



San Francisco Public Utilities Commission
Citizens' Advisory Committee
Water Subcommittee

MEETING AGENDA

Tuesday, October 24, 2023
5:30 p.m. – 7:00 p.m.
525 Golden Gate Ave., 3rd Floor Tuolumne Conference Room

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Meeting URL

<https://sfwater.zoom.us/j/89116185320?pwd=RXNta0RUZXZKYzdCejNPNm53Q3JTdz09>

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Meeting ID / Passcode

891 1618 5320 / 624572

Mission: The Water Subcommittee reviews water supply system reliability, water conservation, recycling, regional cooperation efforts, and other relevant plans and policies. ([Admin Code 5.140-142](#))

Members:

Jennifer Clary (Chair) (D11)	Suki Kott (D2)	Amy Nagengast (D8)
Nicole Sandkulla (M-Reg'l Water Customers)	Eliahu Perszyk (M-Large Water User)	Douglas Jacuzzi (D4)

D = District Supervisor appointed, M = Mayor Appointed, B = Board President appointed

Staff Liaisons: Lexus Moncrease
Staff Email for Public Comment: cac@sfwater.org

London N. Breed
Mayor

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ORDER OF BUSINESS

1. Call to Order and Roll Call

Members present at roll call: (4) Clary, Sandkulla, Perszyk, Jacuzzi

Members Absent: (2) Kott, Nagengast

Staff: Steve Ritchie

Members of the Public: Peter Drekeimer

OUR MISSION: To provide our customers with high-quality, efficient, and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.



2. Approval of the [August 22, 2023 Minutes](#)

Motion was made (Jacuzzi) and seconded (Perszyk) to approve the August 22, 2023, Minutes.

AYES: (4) Clary, Sandkulla, Perszyk, and Jacuzzi

NOES: (0)

ABSENT: (2) Kott and Nagengast

Public Comment: none

3. Report from the Chair

- Chair welcomes committee members, staff, and the public
- .

Public Comment: none

4. Public Comment: Members of the public may address the Committee on matters that are within the committee's jurisdiction and are not on today's agenda (2 minutes per speaker)

Public Comment:

- **Peter Drekmeier** commented that earlier today it was announced that because of "Zoom-bombing," Mayor Breed has directed Committees and Commissions to no longer allow online comments. Drekmeier stated that he would rather put up with negative comments and interruptions than not be able to accept remote comments. He noted that due to this change, he will not be commenting as often but would be happy to present if invited. Drekmeier extended his thanks to the Committee for their effort in representing the community and offered a reminder that their role is to be a liaison to the SPFUC for those who don't have much input.

Chair Clary asked whether the Mayor's direction applied to every meeting, not just Commissions.

Staff Moncrease responded she would look into the issue but had not received any written direction.

Staff Ritchie commented that it was just announced and that there is a memo directed to Boards and Commissions but was unsure if it had made it beyond those groups.

Staff Clary asked if the zoom-bombs had happened to anyone other than the Board of Supervisors.

Member Sandkulla commented it has happened to meeting bodies all over the Bay Area.

Chair Clary asked to make the topic of remote comment and this directive an agenda item for the full CAC.

Member Sandkulla asked for a staff report from the City Attorney on the topic.

5. Presentation and Discussion: Water Enterprise Budget Update, Steve Ritchie, Assistant General Manager, Water

Presentation

- Hetch Hetchy Regional Water System Map
- Water Enterprise Operating Budget
- Hetch Hetchy Water Operating Budget
- Water Enterprise Capital Improvement Programs
- Water Enterprise Regional Capital Improvement Program
- Water Enterprise Local Capital Improvement Program
- Hetch Hetchy Water Capital Improvement Program

Discussion:

- **Chair Clary** asked whether the temporary to permanent position conversations have permanent job openings available.

Staff Ritchie responded there are open permanent positions to transition into.

- **Member Sandkulla** asked whether the temporary positions are grouped or concentrated in any specific team or division.

Staff Ritchie responded that six (6) are in Water Quality and most of the rest are in Water Resources such as Alternative Water Supply.

Member Sandkulla asked whether permanent positions are more expensive because of benefits packages.

Staff Ritchie responded that salary-wise permanent positions are not more expensive than temporary ones.

- **Chair Clary** asked what is included in the Lead School Monitoring Programs beyond the existing tax.

Staff Ritchie responded that expected new requirements will lead to more sampling and likely testing all schools in San Francisco in 2025.

Chair Clary asked if those new regulations are at the State or Federal level.

Staff Ritchie responded they are federal regulations.

Chair Clary asked if those regulations have been updated yet.

Staff Ritchie confirmed the regulations have not been updated yet.

Chair Clary commented that these regulations are the “Lead and Copper Rule”.

Staff Ritchie responded that it is now called the “Lead and Copper Improvement” rule.

Member Sandkulla commented that this change is a result of the events in Flint, Michigan.

- **Chair Clary** commented that when CAC first started, they a tour of the Southeast Treatment Plant, and seeing litter and broken windows led to one of their first resolutions, to keep the Treatment Plant in a state of good repair.
- **Chair Clary** further commented that staffing at the Natural Resources and Lands Management Division has been a topic since 2008.

Staff Ritchie commented that the Watershed Center's HVAC system is the same as that at the Sunol Yard, which has not worked since the site was updated in 2019.

Chair Clary asked about a potential lawsuit related to the non-functioning systems.

Staff Ritchie responded he isn't sure about a lawsuit, but possibly yes. He also stated that the Watershed Center won't open until he is confident the HVAC system will function properly.

Chair Clary asked if the Center will be open in 2023.

Staff Ritchie Replied the Center will not be open in 2023, maybe 2024 but cannot commit.

Chair Clary commented the CAC would like to do a tour and host a meeting at the Watershed Center.

Staff Ritchie acknowledged the interest in tours and reiterated he does not want to prematurely open the Center.

- **Chair Clary** asked whether some responsibilities from Infrastructure had been transferred into the Natural Resources and Land Management budget.

Staff Ritchie responded yes, such as Water Supply and Treatment, and that it is important to make sure they are sufficiently staffed to cover their responsibilities.

Chair Clary asked whether Natural Resources held the expertise to conduct those new responsibilities, such as fencing and roads.

Staff Ritchie responded that they could conduct the new responsibilities.

- **Member Jacuzzi** asked whether the concern around electric vehicles (EV's) is that they are not available.

Staff Ritchie affirmed that there aren't enough EVs to meet demand in the industry.

Member Jacuzzi asked what type of EVs Staff Ritchie was referring to.

Staff Ritchie responded that it is difficult to find inventory for trucks and larger vehicles.

- **Member Sandkulla** asked about progress toward staffing efforts, where much of the budget presentation is focused.

Staff Ritchie responded that there has been a focus on staffing by the Commission. He continued that the PUC and Citywide vacancy rates are high and there has been some progress but cannot say with confidence that the PUC has turned a corner.

- **Chair Clary** asked whether Staff Ritchie feels confident in the pilot program of in-stream flow releases from O'Shaughnessy Dam as a Water System Improvement Project (WSIP) mitigation measure.

Staff Ritchie responded he is confident in scaling the pilot program to a full program.

- **Member Sandkulla** Clarified that 100% power is paid for completely by retail customers in San Francisco.
- **Chair Clary** asked for clarification about WECC and NERC line items.

Staff Ritchie responded that WECC is the Western Electric Coordinating Council, and NERC is the North American Electric Reliability Corporation. They are industry organizations with regulatory powers handed to them in 2008 by the Federal Electric Regulatory Commission (FERC), which was tasked under a 2005 law to protect the electric grid following the 2003 outage across the United States East Coast. They are equivalent to Texas' Electric Reliability Council of Texas (ERCOT). WECC covers the western states to Colorado, and NERC is nationwide. They ensure the reliability of the grid.

- **Chair Clary** asked how much of the Water Enterprise's existing debt will be retired over a 10-year period to offset capital costs.

Staff Ritchie responded that he doesn't have the information on hand but saw a presentation last week about each Enterprise's debt and the financial outlook as it is paid off. He also mentioned a new water and wastewater bill affordability policy that the Commission will consider in November or December. He elaborated that historically an average bill up to 2.5% of a community's median income was considered affordable, but due to the City's wide income distribution, the threshold doesn't help low-income households. The SFPUC conducted an analysis to determine what is affordable for San Francisco ratepayers, and the resulting policy is approaching completion.

Chair Clary asked whether the policy will be revenue neutral and noted that the PUC will be restarting disconnections for higher income households.

Staff Ritchie commented on the PUC's many financial obligations such as debt coverage and contractual obligations and he noted that one change the PUC is exploring is to change the anticipated cost of borrowing used in financial planning from 5% to 6%.

- **Chair Clary** asked whether the Los Vaqueros Reservoir Expansion project has a clear timeline.

Staff Ritchie responded that the timeline is dependent on receiving Prop. 1 funds from the State and a federal Water Infrastructure Finance and Innovation Act (WIFIA) loan, because the timeline is tied to external funding it has moved quickly despite being a complex project involving many parties and agreements. He noted there will be more developments in the next six months.

- **Member Sandkulla** commented that the Alameda Creek Recapture project costs have increased significantly.

Staff Ritchie responded that the cost is a projection, and funding still may not be borrowed for it. He expressed that he expects the estimate will be reduced significantly as planning develops.

- **Chair Clary** asked whether it is realistic that the purified water recommendations will be approved early next year, and whether it is likely so many projects will proceed.

Staff Ritchie responded that the Purified Water & Other Supplies line item is a catch-all for the Alternative Water Supply program and two projects within that are related to purified water. He noted that the South Bay Purified Water project has its own line item.

Chair Clary asked whether the South Bay Purified Water project is the most complete of the purified water projects.

Staff Ritchie responded that significant work is still required on the project and that its many stakeholders such as San Jose and Santa Clara, and the Santa Clara Valley Water District make it complex.

- **Chair Clary** asked whether the Pilarcitos Dam improvements are possible given the dam's age and whether it might be kept as a historic monument.

Staff Ritchie responded that it is not clear whether it will be too expensive to justify the seismic upgrades for a relatively small dam.

Member Perszyk asked what would happen if it is not feasible to upgrade the Pilarcitos Dam.

Staff Ritchie responded the most likely outcome would be to notch the dam and let it empty.

- **Member Sandkulla** asked for clarity about what the Program Management Local Water line item will be used for.

Staff Ritchie responded that it is unallocated project money for project development that can be used for consultants, initial studies to begin or modify projects, and more. He elaborated that flexibility is necessary because projects advance at different rates, and naturally will need more or less than expected at various times throughout their development. He clarified that there hasn't previously been a similar fund within local and regional capital planning but there has been for water, power, and joint capital plans.

Member Sandkulla asked whether there will be reporting about how the funds will be used.

Staff Ritchie responded and confirmed there will be reporting about usage.

Member Perszyk asked whether use of these funds for a project replaces, or are in addition to, already allocated project funds.

Staff Ritchie responded that it's generally used for cost overruns or to compensate for a project that is progressing faster than the appropriation schedule.

Chair Clary asked whether there is a better way to track cost overruns because they are seen on every Commission agenda.

Staff Ritchie responded that a good way to track them are the quarterly reports. Similarly, re-baselining, such as was done with WSIP, provides updated cost forecasts.

- **Chair Clary** asked for details about the Renew Services line item.

Staff Ritchie responded that it is for installing new service for a customer whose service is worn out.

Chair Clary asked whether this cost is offset by fees.

Staff Ritchie responded and clarified that renewed services are not offset by fees, and new services are offset by fees.

- **Chair Clary** asked about the SFPUC's lateral replacement policy, and how customers are reminded to inspect their side of the property.

Staff Ritchie responded that he is unsure if we remind customers to inspect their side, although some of the lead legislation may change that depending on whether utilities are asked to replace customer-side meters. He clarified that this conversation is ongoing at the State Water Board. Staff Ritchie continued that when a main is replaced, all associated services are replaced as well.

- **Member Sandkulla** asked for an explanation of the Moccasin Penstock Rehabilitation project.

Staff Ritchie responded and explained that penstocks are pipelines that carry water from higher to lower elevation as part of hydroelectric power generation and that those at Moccasin haven't been replaced since their installation in 1925. He continued that they experience frequent leaks, and simple rehabilitation may not be enough. Additionally, a particular challenge with this project will be replacing the penstocks within their current alignment. They are located in a narrow right-of-way, and the options for replacement all cost about the same. Staff Ritchie noted that the current favored alternative is to create a tunnel and shaft to house the penstocks, one advantage of which is protection from the environment, which can reduce long-term maintenance. This project is in its early stages, with the alternatives analysis just being completed. Therefore, the funding is projected to begin in year five or six of the 10-year plan.

- **Chair Clary** asked whether plotting all of these capital projects on a timeline along with debt payoff would give a clearer picture of the cash flow.

Staff Ritchie responded and confirmed this, and that such a projection, along with how costs align with the new affordability policy, would be part of Finance's presentation.

- **Member Perszyk** asked Ritchie to speak to the capital plan improvement initiative.

Staff Ritchie responded that there has been progress in addressing some fundamental issues. He provided an example of aligning different sets of financial information to now have one central source, which had previously been held in different systems. He added that a second initiative from this year has been to reorganize Level 1 project authorities within the Water Enterprise, which are controlled by the Board of Supervisors. This will improve their ability to move money between projects in a given year, which is an important tool for efficiently managing the portfolio, as projects move at different paces. There will now be one Level 1 authority each for Operations, Watershed, and Alternative Water Supply, and money can be moved within each but will need Board authority to move between the Authorities. Other improvements include broader usage of Microsoft Sharepoint to improve collaboration and transparency during Capital Improvement Plan development and forecasting contracting needs. However, there is still work to be done on delivery analysis.

- **Member Sandkulla** asked whether all the money allocated to projects will be spent.

Staff Ritchie responded by next week he will know how much of unspent funds are encumbered.

Member Sandkulla commented it would be helpful to see the impact and successes of the Capital Improvement Project improvement initiative.

Staff Ritchie commented that due to these improvements, this may be the first budget cycle where Water and Power revenue projections for the first two years of the capital plan align.

Public Comment:

- **Peter Drekmeier** acknowledged the expertise and insight of Chair Clary, and Steve Ritchie for the details provided in his presentations over the years. Drekmeier continued that while the Tuolumne River Trust and SFPUC share priorities including the Alternative Water Supply plan, the Trust is critical of the length and demand projections of the design drought. He stated that the design drought harms ratepayers as well as the environment because of the large amount of alternative supply the SFPUC will have to develop, the costs of which are passed on to ratepayers through rates. Drekmeier encouraged the Subcommittee or full CAC to have a workshop about how much capacity should be developed and its impact on ratepayers and requested that the Trust be invited to present.

6. Staff Report

- District 7 seat is vacant on Full CAC.

Public Comment: None

7. Future Agenda Items and Resolutions

Standing Subjects

- Groundwater
- Water Quality

Specific Subjects

- Affordability – *Tentatively Full CAC topic*
- Green Infrastructure - *Tentatively WW Topic*
- Integrating Tribal Leaders into SFPUC Land Management Decisions
- State Board Water Rights
- Water Enterprise Environmental Stewardship Policy Implementation Report
- Debate about Bay Delta – Member Sandkulla suggested everyone watch the February 5, 2021, Commission workshop about the Voluntary Agreement
- COVID and Long-term Affordability Program
- Implementation of the Bay Delta Plan Flow Requirement
- Hetch Hetchy Water and Power Division Update
- State Policy and Programs on Affordability or Low-Income Rate Assistance (LIRA)
- Bay Delta Plan and voluntary settlement agreement
- Legislative Update
- State of the Regional Water System Report – Bi-annual report
- Drought resilience: 3-year water supply update
- Water Equity and Homelessness
- State of Local Water Report
- Retail Conservation Report
- Harry Tracy Water Treatment Plant tour

Adopted Resolutions for Follow Up

- Resolution in Support of a Resilient Water Supply [adopted August 17, 2021](#)
- Resolution in Support of the Southern Skyline Boulevard Ridge Trail Extension Project [adopted April 20, 2021](#)
- Resolution in Support of Interim Emergency Rate Assistance Program and Revised Community Assistance Program [adopted July 21, 2020](#)
- Resolution in Support of Improved Communications Related to the San Francisco Groundwater Supply Project [adopted August 21, 2018](#)
- Resolution in Supporting Stewardship and Public Access in the Redeveloped Lake Merced West Property [adopted in March 15, 2016](#)
- Resolution on Impacts of Drought on System Maintenance and Improvements [adopted January 19, 2016](#)

Public Comment: None

8. **Announcements/Comments** Please visit www.sfpuc.org/cac for final confirmation of the next scheduled meeting, agenda, and materials.

Public Comment: None

9. Adjournment

Motion was made (Clary) and seconded (Nicole) to adjourn the meeting.

Meeting was adjourned at 7:01 pm.

For more information concerning the agendas, minutes, and meeting information, please visit www.sfpuc.org/cac. For more information concerning the CAC, please contact staff by email at cac@sfgwater.org or by calling (415) 517-8465.

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