



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

**London N. Breed**

Mayor

**SPECIAL MEETING MINUTES**

**Friday, January 26, 2024**

**9:00 AM**

**(Approved February 13, 2024)**

1 Dr. Carlton B. Goodlett Place

City Hall, Room 416

**Commissioners**

Tim Paulson, President

Anthony Rivera, Vice President

Sophie Maxwell

Newsha Ajami

Kate H. Stacy

Dennis J. Herrera

General Manager

Donna Hood

Commission Secretary

1. Call to Order

*President Paulson called the meeting to order at 9:04 am.*

2. Roll Call

*Present: Paulson, Rivera, Ajami, Maxwell, and Stacy*

*President Paulson announced that at the end of the January 23 Regular Meeting there was an omission in reporting following Closed Session and announced that the Commission recommended that the Board of Supervisors approve the settlements referenced in agenda items 16 and 17.*

3. Summary of Budget Hearing Questions

*A [summary of budget hearing questions](#) from the January 22, 2024 meeting were provided to the Commission and made available to the public.*

4. Wastewater Enterprise

a) FY 2024-25 and FY 2025-26 Operating and Capital Budgets, and 10-Year Capital Plan

*Joel Prather, Acting Assistant General Manager (AGM) Wastewater Enterprise (WWE) , stated that WWE operates and maintains three wastewater treatment plants, one wet-weather facility, 28 pump stations, 1900 miles of sewer mains and laterals, more than 216 green infrastructure assets, and 25,000 catch basins to protect public health and the environment. WWE facilities process 60 million gallon per day (mgd) of dry weather flows and have 565 mgd of wet weather treatment capacity. It is comprised of administration, maintenance, operations, collection system, engineering, and wastewater labs.*

*Acting AGM Prather reviewed Wastewater use of funds: FY24 (\$428.3 million), FY25 (45.2 million), and FY26 (525.7 million). He indicated the FY2024-25 and FY2025-26 requests have an 11% change, per year. He reviewed the budget request summary: (1) Year one increase from FY23-24 (38.2% Capital Projects; 25.1% Debt Service; 20.3% Overhead); (2) Year one Total Request 10.9% increase from FY23-24; (3) Year two increase from FY23-24 (19.1% in Capital Projects; and 17.5% in Debt Service); (4) Year two Total Request Overall (10.6% increase from one year); and (5) 22.7% increase vs. FY23-24.*

Two-Year Operating Budget

- *WWE Operating Budget FY24: Debt Services (34%), Labor (20%), Mandatory Fringe Benefits (8%), non-Personnel Services (10%), City Grant Programs (0%), Materials and Supplies (4%), Capital Outlay (1%), Overhead (13%), and Services of Other Departments (12%).*
- *Operating Budget priorities: (1) Affordability (proposed rate affordability for WWE; and efficient capital planning); (2) Responsible Management (financial sustainability; workforce; Racial Equity, transparency; and responsible management of systems); (3) Investing Where it Matters (capital investment and economic recovery/jobs; replacing aging infrastructure; meeting new customer demands; environmental stewardship; and resilience and climate change).*
- *Net position requests: Zero percent change in position requests for FY2024-25 and FY2025-26 from the FY2023-24 adopted budget.*
- *Administration:*
  - o *Risk Management Work Order increase year one \$102,894, and year two \$249,215.*

- *Two temporary-to-permanent positions (1406 Senior Clerk) for a total of \$217,434.*
- *UC Berkeley Center for Smart Infrastructure - Professional Services \$125,000. SFPUC to partner with UC Berkeley Center for Smart Infrastructure to share research, best practices, emerging technologies and data management of water and wastewater operations and infrastructure projects. SFPUC committed \$1 million to support the effort, to be shared evenly by the Water and Wastewater Enterprises, in the amount of \$500,000 each, spread over four years.*
- *Planning and Regulatory Compliance:*
  - *Mission & Islais Channel Sediment Investigation: Non-Personnel Services, \$500,000 each year for two years.*
  - *Residential Green Infrastructure Grant Program: City Grant Programs - \$350,000; and non-Personnel Services - \$250,000.*
  - *Central Bayside Watershed Staff and Urban Watershed Planning Manager: Two position substitutions (5602 Central Bayside Watershed Planner and 5601 Central Bayside Watershed Coordinator) and one new position (0941 Manager, Urban Watershed Planning Division), for a total of \$559,952.*
- *Southeast Community Center (SECC):*
  - *Four position substitutions (3278 Recreation Facility Assistants); and two temporary-to-permanent (1824 Deputy Executive Director SECC, and 1820 Resident-Partner Liaison), for a total of \$425,919.*
  - *Access Program Year 3-4: Materials & Supplies \$40,000; Non-Personnel Services \$250,000 for a total of \$290,000. Program provides laptops and iPads that community members can reserve and check-out while on-site. Ensures access to essential digital tools for education, job search, and communication.*
- *Maintenance:*
  - *Additional Green Infrastructure (GI) Maintenance Crew Positions: Six positions (0923 GI Maintenance Manager, 3422 GI Crew Leader, and four 3417 GI Gardeners for a total of \$780,338. Request for four trucks for \$490,778, for a combined total of \$1,271,116.*
  - *Facility Gardeners – two substitutions and two new positions (3417 GI Gardeners) for a total of \$408,572.*
- *Bayside Operations:*
  - *Operations Materials & Supplies - \$2,500,000.*
  - *Sludge Removal Increase: Non-Personnel Services - \$500,000.*
  - *Operations Unscheduled Overtime Increases: Labor and Fringe \$338,835.*
  - *Natural Resources Land Management – Marine Biology Work Order Increase: Services of Other Departments \$200,000.*
- *Collection System Division*
  - *Maintenance Planner, Chemist & Utility Specialist: Two operating and one project positions (7262 Maintenance Planner; 5602 Laterals Permits Manager; and 2486 Chemist, for a total of \$383,340.*
  - *Wastewater Lab – Support for Laboratory Information Management System & Laboratory Quality Assurance Program. Four positions (two 1052 1052 IS Business Analyst, and two 2486 Chemist, for a total of \$623,467.*

*Commissioner Ajami stated many of the position requests are needed to assist with addressing emerging challenges, especially climate change. She expressed concern that climate change is not a higher priority within indicated “goals” and stated climate change should be used as a lens through which the SFPUC does its work. She noted that the increase*

*in insurance premiums is due to climate disasters. She discussed the proposed funds for the UC Berkeley Center for Smart Infrastructure and stated staff must be involved to ensure funds are being used on emerging issues. GM Herrera confirmed that staff and the SFPUC will be actively involved. She asked if rental funds collected at 1550 Evans funds will go to staffing, with acting AGM Prather stated those funds go back into the general revenue fund for the WWE.*

*Commissioner Maxwell noted the Residential GI grant program request funds 8-10 projects with approximately 300 applicants. Acting AGM Prather stated additional funds are being requested to grow the pilot program to a permanent program and to fund more applications.*

*Acting AGM Prather responded to Commissioner Maxwell's comments regarding overtime costs and question as to when more staff will be hired, stating that everything possible is being done to fill vacant positions. He noted there are diversified classifications within WWE and they are waiting for candidate testing to conclude. He stated that wet weather events are significant and the need to immediately response with current staff is driving overtime costs.*

*Kate Stacy thanked acting AGM Prather for the presentation. She concurred with prior statements made for need to hire new staff to eliminate overtime and staff burnout. She expressed endorsement for the UC Berkeley Center for Smart Infrastructure and the collaborative efforts; expressed appreciation for the reduction of certain requirements that are not essential to job functions for positions at the Southeast Community Center (SECC) and to increase access to those positions; expressed interest in the upcoming sedimentation analysis; and echoed Commissioner Ajami's concerns regarding the effect of climate change on the collection system.*

*GM Herrera stated that the agency is acutely aware of climate change and that the budget development was approached through that lens with the top two items being (1) climate change and resilience, and (2) environmental stewardship. He stated that investments are prioritized and made through that lens.*

*Commissioner Rivera thanked acting AGM Prather for the presentation. He noted the importance of the Residential GI program and questioned the potential for increasing the program in the future, with acting AGM Prather stating there is intent to continue to grow program.*

*President Paulson echoed comments made by the Commission. He noted resources being put into programming and staffing at the SECC. In response to his question regarding the temporary, no-benefit positions at the SECC, acting AGM Prather indicated that those positions are being replaced with permanent civil service positions. Acting AGM Prather respond to an additional question regarding the request for overtime stating it is requested to supplement the overtime budget and avoid the need for a supplemental appropriation.*

#### Capital Plan Development Process

- *Capital Plan Project Drivers (1) Operational Reliability; (2) Seismic Reliability; (3) Health, Safety & (4) Stormwater Management.*
- *Asset Management is an integral part of never-ending asset lifecycle.*
- *Capital Planning Strategy: Adaptively managed for sustainable delivery.*

### Financial Summary

- *Wastewater Proposed Capital Plan Summary Totals: Sewer System Improvement Program (\$4,002.2 million); Renewal and Replacement (\$1,737.6 million); Treasure Island (\$40.9 million); and Wastewater Facilities and Infrastructure (\$258.9 million). Total Uses for Wastewater \$6,039.6 million.*
- *Capital Plan Appropriations, noting significant investments – FY 25-34 Capital Plan 10-Year total request \$6.04 billion.*
- *Capital Budget Appropriation, FY 24-25 - \$892.5 million.*

### Major new Projects

- *Southeast Plant Mainstream Nutrient Reduction: Impact to 10-Year Plan: \$1,185 million with a projected project budget of \$1,470 million, with planning to start in FY24/25 and anticipated construction start of FY30/31. Project is needed to meet expected regulatory requirements.*
- *Southeast Bay Outfall and Southeast Plant Booster Station Replacement: Impact to 10-Year Plan - \$80 million increase with a projected project budget of \$2,968 million. Planning to start in FY24/25 with anticipated construction to start in FY37/38. Needed to replace the outfall to ensure reliable operations, protect water quality in San Francisco Bay. Aligns with the City's long-term waterfront adaption plans for sea level rise.*

### Key Projects Underway

- *Southeast Plant Biosolids Digester Project. Impact to 10-Year Plan with a \$300 million increase. Proposed project budget \$2,673 million. Cost increases due to market conditions, single-bidder outcomes, and higher material costs.*
- *Folsom Area Stormwater Improvements. Impact to 10-Year Plan with a \$110 million increase. Proposed project budget \$430 million. Cost increases reflects the latest design estimates due to higher costs and additional time needed to address the complexity of the upcoming construction of the tunnel and large sewer boxes in congested city streets.*
- *Lower Alemany Area Stormwater Improvements. No budget change to 10-Year Capital Improvement Plan. Approved Project budget \$300 million.*
- *Citywide Green Infrastructure Implementation. No change to 10-Year budget. Proposed project budget \$100 million.*

*Acting AGM Prather responded to a question from Commissioner Maxwell as to what makes Southeast Outfall project difficult noting conditions, complexity, and processes. Deputy CFO Laura Busch stated that in addition to the technical work by WWE staff the finance team and external affairs are working on this regional issue with partners and how to best finance with non-ratepayer funds. Sarah Minick, Urban Watershed Planning stated the State Water Board did not approve GI on this project and wanted a pipe option. She stated GI opportunities outside of this project and within the watershed are being investigated and are in collaboration with city partners.*

*Deputy GM Ron Flynn responded to Commissioner Ajami's question regarding the Water Board's decision stating that the Board did not disapprove of GI but required that an alternative proposed by the SFPUC needed to be completed by a certain date and the SFPUC could not meet that timeline due to varying circumstances, including CEQA review. Commissioner Ajami provided comments on nutrient reduction, outfall replacement, and how they impact each other, with acting AGM Prather providing response.*

*Bessie Tam, Director Wastewater Capital Programs responded to a question from Commissioner Rivera regarding funding and issues related to the Treasure Island wastewater treatment plant, stating design-build is happening while demolition and advanced work is occurring and indicated the project is progressing quickly. She stated there are no construction or financial problems at this time.*

*Commissioner Stacy expressed appreciation for on-going efforts with GI and the Alemany project, and with the agency's efforts to focus on the ability of GI to amplify what the SFPUC does. She discussed the layered complexity of the southeast outfall and the need to look at recycling to address the health of the Bay.*

#### Public Comment

- *Jennifer Vataru discussed her experiences in October 2021 and December 2022 and asked that the budget request include the repair of the Pierce Street outfall. Her full comments were provided and are [attached](#).*

*Stephen Robinson, AGM Infrastructure responded to questions from Commissioners Ajami and Maxwell as to whether outfalls appear in the budget, stating that within the Capital Budget there is an element for renewal and replacement. He noted findings with a study of the Pierce Street Outfall. Commissioner Ajami suggested there is a need for a specific budget line item for outfall.*

#### 5. Motion to continue meeting to a Special Meeting noticed for Monday, January 29, 2024

*On motion to continue the meeting to a Special meeting noticed for Monday, January 29, 2024:  
Ayes: Paulson, Maxwell, Ajami, and Stacy*

*Meeting ended at 10:52 am.*