



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
(Approved March 8, 2016)

SPECIAL MEETING
Friday, February 5, 2016

NOTE DIFFERENT TIME AND LOCATION

10:00 A.M.
525 Golden Gate Avenue, Second Floor
O'Shaughnessy Conference Rooms A, B, and C
San Francisco, CA 94102

Commissioners

Francesca Vietor, President
Anson Moran, Vice President
Ann Moller Caen
Vince Courtney
Ike Kwon

Harlan L. Kelly, Jr.
General Manager

Donna Hood
Secretary



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

www.sfwater.org

For questions about the meeting, please contact (415) 554-3165. The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited. Please be advised that the President may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

1. Call to Order

Commissioner Caen (Budget Hearing Chair) called the meeting to order at 10:08 AM.

2. Roll Call

*Present: Vietor, Moran, Caen and Courtney
Excused: Kwon*

Commissioner Caen stated that the meeting was dedicated to Dr. Espanola Jackson.

3. Summary of Budget Hearing Questions

Mr. Eric Sandler, Assistant General Manager (AGM) Business Services and CFO, provided a summary of the past budget hearings. He discussed add-back funding. Vice President (VP) Moran expressed his thanks and provided comments on the process.

4. Public Hearing and discussion of FY-2016-17 and 2017-18 Operating and Capital Budgets for all of the San Francisco Public Utilities Commission enterprises and bureaus:

a) Wastewater Enterprise Proposed Budget

- i. Wastewater Presentation
- ii. Wastewater Budget Summary
- iii. Wastewater Operating Budget
- iv. Wastewater 10-Year Capital and Programmatic Plans
- v. Wastewater Financial Plan and Rates

CFO Sandler introduced Mr. Tommy Moala, AGM, Wastewater, who provided an overview of each of the Wastewater treatment facilities. Mr. Moala reviewed the overall collection system, and discussed Wastewater operations at the Southeast Community Facility and the Living Machine at 525 Golden Gate.

AGM Moala introduced management staff and described their key responsibilities. He discussed Wastewater Enterprise's accomplishments; priorities; and challenges. AGM Moala responded to a question from Commissioner Moran and President Vietor regarding work order staffing and stormwater guidelines. President Vietor requested a deeper conversation on the issues take place at a later date. Brief discussion ensued.

AGM Moala provided response to President Vietor concern with Ocean Beach outflow and sand replenishment strategy. She asked for additional discussion at a later date. She noted a liking of rake distribution.

AMC Caen expressed her pleasure with the sewer line inspections that are taking place. She discussed saltwater intrusion. AGM Moala responded.

CFO Sandler discussed the total budget for the Wastewater Enterprise, noting a one-percent increase in the first year, and an 11 percent in the second year. He discussed total full-time authorized positions, and Wastewater uses of funds.

TAB 4 CFO Sandler reviewed the Capital Plan summary and noted changes from the prior year plan. He provided highlights of the Wastewater Enterprise 10-year Capital Plan, including discussion of the Sewer System Improvement Program (SSIP); Renewal and Replacement; and Treasure Island and Wastewater Facilities and Infrastructure.

CFO Sandler continued discussion of the 10-Year Capital Plan, and development of the two-year budget request.

Commissioner Caen requested additional review of the 10-Year Capital Improvement Plan. CFO Sandler provided a summary of the budget figures (uses and sources). CFO Sandler responded to a question from Commissioner Caen for justification for line 59, year 20-21 and 22-23.

President Vietor thanked CFO Sandler for his presentation. She asked for clarification on the SSIP budget and what the Commission will be asked to approve. General Manager (GM) Kelly provided response. CFO Sandler provided additional response as to what is included in the SSIP budget request. GM Kelly discussed the budget planning, request, and projection for the SSIP.

President Vietor asked about the SEF rebuild project. AGM Ellis noted it would be discussed at the February 9, 2016 meeting.

CFO Sandler responded to a question from Commissioner Caen regarding SSIP and non-SSIP revenue bonds. AMC Revenue bonds non-SSIP? Sandler – no real distinction – just showing what is issued to fund SSIP and what is used to fund all the other capital programs.

TAB 5 CFO Sandler discussed key assumptions for the Wastewater Enterprise.

Water Sales assumption different for WWE and Water? ES – no

*Wastewater Sales;
WEE operating budget (slide 3 tab 5). Debt service will grow over the period is notable.*

Page 4 – Combined Water and Wastewater retail rate changes; and Combined Water and Wastewater average monthly bill.

Slide 6 utility affordability of cost as a percent of median household income. Not more 2.5 percent (see bottom of slide).

AMC unable to keep WW percentage rise to single digit. HLK combined bill keep single digit, but moving forward challenge water consumption is less resulting in higher projections due to lower revenue, resulting in inability to keep it at single digit.

FV – utility affordability @75K – see graph that address people who are making less e.g. \$30K level and what increase will look like for them. Sandler – rate study affordability will be studied and impact to all customer (income) levels and what can we do. HLK – all utilities face affordability issue. Going to feds and discussing about possible programs. FV keep talking and looking at solutions.

5. Follow-up discussion from the January 22 and 29 Budget Hearing Workshops
Commissioner Moran stated that the commissions approval of budget isn't final, but that it goes to mayor and bos. What kind of reception will it receive and how to protect it. Particular attention to Increase of municipal rates – make sense to put letter of transmittal indicating "key important issues". Discussion Tuesday.
6. Adjournment
Commissioner Caen adjourned the meeting at 11:25 PM.