

# Budgetary Status Reports Fiscal Year 2021-2022

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**Date:** November 23, 2021

**To:** Commissioner Anson Moran, President  
 Commissioner Newsha Ajami, Vice President  
 Commissioner Sophie Maxwell  
 Commissioner Tim Paulson  
 Commissioner Ed Harrington

**Through:** Dennis Herrera, General Manager *DJH*

**From:** Eric Sandler, CFO and AGM Business Services *[Signature]*

**Subject:** **SFPUC FY 2021-22 First Quarter Budgetary Report through September 30, 2021**

The FY 2021-22 first quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

**FY 2021-22 Operations**

	Beginning Available Fund Balance	Fund Balance Budgeted to be (Used)	Projected Sources	Projected Uses (excluding Capital & General Reserve)	Net Operating Results Surplus / (Shortfall)	General Reserve & Project Closeout	Projected Year End Available Fund Balance
Water	254.2	(22.0)	(32.9)	1.3	(31.6)	-	200.6
Wastewater	185.7	(9.6)	(27.0)	1.3	(25.7)	-	150.4
Power	80.6	(7.1)	3.8	4.9	8.6	-	82.1
CleanPowerSF	73.4	(2.9)	29.2	(30.0)	(0.8)	-	69.7

**Summary:**

- Positive operating results projected for Power and operating shortfalls projected for Water, Wastewater and CleanPowerSF.
- *Water and Wastewater:* revenues are down from budget due to:
  - The impact of water conservation efforts due to drought, offset by an assumption of a 5% drought surcharge effective April 2022.
  - Delayed economic recovery from COVID-19 negatively impacting volumes. Revenue projections also include the impact of COVID-19 emergency customer assistance programs.

**London N. Breed**  
Mayor

**Anson Moran**  
President

**Newsha Ajami**  
Vice President

**Sophie Maxwell**  
Commissioner

**Tim Paulson**  
Commissioner

**Ed Harrington**  
Commissioner

**Michael Carlin**  
Acting  
General Manager



Shortfalls are partially offset by grants from the state COVID-19 utility debt forgiveness program and by savings in labor costs due to vacant positions.

- *CleanPowerSF*: revenues are projected to exceed the budget due to the approved November 2021 rate increases and anticipated rate increases in January 2022. Revenue projections also include grants from the state COVID-19 utility debt forgiveness program. In addition, labor savings are anticipated due to vacant positions. These are offset by increased cost of power purchases driven by higher market energy costs.
- *Power*: Wholesale revenues are projected to exceed the budget due to higher power prices resulting in sales revenue above budget, as well as higher water sales to Lawrence Livermore National Labs. Higher revenues are partially offset by increased distribution costs related to purchased power, which is partially offset by \$4.0M power purchase contingency budget, as well as \$5.6M in prior year unspent funds carried forward from FY 2020-21.
- All Enterprises are projected to meet all SFPUC wide financial policy minimums by the end of the fiscal year.

SFPUC's finance team is closely monitoring water and wastewater sales for FY 2021-22 to determine impacts of continued economic weakness on the current year and will provide continue to provide updates to the Commission.

If you have questions, please contact me at [ESandler@sfgwater.org](mailto:ESandler@sfgwater.org).

CC:

Masood Ordikhani, Acting AGM, External Affairs, SFPUC  
Barbara Hale, AGM, Power Enterprise, SFPUC  
Alan Johanson, Acting AGM, Infrastructure, SFPUC  
Greg Norby, AGM, Wastewater Enterprise, SFPUC  
Steve Ritchie, AGM, Water Enterprise, SFPUC  
Ashley Groffenberger, Budget Director, Mayor's Office  
Ben Rosenfield, Controller

Attachments:

Appendix A Water Enterprise

Appendix B Wastewater Enterprise

Appendix C Hetch Hetchy Water & Power, including the Power Enterprise

Appendix D CleanPowerSF

Appendix A

**WATER ENTERPRISE OPERATING FUNDS**  
**FY 2021-22 1st Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600**  
**(\$ Millions)**

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (includes carryforwards)	Variance (Projection - Revised Budget)
<b>Sources</b>					
Retail Water Sales	285.9	328.1	328.2	318.8	(9.4) <b>A</b>
Wholesale Water Sales	275.2	270.6	270.6	251.9	(18.8) <b>B</b>
Interest Income	2.4	4.5	4.5	2.7	(1.7) <b>C</b>
Rental Income	12.7	12.9	12.9	12.9	-
Miscellaneous Income	20.4	20.2	20.8	17.6	(3.2) <b>D</b>
Departmental Transfer Adjustment	(44.2)	(45.8)	(45.8)	(45.8)	-
Federal Bond Interest Subsidy	21.8	21.6	21.6	21.8	0.2
Appropriated/Budgeted Use of Fund Balance	95.1	22.0	73.4	73.4	-
<b>Total Sources</b>	<b>669.3</b>	<b>634.0</b>	<b>686.1</b>	<b>653.2</b>	<b>(32.9)</b>
<b>Operating Uses</b>					
Personnel	98.7	110.0	110.0	108.7	1.3 <b>E</b>
Non-Personnel Services	17.2	24.6	36.1	36.1	-
Materials and Supplies	12.4	16.0	20.5	20.5	-
Equipment	3.2	3.1	9.8	9.8	-
Light, Heat, and Power	9.8	10.4	10.6	10.6	-
Overhead (SFPUC Bureaus)	48.4	59.8	69.7	69.7	-
Services of Other Departments	14.4	14.7	15.5	15.5	-
Debt Service	299.3	307.7	307.7	307.7	-
<b>Total Operating Uses</b>	<b>503.3</b>	<b>546.4</b>	<b>579.8</b>	<b>578.5</b>	<b>1.3</b>
<b>Net Operating Results</b>	<b>166.0</b>			<b>74.7</b>	<b>(31.6)</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Capital Projects	45.2	55.7	237.9	237.9	-
Facilities Maintenance/Programmatic	22.9	32.0	50.0	50.0	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 68.1</b>	<b>\$ 87.7</b>	<b>\$ 287.9</b>	<b>\$ 287.9</b>	<b>\$ -</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 254.2</b>				<b>\$ 200.6</b>
<b>Available Fund Balance, % of Operating Uses (F) 25-68%</b>	<b>112.0%</b>				<b>62.5%</b>
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>					
Indenture Basis (includes Available Fund Balance) (G) ≥ 1.35	<b>1.99</b>	<b>1.95</b>			<b>1.73</b>
Current Basis (H) ≥ 1.10	<b>1.22</b>	<b>1.20</b>			<b>1.10</b>

## Appendix A

### WATER ENTERPRISE OPERATING FUNDS FY 2021-22 1st Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600 (\$ Millions)

#### Revenue Variances

- A. Retail water sales forecasted to be 54.1 MGD, a 3.7% decrease from budgeted volumes of 56.2 MGD, and a 1.1% increase from prior year actuals of 53.6 MGD. Assumes 5% drought surcharge effective April 2022. Projections incorporate \$1.1M cost of COVID-19 emergency discount programs, as well as \$3.4M in grants from state COVID-19 utility debt forgiveness program.
- B. Wholesale water sales forecasted to be 124.3 MGD, a 6.6% decrease from budgeted volumes of 133.0 MGD, and a 7.9% decrease from prior year actuals of 134.9 MGD. Revenues also include \$2.1M in unbudgeted payments from customers not meeting minimum purchase requirements.
- C. Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- D. Miscellaneous income projected to be below budget, primarily due to \$1.6M lower water service installation charges and \$1.8M less in fees associated with COVID-19 collections moratorium.

#### Expenditure Variances

- E. Savings due to vacant positions.

#### Other Notes

- F. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- G. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- H. Calculated as ratio between (a) Total Sources plus any appropriated fund balance, plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix B

**WASTEWATER ENTERPRISE OPERATING FUNDS**  
**FY 2021-22 1st Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210**  
 (\$ Millions)

	FY 2021-22				Variance (Projection - Revised Budget)	
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)		
<b>Sources</b>						
Sewer Service Charges	326.2	388.7	388.7	363.3	(25.4)	<b>A</b>
Interest Income	6.0	5.8	5.8	3.6	(2.2)	<b>B</b>
Miscellaneous Income	5.0	4.3	4.5	5.1	0.6	<b>C</b>
Federal Bond Interest Subsidy	3.5	3.5	3.5	3.5	-	
Appropriated/Budgeted Use of Fund Balance	28.6	9.6	9.6	9.6	-	
<b>Total Sources</b>	<b>369.4</b>	<b>411.9</b>	<b>412.1</b>	<b>385.1</b>	<b>(27.0)</b>	
<b>Operating Uses</b>						
Personnel	70.8	82.1	82.1	80.8	1.3	<b>D 1.6%</b>
Non-Personnel Services	18.1	26.3	29.4	29.4	-	
City Grant Programs	0.1	0.3	0.6	0.6	-	
Materials and Supplies	8.7	12.0	14.6	14.6	-	
Equipment	0.9	3.2	6.6	6.6	-	
Light, Heat, and Power	10.1	12.3	12.8	12.8	-	
Overhead (SFPUC Bureaus)	29.5	36.4	43.6	43.6	-	
Services of Other Departments	27.0	25.4	26.9	26.9	-	
Debt Service	86.5	95.2	95.2	95.2	-	
<b>Total Operating Uses</b>	<b>251.7</b>	<b>293.1</b>	<b>311.8</b>	<b>310.5</b>	<b>1.3</b>	
<b>Net Operating Results</b>	<b>117.7</b>			<b>74.6</b>	<b>\$ (25.7)</b>	
<b>Adjustments to Operating Fund Balance</b>						
	<b>FY 2020-21 Actuals</b>	<b>Current Year Transfers from Operating</b>	<b>Total Available Funds</b>	<b>Projection (current &amp; future years spending)</b>	<b>Project Closeouts</b>	
Capital Projects	34.3	110.3	243.6	243.6	-	
Facilities Maintenance/Programmatic	6.5	8.6	12.9	12.9	-	
General Reserve	-			-		
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 40.9</b>	<b>\$ 118.8</b>	<b>\$ 256.5</b>	<b>\$ 256.5</b>	<b>\$ -</b>	
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 185.7</b>				<b>\$ 150.4</b>	
<b>Available Fund Balance, % of Operating Uses (E) 25-68%</b>	<b>108.1%</b>				<b>65.9%</b>	
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>						
Indenture Basis (includes Available Fund Balance) (F) ≥ 1.35	<b>4.39</b>	<b>4.18</b>			<b>3.65</b>	
Current Basis (G) ≥ 1.10	<b>2.13</b>	<b>2.30</b>			<b>1.73</b>	

**Appendix B**

**WASTEWATER ENTERPRISE OPERATING FUNDS**

**FY 2021-22 1st Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210  
(\$ Millions)**

**Revenue Variances**

- A.** Wastewater retail billable volumes forecasted to be 44.4 MGD, a 2.4% decrease from budget of 44.5 MGD and a 1.2% increase from prior year actuals of 43.9 MGD. Assumes 5% drought surcharge effective April 2022, and incorporates \$2M in COVID-19 emergency discounts.
- B.** Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- C.** Miscellaneous income forecasted to increase from budget slightly, primarily due to increased revenue from various permitting fees and non-utility services to other City departments.

**Expenditure Variances**

- D.** Salary savings reflect vacant positions.

**Other Notes**

- E.** Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- F.** Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- G.** Calculated as ratio between (a) Total Sources plus any appropriated fund balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix C

HETCH HETCHY WATER & POWER OPERATING FUNDS  
 FY 2021-22 1st Quarter - Budgetary Basis - 24970, 24980, 24990 & 25030  
 (\$ Millions)

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection - Revised Budget)
<b>Sources</b>					
Electric Sales - Retail	109.1	135.0	135.0	134.9	(0.1) A
Electric Sales - Wholesale	15.1	17.5	17.5	26.0	8.5 B
Water Sales - Transfer from Water Department	44.2	45.8	45.8	45.8	-
Natural Gas & Steam - City Work Orders	13.0	12.9	18.6	14.1	(4.5) C
Interest Income	1.5	4.8	4.8	2.3	(2.5) D
Federal Interest Subsidy - Power Bonds	0.5	0.5	0.5	0.5	-
Miscellaneous Income	9.8	5.3	5.3	7.7	2.4 E
Appropriated/Budgeted Use of Fund Balance	29.3	7.1	45.4	45.4	-
<b>Total Sources</b>	<b>222.5</b>	<b>228.9</b>	<b>272.8</b>	<b>276.6</b>	<b>3.8</b>
<b>Operating Uses</b>					
Personnel	46.6	51.4	51.4	51.4	-
Non-Personnel Services	60.3	39.4	52.6	52.6	-
Power Purchases, Transmission Distribution & Related Charge	42.8	69.4	72.5	72.1	0.4 F
Natural Gas & Steam	13.0	12.9	18.6	14.1	4.5 G
Materials and Supplies	3.5	3.5	3.7	3.7	-
Equipment	3.9	1.2	4.6	4.6	-
Overhead (SFPUC Bureaus)	17.8	21.8	25.4	25.4	-
Services of Other Departments	4.3	9.2	12.2	12.2	-
Debt Service	3.7	3.9	3.9	3.9	-
<b>Total Operating Uses</b>	<b>195.9</b>	<b>212.7</b>	<b>244.8</b>	<b>239.9</b>	<b>4.9</b>
<b>Net Operating Results</b>	<b>26.6</b>			<b>36.7</b>	<b>8.6</b>
<b>Adjustments to Operating Fund Balance</b>					
	<b>FY 2020-21 Actuals</b>	<b>Current Year Transfers from Operating</b>	<b>Total Available Funds</b>	<b>Projection (current &amp; future years spending)</b>	<b>Project Closeouts</b>
Facilities Maintenance/Programmatic	12.7	14.5	20.8	20.8	-
Capital projects	27.0	1.7	96.6	96.6	-
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>39.7</b>	<b>16.1</b>	<b>117.4</b>	<b>117.4</b>	<b>-</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>80.6</b>				<b>82.1</b>
<b>Available Fund Balance, % of Operating Uses (M) 25-68%</b>	<b>39.3%</b>				<b>40.0%</b>
<b>Debt Service Coverage... Year-End Budgetary Basis</b>					
Indenture Basis (includes Available Fund Balance) (N) ≥ 1.3	9.89	32.12			19.52
Current Basis (O) ≥ 1.10	6.28	3.46			5.82

### **Revenue Variances**

- A.** Retail sales slightly below budget due to lower than expected volumes, partially offset by \$1.2M in grants from state COVID-19 utility debt forgiveness program.
- B.** Wholesale sales above budget, mainly due to higher than budgeted power prices. CAISO sales up \$6.8M compared to budget.
- C.** Savings due to lower usage in natural gas & steam.
- D.** Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- E.** Miscellaneous revenues projected to increase from budget due to water sales to Lawrence Livermore National Labs resuming after being on hold for several years and removed from the budget.

### **Expenditure Variances**

- F.** Slight increase to purchased power due to reduced generation compounded by large increases in power prices offset by \$4.0M power purchase contingency budget. Also includes \$2.1M payments to PG&E for unmentered load starting February 2022.
- G.** Savings due to lower usage in natural gas & steam.

**Appendix D**  
**CleanPowerSF**  
**FY 2021-22 1st Quarter - Budgetary Basis - 24750, 24761, 24765 & 24870**  
**(\$ Millions)**

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (includes carryforwards)	Variance (Projection - Revised Budget)
<b>Operating Sources</b>					
Electric Sales - Green Product	199.8	213.3	213.3	241.5	28.2
Electric Sales - SuperGreen Product	10.9	10.9	10.9	12.6	1.7
Wholesale Sales	-	-	-	-	-
<b>Subtotal - Electric Revenues</b>	<b>210.7</b>	<b>224.1</b>	<b>224.1</b>	<b>254.1</b>	<b>29.9 A</b>
Interest Income	0.6	0.9	0.9	0.2	(0.7) B
Appropriated/Budgeted Use of Fund Balance	10.5	2.9	6.4	6.4	-
<b>Total Sources</b>	<b>221.8</b>	<b>227.9</b>	<b>231.5</b>	<b>260.7</b>	<b>29.2</b>
<b>Operating Uses</b>					
Personnel	3.7	8.0	8.0	4.4	3.6 C
Overhead	2.3	2.7	3.1	3.1	-
Non Personnel Services	9.9	12.1	13.3	13.3	-
Materials & Supplies	0.0	0.2	0.2	0.2	-
Power Purchases	189.5	197.9	199.1	232.7	(33.6) D
Services of Other Departments	3.7	3.7	3.7	3.7	-
Debt Service	1.8	-	-	-	-
<b>Total Operating Uses</b>	<b>210.9</b>	<b>224.5</b>	<b>227.4</b>	<b>257.5</b>	<b>(30.0)</b>
<b>Net Operating Results</b>	<b>10.9</b>			<b>3.3</b>	<b>(0.8)</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Programmatic	0.1	1.0	1.6	1.6	-
Capital Projects	-	2.4	4.2	4.2	-
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>0.1</b>	<b>3.4</b>	<b>5.8</b>	<b>5.8</b>	<b>-</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>73.4</b>			<b>69.7 E</b>	

**Revenue Variances**

**A.** Revenues are higher than budget due to approved rate increases in November and anticipated rate increases in January 2022 which are dependent on PG&E rate change. Projection also includes \$2.4M in grants from state COVID-19 utility debt forgiveness program.

**B.** Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.

**Expenditure Variances**

**C.** Salary savings due to vacant positions.

**D.** Power purchases driven by high market energy costs.

**Other Notes**

**E.** Available fund balance at fiscal year end is calculated within this report by taking beginning fund balance, less any fund balance budgeted to be used as a source, and adding the projected variances as well as project closeouts. As the CleanPowerSF Trust Fund is a continuing fund, amounts budgeted therein will automatically roll forward to the following year and will not be closed out to fund balance. As such, variances related to revenues, purchase of power, and general reserves will not close out to fund balance at the end of the year without manual intervention. However, as those funds are not considered restricted and CleanPowerSF may choose to close them out to fund balance, we are presenting them here as part of fund balance.

# SFPUC FY2021-22 1st Quarter Budget Report



San Francisco  
**Water  
Power  
Sewer**

Laura Busch  
Budget Director  
November 23, 2021



# FY 2021-22 Q1 Report Summary

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- Positive operating results projected for Power and operating shortfalls projected for Water, Wastewater and CleanPowerSF
- *Water and Wastewater:* revenues down from budget due to:
  - Impact of water conservation efforts due to drought, offset by 5% drought surcharge effective April 2022
  - Delayed economic recovery from COVID-19 negatively impacting volumes; Revenue projections include impact of COVID-19 emergency customer assistance programs
- *Power:* wholesale revenues projected to exceed budget due to higher energy prices; partially offset by increased distribution and power purchase costs
- CleanPowerSF: rate increases offset by higher cost of power purchase due to high energy prices
- Year-end financial results projected to meet or exceed policy targets



# FY 2020-21 Water Budgetary Variances

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- **Net operating result: (\$31.6M)**
- Total sources (\$32.9M), offset by \$1.3M in cost savings

## Sources

- 
- (\$9.4M) or -2.9% retail revenues
  - (\$18.8M) or -6.9% wholesale revenues
  - (\$4.7M) or -8.0% non-operating revenues

## Uses

- 
- \$1.3M or -1.2% from salaries and benefits



# FY 2020-21 Wastewater Budgetary Variances

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- **Net operating result: (\$25.7M)**
- Total sources (\$27.0M), offset by \$1.3M in cost savings

## Sources

- (\$25.4M) or -6.5% sewer service charges
- (\$1.6M) or -11.8% non-operating revenues

## Uses

- \$1.3M or -1.6% from salaries and benefits



# FY 2020-21 Power Budgetary Variances

- **Net operating result: \$8.6M**
- \$3.8M increased sales and \$4.9M in cost savings driven by unspent carryforwards

## Sources

- ↓ • (\$4.6M) or -3.0% retail power, gas & steam sales
- ↓ • (\$0.1M) or -1.0% non-operating revenues
- ↑ • \$8.5M or 48.4% wholesale sales

## Uses

- ↓ • \$4.9M or -0.5% from power and gas & steam cost savings

\* Note: curtailment could lead to lower generation and wholesale sales and may lead to increased need for power purchases to meet demand



# FY 2020-21 CleanPowerSF Budgetary Variances

- **Net operating result: (\$0.8M)**
- Total sources \$29.2M, offset by (\$30.0M) in higher costs

## Sources

- ↓ • (\$0.8M) or -79.8% interest income
- ↑ • \$29.9M or 13.4% higher power sales due to January rate increase

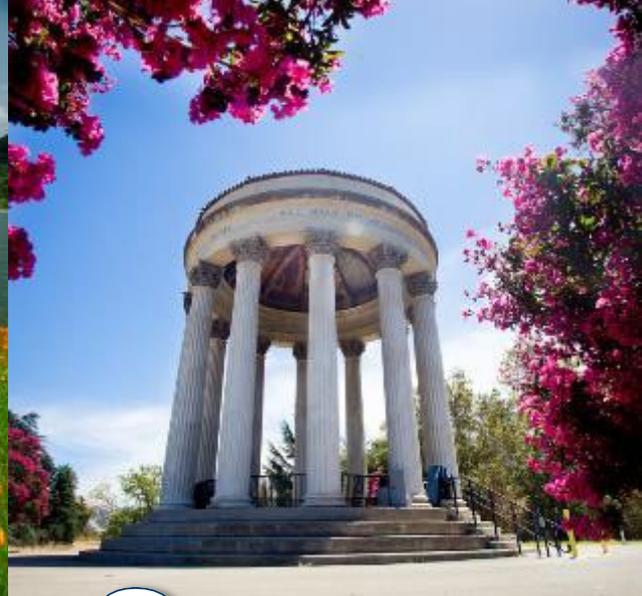
## Uses

- ↑ • (\$33.6M) or -16.9% from power purchase
- ↓ • \$3.6M or 45.4% from salaries and benefits

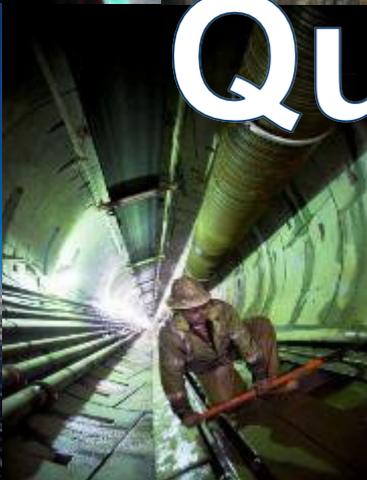


# Key Financial Ratios

	Water	Waste Water	Hetchy
<b>Fund Balance Reserve</b>			
• 25%-68% of Annual Operating Uses	62.5%	65.9%	40.0%
<b>Debt Service Coverage Reserve</b>			
• Indenture Basis $\geq 1.35x$	1.7	3.7	19.5
• Current Basis $\geq 1.10x$	1.1	1.7	5.8



# Questions?





**Date:** February 23, 2021

**To:** Commissioner Sophie Maxwell, President  
 Commissioner Anson Moran, Vice President  
 Commissioner Tim Paulson  
 Commissioner Ed Harrington  
 Commissioner Newsha Ajami

**Through:** Michael Carlin, Acting General Manager 

**From:** Eric Sandler, CFO and AGM Business Services 

**Subject:** **SFPUC Second Quarter Budgetary Report**  
**through December 31, 2020**

The FY 2020-21 second quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

**FY 2020-21 Operations**

	Beginning Available Fund Balance	Fund Balance Budgeted to be (Used)	Projected Sources	Projected Uses (excluding Capital & General Reserve)	Net Operating Results Surplus / (Shortfall)	General Reserve	Projected Year End Available Fund Balance
Water	\$ 258.4	(27.8)	(6.5)	7.3	0.8	9.0	\$ 240.4
Wastewater	\$ 211.7	(12.1)	(12.2)	6.8	(5.4)	10.8	\$ 205.0
Power	\$ 38.6	-	4.2	11.3	15.5	29.7	\$ 83.7
CleanPowerSF	\$ 52.6	-	(10.2)	3.7	(6.5)	15.5	\$ 61.6

**London N. Breed**  
Mayor

**Sophie Maxwell**  
President

**Anson Moran**  
Vice President

**Tim Paulson**  
Commissioner

**Ed Harrington**  
Commissioner

**Newsha Ajami**  
Commissioner

**Michael Carlin**  
Acting General Manager

**Summary:**

- Water/Wastewater: Weakened operating results projected, due to the continued impact of the COVID-19 pandemic stay at home orders on retail sales.
- Power: Improved year end projected position largely due to the following:
  - \$2.2M unbudgeted wholesale resource adequacy sales to CleanPowerSF

**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.



- Lawrence Livermore National Labs resuming water purchases that were on hold in prior years
- Increased distribution costs from PG&E WDT3 tariff set to begin May 2021, offset by \$4.0M power purchase contingency budget, as well as \$9.1M in prior year unspent funds carried forward from FY 2019-20.
- CleanPowerSF: Negative operating results projected due to a 16% rate decrease effective January 1, 2021 as a result of PG&E tariff changes.
- Salary savings projected across the agency due to vacant positions through the second quarter
- All enterprises projected to meet financial policy minimums and coverage ratios

Please note that project savings reflected in this report are the result of cuts to currently appropriated revenue-funded capital and programmatic projects. These cuts were a part of a comprehensive strategy to rebalance the FY 2019-20, FY 2020-21 and FY 2021-22 budgets from reduced sales volumes resulting from the COVID-19 pandemic and resulting economic recession.

If you have questions, please contact me at (415) 934-5707.

CC:

Masood Ordikhani, Acting AGM, External Affairs, SFPUC  
Barbara Hale, AGM, Power Enterprise, SFPUC  
Kathryn How, AGM, Infrastructure, SFPUC  
Greg Norby, AGM, Wastewater Enterprise, SFPUC  
Steve Ritchie, AGM, Water Enterprise, SFPUC  
Ashley Groffenberger, Budget Director, Mayor's Office  
Ben Rosenfield, Controller

Attachments:

Appendix A Water Enterprise

Appendix B Wastewater Enterprise

Appendix C Hetch Hetchy Water & Power, including the Power Enterprise

Appendix D CleanPowerSF

Appendix A

**WATER ENTERPRISE OPERATING FUNDS**  
**FY 2020-21 2nd Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600**  
 (\$ Millions)

	FY 2020-21				
	FY 2019-20 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (includes carryforwards)	Variance (Projection -Revised Budget)
<b>Sources</b>					
Retail Water Sales	291.9	305.7	306.3	292.1	(14.2) <b>A</b>
Wholesale Water Sales	270.6	262.4	262.4	275.6	13.2 <b>B</b>
Interest Income	8.7	5.1	5.1	5.1	-
Rental Income	13.0	12.5	12.5	12.5	-
Miscellaneous Income	18.9	20.9	21.6	16.1	(5.5) <b>C</b>
Departmental Transfer Adjustment	(34.5)	(44.2)	(44.2)	(44.2)	-
Federal Bond Interest Subsidy	23.8	21.8	21.8	21.8	-
Appropriated/Budgeted Use of Fund Balance	55.8	27.8	95.1	95.1	-
<b>Total Sources</b>	<b>648.1</b>	<b>611.9</b>	<b>680.5</b>	<b>674.0</b>	<b>(6.5)</b>
<b>Operating Uses</b>					
Personnel	95.6	102.3	102.3	99.9	2.3 <b>D</b>
Non-Personnel Services	16.4	21.8	30.5	30.5	-
Materials and Supplies	12.9	15.3	16.9	16.9	-
Equipment	3.1	4.5	9.9	9.9	-
Light, Heat, and Power	9.9	10.0	10.0	10.0	-
Overhead (SFPUC Bureaus)	45.5	54.4	60.0	60.0	-
Services of Other Departments	12.8	14.6	16.2	16.2	-
Debt Service	291.1	304.2	304.2	299.3	5.0 <b>E</b>
<b>Total Operating Uses</b>	<b>487.4</b>	<b>527.2</b>	<b>550.1</b>	<b>542.8</b>	<b>7.3</b>
<b>Net Operating Results</b>	<b>160.7</b>			<b>131.1</b>	<b>0.8</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2019-20 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Capital Projects	51.8	47.6	197.4	190.4	7.0 <b>F</b>
Facilities Maintenance/Programmatic	33.2	37.1	81.5	79.5	2.0 <b>G</b>
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 85.0</b>	<b>\$ 84.7</b>	<b>\$ 278.9</b>	<b>\$ 269.9</b>	<b>\$ 9.0</b>
	<i>check</i>	-			
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 258.4</b>				<b>240.4</b>
<b>Available Fund Balance, % of Operating Uses (H) 25-68%</b>	<b>93.4%</b>				<b>74.4%</b>
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>					
Indenture Basis (includes Available Fund Balance) (I) ≥ 1.35	<b>2.38*</b>	<b>1.93</b>			<b>2.00</b>
Current Basis (J) ≥ 1.10	<b>1.32*</b>	<b>1.17</b>			<b>1.23</b>

## Appendix A

### WATER ENTERPRISE OPERATING FUNDS FY 2020-21 2nd Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600 (\$ Millions)

#### **Revenue Variances**

- A. Retail water sales forecasted to be 55.1 MGD, a 7.1% decrease from prior year actuals of 59.3 MGD, and a 4.1% decrease from budgeted volumes of 57.5 MGD. Projections incorporate \$1.8M cost of COVID-19 emergency discount programs.
- B. Wholesale water sales forecasted to be 134.8 MGD, a 2.3% increase from prior year actuals of 131.8 MGD, and a 4.7% increase from budgeted volumes of 128.8 MGD. Revenues also include \$2.5M in unbudgeted payments from customers not meeting minimum purchase requirements.
- C. Miscellaneous revenue projected to decrease from budget, primarily driven by \$2.1M reduction in water service installations charges and \$2.7M reduced revenues or additional costs related to collections moratorium.

#### **Expenditure Variances**

- D. Salary savings due to vacant positions.
- E. Debt Service savings due to Water Revenue Bonds Refunding.
- F. Project savings to offset lower revenues from Covid sales reductions.
- G. Project savings to offset lower revenues from Covid sales reductions.

#### **Other Notes**

- H. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- I. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- J. Calculated as ratio between (a) Total Sources plus any appropriated fund balance, plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

\* Preliminary, unaudited

Appendix B

**WASTEWATER ENTERPRISE OPERATING FUNDS**  
**FY 2020-21 2nd Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210**  
 (\$ Millions)

	FY 2020-21				Variance (Projection - Revised Budget)
	FY 2019-20 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	
<b>Sources</b>					
Sewer Service Charges	338.4	353.4	353.6	341.7	(11.8) A
Interest Income	8.0	5.9	5.9	5.9	-
Miscellaneous Income	4.4	5.2	5.2	4.9	(0.4) B
Federal Bond Interest Subsidy	4.0	3.5	3.5	3.5	-
Appropriated/Budgeted Use of Fund Balance	18.0	12.1	28.6	28.6	-
<b>Total Sources</b>	<b>372.8</b>	<b>380.1</b>	<b>396.8</b>	<b>384.6</b>	<b>(12.2)</b>
<b>Operating Uses</b>					
Personnel	70.9	76.3	76.2	69.4	6.8 C
Non-Personnel Services	20.7	23.4	26.5	26.5	-
City Grant Programs	0.0	0.3	0.5	0.5	-
Materials and Supplies	8.4	11.2	12.5	12.5	-
Equipment	1.3	1.8	4.3	4.3	-
Light, Heat, and Power	10.8	11.9	11.9	11.9	-
Overhead (SFPUC Bureaus)	27.9	30.5	34.6	34.6	-
Services of Other Departments	24.6	26.1	27.1	27.1	-
Debt Service	68.7	87.5	87.5	87.5	-
<b>Total Operating Uses</b>	<b>233.3</b>	<b>268.9</b>	<b>281.1</b>	<b>274.3</b>	<b>6.8</b>
<b>Net Operating Results</b>	<b>139.5</b>			<b>110.3</b>	<b>\$ (5.4)</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2019-20 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Capital Projects	32.0	102.1	126.1	115.9	10.2 D
Facilities Maintenance/Programmatic	6.4	7.3	11.6	11.0	0.6 E
General Reserve	-	0.4	0.4	0.4	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 38.4</b>	<b>\$ 109.8</b>	<b>\$ 138.1</b>	<b>\$ 127.3</b>	<b>\$ 10.8</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 211.7</b>				<b>\$ 205.0</b>
<b>Available Fund Balance, % of Operating Uses (F) 25-68%</b>	<b>113.4%</b>				<b>103.7%</b>
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>					
Indenture Basis (includes Available Fund Balance) (G) ≥ 1.35	<b>6.06</b> *	<b>4.80</b>			<b>4.48</b>
Current Basis (H) ≥ 1.10	<b>3.00</b> *	<b>2.48</b>			<b>2.25</b>

## Appendix B

### WASTEWATER ENTERPRISE OPERATING FUNDS FY 2020-21 2nd Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210 (\$ Millions)

#### **Revenue Variances**

- A. Wastewater retail billable volumes projected to be 45.8 MGD, a 1.8% decrease from budget of 46.7 MGD and a 5.4% decrease from prior year actuals of 48.5 MGD. Projection accounts for \$4.2M in COVID-19 emergency discounts.
- B. Miscellaneous income projected to decrease from budget mainly due to \$230k reduced revenues related to collections

#### **Expenditure Variances**

- C. Salary savings reflect vacant positions.
- D. Project savings to offset lower revenues from Covid sales reductions.
- E. Project savings to offset lower revenues from Covid sales reductions.

#### **Other Notes**

- F. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- G. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- H. Calculated as ratio between (a) Total Sources plus any appropriated fund balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

\* Preliminary, unaudited

Appendix C

HETCH HETCHY WATER & POWER OPERATING FUNDS  
 FY 2020-21 2nd Quarter - Budgetary Basis - 24970, 24980, 24990 & 25030  
 (\$ Millions)

	FY 2020-21				
	FY 2019-20 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection - Revised Budget)
<b>Sources</b>					
Electric Sales - Retail	128.6	117.8	118.0	117.2	(0.8) A
Electric Sales - Wholesale	15.9	20.8	20.8	24.4	3.6 B
Water Sales - Transfer from Water Department	34.6	44.1	44.1	44.1	-
Natural Gas & Steam - City Work Orders	10.8	13.0	14.2	12.5	(1.7) C
Interest Income	5.6	4.5	4.5	4.5	-
Federal Interest Subsidy - Power Bonds	0.5	0.5	0.5	0.5	-
Miscellaneous Income	3.1	1.0	1.0	4.2	3.2 D
Appropriated/Budgeted Use of Fund Balance	23.8	-	29.4	29.4	-
<b>Total Sources</b>	<b>222.9</b>	<b>201.7</b>	<b>232.6</b>	<b>236.8</b>	<b>4.2</b>
<b>Operating Uses</b>					
Personnel	44.9	49.0	49.0	48.4	0.6 E
Non-Personnel Services	24.3	38.1	46.0	45.5	0.5 F
Power Purchases, Transmission Distribution & Related Char	49.0	46.8	55.9	47.4	8.5 G
Natural Gas & Steam	9.7	13.0	14.2	12.5	1.7 H
Materials and Supplies	3.3	3.4	3.5	3.5	-
Equipment	0.6	1.8	3.9	3.9	-
Overhead (SFPUC Bureaus)	16.9	18.5	20.1	20.1	-
Services of Other Departments	6.3	8.5	10.2	10.2	-
Debt Service	6.0	5.7	5.7	5.7	-
<b>Total Operating Uses</b>	<b>161.1</b>	<b>184.7</b>	<b>208.5</b>	<b>197.2</b>	<b>11.3</b>
<b>Net Operating Results</b>	<b>61.8</b>			<b>39.5</b>	<b>15.5</b>
<b>Adjustments to Operating Fund Balance</b>					
	<b>FY 2019-20 Actuals</b>	<b>Current Transfers from Operating</b>	<b>Available Funds</b>	<b>Projection (current &amp; future years spending)</b>	<b>Project Closeouts</b>
Facilities Maintenance/Programmatic	12.0	16.2	21.8	20.9	0.9 I
Capital projects	28.5	0.6	149.7	122.5	27.3 I
General Reserve	-	1.5	1.5	-	1.5 J
<b>Total Adjustments to Operating Fund Balance</b>	<b>40.4</b>	<b>18.3</b>	<b>173.0</b>	<b>143.3</b>	<b>29.7</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>38.6</b>				<b>83.7</b>
<b>Available Fund Balance, % of Operating Uses (T) 25-68%</b>	<b>25.5%</b>				<b>49.3%</b>
<b>Debt Service Coverage... Year-End Budgetary Basis</b>					
Indenture Basis (includes Available Fund Balance) (U) ≥ 1.35	<b>23.56</b> *	<b>16.63</b>			<b>11.24</b>
Current Basis (V) ≥ 1.10	<b>12.21</b> *	<b>0.71</b>			<b>7.64</b>

**Revenue Variances**

- A. Retail sales slightly below budget due to lower than expected volumes.
- B. Wholesale sales generation volume down 23% from budget, offset by unbudgeted attribute sales.
- C. Natural gas & steam sales projected to be slightly below revised budget due to continuing shelter in place orders at City Departments.
- D. Miscellaneous income over budget due primarily to Lawrence Livermore National Labs resuming water purchases that were on hold in prior years as well as receipts from legal settlements.

**Expenditure Variances**

- E. Salary savings due to vacant positions
- F. Non-personnel savings projected due to lower than expected spending on professional consulting services.
- G. Increased cost of purchased power due to distribution cost proposals, set to begin in January 2021, is offset by \$4.0M power purchase contingency budget, as well as \$9.1M in prior year unspent funds carried forward from FY 2019-20.
- H. Natural gas & steam sales projected to be slightly below budget due to continuing shelter in place orders at City Departments.
- I. Project savings to offset lower revenues from Covid sales reductions.
- J. General Reserve was intentionally budgeted and planned to go unspent to supplement reserves.

\* Preliminary, unaudited

**Appendix D**  
**CleanPowerSF**  
**FY 2020-21 2nd Quarter - Budgetary Basis - 24870, 24750, 24760 & 24765**  
**(\$ Millions)**

	FY 2020-21				
	FY 2019-20 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (includes carryforwards)	Variance (Projection - Revised Budget)
<b>Operating Sources</b>					
Electric Sales - Green Product	233.3	214.8	214.8	204.6	(10.2) A
Electric Sales - SuperGreen Product	11.7	10.8	10.8	10.8	-
Wholesale Sales	-	-	-	-	-
<b>Subtotal - Electric Revenues</b>	<b>245.0</b>	<b>225.6</b>	<b>225.6</b>	<b>215.4</b>	<b>(10.2)</b>
Interest Income	1.0	0.9	0.9	0.9	-
Appropriated/Budgeted Use of Fund Balance	-	-	10.4	10.4	-
<b>Total Sources</b>	<b>245.9</b>	<b>226.5</b>	<b>236.9</b>	<b>226.7</b>	<b>(10.2)</b>
<b>Operating Uses</b>					
Personnel	3.0	6.8	6.8	3.1	3.7 B
Overhead	2.0	2.5	2.6	2.6	-
Non Personnel Services	10.4	12.3	13.5	13.5	-
Materials & Supplies	0.0	0.2	0.2	0.2	-
Power Purchases	175.4	181.9	190.8	190.8	-
Services of Other Departments	2.4	3.6	3.7	3.7	-
Debt Service	2.0	1.0	1.0	1.0	-
<b>Total Operating Uses</b>	<b>195.3</b>	<b>208.3</b>	<b>218.6</b>	<b>214.9</b>	<b>3.7</b>
<b>Net Operating Results</b>	<b>50.6</b>			<b>11.8</b>	<b>(6.5)</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2019-20 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Programmatic	0.1	0.7	0.9	0.9	-
Capital Projects	-	1.9	1.9	1.9	-
General Reserve	-	15.5	15.5	-	15.5 C
<b>Total Adjustments to Operating Fund Balance</b>	<b>0.1</b>	<b>18.1</b>	<b>18.3</b>	<b>2.8</b>	<b>15.5</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>52.6</b> E				<b>61.6</b> D

**Revenue Variances**

A. Lower revenues driven by CleanPowerSF rate decrease on January 2021 to stay within 1% of PG&E's rates, and COVID-19 bill credit relief pro

**Expenditure Variances**

B. Salary savings due to vacant positions.

C. General Reserve was intentionally budgeted and planned to go unspent to build reserves.

**Other Notes**

D. Available fund balance at fiscal year end is calculated within this report by taking beginning fund balance, less any fund balance budgeted to be used as a source, and adding the projected variances as well as project closeouts. As the CleanPowerSF Trust Fund is a continuing fund, amounts budgeted therein will automatically roll forward to the following year and will not be closed out to fund balance. As such, variances related to revenues, purchase of power, and general reserves will not close out to fund balance at the end of the year without manual intervention. However, as those funds are not considered restricted and CleanPowerSF may choose to close them out to fund balance, we are presenting them here as part of fund balance.

E. Available fund balance at the beginning of the fiscal year consists of amounts closed out to fund balance within the financial system as of the prior year end



**Date:** May 24, 2022

**To:** Commissioner Anson Moran, President  
 Commissioner Newsha Ajami, Vice President  
 Commissioner Sophie Maxwell  
 Commissioner Tim Paulson

**Through:** Dennis J. Herrera, General Manager *D.J. Herrera*

**From:** Charles Perl, Deputy Chief Financial Officer *Charles Perl*

**Subject:** SFPUC FY 2021-22 Third Quarter Budgetary Report through March 31, 2022

The FY 2021-22 third quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

**FY 2021-22 Operations**

	Beginning Available Fund Balance	Fund Balance Budgeted to be (Used)	Projected Sources	Projected Uses (excluding Capital & General Reserve)	Net Operating Results Surplus / (Shortfall)	General Reserve & Project Closeout	Projected Year End Available Fund Balance
Water	254.2	22.0	(36.2)	9.6	(26.6)	-	205.6
Wastewater	185.7	18.2	(35.7)	8.6	(27.3)	-	140.2
Power	80.6	7.1	11.5	7.4	18.9	-	92.4
CleanPowerSF	73.4	2.9	(1.2)	(2.8)	(4.0)	-	66.6

**Summary:**

- Positive operating results projected for Power and operating shortfalls projected for Water, Wastewater and CleanPowerSF.
- **Water and Wastewater:** revenues are down from budget due to impact of water conservation efforts and delayed economic recovery. Retail sales are worse than at quarter 2, but Wholesale sales are higher than projected at quarter 2 as the different customer segments respond differently to economic recovery and conservation calls. As a result, Water’s overall revenue shortfall has improved and Wastewater’s has worsened since last quarter.

**London N. Breed**  
 Mayor

**Anson Moran**  
 President

**Newsha Ajami**  
 Vice President

**Sophie Maxwell**  
 Commissioner

**Tim Paulson**  
 Commissioner

**Dennis J. Herrera**  
 General Manager



In both enterprises, revenue shortfalls include COVID-19 emergency customer assistance programs, partially offset by grants from the state COVID-19 utility debt forgiveness program.

Additionally, fund balance is projected to be reduced by \$8.6M in the Wastewater enterprise due to legal settlements relating to floodwater claims from the 2014 storms. Such settlements can be paid directly from unappropriated fund balance per Appropriation Ordinance No. 165-20 (section 10.10).

- **CleanPowerSF:** The budget was revised upwards by \$35M during quarter 2 to include approved rate increases, and the increased cost of power purchases driven by higher energy market costs. CleanPowerSF's revenue projections also include grants from the state COVID-19 utility debt forgiveness program. However, at quarter 3, CleanPowerSF's revenue projection has worsened due to additional rate changes to remain competitive with PG&E.

In addition, expenditure projections have increased as a result of 1) Resource Adequacy (RA) capacity sales revenues (\$4.5M) that had previously been assumed to offset the power purchase supply budget, but in practice are not available for use; and 2) time lags in California Independent System Operator (CAISO) invoicing and renewable power purchase agreement (PPA) invoicing that require additional payment capacity this fiscal year (\$4M). These changes are partially offset by reclassification of collateral payments made to CleanPowerSF's CAISO scheduling coordinator, APX, that had been classified as power purchase expenses earlier in the fiscal year.

CleanPowerSF will seek additional budget authority of approximately \$7M in order to have ability to expend these additional amounts this year.<sup>1</sup> This \$7M estimate is currently reflected in the variance column but will be included in the revised budget column at quarter 4, assuming the budget amendment moves forward.

- **Power:** Retail revenues have further increased due to higher volumes and rates. Due to PG&E rate changes, the enterprise rate increased approximately 7% in January and an additional 10% in March. Most of the revenue increase is attributed to SFO.

Wholesale revenues are also projected to exceed the budget due to higher power prices, as well as higher water sales to Lawrence Livermore National Labs. The surplus in wholesale revenues has occurred despite 7% lower generation due to drier weather.

Higher revenues are partially offset by increased transmission and distribution costs. This largely driven by collateral calls

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<sup>1</sup> CleanPowerSF has a Category 8 (Per Section 10.100-372 of the Administrative Code) self-appropriating fund and is not required to go through the full supplemental process for budget amendments.

relating to catchup billings for prior year accruals, and also an increase in distribution costs to PG&E because of new WDT3 rates effective in January.

- Across all enterprises, expenditures are projected to come in below budget due to vacant positions and projected year end savings in non-personnel expenses, and overhead.
- All enterprises are projected to meet financial policy minimums and coverage ratios at year end.

SFPUC's finance team is closely monitoring water and wastewater sales for FY 2021-22 to determine impacts of continued economic weakness and conservation on the current year and will provide continue to provide updates to the Commission.

If you have questions, please contact me at [Cperl@sfwater.org](mailto:Cperl@sfwater.org).

CC:

Masood Ordikhani, Acting AGM, External Affairs, SFPUC  
Barbara Hale, AGM, Power Enterprise, SFPUC  
Alan Johanson, Acting AGM, Infrastructure, SFPUC  
Greg Norby, AGM, Wastewater Enterprise, SFPUC  
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Appendix C Hetch Hetchy Water & Power, including the Power Enterprise

Appendix D CleanPowerSF

Appendix A

**WATER ENTERPRISE OPERATING FUNDS**  
**FY 2021-22 3rd Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600**  
 (\$ Millions)

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (includes carryforwards)	Variance (Projection - Revised Budget)
<b>Sources</b>					
Retail Water Sales	285.9	327.4	327.5	312.5	(15.0) <b>A</b>
Wholesale Water Sales	275.2	270.6	270.6	252.6	(18.1) <b>B</b>
Interest Income	2.4	4.5	4.5	1.6	(2.9) <b>C</b>
Rental Income	12.7	12.9	12.9	12.3	(0.6) <b>D</b>
Miscellaneous Income	20.4	20.9	21.5	21.8	0.4 <b>E</b>
Departmental Transfer Adjustment	(44.2)	(45.8)	(45.8)	(45.8)	-
Federal Bond Interest Subsidy	21.8	21.6	21.6	21.6	-
Appropriated/Budgeted Use of Fund Balance	95.1	22.0	72.8	72.8	-
<b>Total Sources</b>	<b>669.3</b>	<b>634.0</b>	<b>685.5</b>	<b>649.3</b>	<b>(36.2)</b>
<b>Operating Uses</b>					
Personnel	98.7	110.0	110.0	104.8	5.3 <b>F</b>
Non-Personnel Services	17.2	24.6	35.5	33.5	2.0 <b>G</b>
Materials and Supplies	12.4	16.0	20.3	20.3	-
Equipment	3.2	3.1	9.6	9.6	-
Light, Heat, and Power	9.8	10.4	10.6	10.6	-
Overhead (SFPUC Bureaus)	48.4	59.8	69.0	67.5	1.5 <b>H</b>
Services of Other Departments	14.4	14.7	16.4	16.4	-
Debt Service	299.3	307.7	307.7	306.9	0.8 <b>I</b>
<b>Total Operating Uses</b>	<b>503.3</b>	<b>546.4</b>	<b>579.2</b>	<b>569.6</b>	<b>9.6</b>
<b>Net Operating Results</b>	<b>166.0</b>			<b>79.7</b>	<b>(26.6)</b>
<b>Adjustments to Operating Fund Balance</b>					
	<b>FY 2020-21 Actuals</b>	<b>Current Year Transfers from Operating</b>	<b>Total Available Funds</b>	<b>Projection (current &amp; future years spending)</b>	<b>Project Closeouts</b>
Capital Projects	45.2	55.7	237.9	237.9	-
Facilities Maintenance/Programmatic	22.9	32.0	50.0	50.0	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 68.1</b>	<b>\$ 87.7</b>	<b>\$ 287.9</b>	<b>\$ 287.9</b>	<b>\$ -</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 254.2</b>				<b>\$ 205.6</b>
<b>Available Fund Balance, % of Operating Uses (J) 25-68%</b>	<b>112.0%</b>				<b>65.8%</b>
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>					
Indenture Basis (includes Available Fund Balance) (K) ≥ 1.35	<b>1.99</b>	<b>1.95</b>			<b>1.76</b>
Current Basis (L) ≥ 1.10	<b>1.22</b>	<b>1.20</b>			<b>1.12</b>

## Appendix A

### WATER ENTERPRISE OPERATING FUNDS FY 2021-22 3rd Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600 (\$ Millions)

#### Revenue Variances

- A. Retail water sales forecasted to be 52.2 MGD, a 7.1% decrease from budgeted volumes of 56.2 MGD, and a 2.6% decrease from prior year actuals of 53.6 MGD. Includes 5% drought surcharge effective April 2022. Adjustments include COVID-19 emergency discounts, as well as \$7.3M in grants from state COVID-19 utility debt forgiveness program.
- B. Wholesale water sales forecasted to be 124.5 MGD, a 6.4% decrease from budgeted volumes of 133.0 MGD, and a 7.7% decrease from prior year actuals of 134.9 MGD. Revenues also include \$2.1M in unbudgeted payments from customers not meeting minimum purchase requirements.
- C. Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- D. Rental income projected to fall slightly below budget due to revenue adjustments made to Crystal Springs Golf Course.
- E. Miscellaneous income projected to be slightly above budget, primarily due to \$1.1M in revenue for Recreation and Park Department's purchase of Francisco Reservoir.

#### Expenditure Variances

- F. Savings due to vacant positions.
- G. Savings reflect lower spending associated with customer rebate and incentive programs.
- H. Savings reflect lower spending associated with bureau allocation.
- I. Savings reflects \$810k in excess reserve funds applied to debt service payments.

#### Other Notes

- J. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- K. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- L. Calculated as ratio between (a) Total Sources plus any appropriated fund balance, plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix B

**WASTEWATER ENTERPRISE OPERATING FUNDS**  
**FY 2021-22 3rd Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210**  
**(\$ Millions)**

	FY 2021-22				Variance (Projection - Revised Budget)	
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)		
<b>Sources</b>						
Sewer Service Charges	326.2	388.1	388.2	353.8	(34.4)	<b>A</b>
Interest Income	6.0	5.8	5.8	1.7	(4.1)	<b>B</b>
Miscellaneous Income	5.0	3.6	3.6	6.4	2.7	<b>C</b>
Federal Bond Interest Subsidy	3.5	3.5	3.5	3.5	-	
Appropriated/Budgeted Use of Fund Balance	28.6	9.6	40.9	40.9	-	<b>D</b>
<b>Total Sources</b>	<b>369.4</b>	<b>410.7</b>	<b>442.0</b>	<b>406.2</b>	<b>(35.7)</b>	
<b>Operating Uses</b>						
Personnel	70.8	82.1	82.1	75.4	6.8	<b>E 8.2%</b>
Non-Personnel Services	18.1	26.3	28.9	28.2	0.7	<b>F</b>
City Grant Programs	0.1	0.3	0.6	0.6	-	
Materials and Supplies	8.7	12.0	14.6	14.6	-	
Equipment	0.9	3.2	6.6	6.6	-	
Light, Heat, and Power	10.1	12.3	12.8	12.8	-	
Overhead (SFPUC Bureaus)	29.5	36.4	43.6	42.5	1.1	<b>G</b>
Services of Other Departments	27.0	25.4	27.1	27.1	-	
Debt Service	86.5	95.2	95.2	95.2	-	
<b>Total Operating Uses</b>	<b>251.7</b>	<b>293.1</b>	<b>311.5</b>	<b>303.0</b>	<b>8.6</b>	
<b>Net Operating Results</b>	<b>117.7</b>			<b>103.2</b>	<b>\$ (27.3)</b>	
<b>Adjustments to Operating Fund Balance</b>						
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts	
Capital Projects	34.3	110.3	119.7	119.7	-	
Facilities Maintenance/Programmatic	6.5	8.6	12.9	12.9	-	
Legal Settlements	-	-	8.6	8.6	-	<b>H</b>
General Reserve	-	-	-	-	-	
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 40.9</b>	<b>\$ 118.8</b>	<b>\$ 141.1</b>	<b>\$ 141.1</b>	<b>\$ -</b>	
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 185.7</b>				<b>\$ 140.2</b>	
<b>Available Fund Balance, % of Operating Uses (I) 25-68%</b>	<b>108.1%</b>				<b>63.6%</b>	
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>						
Indenture Basis (includes Available Fund Balance) (J) ≥ 1.35	<b>4.39</b>	<b>4.17</b>			<b>3.63</b>	
Current Basis (K) ≥ 1.10	<b>2.13</b>	<b>2.28</b>			<b>2.05</b>	

## Appendix B

### WASTEWATER ENTERPRISE OPERATING FUNDS FY 2021-22 3rd Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210 (\$ Millions)

#### Revenue Variances

- A. Wastewater retail billable volumes forecasted to be 42.6 MGD, a 4.4% decrease from budget of 44.5 MGD and a 1.0% decrease from prior year actuals of 43.0 MGD. Assumes 5% drought surcharge effective April 2022, and adjustments for COVID-19 emergency discounts.
- B. Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- C. Miscellaneous income forecasted to increase from budget, primarily due to increased revenue from various permitting fees and non-utility services to other City departments.
- D. Additional fund balance of \$8.6M was appropriated to cover claims relating to the December 2014 rainstorms per Appropriation Ordinance No. 165-20 (section 10.10).

#### Expenditure Variances

- E. Salary savings reflect vacant positions.
- F. Savings reflect lower spending on biosolids hauling and digester cleaning.
- G. Savings reflect salary savings associated with bureau allocation.
- H. \$8.6M was appropriated to cover claims relating to the December 2014 rainstorms per Appropriation Ordinance No. 165-20 (section 10.10).

#### Other Notes

- I. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- J. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- K. Calculated as ratio between (a) Total Sources plus any appropriated fund balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix C

HETCH HETCHY WATER & POWER OPERATING FUNDS  
 FY 2021-22 3rd Quarter - Budgetary Basis - 24970, 24980, 24990 & 25030  
 (\$ Millions)

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection - Revised Budget)
<b>Sources</b>					
Electric Sales - Retail	109.1	134.7	134.7	146.7	12.0 A
Electric Sales - Wholesale	15.1	17.5	17.5	20.2	2.7 B
Water Sales - Transfer from Water Department	44.2	45.8	45.8	45.8	-
Natural Gas & Steam - City Work Orders	13.0	12.9	18.6	15.6	(2.9) C
Interest Income	1.5	4.8	4.8	1.1	(3.7) D
Federal Interest Subsidy - Power Bonds	0.5	0.5	0.5	0.4	-
Miscellaneous Income	9.8	5.6	5.9	9.4	3.6 E
Appropriated/Budgeted Use of Fund Balance	29.3	7.1	45.4	45.4	-
<b>Total Sources</b>	<b>222.5</b>	<b>228.9</b>	<b>273.1</b>	<b>284.6</b>	<b>11.5</b>
<b>Operating Uses</b>					
Personnel	46.6	51.4	51.4	50.2	1.1 F
Non-Personnel Services	60.3	39.4	52.6	52.5	0.2
Power Purchases, Transmission Distribution & Related Charges	42.8	69.4	72.5	70.2	2.3 G
Natural Gas & Steam	13.0	12.9	18.6	15.6	2.9 H
Materials and Supplies	3.5	3.5	3.7	3.7	-
Equipment	3.9	1.2	4.6	4.6	-
Overhead (SFPUC Bureaus)	17.8	21.8	25.4	24.9	0.5 I
Services of Other Departments	4.3	9.2	12.2	11.8	0.4 J
Debt Service	3.7	3.9	3.9	3.9	-
<b>Total Operating Uses</b>	<b>195.9</b>	<b>212.7</b>	<b>244.8</b>	<b>237.4</b>	<b>7.4</b>
<b>Net Operating Results</b>	<b>26.6</b>			<b>47.2</b>	<b>18.9</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Facilities Maintenance/Programmatic	12.7	14.5	20.8	20.8	-
Capital projects	27.0	1.7	96.6	96.6	-
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>39.7</b>	<b>16.1</b>	<b>117.4</b>	<b>117.4</b>	<b>-</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>80.6</b>				<b>92.4</b>
<b>Available Fund Balance, % of Operating Uses (K) 25-68%</b>	<b>39.3%</b>				<b>45.4%</b>
<b>Debt Service Coverage... Year-End Budgetary Basis</b>					
Indenture Basis (includes Available Fund Balance) (L) ≥ 1.35	9.89	30.57			25.87
Current Basis (M) ≥ 1.10	6.28	1.91			12.16

### **Revenue Variances**

- A.** Retail sales above budget due to higher than expected increases to Enterprise rates based on average PG&E increases of 7% in January and 10% in March. Includes \$1.2M in grants from state COVID-19 utility debt forgiveness program.
- B.** Wholesale sales above budget, mainly due to higher than budgeted power prices. Includes \$1.5M unbudgeted capacity sales to CleanPowerSF.
- C.** Savings due to lower usage in natural gas & steam.
- D.** Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- E.** Miscellaneous revenues projected to increase from budget due to water sales to Lawrence Livermore National Labs resuming after being on hold for several years and removed from the budget.

### **Expenditure Variances**

- F.** Savings due to vacant positions.
- G.** Increase to purchased power due to reduced generation compounded by higher than anticipated rate increases from PG&E, and \$4.8M transmission collateral call from APX due to increase in weekly billing amounts. These costs are offset by \$4M power contingency and prior year unspent funds carried forward from FY 2020-21.
- H.** Savings due to lower usage in natural gas & steam.
- I.** Savings reflect lower spending associated with bureau allocation.
- J.** Savings reflect lower spending from other City departments.

### **Other Notes**

- K.** Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Power Operating Uses plus Power Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- L.** Calculated as the ratio between (a) Total Sources plus Beginning Available Fund Balance, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs, Treasure Island and Gas & Steam, and Transbay Cable revenues), and (b) Senior Lien Debt Service in the amount of \$2.6M. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- M.** Calculated as ratio between (a) Operating Sources plus Fund Balance as a Source, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs, Treasure Island, Gas & Steam, and Transbay Cable revenues), and (b) Senior Lien Debt Service in the amount of \$2.6M. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

**Appendix D**  
**CleanPowerSF**  
**FY 2021-22 3rd Quarter - Budgetary Basis - 24750, 24761, 24765 & 24870**  
**(\$ Millions)**

	<b>FY 2021-22</b>				
	<b>FY 2020-21 Actuals</b>	<b>Original Budget</b>	<b>Revised Budget (includes carryforwards &amp; supplemental)</b>	<b>Projection (includes carryforwards)</b>	<b>Variance (Projection - Revised Budget)</b>
<b>Operating Sources</b>					
Electric Sales - Green Product	199.8	213.3	248.4	239.9	(8.6)
Electric Sales - SuperGreen Product	10.9	10.9	10.9	14.6	3.7
Wholesale Sales	-	-	-	4.5	4.5
<b>Subtotal - Electric Revenues</b>	<b>210.7</b>	<b>224.1</b>	<b>259.3</b>	<b>258.9</b>	<b>(0.4) A</b>
Interest Income	0.6	0.9	0.9	0.2	(0.8) B
Appropriated/Budgeted Use of Fund Balance	10.5	2.9	6.4	6.4	-
<b>Total Sources</b>	<b>221.8</b>	<b>227.9</b>	<b>266.7</b>	<b>265.5</b>	<b>(1.2)</b>
<b>Operating Uses</b>					
Personnel	3.7	8.0	8.0	4.5	3.5 C
Overhead	2.3	2.7	3.1	3.1	-
Non Personnel Services	9.9	12.1	13.3	12.8	0.5 D
Materials & Supplies	0.0	0.2	0.2	0.1	0.1 E
Power Purchases, Transmission Distribution & Related Charges	189.5	197.9	234.3	241.2	(7.0) F
Services of Other Departments	3.7	3.7	3.7	3.7	-
Debt Service	1.8	-	-	-	-
<b>Total Operating Uses</b>	<b>210.9</b>	<b>224.5</b>	<b>262.6</b>	<b>265.4</b>	<b>(2.8)</b>
<b>Net Operating Results</b>	<b>10.9</b>			<b>0.1</b>	<b>(4.0)</b>
<b>Adjustments to Operating Fund Balance</b>					
	<b>FY 2020-21 Actuals</b>	<b>Current Year Transfers from Operating</b>	<b>Total Available Funds</b>	<b>Projection (current &amp; future years spending)</b>	<b>Project Closeouts</b>
Programmatic	0.1	1.0	1.6	1.6	-
Capital Projects	-	2.4	4.2	4.2	-
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>0.1</b>	<b>3.4</b>	<b>5.8</b>	<b>5.8</b>	<b>-</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>73.4</b>				<b>66.6 G</b>
<b>Available Fund Balance, % of Operating Uses (H) %</b>	<b>35.1%</b>				<b>24.9%</b>

**Revenue Variances**

A. Revenue budget reflects a \$35.2M supplemental appropriation to cover higher than anticipated costs to purchase energy due to volatile and expensive power market. On March 2022 projected revenues were reduced resulting from PG&E's final adopted rates.

The lower revenue is offset by \$4.5M in wholesale sales. The projection also includes \$2.4M in grants from state COVID-19 utility debt forgiveness program.

B. Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.

**Expenditure Variances**

C. Salary savings due to vacant positions.

D. Savings reflect budgeted contractual services performed internally.

E. Savings reflect a reduction in materials and supplies due to the current remote workforce.

F. A \$7M deficit is anticipated due to the exclusion of \$4.5M in wholesale RA capacity revenues that were previously assumed to offset against the power supply budget, and time lags in California Independent System Operator (CAISO) invoicing and renewable power purchase agreement (PPA) invoicing that require additional payment capacity this fiscal year (\$4M). These changes are partially offset by the reclassification of collateral payments made to CleanPowerSF's CAISO scheduling coordinator, APX, that had been classified as power purchase expenses earlier in the fiscal year.

**Other Notes**

G. Available fund balance at fiscal year end is calculated within this report by taking beginning fund balance, less any fund balance budgeted to be used

H. Calculated as Ending Available Fund Balance as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be at least 50% within three years of policy adoption (April of 2022).



**Date:** August 23, 2022

**To:** Commissioner Anson Moran, President  
 Commissioner Newsha Ajami, Vice President  
 Commissioner Sophie Maxwell  
 Commissioner Tim Paulson

**Through:** Dennis J. Herrera, General Manager *DJH*

**From:** Charles Perl, Deputy Chief Financial Officer *CP*

**Subject:** **SFPUC FY 2021-22 Fourth Quarter Budgetary Report through June 30, 2022**

The FY 2021-22 fourth quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

**FY 2021-22 Operations**

	Beginning Available Fund Balance	Fund Balance Budgeted to be (Used)	Projected Sources	Projected Uses (excluding Capital & General Reserve)	Net Operating Results Surplus / (Shortfall)	Mid-year Adjustments to Fund Balance	Projected Year End Available Fund Balance
Water	254.2	22.0	(20.4)	12.1	(8.3)	-	223.9
Wastewater	185.7	9.6	(27.3)	12.6	(14.7)	(8.6)	152.8
Power	80.6	7.1	18.5	17.3	35.9	-	109.4
CleanPowerSF	73.4	2.9	(1.8)	4.5	2.7	(7.0)	66.2

**Summary:**

- Positive year-end operating results projected for Power and CleanPowerSF, and operating shortfalls projected for Water and Wastewater.
- **Water and Wastewater:** Overall year end revenues are down from budget due to impact of water conservation efforts and delayed economic recovery.

Retail sales are similar to quarter 3, but Wholesale sales are higher than projected compared with last quarter as customers respond differently to economic recovery and conservation. In addition, Water’s year end results include \$2.0M in additional rental income for one of the quarry tenants, \$1.1M in revenue for Recreation and Park Department’s purchase of Francisco Reservoir and a \$6.75M restitution settlement from PG&E.

**London N. Breed**  
 Mayor

**Anson Moran**  
 President

**Newsha Ajami**  
 Vice President

**Sophie Maxwell**  
 Commissioner

**Tim Paulson**  
 Commissioner

**Dennis J. Herrera**  
 General Manager

**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.



In both enterprises, revenue shortfalls include COVID-19 emergency customer assistance programs, partially offset by grants from the state COVID-19 utility debt forgiveness program. Wastewater's revenue includes \$9.2M in state relief that was recognized in quarter 4.

As a result of these factors, both Water and Wastewater's overall revenue shortfall has significantly improved since the last quarter.

Fund balance is projected to be reduced by \$8.6M in the Wastewater enterprise due to legal settlements relating to floodwater claims from the 2014 storms. Such settlements can be paid directly from unappropriated fund balance per Appropriation Ordinance No. 165-20 (section 10.10).

- **CleanPowerSF:** The budget was revised upwards by \$35M during quarter 2 and by a further \$7M during quarter 4 to include approved rate increases, and the increased cost of power purchases driven by higher energy market costs.

The overall year-end sales projection came in just under budget, taking into account grants from the state COVID-19 utility debt forgiveness program.

- **Power:** Year-end projected revenues are significantly higher than budget due to:
  - Retail: Due to PG&E rate changes, the enterprise rate increased approximately 7% in January and an additional 10% in March which led to revenue increases, largely attributed to SFO. In addition, the projection includes grants from the state COVID-19 utility debt forgiveness program.
  - Wholesale: A significant one-time revenue increase was recognized in quarter 4 due to much higher than anticipated CAISO revenue driven by higher power prices.

Savings in power purchase expenditures are all driven by one time items including reclassification of prior year collateral calls, unspent dollars carried forward from the prior year and underspending relating to power provided to other departments.

- Across all enterprises, expenditures are projected to come in below budget due to vacant positions, projected year end savings in non-personnel expenses, and overhead.
- All enterprises are projected to meet financial policy minimums and coverage ratios at year end.

The quarter 4 report is a projection with final year end results published in the Comprehensive Financial Report. If you have questions, please contact me at [Cperl@sfgwater.org](mailto:Cperl@sfgwater.org).

CC:

Masood Ordikhani, Acting AGM, External Affairs, SFPUC  
Barbara Hale, AGM, Power Enterprise, SFPUC

Alan Johanson, Acting AGM, Infrastructure, SFPUC  
Greg Norby, AGM, Wastewater Enterprise, SFPUC  
Steve Ritchie, AGM, Water Enterprise, SFPUC  
Ashley Groffenberger, Budget Director, Mayor's Office  
Ben Rosenfield, Controller

Attachments:

Appendix A Water Enterprise

Appendix B Wastewater Enterprise

Appendix C Hetch Hetchy Water & Power, including the Power Enterprise

Appendix D CleanPowerSF

## Appendix A

**WATER ENTERPRISE OPERATING FUNDS**  
**FY 2021-22 4th Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600**  
(\$ Millions)

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (includes carryforwards)	Variance (Projection vs Revised Budget)
<b>Sources</b>					
Retail Water Sales	285.9	327.4	327.5	310.7	(16.8) <b>A</b>
Wholesale Water Sales	275.2	270.6	270.6	260.9	(9.8) <b>B</b>
Interest Income	2.4	4.5	4.5	1.6	(2.8) <b>C</b>
Rental Income	12.7	12.9	12.9	14.3	1.4 <b>D</b>
Miscellaneous Income	20.4	20.9	21.5	29.1	7.6 <b>E</b>
Departmental Transfer Adjustment	(44.2)	(45.8)	(45.8)	(45.8)	-
Federal Bond Interest Subsidy	21.8	21.6	21.6	21.6	-
Appropriated/Budgeted Use of Fund Balance	95.1	22.0	72.8	72.8	-
<b>Total Sources</b>	<b>669.3</b>	<b>634.0</b>	<b>685.5</b>	<b>665.1</b>	<b>(20.4)</b>
<b>Operating Uses</b>					
Personnel	98.7	110.0	110.0	103.2	6.8 <b>F</b>
Non-Personnel Services	17.2	24.6	34.6	31.6	3.0 <b>G</b>
Materials and Supplies	12.4	16.0	20.3	20.3	-
Equipment	3.2	3.1	9.6	9.6	-
Light, Heat, and Power	9.8	10.4	11.4	11.4	-
Overhead (SFPUC Bureaus)	48.4	59.8	69.0	67.5	1.5 <b>H</b>
Services of Other Departments	14.4	14.7	16.4	16.4	-
Debt Service	299.3	307.7	307.7	306.9	0.8 <b>I</b>
<b>Total Operating Uses</b>	<b>503.3</b>	<b>546.4</b>	<b>579.2</b>	<b>567.1</b>	<b>12.1</b>
<b>Net Operating Results</b>	<b>166.0</b>			<b>98.0</b>	<b>(8.3)</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Capital Projects	45.2	55.7	237.9	237.9	-
Facilities Maintenance/Programmatic	22.9	32.0	50.0	50.0	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 68.1</b>	<b>\$ 87.7</b>	<b>\$ 287.9</b>	<b>\$ 287.9</b>	<b>\$ -</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 254.2</b>				<b>\$ 223.9</b>
<b>Available Fund Balance, % of Operating Uses (J) 25-68%</b>	<b>112.0%</b>				<b>72.2%</b>
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>					
Indenture Basis (includes Available Fund Balance) (K) ≥ 1.35	<b>1.99</b>	<b>1.95</b>			<b>1.82</b>
Current Basis (L) ≥ 1.10	<b>1.22</b>	<b>1.20</b>			<b>1.19</b>

## Appendix A

### WATER ENTERPRISE OPERATING FUNDS FY 2021-22 4th Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600 (\$ Millions)

#### Revenue Variances

- A. Retail water sales were 52.4 MGD, a 6.8% decrease from budgeted volumes of 56.2 MGD, and a 2.2% decrease from prior year actuals of 53.6 MGD. This includes a 5% drought surcharge effective April 2022. Adjusted to account for \$707K in COVID-19 emergency discounts, as well as net \$5.9M in grants from state COVID-19 utility debt forgiveness program for arrears and discounts.
- B. Wholesale water sales were 128.4 MGD, a 3.5% decrease from budgeted volumes of 133.0 MGD, and a 4.9% decrease from prior year actuals of 134.9 MGD. Revenues also include \$2.1M in unbudgeted payments from customers not meeting minimum purchase requirements.
- C. Interest income fell below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- D. Rental income increased from budget primarily due to \$2.0M in transfer fees for one of the quarry tenants.
- E. Miscellaneous income increased from budget due to \$1.1M in revenue for Recreation and Park Department's purchase of Francisco Reservoir. Also includes \$6.75M restitution settlement from PG&E.

#### Expenditure Variances

- F. Savings due to vacant positions.
- G. Savings reflect lower spending associated with customer rebate and incentive programs and the impact of staffing and resource shortages due to Covid-19.
- H. Savings reflect lower spending associated with bureau allocation.
- I. Savings reflects \$810k in excess reserve funds applied to debt service payments.

#### Other Notes

- J. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- K. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- L. Calculated as ratio between (a) Total Sources plus any appropriated fund balance, plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

## Appendix B

**WASTEWATER ENTERPRISE OPERATING FUNDS**  
**FY 2021-22 4th Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210**  
(\$ Millions)

	FY 2020-21 Actuals	FY 2021-22			
		Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
<b>Sources</b>					
Sewer Service Charges	326.2	388.1	388.2	362.1	(26.1) A
Interest Income	6.0	5.8	5.8	1.8	(4.0) B
Miscellaneous Income	5.0	3.6	3.6	6.4	2.7 C
Federal Bond Interest Subsidy	3.5	3.5	3.5	3.5	-
Appropriated/Budgeted Use of Fund Balance	28.6	9.6	40.9	40.9	- D
<b>Total Sources</b>	<b>369.4</b>	<b>410.7</b>	<b>442.0</b>	<b>414.7</b>	<b>(27.3)</b>
<b>Operating Uses</b>					
Personnel	70.8	82.1	82.1	72.6	9.5 E
Non-Personnel Services	18.1	26.3	28.4	27.4	1.0 F
City Grant Programs	0.1	0.3	0.6	0.6	-
Materials and Supplies	8.7	12.0	14.6	13.6	1.0 G
Equipment	0.9	3.2	6.6	6.6	-
Light, Heat, and Power	10.1	12.3	12.7	12.7	-
Overhead (SFPUC Bureaus)	29.5	36.4	43.6	42.5	1.1 H
Services of Other Departments	27.0	25.4	27.8	27.8	-
Debt Service	86.5	95.2	95.2	95.2	-
<b>Total Operating Uses</b>	<b>251.7</b>	<b>293.1</b>	<b>311.5</b>	<b>298.9</b>	<b>12.6</b>
<b>Net Operating Results</b>	<b>117.7</b>			<b>115.8</b>	<b>\$ (14.7)</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Capital Projects	34.3	110.3	119.7	119.7	-
Facilities Maintenance/Programmatic	6.5	8.6	12.9	12.9	-
Legal Settlements	-	-	8.6	8.6	- I
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>\$ 40.9</b>	<b>\$ 118.8</b>	<b>\$ 141.1</b>	<b>\$ 141.1</b>	<b>\$ -</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>\$ 185.7</b>				<b>\$ 152.8</b>
<b>Available Fund Balance, % of Operating Uses (J) 25-68%</b>	<b>108.1%</b>				<b>70.5%</b>
<b>Debt Service Coverage (Year-End Budgetary Basis)</b>					
Indenture Basis (includes Available Fund Balance) (K) ≥ 1.35	<b>4.39</b>	<b>4.17</b>			<b>3.77</b>
Current Basis (L) ≥ 1.10	<b>2.13</b>	<b>2.28</b>			<b>2.19</b>

## Appendix B

### WASTEWATER ENTERPRISE OPERATING FUNDS FY 2021-22 4th Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210 (\$ Millions)

#### **Revenue Variances**

- A. Wastewater retail billable volumes were 42.3 MGD, a 5.0% decrease from budget of 44.5 MGD and a 1.7% decrease from prior year actuals of 43.0 MGD. This includes a 5% drought surcharge effective April 2022, and adjusted to account for COVID-19 emergency discounts, as well as \$9.2M in grants from state COVID-19 utility debt forgiveness program for arrears and discounts.
- B. Interest income fell below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- C. Miscellaneous income increased from budget, primarily due to increased revenue from various permitting fees and non-utility services to other City departments.
- D. Additional fund balance of \$8.6M was appropriated to cover claims relating to the December 2014 rainstorms per Appropriation Ordinance No. 165-20 (section 10.10).

#### **Expenditure Variances**

- E. Salary savings reflect vacant positions.
- F. Savings reflect lower spending on biosolids hauling and digester cleaning.
- G. Savings mainly due to the impact of staff shortages, resulting in a reduction of maintenance and procurement of supplies.
- H. Savings reflect salary savings associated with bureau allocation.
- I. \$8.6M was appropriated to cover claims relating to the December 2014 rainstorms per Appropriation Ordinance No. 165-20 (section 10.10).

#### **Other Notes**

- J. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- K. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- L. Calculated as ratio between (a) Total Sources plus any appropriated fund balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix C

HETCH HETCHY WATER & POWER OPERATING FUNDS  
 FY 2021-22 4th Quarter - Budgetary Basis - 24970, 24980, 24990 & 25030  
 (\$ Millions)

	FY 2021-22				
	FY 2020-21 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
<b>Sources</b>					
Electric Sales - Retail	109.1	134.7	140.8	145.6	4.7 A
Electric Sales - Wholesale	15.1	17.5	17.5	32.2	14.7 B
Water Sales - Transfer from Water Department	44.2	45.8	45.8	45.8	-
Natural Gas & Steam - City Work Orders	13.0	12.9	18.6	16.9	(1.7) C
Interest Income	1.5	4.8	4.8	1.4	(3.4) D
Federal Interest Subsidy - Power Bonds	0.5	0.5	0.5	0.4	-
Miscellaneous Income	9.8	5.6	5.9	10.1	4.2 E
Appropriated/Budgeted Use of Fund Balance	29.3	7.1	45.4	45.4	-
<b>Total Sources</b>	<b>222.5</b>	<b>228.9</b>	<b>279.2</b>	<b>297.8</b>	<b>18.5</b>
<b>Operating Uses</b>					
Personnel	46.6	51.4	50.9	50.2	0.7 F
Non-Personnel Services	60.3	39.4	52.6	52.6	-
Power Purchases, Transmission Distribution & Related Charge	42.8	69.4	77.6	63.5	14.1 G
Natural Gas & Steam	13.0	12.9	18.6	16.9	1.7 H
Materials and Supplies	3.5	3.5	3.7	3.7	-
Equipment	3.9	1.2	5.1	5.1	-
Overhead (SFPUC Bureaus)	17.8	21.8	25.4	24.9	0.5 I
Services of Other Departments	4.3	9.2	12.2	11.8	0.4 J
Debt Service	3.7	3.9	3.9	3.9	-
<b>Total Operating Uses</b>	<b>195.9</b>	<b>212.7</b>	<b>249.9</b>	<b>232.5</b>	<b>17.3</b>
<b>Net Operating Results</b>	<b>26.6</b>			<b>65.2</b>	<b>35.9</b>
<b>Adjustments to Operating Fund Balance</b>					
	FY 2020-21 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Project Closeouts
Facilities Maintenance/Programmatic	12.7	14.5	20.8	20.8	-
Capital projects	27.0	1.7	96.6	96.6	-
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>39.7</b>	<b>16.1</b>	<b>117.4</b>	<b>117.4</b>	<b>-</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>80.6</b>				<b>109.4</b>
<b>Available Fund Balance, % of Operating Uses (K) 25-68%</b>	<b>39.3%</b>				<b>54.8%</b>
<b>Debt Service Coverage... Year-End Budgetary Basis</b>					
Indenture Basis (includes Available Fund Balance) (L) ≥ 1.35	<b>9.89</b>	<b>30.57</b>			<b>32.90</b>

**Revenue Variances**

- A.** Retail sales above budget due to higher than expected increases to Enterprise rates based on average PG&E increases of 7% in January and 10% in March. Includes \$1.2M in grants from state COVID-19 utility debt forgiveness program.
- B.** Wholesale sales above budget, mainly due to higher than budgeted power prices. Includes \$1.5M unbudgeted capacity sales to CleanPowerSF.
- C.** Savings due to lower usage in natural gas & steam.
- D.** Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- E.** Miscellaneous revenues projected to increase from budget due to water sales to Lawrence Livermore National Labs resuming after being on hold for several years and removed from the budget.

**Expenditure Variances**

- F.** Savings due to vacant positions.
- G.** Surplus is mainly due to a reclassification of collateral payments made to Hetchy Power's CAISO scheduling coordinator, APX, that had been classified as power purchase expenses earlier in the fiscal year
- H.** Savings due to lower usage in natural gas & steam.
- I.** Savings reflect lower spending associated with bureau allocation.
- J.** Savings reflect lower spending from other City departments.

**Appendix D**  
**CleanPowerSF**  
**FY 2021-22 4th Quarter - Budgetary Basis - 24750, 24761, 24765 & 24870**  
**(\$ Millions)**

	<b>FY 2021-22</b>				
	<b>FY 2020-21 Actuals</b>	<b>Original Budget</b>	<b>Revised Budget (includes carryforwards &amp; supplemental)</b>	<b>Projection (includes carryforwards)</b>	<b>Variance (Projection vs Revised Budget)</b>
<b>Operating Sources</b>					
Electric Sales - Green Product	199.8	213.3	248.4	236.4	(12.0)
Electric Sales - SuperGreen Product	10.9	10.9	10.9	17.1	6.2
Wholesale Sales	-	-	-	4.5	4.5
<b>Subtotal - Electric Revenues</b>	<b>210.7</b>	<b>224.1</b>	<b>259.3</b>	<b>258.0</b>	<b>(1.3) A</b>
Interest Income	0.6	0.9	0.9	0.4	(0.5) B
Appropriated/Budgeted Use of Fund Balance	10.5	2.9	13.4	13.4	- C
<b>Total Sources</b>	<b>221.8</b>	<b>227.9</b>	<b>273.7</b>	<b>271.8</b>	<b>(1.8)</b>
<b>Operating Uses</b>					
Personnel	3.7	8.0	8.0	4.2	3.8 D
Overhead	2.3	2.7	3.1	3.1	-
Non Personnel Services	9.9	12.1	13.3	12.8	0.5 E
Materials & Supplies	0.0	0.2	0.2	0.1	0.2 F
Power Purchases, Transmission Distribution & Related Charges	189.5	197.9	241.3	241.3	- G
Services of Other Departments	3.7	3.7	3.7	3.7	-
Debt Service	1.8	-	-	-	-
<b>Total Operating Uses</b>	<b>210.9</b>	<b>224.5</b>	<b>269.6</b>	<b>265.1</b>	<b>4.5</b>
<b>Net Operating Results</b>	<b>10.9</b>			<b>6.7</b>	<b>2.7</b>
<b>Adjustments to Operating Fund Balance</b>					
	<b>FY 2020-21 Actuals</b>	<b>Current Year Transfers from</b>	<b>Total Available Funds</b>	<b>Projection (current &amp; future years)</b>	<b>Project Closeouts</b>
Programmatic	0.1	1.0	1.6	1.6	-
Capital Projects	-	2.4	4.2	4.2	-
General Reserve	-	-	-	-	-
<b>Total Adjustments to Operating Fund Balance</b>	<b>0.1</b>	<b>3.4</b>	<b>5.8</b>	<b>5.8</b>	<b>-</b>
<b>Available Fund Balance as of Fiscal Year-End</b>	<b>73.4</b>				<b>66.2</b> H
<b>Available Fund Balance, % of Operating Uses (I) %</b>	<b>35.1%</b>				<b>24.8%</b>

**Revenue Variances**

A. Revenue budget reflects a \$35.2M supplemental appropriation to cover higher than anticipated costs to purchase energy due to volatile and expensive power market. On March 2022 rates were set lower than anticipated in order to be competitive with PG&E's final adopted rates. The lower retail sales revenue is offset by \$4.5M in RA sales. The projection also includes \$2.4M in grants from state COVID-19 utility debt forgiveness program.

B. Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.

C. Budget reflects a \$7M appropriation from fund balance to cover higher than anticipated energy costs due to the volatile and expensive power market.

**Expenditure Variances**

D. Salary savings due to vacant positions.

E. Savings reflect budgeted contractual services performed internally.

F. Savings reflect a reduction in materials and supplies due to the current remote workforce.

G Costs, inclusive of PPA credits owed to CleanPowerSF, are expected to be close to budget. Budget includes \$42.2M in appropriation (\$35.2M in December 2021 and \$7M in May 2022) to cover higher than anticipated energy costs due to the volatile and expensive power market.

**Other Notes**

H. Available fund balance at fiscal year end is calculated within this report by taking beginning fund balance, less any fund balance budgeted to be used as a source, and adding the projected variances as well as project closeouts. As the CleanPowerSF Trust Fund is a continuing fund, amounts budgeted therein will automatically roll forward to the following year and will not be closed out to fund balance. As such, variances related to revenues, purchase of power, and general reserves will not close out to fund balance at the end of the year without manual intervention. However, as those funds are not considered restricted and CleanPowerSF may choose to close them out to fund balance, we are presenting them here as part of fund balance.

I. Calculated as Ending Available Fund Balance as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be atleast 50% within three years of policy adoption (April of 2022).