

**San Francisco Public Utilities Commission
Citizens' Advisory Committee (CAC)**

MEETING MINUTES

Tuesday, March 20, 2018

5:30 p.m. – 7:00 p.m.

525 Golden Gate Ave., 3rd Floor Tuolumne Conference Room

Mission: The purpose of the SFPUC CAC is to provide recommendations to the SFPUC General Manager, the SFPUC Commission, and the Board of Supervisors regarding the agency's long-term strategic, financial, and capital improvement plans ([Admin Code 5.140-142](#)).

Members:

Amy Zock (D3)

Wendy Aragon, Chair (D1)

Suki Kott (D2)

Jim McHugh (D4)

Ted Loewenberg (D5)

Matthew Steen (D6)

Jasmine Conrad (D7)

Amy Nagengast (D8)

Ernesto Martinez (D9)

Anietie Ekanem (D10)

Jennifer Clary (D11)

Maggie Thomas (M-
Env.Group)

Nicole Sandkulla (M-Reg'l Water
Customers)

Mark Tang (M-Eng./Financial)

Nathaniel Kinsey (M-Lg Water User)

Owen O'Donnell (B-Small Business)

Misty McKinney (B-Env Justice)

M = Mayoral appointment, B = Board President Appointment

Staff Liaisons: Tracy Zhu, Alexandra Johnson

ORDER OF BUSINESS

1. **Call to order and roll call:** The Meeting was called to order at 5:31 pm.

Members present at roll call: (12) Zock, Aragon, McHugh, Loewenberg, Steen, Nagengast, Ekanem, Clary, Tang, Kinsey, O'Donnell, McKinney

Members absent at roll call: (5) Kott¹, Conrad, Martinez¹, Thomas, Sandkulla

Members of the public: (2) Howard Ash, Jamie Querubin

2. **Approve [February 20, 2018](#) Meeting Minutes**

Motion was made (Clary) and seconded (O'Donnell) to approve the [February 20, 2018](#) Meeting Minutes

AYES: (12) Zock, Aragon, McHugh, Loewenberg, Steen, Nagengast, Ekanem, Clary, Tang, Kinsey, O'Donnell, McKinney

NOES: (0)

ABSENT: (5) Kott, Conrad, Martinez, Thomas, Sandkulla

Public Comment: None

¹ Member arrived after roll call

Mark Farrell
Mayor

Ike Kwon
President

Vince Courtney
Vice President

Ann Moller Caen
Commissioner

Francesca Vietor
Commissioner

Anson Moran
Commissioner

Harlan L. Kelly, Jr.
General Manager



3. **Report from the Chair** - Chair
 - Welcome members of the public and staff
4. **Public Comment:** None

Member Kott arrived at 5:35pm, quorum maintained.

Member Martinez arrived at 5:35pm, quorum maintained.

5. **Presentation and Discussion: Water and Sewer Rates**, Eric Sandler, Chief Financial Officer, Business Services

Presentation Topics:

- Mission Critical: Investing in Vital Services
- 24/7 Vial Services
- Always On
- Complex and Massive System
- Water System Investments
- Reservoir Upgrades
- Bay Tunnel
- Calaveras Dam Replacement Project
- Diversifying Your Water Supply
- The Combined System Treats Wastewater & Stormwater
- Aging Infrastructure, Seismic Reliability, Outdated Treatment Plant, Climate Change
- Sewer System Investments
- Southeast Treatment Plant Upgrade
- North Shore Force Main – Market & Spear
- Green Infrastructure Projects
- We Must Continue to Invest
- Responsible Stewardship
- Service Value
- Transparent & Public Rate Setting Process
- Rate Setting Process
- Water & Sewer Rates Proposal
- Estimated Combined Monthly Bill
- How Additional Revenue Will be Used
- Single Family Home FYE 2019-2022 Bill
- Small Apartment Building FYE 2019-2022 Bill
- Medium Apartment Building FYE 2019-2022 Bill
- Large Apartment Building FYE 2019-2022 Bill
- Upcoming Rates Meetings
- Ways to Save
- Stay Informed

Introductions to Rate Fairness Board (RFB) Members:

- Howard Ash, RFB Chair, introduced himself and gave background on the RFB purview.
- Jamie Querubin, RFB Member, Controller's Office of Public Finance.

Questions and Answers:

- *Member Clary* asked for explanation on the rates tier structure, if there is a Stormwater Fee and how the Stormwater Fee is integrated into the rates.

Staff Sandler informed that there are 4 tiers for single families and 3 tiers for multifamily residences that are based on usage patterns. SFPUC is proposing to introduce a Stormwater Fee for property owners who are currently contributing stormwater to the system but not paying a water or sewer bill, for example parking lots.

- *Member Nagengast* asked about the Temporary Drought Surcharge (see Additional Resources section below) and the historical frequency of past occurrences.
Staff Sandler informed that the Temporary Drought Surcharge is a temporary charge that occurs only when the Water Shortage Allocation Plan is put into effect by the SFPUC Commission. The surcharge will increase water and sewer rates up to a prescribed amount to recover costs based on reduced water and sewer volumes. *Staff Franks* stated that the Temporary Drought Surcharge has been enacted approximately 3 times in the last 10 years
- *Member Kinsey* raised concerns around the Temporary Drought Surcharge placing an undue burden on water users who are investing heavily in water and energy conservation like the San Francisco Unified School District (SFUSD). (Note, *Member Kinsey* works at the SFUSD). If enacted, the Temporary Drought Surcharge could impose a mandatory 20% water usage reduction (i.e. Stage 2) which would require significant SFUSD staff hours to achieve across its 136 schools coupled with a 20% Drought Surcharge places a large hardship. *Member Kinsey* asked how the PUC thinks large institutions would be able to handle this situation.
Staff Sandler stated the surcharge can be up to 20% and will likely vary among sites. If customers meet the conservation targets and a drought surcharge is applied, customers should see no change in their bill.
- *Member Loewenberg* pointed out that increasing the rates is not aligned with the agency's priorities on affordability.
Staff Sandler clarified that the increase is approximately \$10 per month per year for an average single family home or about 7-9% each year. The increase is approximately a 38% increase after 4 years.
- *Member Aragon* asked what the PUC is doing for low income customers to help defray the rising water and sewer rates.
Staff Sandler informed that there is a Customer Assistance Program (CAP) which 1,200 low-income customers are enrolled but approximately 26,000 customers are eligible to participate.
- *Member O'Donnell* asked how the PUC can provide incentives for tenants to conserve water when they don't have access to the bill or water usage. Furthermore, *Member O'Donnell* suggested to increase the incentives for people to monitor their recycled water run-off.
Staff Sandler mentioned the state law that requires sub-metering for new buildings and the on-going SFPUC conservation efforts available for customers.
- *Member O'Donnell* asked how much deferred maintenance we are currently avoiding and putting on future ratepayers.
Staff Sandler mentioned that inter-generational equity is one of the issues the Finance team considers in the rate study.

CAC Member Round Robin:

- *Member Loewenberg* expressed concern about significant rate increases and how the ratepayer classifications are being defined. Lastly, he raised legal concern around the Temporary Drought Surcharge.
- *Member O'Donnell* suggested having tertiary treatment systems for both sewer plants.

- *Member McHugh* thanked the External Affairs (EA) staff for their outreach, and suggested that there be more outreach towards Temporary Drought Surcharge.
- *Member Tang* asked if the Phase 1 \$2.9B for Sewer System Improvement Program will all go to the Southeast Plant. *Staff Sandler* mentioned that the improvements are being made throughout the sewer system but a majority of the Phase 1 projects are in the Southeast.
- *Member Steen*
 - stated the PUC will likely experience push back around a 38% water and sewer increase
 - asked if green infrastructure plans will be coordinated with the Municipal Transit Agency (MTA) and the Department of Public Works (DPW). Furthermore, if the PUC is funding these green infrastructure projects directly
Staff Sandler said SFPUC have funded 8 green infrastructure projects that are early implementation projects and will continue to fund green infrastructure projects that provide benefits to wastewater ratepayers.
 - asked is the rate study is available online
Staff Sandler informed that the rate study will be. See Additional Resources section for the rate study
 - wanted for more information on CAP
Staff Sandler conveyed that Finance team is working with the Mayor's Office to secure Prop 218 complaint funds for CAP and said staff could return at a future CAC meeting to present on the agency's affordability efforts.
- *Member Kott* suggested clarifying how small, medium and large housing is defined in the rate study and asked how much the EPA loan is for.
Staff Sandler informed that the loan is for \$625M and has not been fully executed.
- *Member Ekanem* asked
 - how the CAP is paid for,
 - what is the total amount of funding for CAP,
 - who is eligible for CAP, and
 - what outreach is done for CAP.
Staff Sandler informed that the CAP budget is \$1M/year and they are looking towards expanding the CAP outreach. More information on the CAP program can be found in the Additional Resources section below.
- *Member Clary* mentioned that the State Water Board is developing a report based on affordability and then mentioned the challenges with subsidizing low income programs due to Prop 218.
- *Member Kinsey* expressed the importance of addressing deferred maintenance now before it gets too costly in the future. He raised concern for customers' abilities to see the rate fluctuations and how the Temporary Drought surcharges will affect large institutions.
- *Member McKinney* asked how household sizes are classified (i.e. number of rooms versus square units).
Staff Franks clarified that single or multi-unit homes are determined by how many units are connected to the master meter (i.e. duplexes that are individually metered pay a single family rate).
- *Member Martinez* expressed interest in hearing more about CAP.
- *Chair Zock* expressed interested in CAP specifically the metrics and how to reach out to members in the community who are eligible for CAP.
- *Staff Sandler* informed there is a bill calculator [here](#).

Public Comment: None

Resources:

- [Prop 218 Water and Sewer Rates Notice](#) sent to Customers
- [Overview of Water and Sewer Rates handout](#)
- [Programs, Rebates and Incentives handout](#)
- [List of Scheduled Community Presentations](#)

6. **Presentation, Discussion and Possible Action: [CAC Letter on Groundwater Supply Project](#)**, Members Jennifer Clary, Member Matthew Steen and Chair Amy Zock

- *Member Clary* mentioned that the CAC has historically supported San Francisco's Westside Groundwater Project. The committee made a grammatical change on districts in the letter.
- *Member Ekanem* asked if groundwater was blended equally throughout the system.
Staff Gautier informed that groundwater is currently mixed in 2 reservoirs on the west side before it goes into the broader distribution system.
- *Member O'Donnell* asked the purpose of the Groundwater Supply Project letter. The CAC mentioned the purpose is to show favorable support for the Groundwater Blending Project to the Board of Supervisors and the Neighborhood Services and Public Safety Committee since there has been opposition to the project.

The committee made grammatical edits to the letter.

Motion to approve [The Letter on Groundwater Supply Project](#) was made by (Clary) and seconded (Kott).

AYES: (14) Zock, Aragon, Kott, McHugh, Loewenberg, Steen, Nagengast, Martinez, Ekanem, Clary, Tang, Kinsey, O'Donnell, McKinney

NOES: (0)

ABSENT: (3) Conrad, Thomas, Sandkulla

Public Comment: None.

7. **Staff Report**

- Balboa Reservoir Update
 - *Member Tang* mentioned that at the Balboa Reservoir Citizens' Advisory Committee members discussed transportation and affordable housing issues in their last meeting.
- Staff Zhu requested that CAC members let her know which Hetch Hetchy Tour they are interested in signing up for.
 - Option 1: May 16-17
 - Option 2: May 30-31
 - Option 3: August 15-16

8. **Future Agenda Items and Resolutions**

- Members are interested in addressing Affordability and CAC Member Interests at the April CAC meeting.
- Education Initiatives (tentative in May)
- Human Resources
- Strategic Plan Update
- Contracting Process
- Communications/Customer Experience on Website
- Water Equity and Water Access for Homeless
- Workforce Programs
- Climate Change and Agency-wide Planning
- Water Rights and Raker Act
- Water Use and Parks
- Customer Assistance Program (CAP)
- Data SF
- Resolution for Sub Metering

Public Comment: None

9. **Announcements/Comments** – The next meeting for the Full CAC will be on April 17, 2018. Check www.sfwater.org/cac for the next scheduled meeting.

- *Member Aragon* congratulated *Chair Zock* for chairing her first meeting and mentioned to the committee members to be mindful of the time and Robert's Rules of Order.
- *Member Loewenberg* mentioned that there was not enough time in today's discussion to talk about rates and pushed to have large issues be discussed with more time in advance.
- The committee discussed the challenges with monitoring tenants' water usages.

Public Comment: None.

10. **Adjournment**

Motion was made (Aragon) and seconded (Loewenberg) to adjourn the meeting.

AYES: (14) Zock, Aragon, Kott, McHugh, Loewenberg, Steen, Nagengast, Martinez, Ekanem, Clary, Tang, Kinsey, O'Donnell, McKinney

NOES: (0)

ABSENT: (3) Conrad, Thomas, Sandkulla

Meeting was adjourned at 7:23 pm.

11. **Additional Resources**

- [Water and Sewer Rates page](#)
- [Bill Calculator](#)
- [Community Assistance Program \(CAP\)](#)