.*

- *Bob Siegel, Bay Area Ridge Trail, expressed support for the trail to complete gaps.*
- *Francisco DaCosta stated that the Commission need to read the Raker Act and conduct a needs assessment. He discussed leaching and what is being done for future generations.*

The Commission recessed at 11:04 am and reconvened at 11:18 am.

5. Hetchy Water Budget and Capital Plan

i. FY 2020-21 and FY 2021-22 Hetchy Water Operating Budget

AGM Ritchie briefly reviewed the San Francisco Regional Water System and reviewed the 2008 Water Enterprise Level of Service (LOS) Goals and Objectives (1) Water Quality (maintain high quality of water), (2) Seismic Reliability (reduce vulnerability to earthquakes, (3) Delivery Reliability (increase delivery reliability and improve ability to maintain the system), (4) Water Supply (meet customer water needs in non-drought and drought periods, (5) Sustainability (enhance sustainability in all system activities), and (6) Cost-Effectiveness (achieve a cost-effective, fully operational system).

He noted the Water Enterprise budget proposal is guided by the SFUPC Strategic Planning Goals and reviewed the following:

- *Increasing Resilience through Disaster Preparedness: Wildfire mitigation (FY21 – one project-funded position, FY22 two project-funded positions).*
- *Increasing Resilience: Safety - system-wide radio system improvements; and Efficiency - improved records management (FY22 one position).*
- *Utility of the Future, Now: Maintaining Level-of-Service (FY21 one position), and programmatic funding increase of \$6M over 10 years for Western Electricity Coordinating Council and North American Electric Reliability Corporation regulations.*

AGM Ritchie reviewed a 15-Year Plan for Dam safety; Lower Tuolumne River (Don Pedro FERC License and Voluntary Agreements); and Upper Tuolumne River (protecting watersheds), which includes increasing the Memorandum of Understanding (MOU) with the National Park Service by \$400,000 per year. Brief discussion ensued regarding the MOU increase and what services are received per the MOU.

AGM Ritchie presented the Hetchy Use of Funds FY2020, FY2021 and FY2022; Hetchy Water Total Budget (FY2020-21 request 19% change; FY2021-22 request 3% change); Hetchy Water Full Time Authorized Positions (FY2020-21 request 1% change; FY2021-22 request 1% change).

ii. FY2020-21 through FY2029-30 Hetchy Water Capital Plan, including the FY2020-21 and FY2021-22 Capital Budget

AGM Ritchie outlined the summary of the 10-Year Hetchy Water & Power Capital Plan and Summary (22% change); FY2020-21 to FY2029-30 Hetchy Water & Power Capital Plan and Capital Budget; Hetchy Water 10-Year Capital Improvement Program (FY19-28 \$909,201,000 and FY21-30 \$1,024,375,458); Hetchy Water Two-year Capital Improvement Program (FY2020-21 \$38,501,775, FY2021-22 \$111,474,483).

AGM Ritchie continued with a review of the Hetchy Water Two-Year CIP project highlights: Water request (\$53.8M), Power request (10.6M), Joint request (\$85.6M).

He reviewed significant changes for the Hetchy Hetchy Water 10-Year CIP for Water, Power, and joint projects. Brief discussion ensued on project details.

Public Comment

- *Francisco DaCosta discussed the Buffalo Soldiers who managed the national parks and stated that they need to be honored.*

AGM Ritchie distributed copies of the Water Resources Division Annual Report.

GM Kelly provided concluding comments.

6. Motion to continue meeting to a Special Meeting noticed for Thursday, January 30, 2020.

On Motion to continue the meeting to a Special Meeting notice for Thursday, January 30, 2020:

Ayes: Caen, Vietor, Moran, Maxwell and Paulson

(Time: 12:12 pm)