

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

MEETING MINUTES

Tuesday, October 18, 2016

5:30 p.m. – 7:00 p.m.

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

Members:

Wendy Aragon, Chair (D1)	Kelly Groth (D7)	Nicole Sandkulla - (M-Reg'l Water Customers)
Suki Kott (D2)	VACANT (D8)	Rebecca Lee, (M-Eng./Financial)
Leslie DeTaillandier (D3)	Ernesto Martinez (D9)	Tamar Barlev (M-Lg Water User)
Amy Zock (D4)	VACANT (D10)	Owen O'Donnell (B-Small Business)
Ted Loewenberg (D5)	Jennifer Clary (D11)	Misty McKinney (B-Env Justice)
Mark Connors (D6)	VACANT (M-Env.Group)	

M = Mayoral appointment, B = Board President Appointment

Staff Liaison: Tracy Zhu, LaVonna White

ORDER OF BUSINESS

- 1. Call to order and roll call:** The meeting was called to order at: 5:33 pm.

Members present at roll call: (10) Aragon, Kott, DeTaillandier, Loewenberg, Connors, Sandukulla, Lee, Barlev, O'Donnell, McKinney

Members absent at roll call: (4) Zock, Groth, Martinez, Clary

- 2. Approval** of the [August 16, 2016](#) meeting minutes

Motion was made (Sandkulla) and seconded (Loewenberg) to approve [August 16, 2016](#) the meeting minutes.

The motion PASSED by the following vote: Aragon, Kott, DeTaillandier, Loewenberg, Connors, Sandukulla, Lee, Barlev, O'Donnell, McKinney

AYES: (10)
NOES: (0)
ABSENT: (4)

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

Public Comment: none.

- 4. Report from the Chair** - Wendy Aragon, Chair

- Welcome members, staff, and the public
- Wendy and Amy went to the Southeast Community Facility Commission meeting to support the Southeast Community Facility and

Edwin M. Lee
Mayor

Francesca Vieto
President

Anson Mora
Vice President

Ann Moller Cae
Commissioner

Vince Courtne
Commissioner

Ike Kwo
Commissioner

Harlan L. Kelly, J
General Manager



Greenhouse resolution. The update on the Southeast Community Facility outreach and engagement process went before the Commission on October 11. Many letters of support and over an hour of public comment showed support for building a new facility and the interim greenhouse grants program.

- Supervisor Cohen selected a candidate to fill the D10 seat, but we are waiting for the paper work to bring him onboard officially.
- The next Wastewater CAC meeting is a walking tour on October 29.

Member Clary arrives at 6:05pm (11 members present.)

5. **Presentation and Discussion:** [Water/Sewer Rate Study](#), Amy Javelosa-Rio, Rates Administrator, and Erin Franks, Rates Analyst

Presentation topics:

- Study Context: Background
- Study Priorities: Policy Focuses
- Study Scope:
 - Basic Rate Study Tasks
 - Revenue Requirement
- Cost of Service and Rate Design
- Communications and Outreach
- Role of Rate Fairness Board vs. CAC in Rate Studies
- Rate Study Timeline
- Discussion

Topics of discussion:

Member Barlev: How would the storm water runoff charge/rates impact residents and large water users? Is this the right time to discuss the storm water runoff charge?

Answer:

- Not the place to discuss the storm water runoff charge
- CAC in its formation made rates not part of the purview because of the Rate Fairness Board
- PUC will rely on management and steering committee for the rate study, they will tell PUC if they can move forward with their recommendation of a storm water rate charge
- Two meetings coming up in December where input can be provided
 - Rate Fairness Board Meeting: December 2016 (DATE TBD)
 - Commission Meeting: December 13th 2016
- The PUC needs authorization from the commission to move forward, then they will conduct outreach to the school district and others impacted by the changes

SFPUC Staff Tracy Zhu: Can you briefly explain what the storm water runoff charge is to members who haven't heard about it yet?

Answer:

- SF has a combined sewer and waste water system and the changes to the customer reflect a combined bill
- 2014 rate study recommended bifurcating the cost, splitting the storm water and sewage cost
- PUC looking at cities making similar changes, working on different iterations and possibilities
- PUC will present a recommendation re: what mythology/iteration the city should use on December 13th at the commission meeting

- It will not include price/numbers/actual rates, simply asking to move forward in their recommendation

Member O'Donnell: Does your planning have any incentive to lower cost? Example: lower cost and we will give the employees a portion of the savings, the rest will go to the city.

Answer:

- No, incentive comes during the budget process and the goal is to spend money as efficiently as possible
- We don't do equity servicing

Member Rebecca Lee: How often do you adjust rates to account for undercollection?

Answer:

- The charter requires the PUC to adopt a 10 year capital and 10 year financial plan
- We reset rates every 4 years
- PUC must control budget to live within the revenues we set
- The next rate adjustment is 2019
- Wholesale customer rates are reset annually and wholesale covers 2/3 of water costs
- PUC is considering implementing a drought rate/surcharge
- Private and public water agencies have implemented drought surcharges, PUC wouldn't be the first
- The drought surcharge would be an extra charge on the bill, even though your usage would decrease. Think of the water bill as you're paying for the service, rather than the usage of the water itself.

Member Loewenberg: Who are receiving lower rates because of their financial status? How do you account for multi-family units?

Answer:

- The only discount program at the moment is for single family homes
- Multi-family apartment buildings don't benefit from the low income based program because their rates are being paid by their landlords

Member Tamar Barlev: Do you know what percentage of your income comes from the single family low income segment?

Answer:

- No, we know how much we give out in discounts every year
- Part of the study is to figure out who is really low income, if the landlord is paying the bill how do we help without crediting the landlord vs the low income tenant
- The PUC is thinking through how to credit and identify the low income tenant, it's difficult to identify but it's something they're thinking through

Member Ted Lowenberg: When and where are you looking for CAC input?

Answer:

- December 13th commission meeting, we are providing a recommendation of storm water bifurcation. CAC members are welcome to attend the commission meeting.
- A year from now PUC will be working on the 2 year budget for FY 2019-20. That will be the time to influence the revenue requirement piece

Member Sandkulla: Are you going to be getting a report from your consultant about modifications to the financial policy and presenting those to the commission?

Answer: Yes

Statement: Member O'Donnell: You can put a meter on each unit to help landlords encourage tenants to lower water usage

Statement: Member Sandkulla

Come back to the CAC and present on:

- how financial policies deal with the Power Side and their issues
- Wholesale review and community choice, what did you learn over the next several months during the rollout

Statement: Member Clary

- PUC has come a long way since 2008 when the CAC wrote a letter about storm water rates in 2008
- State Water Board is hosting public meetings around affordability/Human Right to Water in Oakland on December 7th 2016
- Public Goods Charge: similar to the small charge you see on your phone/power bill ...provides lifeline rates to low income users. Water agencies are wondering how we implement something similar
- I would not be in favor of drought rate bumps
- Shocked that the PUC only has a 2 months' reserve as that doesn't take into effect acts of god
- Low income customers are stuck paying 6-12 months of their income into a reserve, 2 months is shockingly low

Next steps:

- Staff will send information about the next Rate Fairness Board meeting during which the Stormwater Cost Allocation will be discussed
- Staff will schedule a follow up presentation on the agency's Financial Policies tentatively for January.

Public Comment: none.

6. **Presentation, Discussion and Possible Action:** [Resolution supporting the Recommendations for the Southeast Community Facility and Greenhouses](#), Wendy Aragon

- Refer to [Resolution supporting the Southeast Community Facility Outreach and Engagement Process](#) adopted by Full CAC on January 19, 2016
- [Legal History and Status of the Southeast Community Facility and Commission](#)

Presentation Topics:

- The Wastewater CAC passed the proposed resolution with significant input from Shirley Jones and Gwen Jackson. Minor changes were proposed by Chair Aragon.

Topics of Discussion:

Member Odonnell: Isn't this a sophisticated bribe? Is this a better deal?

Answer:

- This is the outcome from our EJ promise
- History of the SECF/this resolution

- Generation of Activists fought for the SECF and the SFPUC failed to deliver
- Community has historically been underserved and left out of discussion and has suffered health effects
- We responded with the Environmental Justice Policy, community benefits program, Southeast commission
- We are supporting the community's desire for a new SECF

Member Clary: Can we remove the word mitigation? Do we have to call it mitigation?

Answer:

- No we can't remove the word because we want to use the same language as the city attorney

Member Sandkulla: Are you planning to attach the narrative to the resolution?

Answer:

- It would be helpful to include the historical narrative to provide context
- The SECF did not adopt the resolution with the narrative
- Pages are missing from the narrative so recommendation is to keep the historical narrative for our own reference
- The CAC removed the narrative from the resolution

Motion was made (Clary) and seconded (Groth) to approve [Resolution supporting the Recommendations for the Southeast Community Facility and Greenhouses](#) with minor changes and removal of the historical narrative document.

Public comment: none

The motion PASSED by the following vote: (11)

1. Wendy Aragon: Yes
2. Suki Kott: Yes
3. Leslie DeTaillandier: Yes
4. Amy Zock: Member absent
5. Ted Loewenberg: Yes
6. Mark Connors: Yes
7. Kelly Groth: Member absent
8. Ernesto Martinez: Member absent
9. Jennifer Clary: Yes
10. Nicole Sandkulla: Yes
11. Rebecca Lee: Yes
12. Tamar Barlev: Yes
13. Owen O'Donnell: Yes
14. Misty McKinney: Yes

Next Steps: Staff will submit the resolution to be included in Commission communications for the next Commission meeting. Chair Aragon authorizes Member Sandkulla to speak on behalf of the CAC during Public Comment period of the Commission meeting on this item.

7. Presentation and Discussion: Updates on resolutions adopted by the Full CAC

- [Lake Merced West Resolution](#) adopted by the Full CAC on March 16, 2016: Member Kelly Groth

Presentation topics:

- Member Groth has been participating on the Request for Proposal panel to assess the one proposal that was submitted to program the former gun club on PUC property at Lake Merced. The panel approved the proposal to move forward in the process.
- PUC cleaned up the lead contamination, and Rec and Park released a Request for Proposal for projects that was inclusive of environmental and recreational interests.
 - [Balboa Reservoir Resolution](#) adopted by the Full CAC on March 16, 2016: Member Rebecca Lee

Presentation topics:

- September meeting finalized the housing parameters that included 50% below market rate housing: 33% is allocated to low-income and moderate income people and 17% is allocated to middle income. The Balboa Reservoir CAC voted on the full package of parameters. The only dissent was from the Westwood Park Neighborhood Association.
- One person from the Balboa Reservoir CAC will be on the RFP selection panel, which will be the chair, Lisa Spinali.
- There remain questions on the declaration of surplus property from the Agency. The Agency is not likely to make a declaration of surplus property unless there's a project proposal.
- Mostly legally defensible scenario to assume that the project will include 33% affordable housing in line with Prop K.

Topics of Discussion:

- Members O'Donnell and Clary: General discussion on why there can't be 100% affordable housing be built on city property: SFPUC is an enterprise agency that is subject to Prop 218. City charter requires enterprise agencies to receive fair market value for any land that it sells.
- Member Clary: General discussion on City College's ability to take advantage of the RFP.
- Member Clary: General discussion on Transit Oriented Development mandate that prioritizes housing for those who can walk to and from work or use the transportation hub –
 - Update on the submetering resolution on multi-family dwellings: Member Clary
- Governor signed submetering legislation. Typically, legislation goes into effect on January 1, but the state has to develop regulations to implement the legislation followed by DPW's

8. Staff Report

- Full CAC members are invited to Wastewater CAC's next meeting: Green Infrastructure Walking Tour on Saturday, October 29 from 9:30-11:30am. The starting location at Rosa Parks Elementary School at will end at Market St. For more details go to www.sfwater.org/cac.
- An invitation to the Urban Watershed Management Program's ten year anniversary party will be forthcoming.
- There is a Southeast Treatment Plant Tour on October 22.
- Lavonna White and Liz Smith introduced themselves and are two new Public Service Trainees. Lavonna will be supporting the CAC and Liz will be supporting building tours.

9. Future Agenda Items and Resolutions

- Mountain Tunnel (*November*)
- Financial Policies (*January*)

10. Announcements/Comments – The next scheduled meeting for the Full CAC will take place at our regularly scheduled time on Tuesday, November 15, 2016.

- Chair Aragon: December meeting will be cancelled.
- Member Sandkulla wrote an op-ed with General Manager Harlan Kelly in response to the state's proposal to increase significant river flows, which have huge water supply and economic implications on the PUC. Member Sandkulla will send the op-ed to Tracy to send to CAC members.
- Member Connors: Treasure Island is opening up the pedestrian and bike ramp, and there is a lot of construction happening. Be aware of traffic to Treasure Island.

11. Adjournment

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

The meeting was adjourn at: 6:59 pm.