



**San Francisco Public Utilities Commission
 Citizens' Advisory Committee
 Water Subcommittee**

Minutes

November 14, 2011
 5:30 p.m. – 7:00 p.m.
 1155 Market Street, 4th Floor Conference Room

Members

Jennifer Clary – Chair	Art Jensen	Mike Marshall
Donald Carmignani	Walt Farrell	Karen Donovan
Richard Hansen		

Staff: Suzanne Gautier

ORDER OF BUSINESS

1. Call to order
 The meeting was called to order at 5:32 p.m.
2. Roll call
 Present: Clary, Carmignani, Hansen, Jensen, Farrell, Marshall, Donovan
3. Review and approval of minutes from the October 17, 2011 meetings
 Approved
4. Public comment
 None
5. Staff announcements/updates –Suzanne Gautier

In her update on the status of the Lake Merced MOU, Suzanne Gautier said that Recreation and Park Department funds to be used for the boathouse will be used for such facilities as bathrooms. She said that the community wants more PUC control, with PUC roles spelled out, in order to have greater accountability.

Edwin M. Lee
 Mayor

Anson Moran
 President

Art Torres
 Vice President

Ann Moller Caen
 Commissioner

Francesca Vietor
 Commissioner

Vince Courtney
 Commissioner

Ed Harrington
 General Manager



6. Presentation on Wholesale Water Customers' Water Supply Issues

Art Jensen, Bay Area Water Supply and Conservation Agency CEO

Water Subcommittee Member Art Jensen delivered a presentation on Wholesale Customers' Water Supply Issues. Speaking for the Bay Area Water Supply and Conservation Agency (BAWSCA), whose members make up San Francisco's 26 wholesale customers, Mr. Jensen addressed wholesale customer water demands, the water supply options for meeting those demands, BAWSCA's comments on the policy questions presented previously by Steve Ritchie, and San Francisco's role in meeting wholesale customer needs. He said that the agencies began revising previous 2005 demand projections last year, in 2010, and that the overall projected 2035 normal year supply need has dropped significantly. At this time, no one has identified the cause of the lowered demand, which could be due to the economy, incredible conservation efforts, or differences in demographics or a combination of such factors. Though current projections suggest no immediate need for investment in regional supplies, it would be prudent to begin reassessing projects and supply needs within five years. Mr. Jensen proposed that a common methodology for projecting water needs would be beneficial.

He also said that BAWSCA's member agencies need increased drought reliability, and that the agency is developing more information on dry-year risks and solutions. BAWSCA has launched two major regional initiatives, a multi-pronged regional water conservation program, and a long-term reliable water supply strategy designed to meet water needs until 2035 and to increase drought reliability. Guiding principles for implementing BAWSCA strategy include: providing certainty for future planning and development; prohibiting uncompensated or involuntary reallocation of an individual agency's assets; agreed-upon cost allocation; adaptive management of strategy to ensure fulfillment of agency needs. Potential supply projects to meet future water needs include expansion of existing recycled water projects, water transfers, desalination, and rainwater harvesting, stormwater capture and graywater reuse. Potential groundwater projects could augment the supply as well, but are limited.

In reference to the SFPUC policy questions on future water supply, presented by Steve Ritchie at a previous meeting, Mr. Jensen said that, overall, BAWSCA and the SFPUC work well together. However, an SFPUC focus was on making up shortfalls, but the emphasis should be the size of the problem and how to solve it. The Water Supply Agreement reconfirms the supply assurance—delivery of 184 mgd to the wholesale customers collectively (other than San Jose and Santa Clara). It upholds the supply guarantees for individual wholesale customers and allows customers to transfer portions of their own individual supply guarantees among themselves. The Agreement commits the wholesale customers to take necessary water conservation actions (within their legal authority) to ensure SFPUC eligibility to receive state and federal grants and other financial assistance. Mr. Jensen added that BAWSCA is eligible to apply for grants too. Though the Agreement recognizes the SFPUC's 2008 unilateral decision to impose supply limitations, including deferring consideration of an increase in the 184 mgd supply assurance until 2018, it does not constitute concurrence with those limitations by the wholesale customers.

In reference to SFPUC potential future development of additional supplies in order to meet future wholesale customer needs, Mr. Jensen said that any engineering studies and ensuing water supply projects to develop new sources would have to be conducted with BAWSCA's agreement. In other words, BAWSCA would not provide a "blank check."

In follow-up subcommittee discussion, the members discussed the consumption and price of groundwater by the wholesale customers, the cost of recycled water and its efficacy for solving supply problems, the difference in demand between 2005 and 2011, and the allocation of water supplies to different customers and need for continued certainty. Some committee members stated that the development of alternate water supplies and reduction of impacts on the Tuolumne River were policy priorities.

7. Budget Preparation for Water Enterprise Reimbursements and Interdepartmental Work Orders

The Subcommittee examined the list of interdepartmental work orders that the PUC pays to other departments. The concern was raised that other departments were trying to secure more funding from enterprise agencies. It was suggested that a formula should be in place, and that payment should be commensurate with the benefits received by the PUC. It was pointed out that there would probably be a deficit again, that it could increase, that the debts were going to increase for the water system upgrade, and that the sewer system upgrade would be starting. It was proposed that the enterprises should be advised that this is a main concern, and that the numbers need to keep pace with the revenue. Jennifer Clary will develop a resolution.

8. Schedule of Upcoming Meetings

It was reaffirmed that there would be no December meeting.

Due to legal holidays, the January meeting will be rescheduled to the second Monday, January 9, and the February meeting will also be rescheduled to the second Monday, the 13th.

9. Topics for Future Meetings

The members expressed interest in asking Steve Ritchie to return for a further discussion on policy questions.

10. Adjournment

The Meeting adjourned at 7:08 p.m.