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SFPUC Biennial Budget Fiscal Years 2017 & 2018 March 16th, 2016

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Agenda

- Agency Priorities
- External/Internal Drivers
- Two-Year Annual Operating and Programmatic Budgets
- Two-Year Capital Budget
- Ratepayer Affordability



Agency Priorities

- Drought Management
- CleanPowerSF Implementation
- SSIP Implementation
- Completion and Integration of WSIP Projects
- Succession Planning
- Implementation of Power Enterprise Business Plan
- Rate-Setting
- Flood Resilience
- Managing Active Litigation
- Advancing SFPUC Priorities at the National Level
- Health and Safety
- SFPUC 2020 Strategic Plan Implementation



Core Principles

- Deliver high quality and reliable services
- Maintain critical infrastructure
- Preserve ratepayer affordability





External Pressures

- Impact and uncertainty of extended drought
- New development—increased demand for new connections and system expansion
- Increasing operating costs
 - General inflation
 - Wages and benefits

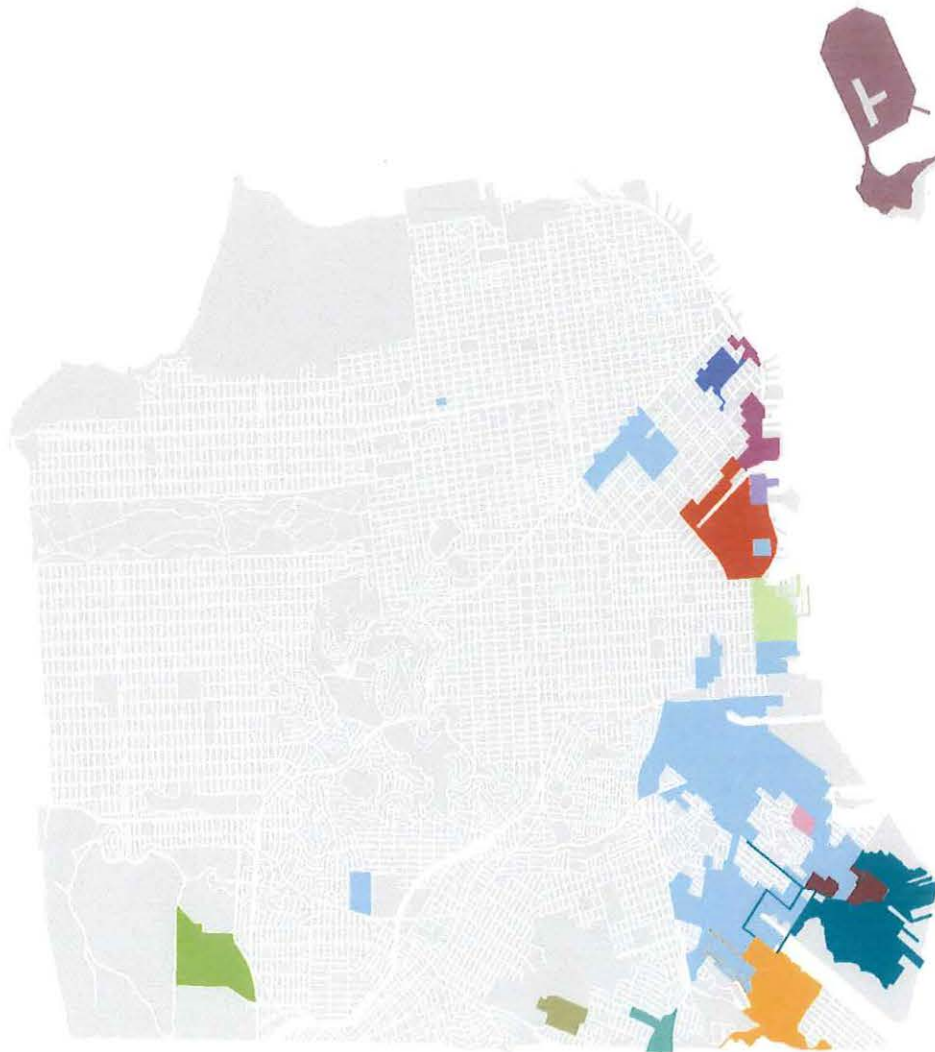


Drought Impacts

- Water
 - Reduction in water demand
 - Wholesale water rates 99% volume-based, reset annually
 - Retail water rates 85% volume-based
- Sewer
 - Reduction in billed volumes
 - Retail sewer rates 100% volume-based
- Power
 - Reduction in hydroelectric power production
 - Reduction in spot power sales
 - Increase in spot power purchases
 - Rapid recovery with improved hydrologic conditions



Increased New Development



Large Development Project Areas

- Candlestick Point
- Hunters Point Phase I
- Hunters Point Phase II
- Hunters View
- Mission Bay
- Mission Rock
- Parkmerced
- Pier 70
- Rincon
- Sunnydale
- Transbay
- Treasure Island & Yerba Buena Island
- Visitation Valley
- Other Proposed Areas



Organization in Transition

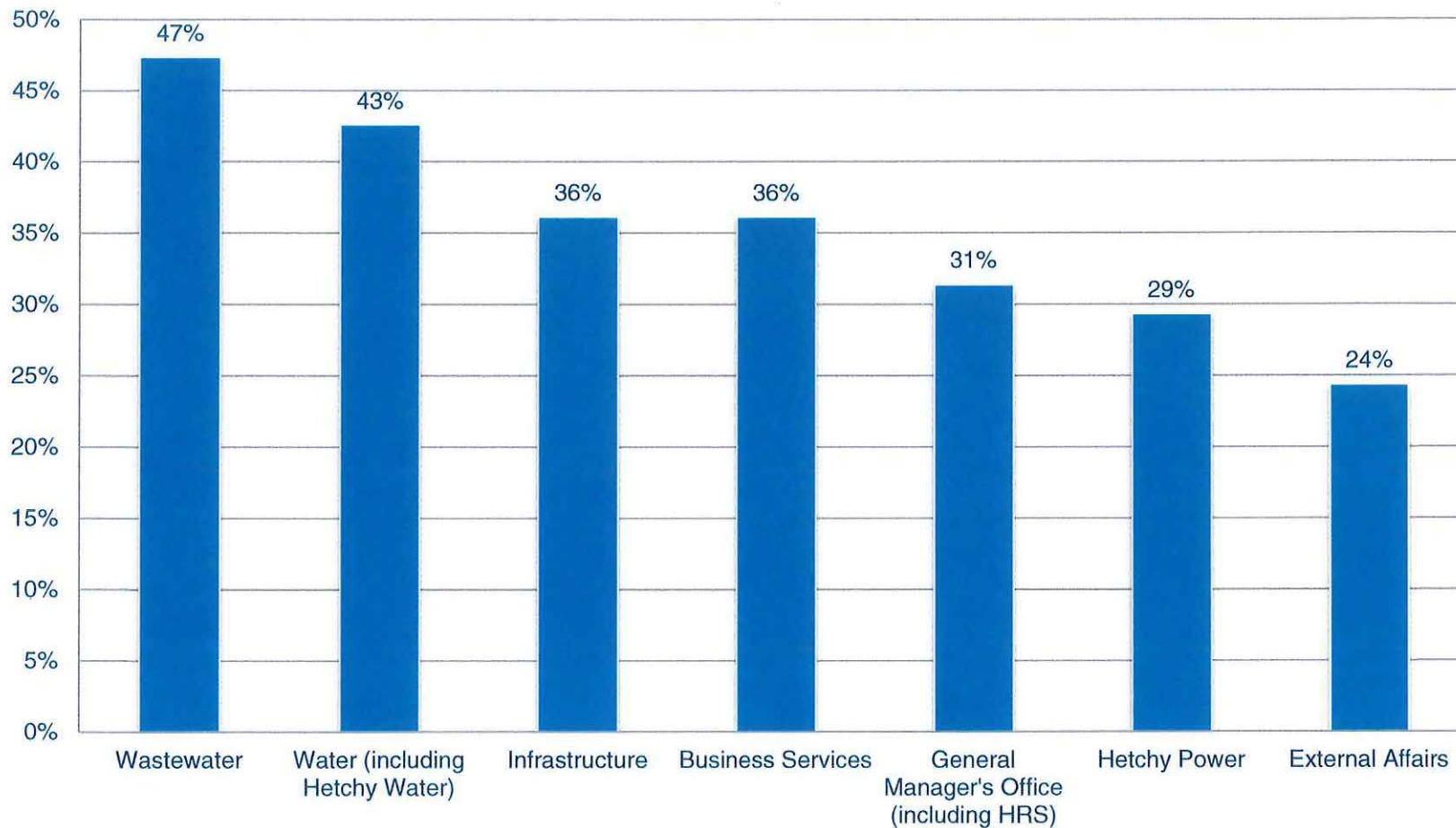
- Completing WSIP
- Implementing SSIP
- Increasing the pace of R&R
- Expanding power activities
- Generational change in workforce





Generational Change in Workforce

Eligible to Retire Within Next 5 Years





Budget Priorities

- Launch CleanPowerSF
- Implement Power Enterprise business plan
- Complete WSIP
- Implement SSIP
- Increase pace of R & R
- Meet new development demands
 - Plan review and new connections water/sewer/power
 - Expand power distribution network



Two-Year Budget

\$Millions

	FY 2015-16	FY2016-17	FY2017-18
Water	512.3	480.5	499.4
Wastewater	273.0	277.6	307.2
Hetch Hetchy	188.4	203.0	206.0
CleanPowerSF	-	26.7	31.3
Total Budget AAO	973.7	987.8	1,043.9
Change		14	56



Budget Changes Summary

(\$ Millions)	Budget	Change \$	Change %
FY 2015-16 Amended	\$ 973.7		
CleanPowerSF	26.7		
General Reserve	8.4		
Salaries and Fringe Benefits COLA	6.8		
Services of Bureaus	1.6		
Capital & Programmatic	(5.9)		
Debt Service	(19.9)		
All Other	(3.7)		
FY 2016-17 Request	\$ 987.8	\$ 14.2	1%
Debt Service	29.7		
Capital & Programmatic	7.7		4% Capital Program
Salaries and Fringe Benefits COLA	8.1		
CleanPowerSF	4.6		
Natural Gas & Steam Pass Through	3.0		
Services of Bureaus	1.5		
Purchase of Power	1.3		
All Other	0.4		
FY 2017-18 Request	\$ 1,043.9	\$ 56.1	6%



2 - Year Capital Budget Request

\$ Millions

	2016-17	2017-18	Total
Water	\$188.2	\$135.7	\$323.9
Wastewater	\$285.2	\$810.8	\$1,096.0
Hetch Hetchy	\$74.4	\$86.9	\$161.3
SFPUC TOTAL	\$547.8	\$1,033.4	\$1,581.2

Note: Excludes Financing Costs



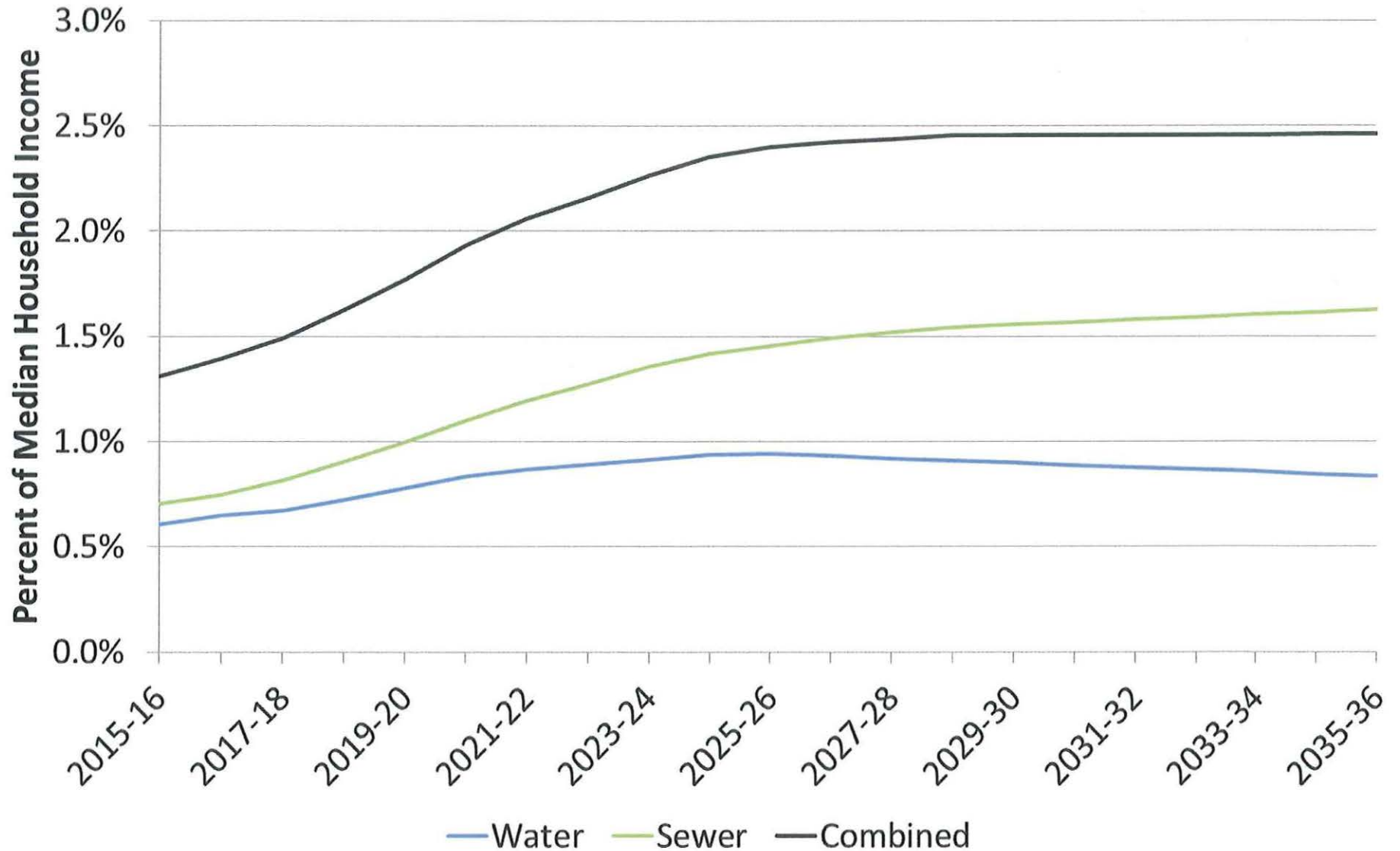
Combined Water & Wastewater

Average Monthly Bill

			Financial Projection					
Fiscal Year	FY2014-15 Combined	FY2015-16 Combined	Water	Sewer	FY2016-17 Combined	Change vs prior year	Change vs 2 yrs ago	
Actual	2009-10		\$24	\$38	\$62			
	2010-11		\$28	\$43	\$71			
	2011-12		\$31	\$44	\$76			
	2012-13		\$35	\$47	\$82			
	2013-14		\$38	\$49	\$86			
	2014-15		\$37	\$45	\$82			
	2015-16		\$40	\$46	\$86			
	2016-17		\$44	\$50	\$94			
Projected	2017-18		\$47	\$57	\$104			
	2018-19	\$130	\$125	\$52	\$65	\$117	-\$8	-\$14
	2019-20	\$143	\$141	\$58	\$74	\$132	-\$9	-\$11
	2020-21	\$157	\$157	\$64	\$84	\$148	-\$9	-\$9
	2021-22	\$171	\$174	\$68	\$94	\$163	-\$11	-\$8
	2022-23	\$186	\$188	\$73	\$104	\$176	-\$12	-\$10
	2023-24	\$202	\$203	\$77	\$114	\$191	-\$12	-\$11
	2024-25	\$210	\$211	\$82	\$123	\$205	-\$6	-\$5
	2025-26	\$219	\$220	\$85	\$131	\$216	-\$4	-\$4
	2026-27	\$227	\$228	\$87	\$139	\$225	-\$3	-\$2
	2027-28	\$235	\$237	\$88	\$146	\$234	-\$4	-\$1
	2028-29	\$242	\$245	\$90	\$153	\$243	-\$2	\$1
2029-30	\$249	\$253	\$92	\$159	\$251	-\$3	\$2	



Utility Affordability: San Francisco Retail Cost as a Percent of Median Household Income



Based on 2015 median household income of \$75,910 inflated 3% per year, with 5 Ccf monthly water consumption from FYE 2016 forward.



Questions?

