

From: [Board of Supervisors \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS-Legislative Aides](#)
Cc: [Calvillo, Angela \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [De Asis, Edward \(BOS\)](#); [BOS-Operations](#); [Jalipa, Brent \(BOS\)](#)
Subject: FW: Budget/DBI/SRO Collaboratives (File 240449, 240450, 240451)
Date: Wednesday, May 15, 2024 9:10:21 AM
Attachments: [Screenshot_20240514-143248.pdf](#)

Dear Supervisors,

Please see below for comments regarding the following Files:

File No. 240449 – Hearing to consider the Mayor's May proposed budget for the Airport Commission, Board of Appeals, Department of Building Inspection, Child Support Services, Department of the Environment, Law Library, Municipal Transportation Agency, Port, Public Library, San Francisco Public Utilities Commission, the Residential Rent Stabilization and Arbitration Board, and Retirement System for Fiscal Years (FYs) 2024-2025 and 2025-2026.

File No. 240450 - Proposed Budget and Appropriation Ordinance appropriating all estimated receipts and all estimated expenditures for the Airport Commission, Board of Appeals, Department of Building Inspection, Child Support Services, Department of the Environment, Law Library, Municipal Transportation Agency, Port, Public Library, San Francisco Public Utilities Commission, Residential Rent Stabilization and Arbitration Board, and Retirement System as of May 1, 2024, for Fiscal Years (FYs) 2024-2025 and 2025-2026.

File No. 240451 – Proposed Annual Salary Ordinance enumerating positions in the Proposed Budget and Appropriation Ordinance for the Airport Commission, Board of Appeals, Child Support Services, Department of Building Inspection, Department of the Environment, Public Library, Law Library, Municipal Transportation Agency, Port, San Francisco Public Utilities Commission, Retirement System, and Residential Rent Stabilization and Arbitration Board as of May 1, 2024, for Fiscal Years (FYs) 2024-2025 and 2025-2026.

Regards,

Richard Lagunte
Office of the Clerk of the Board
San Francisco Board of Supervisors
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San Francisco, CA 94102
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Pronouns: he, him, his

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inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.

From: Jordan Davis <jodav1026@gmail.com>

Sent: Tuesday, May 14, 2024 4:41 PM

To: Chan, Connie (BOS) <connie.chan@sfgov.org>; ChanStaff (BOS) <chanstaff@sfgov.org>; MandelmanStaff (BOS) <mandelmanstaff@sfgov.org>; Mandelman, Rafael (BOS) <rafael.mandelman@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>; Waltonstaff (BOS) <waltonstaff@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; MelgarStaff (BOS) <melgarstaff@sfgov.org>; Melgar, Myrna (BOS) <myrna.melgar@sfgov.org>; PeskinStaff (BOS) <peskinstaff@sfgov.org>; Board of Supervisors (BOS) <board.of.supervisors@sfgov.org>

Cc: Christopher Mika <mika.christopher@gmail.com>

Subject: Budget/DBI/SRO Collaboratives (File 240449, 240450, 240451)

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Dear Budget And Appropriations Committee:

2 years ago, Supervisor Ronen, as chair of Budget and at behest of permanent supportive housing tenants, questioned DBI over the inherent and longstanding conflicts of interest at the SRO Collaboratives, which are funded by DBI, but contracted through SRO landlords. Since then, nothing has changed:

This is why I am asking you to question DBI once again about these conflicts of interest issues and what they are doing about it.

Attached below is an excellent email from Christopher Mika that he sent two years ago around this time. The issues he brings up are still salient, and after my hunger strikes/#30RightNow and the Chronicle "Broken Homes" series, we should have learned that the SRO Collaboratives conflicts of interest had real impacts, and if tenant organizers were free to advocate without landlord interference, we wouldn't have had to deal with rent disparities, collapsing physical plants, and rampant evictions, the latter two still costing us millions. WHY ARE WE CONTINUING TO THROW MONEY TOWARDS FAKE TENANTS RIGHTS GROUPS WHICH PROTECTS ONE CLASS OF SRO TENANTS (PRIVATE) WHILE CONFLICTED OUT OF HELPING ANOTHER (PSH TENANTS).

If the city was giving lucrative contracts to Veritas to run a fake tenant organizer program within their buildings and to yell at other landlords, there would be deafening outrage from a broad swath of the tenants rights community. Where is the outrage

when serial evictor and poverty pimps like THC get these contracts.

I should also point out that CCSRO has at multiple times, done advocacy on issues not related to housing, including pushing Randy Shaw's public safety agenda. **It's inappropriate for a program run by DBI to focus on code enforcement/housing issues to be focusing on public safety issues outside the building, no matter what the merits of them may be.** This is a budget issue.

I will also state that the tenant organizers that THC puts up in this building don't do much. We have had issues with mail delivery in my building for some time, and while the postal service is a federal issue, where are the protests, where's the deep canvassing, where's the lobbying of federal representatives. All we get are excuses about "process". **The city is spending so much on supposedly helping SRO tenants, but it is going to basically creating piss poor PR reps for SRO/PSH landlords.**

If we are gonna spend money on code enforcement/tenants rights incubation, we want to see results. I, and so many other tenants want to see a separation of SRO/PSH landlord and SRO Collaborative, otherwise, I'd rather the Collaboratives be closed down than continue as is, but more than closure, we would rather see deep reform of the SRO Collaboratives. so all SRO tenants can benefit while delivering with integrity, on time, and under budget.

And Myrna, you texted me two years ago that you wanted to expose the corrupt relationship between Randy Shaw and THC/CEOP. It's time for action.

Lastly, I am trying to prioritize my mental health. Me and the few other people who have been agitating for this shouldn't have to keep repeating the complicated trauma we face from this. I already got mental health issues from the stress of running #30RightNow and I don't need any more.

Should you need to reach me, my number is 415-499-2563

-Jordan (she/they)

-----Original Message-----

From: Christopher Mika <mika.christopher@gmail.com>
Sent: Wednesday, May 18, 2022 1:17 PM
To: Ronen, Hillary <hillary.ronen@sfgov.org>; Ferrigno, Jennifer (BOS) <jennifer.ferrigno@sfgov.org>; Saini, Nikita (BOS) <nikita.saini@sfgov.org>; Lerma, Santiago (BOS) <santiago.lerma@sfgov.org>; Herrera, Ana (BOS) <ana.herrera@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; SafaiStaff (BOS) <safaistaff@sfgov.org>; Mar, Gordon (BOS) <gordon.mar@sfgov.org>; Chan, Karen (REC) <karen.chan@sfgov.org>; Lovett, Li (BOS) <li.lovett@sfgov.org>; Wright, Edward (BOS) <edward.w.wright@sfgov.org>; Wong, Alan (BOS) <alan.wong1@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>; Evans, Abe (BOS) <abe.evans@sfgov.org>; Gallardo, Tracy (BOS) <tracy.gallardo@sfgov.org>; Gee, Natalie (BOS) <natalie.gee@sfgov.org>; Burch, Percy (BOS) <percy.burch@sfgov.org>; Chan, Connie (BOS) <connie.chan@sfgov.org>; Parsons, Winston (BOS) <Winston.Parsons@sfgov.org>; Groth, Kelly (BOS) <kelly.groth@sfgov.org>; Hsieh, Frances (BOS) <frances.hsieh@sfgov.org>; Yu, Angelina (BOS) <angelina.yu@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; fred@hrcsf.org
Subject: File 220491 At Budget And Appropriations (DBI Budget conflict of interest concerns)

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Hello

My Name is Christopher Mika. I'm a SRO supportive housing Tenant in The Tenderloin, now District 5. I'm writing the Budget and Appropriations committee because I want to express my concern about conflicts of interest regarding the local SRO Collaboratives which, by my understanding, are overseen by the Department of Building Inspection. These entities include, but may not be limited to:

- The Central City SRO Collaborative
- The Mission SRO Collaborative
- The Chinatown SRO Collaborative
- TNDC

What we have with the SRO Collaboratives are organizations which claim to represent formerly homeless supportive housing - SRO tenants. In practice what they are, to greater and lesser degrees, are organizations owned and directed by SH-SRO landlords. In many cases the landlords that run the Collaboratives use tenants to lobby for their personal and political aims. The most egregious organization is probably CCSRO, which is run by Tenderloin Housing Clinic, and owned by Randy Shaw.

I am a THC SRO tenant, and I can share a few examples of this:

- Randy Shaw, through CCSRO staff (and publicly through interviews in The Examiner) opposed the '30 Right Now' legislation which was created and driven by SRO tenants. The legislation sought to bring rent for SRO tenants in line with the national standard for rent subsidy, which was 30% of income. Shaw used the existence of CCSRO approved and paid for fake "Tenant Organizers" to lobby against the legislation and make the claim that tenants

didn't want it because tenants themselves were worried that they would use drugs with "extra money". This was undeniably false. SRO tenants were overwhelmingly supportive of "30 Right Now"

- Late in 2020 I was alarmed that the staff of my THC SH-SRO building was still not adhering to COVID protocols. I had reached out to the manager of my building, but her response was dismissive. At the time, a San Francisco supervisor released a statement re: where to go if SRO tenants need help with COVID compliance, and other issues. The recommendation listed the Collaboratives, including CCSRO. I was struck at the futility of this and that an SRO tenant having problems with their landlord was recommended to go to their landlord.

- CSROC recently demanded an amendment to legislation by Sup Aaron Peskin to give San Francisco tenants power to form tenants' unions. The amendment was to deny SRO supportive housing residents the same powers and rights.

It is apparent that the SRO collaboratives, being owned and managed by landlords, are working at cross purposes with their tenants. It is a flagrant conflict of interest.

Assuming that the Collaboratives have utility outside of being lobbying organizations for SRO landlords, I would like to see them completely severed from the non-profit landlord complex, and made public entities that truly serve tenants. If that is not an option, I think they should be defunded and put to pasture immediately due to the complex harm that they are causing SRO tenants.

Sincerely,

Christopher Mika.

From: [Dave Warner](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: Ratepayer concerns with SFPUC Financial Plans
Date: Monday, May 20, 2024 2:33:46 PM
Attachments: [Water Enterprise - Astonishing Growth in the Price of Water.pdf](#)
[SFPUC CAC - Ratepayers and the City need you.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hi Brent,

Thanks for being the clerk for the Budget and Appropriations committee. Attached are two letters that I've sent to others regarding concerns about the SFPUC's budget and 10 year financial plan. Would you distribute the letters to the committee members?

Kind regards,

Dave Warner

April 15, 2024

Re: SFPUC CAC: Ratepayers and the City Need You to Make Rates A Priority This Year

Dear Citizens Advisory Committee Members,

As you are likely aware, the SFPUC is in the last stages of getting approval for its massive \$11.8 billion 10 year capital plan. **As it stands, the plan already projects major increases in rates that bump up against the SFPUC's ratepayer affordability limits for water and wastewater. However, the even bigger issue (that the SFPUC doesn't appear to understand) is that the assumptions behind the rate projections have a reasonable likelihood of not being achieved, which would push rates well above affordability limits.**

The basic issue is that the SFPUC's water and wastewater enterprises have mostly fixed costs (the water enterprise fixed cost portion of its expenses is in excess of 90%). When overall demand declines, rates have to increase to cover fixed costs and to make up for lower unit sales.

Capital investment increases fixed costs. To exacerbate the situation, the capital investment is funded in large part by issuing debt. Like a home mortgage, debt payments last 30 years. Because of the debt, if several years from now we decide that rates are going up too much, there's limited flexibility to reduce rates as we can't reduce debt service costs. For context, with this capital plan the SFPUC is projecting that by 2044 debt service costs alone will exceed the size of the entire SFPUC 2023/24 budget.

The SFPUC has not acknowledged the risk to ratepayers in any significant way and continues to work through the City's budget approval process without doing so. The good news is that the first two years of the 10 year plan are about the same as what was projected in last year's \$8.8 billion 10 year capital plan (\$3 billion less than the present plan). This means that even if this year's plan is approved, it could be scaled back in next year's plan, although fewer projects will be available for reworking or reprioritizing.

You might ask, aren't there other committees that should be leading this charge, such as the SFPUC Rate Fairness Board or the SFPUC Revenue Bond Oversight Committee (RBOC)? It appears the Rate Fairness Board is primarily concerned with fairness in allocating rates between types of customers and fixed and variable costs and that the RBOC is more about overseeing bond management as opposed to the overall financial plan. In any event, neither committee has taken up the rate risk concern.

There's a lot of interest in the >\$1 billion added to the plan for wastewater denitrification and for sewer system improvements. But of the \$3 billion increase in the 10 year capital plan from last year, only \$1.2 billion is part of wastewater. Another \$1.2 billion of the increase goes to the two water enterprise divisions, its biggest one year jump in the last 10 years. It seems like there could be room to reduce/delay some of the water enterprise investments, particularly given that we've been investing heavily in the Water System Improvement Program over the last two decades.

Actions you could take this year:

Understand the Scope of the Risk

- 1) **Check the validity of the concerns raised here:** Ask the SFPUC to present to you a risk analysis on rate projections. This should NOT be a review of the budget but a review of the underlying assumptions to the rate projections. What are the underlying assumptions for demand, population and housing? How do rates change if those projections are off? How do rates change with project overruns (a common occurrence)? How do rates change if additional investments are needed, such as for alternative water supplies? How do the affordability limits change if household income grows more slowly than projected? The presentation should have charts addressing each of these risks along with how rates are affected if two or more risks materialize.
- 2) **Understand risk mitigation strategies:** What actions can be taken if risks start to materialize? What's the relationship between capital investment and rates? If an additional \$1 billion of capital investment is needed (for project overruns or otherwise), how much would rates change? What is the financial impact of each risk mitigation strategy, including exactly how much rates would be offset?
- 3) **Invite an independent financial expert to the meeting:** The expert would help evaluate the quality of the materials being presented. An independent financial expert could be the City's Controller (or someone else who's not associated with the SFPUC).

Recommend Improvements

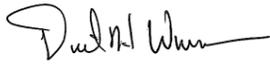
- 4) **Provide guidance on how much of a cushion there should be between projected rates and affordability limits:** In the past there's generally been a 40% cushion between rates and affordability limits, much more than the 1% cushion currently projected.
- 5) **Recommend content changes to next year's financial plan materials presented for approval:** Financial plans submitted for approval should include rate risk analyses, similar to what is being requested in items #1 and #2 above. Without such information, approvers have little understanding of the risks to the plans they are approving.
- 6) **Recommend timing changes:** For this year's budget approval, SFPUC Commissioners didn't get a sense of the size of the budget and 10 year capital plan until the final version was presented on February 2nd, only 11 days before the February 13th approval meeting. Recommend that Commissioners review capital budget targets and their impact on rates early in the budget process so that if there are concerns, they can be addressed long before the plan is finalized.

Bumping up against affordability limits is new for the SFPUC. They don't appear to understand that the risk to ratepayers is much greater than what they are presenting. Please help them understand by asking questions and making recommendations as a result of what you learn. There needs to be a strong voice, such as that of the CAC, pressing this issue.

It will take persistence. In November Commissioner Ajami asked staff for information on how lower water sales would impact the budget and has repeated the request several times since then, but staff has yet to produce anything.

For reference, below are selected slides that help demonstrate the risk.

Best regards,



Dave Warner

cc: SFPUC Commissioners

SFPUC Staff: Dennis Herrera, General Manager, Nancy Hom, Chief Financial Officer
 Laura Busch, Deputy Chief Financial Officer, Erin Corvinova, Financial Planning Director

SFPUC Rate Fairness Board

SFPUC Revenue Bond Oversight Committee

Laurie Thomas Executive Director, Golden Gate Restaurant Association

Amy Cleary, Director of Public Policy and Media Relations, Golden Gate Restaurant Association

Alex Bastian, President and CEO, Hotel Council of San Francisco

A Discussion of Selected Slides Highlighting Ratepayer Risk

- 1) This slide is taken from the SFPUC January 22nd budget presentation. It projects that 20 years from now there will be just a 1% cushion between rates and affordability. It is very difficult to project that accurately 20 years out. When there is uncertainty to a projection, a best practice is to increase the cushion/allowable margin of error.

Ratepayer Affordability Projected 20 Years Out: No Margin for Error



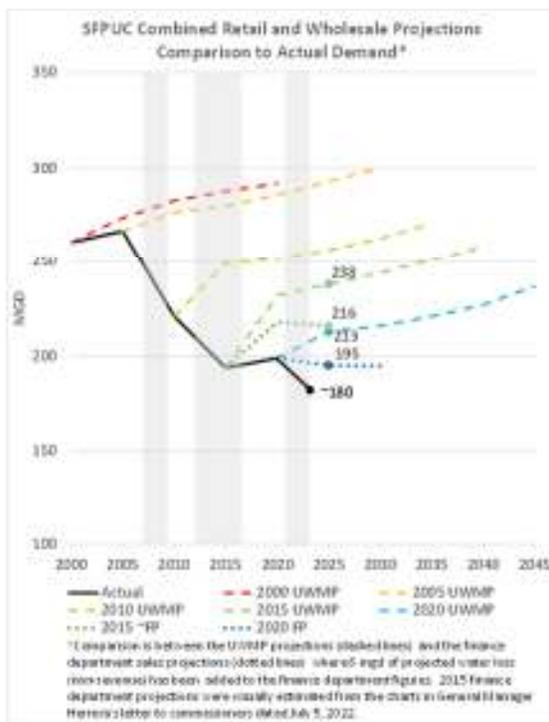
**Assumes increases in water demand, housing/population
 Big risk if the future is different than projected**

Source: Slide 45 of January 22, 2024 budget presentation

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- 2) This slide shows the SFPUC’s track record of projecting water demand. The dashed lines reflect the projections from the Urban Water Management Plans. The dotted lines reflect more conservative projections from the finance department. The solid black line is actual demand. It is difficult to accurately project demand even 5 years out, much less 20.

Water Demand Declining Population Growth May Be Small



- **Per Capita Demand:** Many, including SFPUC Commissioner Ajami and the Pacific Institute, believe San Francisco per capita demand will continue to decline. *We're not close to "demand hardening"*
- **Population:** The California Department of Finance in July 2023 projected San Francisco's 2045 population at ~850,000, much lower than the SFPUC 2020 Urban Water Management Plan projection of ~1,250,000
- **Projections:** Demand continually overestimated. *Reliability at any cost*

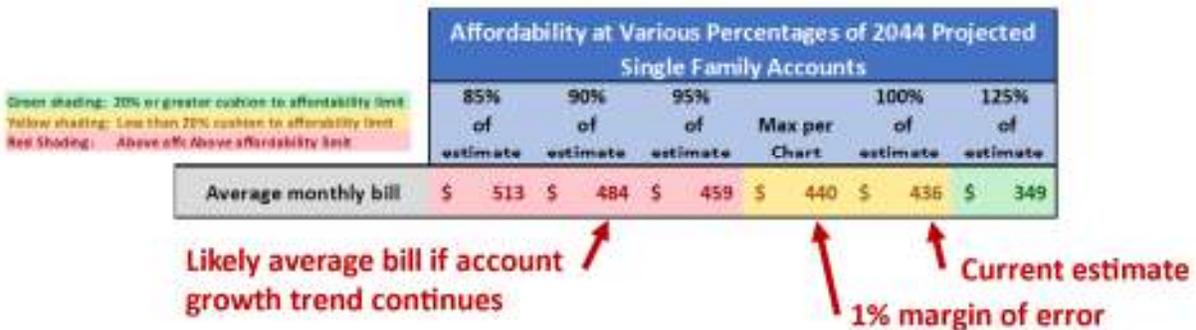
3) This slide is derived from a public records act request. It turns out that a primary driver of the affordability calculation is the number of single-family households. The table at the top shows what 2044 rates would be under various assumptions for the number of single-family households. \$436 is the projected monthly bill and \$440 is the affordability limit (shown with yellow shading). The table in the lower left corner shows that from 2010 to 2020 the number of single family households grew only 1% while San Francisco's population grew 8%.

In its affordability analysis the SFPUC assumed the number of households will grow by 12% in the next 20 years. Given the recent population decline and the 2010-2020 1% growth in single family accounts, 12% is risky. If single family housing growth followed the 2010-2020 trend, then the \$436 rate 20 years from now would instead be \$484, well above the \$440 affordability limit. The SFPUC should provide this kind of risk analysis for all the major factors that affect affordability.

This is just one example of multiple risks that would likely cause rates to exceed affordability limits. The SFPUC should make such risks transparent to both approvers and its constituents.

An Example of Affordability Risk: Single Family Accounts

The more accounts, the more costs can be distributed, lowering the average bill



Single Family Accounts Didn't Grow with Population

	2010	2020	10 Year Growth
Single Family Accounts	109,644	110,791	1%
Population	806,000	870,000	8%

- SFPUC affordability model assumes single family accounts grow 12% over next 20 years
 - Account projection not consistent with history, despite large population growth
- Higher rates leads to lower sales which leads to higher rates, etc.. Leads to a death spiral where the SFPUC can't reduce its fixed costs as demand declines

Sources: Dave Warner calculations for sensitivity table. Account data from SFPUC excel workbooks titled, "FY24 Financial Model Sheets - Avg Bill Calc" and "FY25 Financial Models - Avg Bill Calcs"

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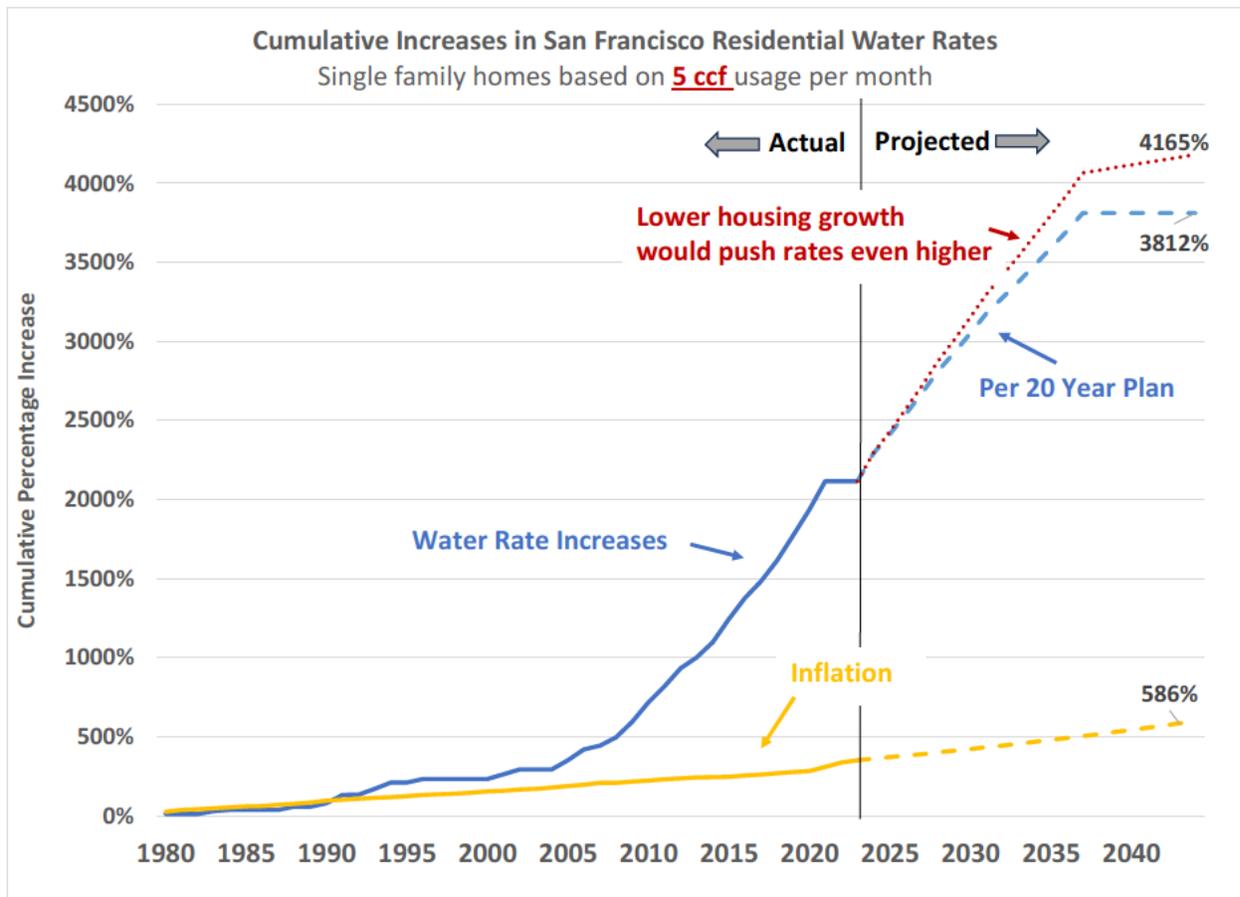
May 13, 2024

Re: Water Enterprise Drives Astonishing Growth in the Price of Water

Dear SFPUC Commissioners,

The SFPUC’s water enterprise division continues to drive astonishing increases in the price of water through its continued massive capital investments.

The chart below shows cumulative compound annual water rate increases since 1980 and projected through 2044 as compared to historical and projected inflation rates.¹



The chart shows that not only have water rates been rapidly climbing well above the inflation rate for the last 20 years, but they are projected to continue to do so for most of the next 20 years. Rates are likely to go even higher as the red dotted line shows if single family housing growth rates are lower than projected.

As mentioned in an earlier letter,² when combined with increases in sewer rates, the projected rates (blue dashed line) come within 1% of the SFPUC’s affordability policy limit, erasing what

¹ Historical water rates determined from CCSF public records request 24-2552. Projected water rates determined from CCSF public records request 24-1528. Lower housing growth rates were calculated also from public records request 24-1528. Historical inflation data taken from Investopedia article, “U.S. Inflation Rate by Year: 1929 to 2024 by Haranmayi Srinivasan updated May 2, 2024. Projected inflation rates taken from Statista Research Department, “Projected annual inflation rate 2010-2028” dated November 30, 2023.

² See attached letter dated February 12, 2024.

today is about a 40% cushion between rates and affordability limits. Should rates follow the red dotted line, the affordability policy limit will be exceeded.

Water Enterprise is the Biggest Contributor to the Jump in the 10 Year Capital Plan

While much attention has been given to the \$3 billion jump from last year’s 10 year capital plan (now projected to be \$11.8 billion) and how sewer enterprise projects are critically needed including denitrification, much less has been discussed regarding the big one year jump in the water enterprise capital plan.

10 Yr Capital Plan (\$ millions)				
	2024	2025	Yr/yr Increase	Percent increase
Water	\$ 3,241	\$ 4,489	\$ 1,248	38%
Wastewater	\$ 4,879	\$ 6,040	\$ 1,161	24%
Power	\$ 669	\$ 1,283		
Total	\$ 8,788	\$ 11,812		

The table to the left shows that Water Enterprise’s year over year jump in the 10 year plan was bigger dollar-wise than Wastewater’s increase and on a percentage basis much bigger than Wastewater’s increase (38% versus 24%).

With Wastewater we know that denitrification driven by regulatory requirements is a primary driver of the jump, perhaps accounting for more than 80% of the increase. The reasons for Water Enterprise’s plan needing to jump so much this year are less clear. Should some of the Water Enterprise projects be deferred or reduced in size? That would take some pressure off the sustained large rate increases.

Water Enterprise’s Capital Plan Makes Alternative Water Supplies More Difficult

With little investment in Alternative Water Supplies (AWS) in the 10 year capital plan and with rates already increasing at an alarming rate, there’s little ability to invest in AWS in the next 10 years without causing rates to jump even further. While it is accepted that AWS such as potable reuse are a reliable water supply, the SFPUC is constrained in its ability to adapt and produce more AWS.

Debt Exacerbates the Problem

Increasing levels of debt is driven by the capital plan. As previously mentioned in the attached letter, by 2044 SFPUC debt service costs alone will exceed the entire SFPUC-wide 2023 operating budget. In less than 10 years debt service costs will make up more than half of Water Enterprise’s annual operating budget. Of course the \$4.8 billion Water System Improvement Plan (WSIP) was and is needed which started the growth in debt, but imagine if the debt service costs didn’t exist. Water rates would be less than half of what’s projected today.

It appears that an unintended consequence to the WSIP was the SFPUC becoming addicted to debt. An analogy might be auto loans for consumers. Once a consumer has a car loan, perhaps out of a need for a car for work, it can become a never-ending cycle of paying for cars with increasing levels of debt. A good financial planner would say to build personal finances to a place where one day a car loan won’t be needed. Perhaps the SFPUC should take such advice for its debt. The first step is to reduce how much additional debt is needed.

The Water Enterprise 10 Year Capital Plan Needs to be Revisited

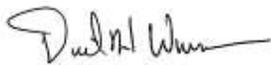
Ways need to be found to reduce the size of the Water Enterprise 10 year capital plan.

Opportunities to explore:

- 1) Is the regional water system designed to provide more water than needed? Would reducing the volumes carried in the RWS reduce the size and urgency of the proposed projects? In the long term, as demand may continue to decline, the cost of maintaining a massive system to import water from the Tuolumne will increase on a per unit basis. Developing a strategy now to right size the RWS will save ratepayers for decades into the future.
- 2) How can we leverage investing in AWS now to reduce the need for some of the capital investment in the 10 year capital plan? What projects could be deferred under the assumption that AWS will take up the slack?
- 3) The design drought is a once in 25,000 year event, even when factoring in scientists' best estimates of the impact of climate change (per the SFPUC's Long Term Vulnerability Assessment (LTVA)). How can adjusting the design drought to a more reasonable level of risk help reduce the need for capital investment?

The projected astonishing retail water rate increases are an example of how staff hasn't developed a vision other than more of the same for the 21st century. The LTVA warned us about the risk of exceptionally high water rates.

Kind regards,



Dave Warner

cc: Dennis Herrera, SFPUC General Manager
Steven Ritchie, SFPUC Assistant General Manager, Water Enterprise
Nancy Hom, SFPUC Chief Financial Officer
Laura Busch, SFPUC Deputy Chief Financial Officer
Erin Corvino, SFPUC Financial Planning Director
SF Board of Supervisors
Bay Area Water Stewards
SFPUC Citizen's Advisory Committee
SFPUC Rate Fairness Board
SFPUC Revenue Bond Oversight Committee

Attachment

February 12, 2024

Re: Proposed Budget has Significant Issues and Risks, Mostly to Ratepayers

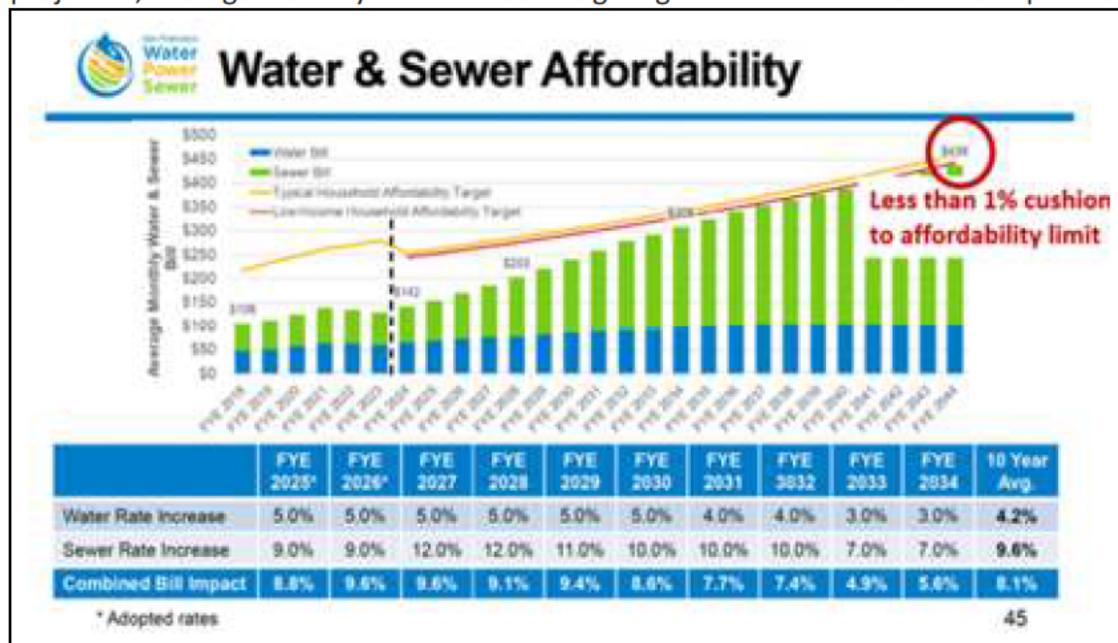
Dear SFPUC Commissioners, Bay Area Water Stewards participants and Citizens Advisory Committee members,

The massive proposed budget and financial plan you are being asked to approve has significant risks and issues that mostly affect ratepayers. This letter provides a summary that not only covers concerns raised before but adds others, including a hidden rate increase without public input, and suggesting another revenue source that would both reduce pressure on rates and reduce the regressive nature of having stormwater related investments charged to ratepayers. **As much as not approving the budget will put the budget calendar into disarray, it is much better than subjecting ratepayers to the risks the budget and financial plan presents. Please choose to NOT approve either the proposed budget or financial plan. Many good things will come out of doing so.**

Issue 1: Uncertainty – The 1% Affordability Cushion is Too Small

If the pandemic has taught us anything, it would be that it is difficult to predict the future. San Francisco's population, median income and water use all declined. For example, in its 2020 Urban Water Management Plan, the SFPUC projected that in 2025 San Francisco's population would be 1.0 million. As of the end of 2023 the population was 848,000¹. It's unlikely the population will grow by 150,000 in less than two years. Making accurate projections 20 years from now is even more difficult.

Projecting average water and sewer bills coming in 1% below the affordability limit 20 years from now, as the chart below shows, is highly unlikely. If the population or housing units grow less than projected, average monthly bills will need to go higher. If we need to make unplanned



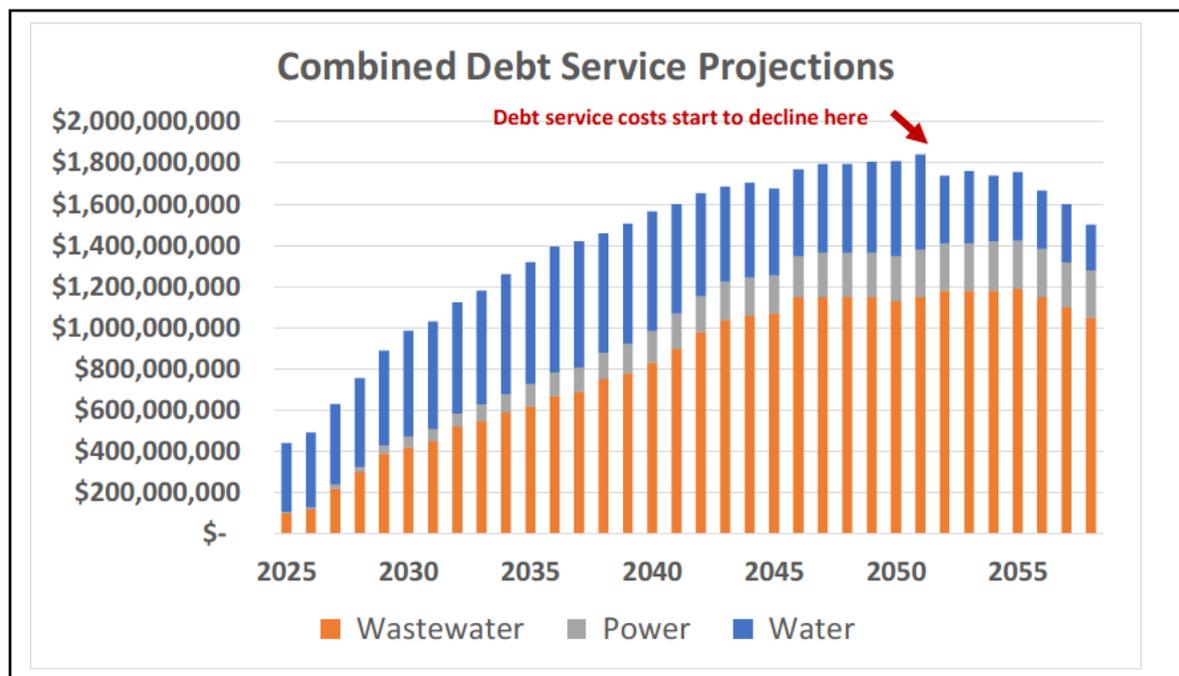
¹ As reported by the California Department of Finance.

investments, average monthly bills will go higher. For enterprises with relatively fixed water and sewer usage, their bills will increase even more as per capita demand declines.

Issue 2: A highly constrained future with little flexibility/adaptability

Having the affordability cushion as small as 1% is a demonstration of how the SFPUC is severely impacting its flexibility and adaptability for decades with this budget and financial plan. Worse is the impact that the 10 year financial plan has on debt service costs (annual interest and principal payments needed to pay for debt). By 2044 debt service costs alone will exceed the entire, SFPUC-wide, 2023 operating budget.

The chart below shows how highly constrained we will be. Debt service costs don't start to decline



until after 2050, which limits our ability to make additional investments for the next 25+ years compounded by the fact that combined water and sewer bills will be bumping up against affordability limits.

Issue 3: Affordability Risk Increases When Projections are Overestimated

The size of average combined water and sewer bills is highly dependent on the amount of new housing built. If less housing is built than projected, there are fewer customers, hence combined bills need to increase further to offset the associated revenue shortfall.

Issue 4: Projecting Additional Rate Increases Without Public Input

The above slide shows the combined monthly bill impact averaging 8.1% per year over the next 10 years, for a cumulative 10 year impact of 117%. One needs to go back to the February 2023 budget presentation to see that the combined monthly bill impact was then projected to average 6.6% per year for a cumulative 10 year impact of 90%. **There should have been a slide calling out the rise so that commissioners and the public clearly understand that another rate increase is being considered as part of these financial plans.**

One might argue that public input isn't needed, as the rates for years 3 through 10 are not being formally approved. The argument seems disrespectful, as approval of the underlying financial plans requires the additional increases to water and sewer rates. Look at last May's rate hearings as an example. The rates approved were the same rates shown in the February 2023 budget hearings.

Issue 5: Need to Understand Alternative Water Supply Plan Risk

The final Alternative Water Supply (AWS) Plan is expected to be presented soon, perhaps this month. The draft called for needs of additional supply of 92 mgd more in the next 20 years. But the 10-Year Financial Plan has no significant investment in AWS. How should decision makers and the public think about this? Is it expected that some AWS investment will be needed? If so, how will AWS investments affect the projections and affordability? A \$5 billion investment in AWS, even if two thirds is borne by BAWSCA, would have a significant impact on affordability, and further constrain any remaining flexibility.

Remember Proposition H and the Ratepayer Revolt of 1998

In 1998, San Francisco voters passed proposition H, which froze rates for a number of years. This was a big contributor to where we are today – the need to make infrastructure investments that should have been done years ago. We certainly don't want that to happen again. At what point will ratepayers revolt again?

Consider Another Revenue Source for Stormwater and other Public Good investments

Property value based parcel tax assessments can be a more progressive way to fund needed improvements in that the residents with more expensive properties pay more. Stormwater related investments are good candidates for such a revenue stream given that all parties benefit independent of water use. There is also time to get such a measure on the November ballot. You likely know that the Santa Clara Valley Water District has done this as recently as November 2020 with their measure S approved by voters by a wide margin. They use the funds for a range of projects including pipeline restoration, seismic retrofits and flood control. And they have issued bonds against the property tax revenue stream to access funds sooner. The SFPUC doing similarly would take pressure off affordability, low income households and businesses.

Saying No Has Many Good Benefits

Not approving the budget and financial plan has many positive benefits. Two big benefits are that you are saying that affordability and the ability to be flexible are important. Saying no will require staff to take a harder look at prioritizing and searching for innovative ways to do more with less and consider funding some investments through other revenue sources such as parcel taxes. You're not saying that we can't invest. You are instead saying we can't invest as fast as we'd like using ratepayer sourced funding.

Saying no is also not telling staff that they have done a bad job. Instead, staff has done a remarkable job in understanding needed investment priorities in our challenging situation of years of underinvestment. But you are telling them to sharpen their pencils. Come back with a

plan that puts less risk on ratepayers. In my experience as a CFO, being a backstop that says no, that we can't afford this, can have exceptional results.

Consider Getting Board of Supervisors Input Before Making a Decision

It may be worthwhile to speak to one or more of the Board of Supervisors to get their perspectives on the challenging situation prior to making a decision. If you were to approve the budget and the Board of Supervisors later does not approve, it could be viewed that the commission is not doing its fiduciary duty to the public and raise questions about the effectiveness of the commission as an independent oversight body. Of course if the Board of Supervisors supports your decision, it is a job well done. This is a particularly challenging budget situation.

Recommendations to Commissioners

Please consider asking General Manager Herrera and his staff to:

- 1) Come back with a plan that reduces risk to ratepayers and gives us better flexibility and adaptability.
- 2) Come back with an affordability cushion that is more appropriate for a 20 year projection.
- 3) Call out specifically, in one or more slides, any potential changes in 10 year rate projections over last year.
- 4) Call out specifically, in one or more slides, of how we should think about AWS investments and numerically how they might affect financial planning going forward.
- 5) Please provide a quantified risk analysis in one or more slides. What are key underlying estimates for 20 year projections, and how would affordability be impacted if these estimates are overly optimistic? It isn't a fault that such information wasn't provided before, but in this environment where we want to make big investments and with tight limits to our ability to invest, we should understand underlying risks.
- 6) Provide an initial evaluation of other funding sources, such as property valuation based parcel taxes and how rates could be favorably affected.

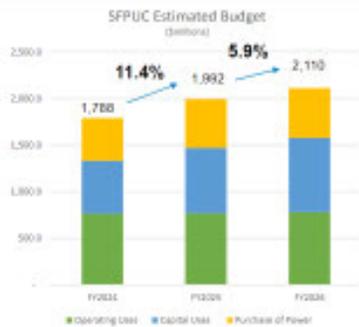
Yes, you will be exercising your team and causing disarray to the schedule, but it's a capable team that should be able to take it. The beginning of the next fiscal year is more than 4 months away.

An example of the Long Term Impact

Given the large debt financed investments recently made and along with those contemplated in the financial plan, combined with the fact that debt obligations can't easily be unwound, this budget as proposed will affect San Franciscans for decades. Slide 11, from Tuesday's upcoming budget presentation, shown below, already demonstrates the loss of flexibility due to prior capital commitments.



Operating Budget Growth: New Proposals grow the budget by just 1.8% over the 2 years



- Budget will grow by 18% or \$323 Million over next 2 years
- **Capital and power purchase** remain the large cost drivers, growing by \$306 Million, or 95% of the growth
- **Operating budget new proposals** (including proposed offsetting savings) are not a significant driver of the overall growth. Net new requests are roughly \$33 Million, only 10% of the growth (*in other words, growing the budget by just 1.8%*)

11

The slide shows that the budget is growing 18% over the next two years, but only 1.5% is from new proposals contemplated by this budget. In other words, the budget is already growing 16.5% over two years and there is little that can be done to reduce that growth. While the slide mentions that power purchases are partly responsible for the growth, the majority is from

capital commitments already made.

You don't have an easy decision. San Francisco has needs that this financial plan wants to address. Is it the right thing to pursue such an increase in investment and tie up our future this way for decades to come? Are the risks, particularly to ratepayers, fully understood? Have all options been adequately explored including other revenue streams?

For such a consequential budget and financial plan it is worth directing staff to take another pass at it.

Kind regards,

Dave Warner

cc: Nancy Hom, SFPUC Chief Financial Officer
 Laura Busch, SFPUC Deputy Chief Financial Officer
 Erin Corvino, SFPUC Financial Planning Director
 SF Board of Supervisors
 SF Capital Planning Committee
 Mayor London Breed

From: [Virginia Smedberg](#)
To: [Jalipa Brent \(BOS\)](#)
Subject: budget review, specifically SFPUC
Date: Monday, May 20, 2024 4:36:10 PM

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Hello - I am an SFPUC customer because I live in Palo Alto and we drink Hetch Hetchy water - thus our water costs are impacted by SFPUC's budget.

I am writing to ask the Budget and Appropriations Cmte to review not just the finances but also the policies of the SFPUC. I'm particularly concerned about their "Design Drought". From research I've read, their figures are higher than needed. If it is done right, an audit will show that the length of the Design Drought could be reduced by a year without risking water shortages. Also their water demand projections are not based on current activity - people are conserving water (we Californians care about water!). Both of these corrections to SFPUC's budget policies would drop the "needed" cost increase noticeably. Given that SFPUC's rates are already highest in Calif, a thorough look at their policies is warranted. Yes of course they need to catch up on deferred maintenance (and institute policies to prevent such future deferment!) But re-thinking how they calculate what's really needed, seems a prime target.

Not incidentally, such adjustments would benefit the source of that water - the Tuolumne River - and all its inhabitants and environs, which are part of the ecosystem in this center of California and affect everything from the salmon spawning areas to the Bay where we live. So reforming that "Design Drought" scenario would have a very broad positive impact.

Sincerely,
Virginia Smedberg
Palo Alto

From: [Nancy Arbuckle](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: Review of City Budgets -- Meeting 5/22/24
Date: Monday, May 20, 2024 4:58:42 PM
Attachments: [Letter to Bd of Supes Budget and Appropriations Committee 52024.pdf](#)

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May 20, 2024

Dear Budget and Appropriations Committee Members,

I am a resident of San Francisco (District #3 — Aaron Peskin) and a utility ratepayer. I have been following the SFPUC's management of our utilities and am extremely concerned by what appears to be a lack of oversight and an unexamined approach to decision-making. In other words, mistakes are piled on top of mistakes and ratepayers bear the burden. The Board of Supervisors must conduct an audit of the SFPUC ASAP.

Such an audit must evaluate the SFPUC's finances as well as its policies. Ill-conceived water demand projections, specifically the SFPUC's Design Drought, have resulted in soaring water rates which look to continue to increase at levels that cannot be justified. (Our water rates are already the highest in CA.) The problem with the SFPUC's Design Drought is that it is arbitrary and unscientific. With this deeply flawed basis we are set to see pointless and wasteful future financial decisions — decisions that will needlessly and unfairly impact ratepayers.

For instance, on the horizon is the SFPUC's very expensive Alternative Water Supply Plan. This is what I mean when I say mistakes are piled on top of mistakes. Projected future water needs that are way off-base set the stage for extremely expensive (and unnecessary) new water supplies and spiraling water bills for us ratepayers.

An audit of the SFPUC is important and urgent and should start with a good look at the Design Drought. Water demand projections should be reasonable and defensible; the SFPUC's are neither. Ratepayers, Native communities, and the environment are being asked to pay the price of the SFPUC's mistakes and mismanagement. An audit is urgent.

Thank you for the opportunity to comment.

Sincerely,
Nancy Arbuckle
2111 Hyde St. #306
San Francisco, CA 94109

From: [Richard Montgomery](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC
Date: Monday, May 20, 2024 6:19:58 PM

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Dear Committee Clerk Brent Jalipa

I am writing to ask you , to insist really, to audit the SFPUC, and specifically its ``Design Drought" operation. The SFPUC have close to the highest water rates in the state despite their direct conduit to Yosemite. They continue to overcharge, and ask for more water and funds, all this likely largely due to deferred maintenance.

My interests in this process are three-fold: one: I have many relatives and friends living in your service area, specifically in Alameda and Santa Clara counties. Second, the Tuolumne River is an essential and beautiful river coming out of the Sierras which I love. Third, to ignore this process is to disrespect tribes and environmental justice communities.

-Sincerely,

Richard Montgomery

--

Richard Montgomery
Professor, Emeritus, Mathematics, UC Santa Cruz
Zoom: Meeting ID: 953 4702 1205. Passcode: 916980
web: <https://people.ucsc.edu/~rmont/rmont@ucsc.edu>

From: [JOHN HOOPER](#)
To: [Jalipa, Brent \(BOS\)](#)
Cc: [Breed, Mayor London \(MYR\)](#); [Rafael Mandelman](#)
Subject: SFPUC needs to be audited
Date: Tuesday, May 21, 2024 9:13:24 AM

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SF Board of Supervisors
Budget and Appropriations Committee

Dear Supervisors:

There is an urgent need to audit both the finances and policies of the SFPUC - specifically its seriously flawed Design Drought.

San Franciscans already pay the highest water and wastewater rates in CA due to SFPUC mismanagement.

A thorough audit will reveal that the Design Drought can be reduced by one year without risking water shortages.

We do not need to invest in expensive and unnecessary alternative water supplies.

Reforming the Design Drought will protect ratepayers, our San Francisco Bay and our fisheries.

Thank you.

John Hooper
215 Buena Vista Ave East
SF 94117-4103
Supervisor District 8 (Mandelman)

415-990-9511 cell/texts

From: julianneasla@sonic.net
To: [Jalipa, Brent \(BOS\)](#)
Subject: SF Board of Supervisors Budget and Appropriations Committee meeting 05-22-24
Date: Tuesday, May 21, 2024 9:41:09 AM

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To the SF Board of Supervisors Budget and Appropriations

I am not a financial expert, I am a Landscape Architect based in Palo Alto. Our Palo Alto utilities rely on the SFPUC water allotments, and I have followed the SFPUC policies and actions for many years because of my concern over the state of the Tuolumne River and environs.

I request that the S.F. Budget and Appropriations Comm. audit the policies as well as the finances of the SFPUC. For example, because of the out-of-date Design Drought numbers that SFPUC staff is working from (8.5-year drought plan scenario), their proposed budget includes unnecessary and costly constructions that will impact customers. The Design Drought already impacts the Tuolumne River because the SFPUC insists on a low water flow allowance for the river based on the 8.5 number.

Folks in the bay area have been consistently using less water than the SFPUC has predicted, and yet the SFPUC continues to project unrealistically high mgd numbers going forward to 2045. For example, for the past 9 years the total mgd has been below 200. The mgd in 2018 was 196. This was 31% less than SFPUC projected. Also, from 2000 to 2015 water demand in the bay area went down by an average of 25%. The SFPUC Design Drought is higher than the water districts of EBMUD, Santa Clara Valley and Alameda County.

The SFPUC also uses inaccurate predictions for population growth in the Bay Area. The Urban Water Plan that SFPUC uses projects a population of 1.25 million by 2045. The California Dept. of Finance predicts .85 million.

By correcting the mgd projections, the population projections, and the Design Drought, the data would then show that the SFPUC could increase the flows to the Tuolumne River. It would also mean that many of the projects for water storage etc. which the SFPUC can't afford without customer rate increases would not be necessary

Thank you

*Julianne Adams Frizzell / Landscape Architect
1175 Channing Avenue
Palo Alto CA 94301*

650-325-0905



Virus-free www.avg.com

From: [Peter Drekmeier](#)
To: [Jalipa Brent \(BOS\)](#)
Subject: Budget and Appropriations Committee - TRT Letter
Date: Tuesday, May 21, 2024 10:22:59 AM
Attachments: [TRT Letter to SF Budget and Appropriations Committee.pdf](#)
[TRT Letter Re- SFPUC Budget & Capital Plan.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Secretary Jalipa,

Please forward the attached letters to the Budget and Appropriations Committee.

Thank you.

-Peter

Peter Drekmeier
Policy Director
Tuolumne River Trust
peter@tuolumne.org



May 21, 2024

Supervisors Chan, Mandelman, Melgar, Peskin and Walton
 SF Budget and Appropriations Committee
 Email: Brent.Jalipa@sfgov.org

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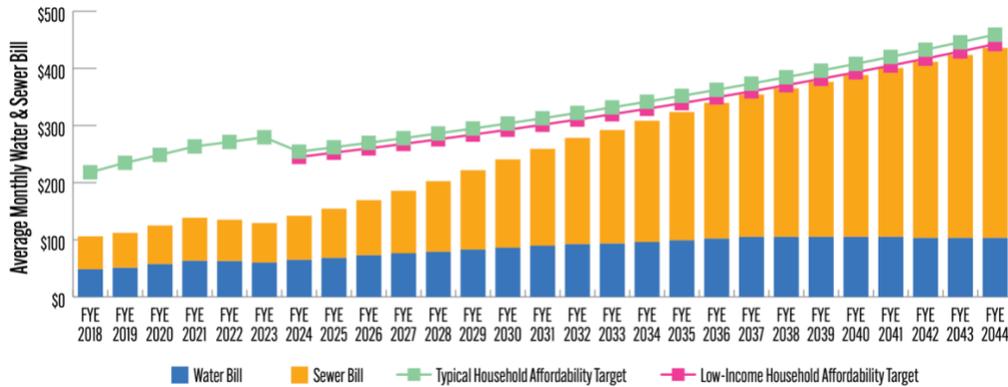
Re: Item 3 – Need to Audit the SFPUC

Dear Committee Members:

It's imperative that you rein in SFPUC spending. The agency is already facing a financial death spiral in which skyrocketing rate increases send a price signal to customers to use less water, which forces further rate increases as less water is sold. Water sales projections in the current 10-Year Financial Plan are highly likely to be inflated (as they have been every year in the past), which will make the SFPUC budget even more precarious than what has been presented to you.

A lot has changed just since you approved last year's SFPUC budget. The 10-Year Capital Plan has grown by \$3 billion. Combined water and sewer bills are now projected to be 43% higher in 10 years than in last year's projection. Despite the fact that water sales were the second lowest on record last year, current SFPUC sales projections for 10 years out are now 9 million gallons per day higher than they were last year. If they are wrong, which is likely, there will be budget shortfalls.

It's highly unlikely the SFPUC will be able to keep rates below the established affordability target. The budget approved by the SFPUC three months ago had less than a 1% cushion in 2044. That budget showed an 18% rate increase over the next two years. The Mayor's budget now shows a 20% rate increase.



Source: Mayor's Budget

The current financial crisis was primarily caused by deferred maintenance. Capital costs that should have been spread out over many decades must now be covered in a very short timeframe. While you can't reverse this past mistake, there's something you can do now to prevent a future mistake of even greater magnitude.

Please commission an independent audit the SFPUC, not just for financials, but also their Design Drought, which harms ratepayers as well as the Tuolumne River and San Francisco Bay-Delta. The Design Drought must be reviewed and corrected before the SFPUC over-invests in a tremendous amount of expensive and unnecessary alternative water supplies.

The Design Drought arbitrarily combines two of the worst droughts from the last century to create a manufactured mega-drought. As a result, water needed to cover a six- or seven-year drought now must be stretched to cover an unheard of 8.5-year extremely severe drought. The SFPUC is now planning to cover the perceived deficit by developing expensive alternative water supplies. The SFPUC's recent Alternative Water Supply Plan suggests that full implementation of the Plan would cost \$17 to \$25 billion, doubling the SFPUC budget.

An internal SFPUC document uncovered through a Public Records Act request suggests the chances of the Design Drought occurring (even with climate change) is 1-in-25,000. Consultants who produced the SFPUC's Long-Term Vulnerability Assessment (climate change study) reviewed 100 years of observed data, 1,100 years of tree ring data, and generated 25,000 simulated model runs, but could not produce a single drought as severe as the Design Drought.

We can demonstrate that the SFPUC could manage a drought far more severe than any on record with a much more modest investment in alternative water supplies, saving billions of dollars.

Attached, please find our letter to the SFPUC regarding their budget and Alternative Water Supply Plan. It will give you a better sense of our concerns.

Please commission an audit of the SFPUC. We would be very interested in providing information and analysis.

Thank you for serving as our watchdog over the SFPUC!

Sincerely,



Peter Drekmeier
Policy Director
peter@tuolumne.org



February 12, 2024

President Paulson and Commissioners
San Francisco Public Utilities Commission
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San Francisco, CA 94102
Via Email

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Re: Items 8-11 on the February 13, 2024 Agenda.

Dear President Paulson and Commissioners:

First of all, I'd like to commend your finance team for doing a good job at presenting the SFPUC Operating Budget and 10-Year Financial Plan. The materials are more transparent than in previous years, especially when it comes to debt service. I have grave concerns about the SFPUC's precarious financial position, but my comments should not be misconstrued as criticism of the messengers.

The SFPUC Budget and 10-Year Capital Plan are alarming, as evidenced in the staff presentation.¹ For example:

- The operating budget will grow by 18% over the next two years (slide 11).
- The 10-Year Capital Plan will grow by \$3 billion to \$11.8 billion (slide 21).
- Average combined water and sewer bills are projected to increase by 8.1% annually, tripling from \$142 to \$436 in 2044 (slide 34).
- Last year, the average combined water and sewer bills were projected to be \$305/month in 2033.² This year combined bills are projected to be 43% greater by 2034.
- The SFPUC is entering this budget cycle with \$8.5 billion in outstanding debt.³
- By FY 2034, the debt service will increase to 54% of the water budget, and 58% of the wastewater budget.⁴

¹ Adoption of Operating Budget, Capital Budget, 10-Year Capital Plan, and 10-Year Financial Plan, February 13, 2024 –

<https://sfpuc.sharefile.com/share/view/sa5aa9dc8590b40cbb7522c580d5d3a33>

² SFPUC 2023 budget presentation, slide 34, February 14, 2023 –

<https://sfpuc.sharefile.com/share/view/sf9945272ac084c808af1130182a3e878>

³ FY 2024-25 & FY 2025/26 Proposed Budget, slide 51, January 22, 2024 –

<https://sfpuc.sharefile.com/share/view/s88ba5fa8c40842e0936b7158825f5b5e>

⁴ Ibid, slide 65.

Water Sales and Affordability

In the proposed budget, Regional Water System (RWS) sales are projected to be 197 million gallons per day (mgd) in 2034 (slide 29). Last year sales were projected to be 188 mgd in 2033.⁵ Someone should explain why sales projections increased by 9 mgd despite the fact that RWS sales were the second lowest on record in FY 2022/23 (172 mgd)⁶ and the California Department of Finance revised its population growth projections downward last summer.⁷

If sales are below 197 mgd, which is likely, the SFPUC will not meet its affordability target. A July 5, 2022 SFPUC report⁸ acknowledged that both Water Enterprise and Finance Bureau demand/sales projections have always exceeded actuals, significantly in the case of the Water Enterprise, which produces the Urban Water Management Plan.

On November 28, 2023, while discussing affordability, Commissioner Ajami pointed out that if water use goes down further, the SFPUC will have a very different revenue projection, which would impact rates. She directed staff to run a scenario under that situation.⁹ Staff has yet to respond to this request, which would have been helpful prior to the budget hearings. The lack of follow through on this request is inconsistent with the statement on slide 4 of the budget presentation that states, “Commission follow up questions answered.”

What happens when actual sales are below projections? We received an example in December in the 1st Quarter Budget Report.¹⁰ Due to lower-than-projected water sales, water revenues are projected to be \$25 million below budget (slide 3), and wastewater service charges \$26 million below budget (slide 4).

How Did We Get Here, and Where Are We Headed?

The SFPUC’s current financial situation is the result of many decades of deferred maintenance that now require catch-up. The SFPUC finally began to address the backlog of capital projects with the \$4.8 billion Water System Improvement Program (WSIP) approved in 2008. Much of the SFPUC’s current debt is due to debt financing for the WSIP. The Sewer System Improvement Program (SSIP) is responsible for most of the projected new debt.

⁵ SFPUC 2023 budget presentation, slide 31, February 14, 2023 –

<https://sfpub.sharefile.com/share/view/sf9945272ac084c808af1130182a3e878>

⁶ Water Resources Division Annual Report, December 12, 2023 –

<https://sfpub.sharefile.com/share/view/sccdee3d7212a4b2ab1b00f9b1ef411e2>

⁷ California: No Growth to 2060 Per State Projections, newgeography, July 30, 2023 –

<https://www.newgeography.com/content/007894-california-no-growth-2060-state-projections>

⁸ Water Enterprise and Finance Bureau Water Demand Projections, July 5, 2022 –

<https://sfpub.sharefile.com/share/view/sa628ebe9c31e4326b84ffa2976f9f9a3>

⁹ SFPUC meeting, Item 12, November 28, 2023 –

https://sanfrancisco.granicus.com/player/clip/44938?view_id=22&redirect=true (2:30:40)

¹⁰ SFPUC FY 2023-24 1st Quarter Budget Report, December 12, 2024 –

<https://sfpub.sharefile.com/share/view/se1f88d7d5b3a41829939713649bc1802>

When the WSIP was being considered, RWS demand projections for 2018 were 285 mgd. Under the leadership of GM Ed Harrington, the SFPUC capped water sales at 265 mgd as a compromise to avoid lawsuits over the proposed diversion of an additional 25 mgd from the Tuolumne River. Between 2008 and 2013, prior to the 2012-16 drought, water demand dropped from 257 mgd to 223 mgd. As water rates soared (now more than triple what they were), consumers took advantage of opportunities to reduce their water use and keep their bills manageable. Actual demand in 2018 was 196 mgd, 31% below the projection. For the past nine years, RWS demand has been under 200 mgd.

The proposed rate increases will continue to drive per capita water use downward. As a result of rising system costs and decreasing sales, the SFPUC is likely headed toward an economic death spiral – rates will continue to increase to cover fixed costs, driving consumption down, increasing rates further. This should be of major concern to the SFPUC, Capital Planning Committee, Board of Supervisors and Mayor.

Alternative Water Supply Plan

While we can't reverse past mistakes, there's still time to avoid a potentially catastrophic future mistake. If implemented as proposed, the SFPUC's Alternative Water Supply (AWS) Plan would double the budget, producing expensive new water that will not be needed. The SFPUC must make a thorough review of the AWS Plan a top priority.

AWS can be extremely expensive. The Peninsula and South Bay purified water projects would be similar to what Valley Water is proposing at the Regional Water Quality Control Plant in Palo Alto. Valley Water projects their project will produce purified water at a cost \$7,842 per acre foot of water.¹¹ The current price per acre-foot of SFPUC water is approximately \$2,000.

Before embarking on an extremely expensive AWS Plan that would require additional funding on top of the already astronomical SFPUC budget, it's imperative that the SFPUC be confident about projected future water needs. The numbers used in the AWS Plan are based on the SFPUC's 2020 Urban Water Management Plan. These Plans have historically over-projected demand in the range of 25%.¹²

The draft AWS Plan projects the SFPUC will need to develop between 92 mgd (demands) and 122 mgd (obligations) of new water supplies. According to the report, developing 22 mgd to 48 mgd of AWS would cost \$4 billion to \$10 billion.¹³ Based on these figures, one can project that developing the full AWS Plan would cost between \$19 billion and \$25 billion.

¹¹ Valley Water, Water Supply Master Plan presentation, page 21 of 29 – Preliminary Unit Cost of Major Supply Projects, September 19, 2023.

¹² See footnote 9.

¹³ Draft Alternative Water Supply Plan, pp. XIII and 124, June 30, 2023 – https://sfpuc.org/sites/default/files/about-us/policies-reports/AltWaterSupply_DraftPlan_6.23.23_Web.pdf

SFPUC staff project that budgeting \$209 million (approximately 1% of the full cost of the AWS Plan) would increase retail rates by 0.9% above the current rate plan,¹⁴ suggesting that full buildout of the AWS Plan would increase retail rates by 90%.

Need to Reevaluate the Design Drought and Demand Projections

The SFPUC's Design Drought combines two of the worst droughts from the 20th century – the six-year drought of record from 1987 to 1992, and the driest two-year period on record, 1976/77 – to produce an artificial 8.5-year megadrought. It assumes demand will increase dramatically to 265 mgd (274 mgd if San Jose and Santa Clara are made permanent customers).

However, if we accept the fact that water demand will remain at 200 mgd or below, as believed by experts in the field, the amount of new AWS needed would be reduced by 44 to 73 mgd. Shortening the Design Drought to 7.5 years would shave off an additional 25 mgd or more. We explained this at the SFPUC Design Drought workshop in 2022.¹⁵

Much has changed since the Design Drought was conceived following the 1987-92 drought of record. For example:

- Water demand peaked at 293 mgd immediately prior to the 1987-92 drought. Demand has been below 200 mgd for the past nine years. In FY 2022/23, water sales were just 172 mgd.
- Following the 1987-92 drought, the SFPUC adopted its “Water First” policy, prioritizing water supply over hydropower generation. 2020 and 2021 were almost as dry as 1976 and 1977, yet on June 10, 2021, the SFPUC had 350,000 acre-feet more in storage (enough to last 1.5 years) than on June 10, 1977.¹⁶
- The SFPUC's Cherry Lake reservoir, with three-fourths the capacity of Hetch Hetchy, was drained in 1989, reducing storage significantly.
- The SFPUC's recent Long-Term Vulnerability Assessment (climate change study) – using 100 years of observed data, 1,100 years of tree ring data, and 25,000 simulated model runs – could not produce a single drought as severe as the Design Drought. A document uncovered through a Public Records Act request showed that the consultants who prepared the study projected the Design Drought might occur once-in-25,000 years.

A clear example of how the Design Drought hurts ratepayers began on November 23, 2021, when the SFPUC declared a Water Shortage Emergency. At the time, the SFPUC had enough

¹⁴ Ibid, p. 125.

¹⁵ SFPUC Design Drought workshop, August 23, 2022, starting at 25:00 – https://sanfrancisco.granicus.com/player/clip/41900?view_id=22&redirect=true&h=087062ed80a1dea47c9be980b598239b

¹⁶ Steve Ritchie presentation, July 13, 2021, starting at 27:23 – https://sanfrancisco.granicus.com/player/clip/38951?view_id=22&redirect=true

water in storage to last 4.5 years.¹⁷ By declaring an emergency, the SFPUC was able to impose a drought surcharge on ratepayers of 5% in April 2022. During the three-year drought, the SFPUC never had less than four years-worth of water in storage, yet consumers were required to conserve and then make up for the lost revenue through higher rates.

Please make reevaluation of the Design Drought a top priority. Ratepayers are in desperate need of relief, and amending the Design Drought would have a huge positive impact on skyrocketing water rates.

Sincerely,



Peter Drekmeier
Policy Director

Cc: Mayor London Breed
SF Board of Supervisors
SF Capital Planning Committee
SFPUC Citizens Advisory Committee
BAWSCA Board of Directors

¹⁷ SFPUC Drought Conditions Update, slide 2, December 6, 2021 –
<https://sfpub.sharefile.com/share/view/s3f98fbd30ca8422f9bf2697011658a15>

From: [Kim Hunter](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: Please reevaluate the Design Drought!
Date: Tuesday, May 21, 2024 12:28:35 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To whom it may concern:

Please reevaluate the Design Drought. Water rates are skyrocketing unnecessarily, and it affects my mother who lives in San Francisco on a fixed income.

It would be a win for the environment, as well as people paying for the service.

Sincerely,

Kim Hunter
Los Altos, CA

From: [Toni Kiely](#)
To: [MelgarStaff \(BOS\)](#); [Melgar, Myrna \(BOS\)](#); [Jalipa, Brent \(BOS\)](#)
Subject: Audit the SFPUC!
Date: Tuesday, May 21, 2024 12:59:00 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Ms. Melgar and Mr Jalipa.

Our water and sewer bills are already the highest in the entire state, and now the SFPUC plans to raise them another 8% per year indefinitely to make up for maintenance issues they have been ignoring for decades.

Keeping our water flowing is of major importance, so the cost of these deferred maintenance projects might be unavoidable, but the SFPUC **ALSO** wants to spend a fortune arranging for alternative water supplies for a drought which is, essentially, scientifically impossible.

We consumers do not have bottomless purses...

The SFPUC needs to be reined in and not just their financial practices audited, but their policies as well. Their "Design Drought" proposal is a disaster for Tuolumne River and the entire San Francisco Bay ecosystem. Saltwater is infiltrating further and further up the Delta. The animals, fish and people who depend on healthy flows in the river and to the Bay are suffering greatly. Fishermen/women have lost their livelihoods because there are no salmon to catch. Orcas are starving, Native communities' traditional ways of life and actual **FOOD SUPPLIES** are in jeopardy.

We San Franciscans and other Bay Area residents have shown that we are willing and happy to cut back on our water use for the common good to the tune of 25% over the past several decades, yet we still pay enormous water and sewer bills, and if not constrained the SFPUC is going to demand **billion\$** more to create water storage/supplies that we do **NOT** need!

This is an incredible waste of our money, a fiscal and environmental emergency, and **must be examined seriously by the Board of Supervisors!!!**

Respectfully,
LaVive Kiely
District 7,

From: [California Norma](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: SFBoS Budget and App. Cmte meeting 5/22/2024 Item 3
Date: Tuesday, May 21, 2024 2:03:57 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Greetings Brent Jalipa, thank you for coordinating this testimony. NJ

I write as a third generation San Franciscan and great granddaughter of Avelina Cornates Marine, the only Native American woman with a marked grave at Mission Dolores (set in place by cousins Andy Galvan and Vincent Medina). We are Ohlone, Patwin and Bay Miwok. My (original) tiny house is in Golden Gate Heights. This is my perspective.

I ask you to conduct an audit of the SFPUC, both the numbers they use, the sense of their planning AND the relationship between their Design Drought and reality.

I use 15 gal per day. My native plants need No Irrigation. As stated, I grew up in the '70's drought and know how to conserve.

I saw little to no real effort by SFPUC to transform public perspective from abusing water to treating it like GOLD. Water is Life. Reduce water allowances, restrict access.. but please stop spending money on useless projects which benefit the construction companies and decimate indigenous lands, species and cultures.

When I move to take required SSI next year, I will go off ACA and have increased expenses. And now the SFPUC wants to make it MORE expensive, event and especially for low income low users specifically by ignoring science. Shall I sell the home owned by our family since 1958 because I cannot afford useless water projects? That is my reality.

For years, which now seem like time immemorial, I have attended SFPUC meetings, in person and, after COVID, online. I have attended, I have participated, I have spoken from my experience growing up during the 1970s drought: the Pee Don't/Poo Do philosophy, the Brown Lawn as Point of Pride ethic which PERVADED San Francisco, the town which, per Herb Caen, "Knows How."

Somewhere, we lost it all. Perspective, Knowledge, Respect for the past AND the future.

Ask yourselves why the amazing, dedicated resident Sophie Maxwell quit the commission. Attendees know. SFPUC Staff regularly ignored her input, comments, even direction.

Great that City insider Dennis Herrera leads the SFPUC. Knowledgeably about the City certainly. But about water, wastewater, environmentalism, not aware. SFPUC must represent the citizens, not a few powerful entities which stand to benefit from contracts. Ms. Maxwell provided key representation.

The majority of speakers (perhaps 95%) testify in hopes of preserving what little habitat and relative river life remains in the Tuolumne.

SFPUC continues to obfuscate, deny, and ignore ALL this community input and seems determined to spend spend spend on bigger and bigger CEMENT projects - costly to the budget and the planet. Where is the sense of humility? Where is the respect for the community it purportedly reflects? Where is the sense of professionalism which would be attentive to scientific input?

Instead of partnering with the community to achieve goals, the SFPUC maintains its priority of deafness to community concerns, including How to Pay for Their Infrastructure.

When do we decide to live within our means anyway?

N.J. Wallace

Be the Change

From: [Linda Liebes](#)
To: [Jalipa Brent \(BOS\)](#)
Subject: 240449 [Hearing - Mayor's Proposed Budget for Selected Departments FYs 2024-2025 and 2025-2026]
Date: Tuesday, May 21, 2024 3:31:04 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To: San Francisco Board of Supervisors

Re: Agenda Item 240449 for May 22, 2024

As a resident in the SFPUC service area, I am writing to urge you to audit the SFPUC's policies as well as their finances, with focus on the Design Drought.

Due to deferred maintenance, water and wastewater rates have risen exponentially, and if the SFPUC gets its way, they will go up even more. We don't need expensive and unnecessary alternative water supplies. We need an audit.

It is time to right the ship, and it can be done. A thorough audit will show that the length of the Design Drought could be reduced by a year without risking water shortages. By using reasonable water demand projections, the SFPUC could reduce the need for future alternative water supplies.

Auditing and reforming the Design Drought is a win-win for a sensible plan. These winners include ratepayers, the Tuolumne River, commercial and recreational fishers, and the San Francisco Board of Supervisors.

With appreciation for your consideration of the above urgent recommendation,

Linda Liebes

From: [Judy Irving](#)
To: [Jalipa Brent \(BOS\)](#)
Subject: SFPUC rates already too high!
Date: Tuesday, May 21, 2024 3:51:23 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Budget and Appropriations Committee Members,

I've lived in San Francisco since 1977 and have been a year-round SF Bay swimmer since 1984. Recently we open water swimmers have had to deal not only with pollution, caused in large part by the PUC's antiquated mixture of sewage and stormwater that they routinely release into the Bay, but toxic algae blooms as well, due to the PUC's "hoarding" of water behind dams when they should be releasing water into the Delta and Bay.

The so-called "Design Drought" is misguided, dangerous to people, animals, and our habitat, and is frankly false. It is based on unscientific assessments of projected population growth, water use, and future droughts, none of which are based on fact. Yet the SFPUC holds fast to this fixed idea.

Please audit the PUC — not only their sky-high budget, with rates about to climb into the stratosphere, but also the assumptions upon which it's based. Lop a year or two off the "Design Drought" and save money for ratepayers as well as saving the Bay.

Thank you,

Judy Irving

Independent Filmmaker
The Wild Parrots of Telegraph Hill
Pelican Dreams
Cold Refuge (about Bay swimming)

From: [Eugene Gregor](#)
To: [Jalipa, Brent \(BOS\)](#)
Cc: [ChanStaff \(BOS\)](#)
Subject: BOS review of SFPUC water planning
Date: Wednesday, May 22, 2024 9:15:49 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I write as a senior Asian American resident of D1 inner Richmond to encourage a concurrent BOS review of sfpuc design drought planning goals in addition to financial audits.

Like the westside water projects in the Central Valley we need smart regulation to engage the most obvious source of additional water for SF residents through conservation.

I do not support ongoing water rate hikes to build alternative source capacity for SF water. Moreover I support reduced hetch hetchy draws to encourage salmon recovery in the San Joaquin basin.

Please pass these views along to SFPUC members as I understand they are seeking BOS support soon for additional water capacity expansions and related funding.

Best regards.

ECG

From: [Rush Rehm](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: Audit SFPUC; reform the Design Drought, Implement the Bay Delta Plan, please
Date: Wednesday, May 22, 2024 4:31:03 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear San Francisco Public Utilities Commission:

I am a former resident in the Mission District of San Francisco, and for the past several decades have lived in Redwood City, whose sole source of drinking water is purchased from the SFPUC. About 85% of that supply comes from the Tuolumne River through the Hetch Hetchy Reservoir.

I write as a concerned customer and as someone committed to sane conservation measures that will accomplish two apparently (but only apparently) contradictory goals: 1) keep water rates as low as reasonably possible 2) maximize the flow of the Tuolumne River, for the sake of salmon and other wildlife and for the health of the SF Delta and Bay Area.

Where I live, water and wastewater rates have shot up, and rates in the Bay Area are the highest in the state and are set to increase even higher. Retirees and other long-time residents in parts of my neighborhood struggle to meet their payments. One sure way to get at the heart of the problem is to undergo a thorough audit of SFPUC. That will reveal where mismanagement has occurred and may show us a better way forward.

One suggestion that in my view should be implemented right away is for the Commission to re-think and reform the SFPUC Design Drought. As it currently stands, it proposes an unnecessary investment in expensive – and by any reasonable projection *unnecessary* - Alternative Water Supplies. Reducing that Design projection by a year would greatly reduce the projected costs, and it would stop the Commission from preparing for a "disaster" that is *extremely* unlikely to occur. Don't use rate hikes to cover unnecessary Alternative Water Supplies, given the slowing rate of water usage, and the slowing of population growth and subsequent water usage needs.

We all win with a reformation of the Design Drought - ratepayers, fish, fisheries, normal people who don't want the Bay filled with algae, people like me, who see a set of interconnected forces at work. Implementation of the Bay Delta Plan, combined with an audit of the SFPUC and the reformation of the Design Drought, using the best data, will help us all in the Bay Area enjoy where we live, and why.

Thank you,

Rush Rehm

From: [Jakob Evans](#)
To: [Jalipa, Brent \(BOS\)](#)
Cc: [DPH - wlmartin361](#)
Subject: Letter for SFBOS Budget and Appropriations Committee Agenda Item #3
Date: Wednesday, May 22, 2024 12:46:06 PM
Attachments: [Letter to SFBOS Budget and Appropriations Committee 5 22.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hi there,

I'm attaching below a letter addressed to the SFBOS Budget and Appropriations Committee in relation to today's agenda, item #3. I realize this is coming after the meeting has begun and would appreciate it if this could be shared with the members.

Thank you,
Jakob

--

Jakob Evans (he/him)
Policy Strategist
Sierra Club California
909 12th Street, Suite 202
Sacramento, CA 95814
<http://www.sierraclubcalifornia.org>





Hello San Francisco Board of Supervisors Budget and Appropriations Committee,

My name is Jakob Evans and I am a Policy Strategist with Sierra Club California. In collaboration with William L. Martin of the Sierra Club San Francisco Bay Chapter Water Committee, I'm writing today to request an audit of the San Francisco Public Utilities Commission (SFPUC).

The SFPUC is planning to triple combined water and wastewater bills by 2044 due to the massive amount of debt service caused by deferred maintenance. While it may not be possible to change the mistakes that led to this, the SFPUC's finances and policies must be examined to prevent further financial and environmental harm. Low-income San Franciscans are already burdened with the highest water rates in California and our communities in need should not have to pay the price for the mismanagement of the SFPUC.

The SFPUC's "Design Drought" must be examined. This 8.5-year megadrought is predicted to occur once every 25,000 years and is well beyond the 5-year drought management plans that most other water agencies in California, including [Valley Water](#) and [Metropolitan Water District](#), utilize. By planning around this "Design Drought," the SFPUC has identified a need for between 92 and 122 million gallons of water per day (mgd) in alternative water supply (AWS). The [AWS report](#) notes that the development of 22 to 48 mgd of AWS would cost \$4 to \$10 billion, meaning the development of the entire AWS plan would cost upwards of \$25 billion. Reexamining the "Design Drought" and utilizing reasonable demand predictions would provide a more realistic (and affordable) picture of needed AWS.

An examination of the "Design Drought" and the SFPUC's AWS plan would also allow the Commission to drop its opposition to the updates to the Bay Delta Plan – a much-needed environmental decision that the SFPUC has opposed due to fear of water supply insecurity. An audit of the SFPUC including an examination of the "Design Drought" is a win-win-win for the environment, ratepayers, and the environmental justice, fishing, and tribal communities that depend on the SFPUC's watershed.

Thank you for your consideration of an audit of the SFPUC.

Best,

Jakob Evans
Sierra Club California
Policy Strategist

William L. Martin
Sierra Club San Francisco Bay
Chapter Water Committee

From: [Virginia Smedberg](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC Budget concerns, relating to SF's city budget
Date: Thursday, June 13, 2024 11:17:33 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Members of the Board,

You have a budget vote coming up. Part of that budget is the SFPUC's budget.

I live in Palo Alto, thus I drink water provided in great part by the SFPUC (with the help of the Tuolumne River). So the costs of that water affect me directly. I also care about other users of that water, human and otherwise.

Therefore I am asking you to get an independent audit done of the SFPUC's budget - which SFPUC should pay for, since it's their responsibility to keep their customers in the "light" (rather than dark) - and to not approve the budget unless SFPUC agrees to that. My concerns are especially about their "design drought" and their projections of water use, which from what I have read are not realistic. I think we need an outside perspective.

Sincerely,
Virginia Smedberg
441 Washington Ave
Palo Alto 94301

EARTH without **ART**
is just **EH**

From: [DAVID F](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: SFPUC audit
Date: Friday, June 14, 2024 2:05:10 PM
Importance: High

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Board Members,

I am a native San Franciscan who wants to support performing an audit on the SFPUC. After learning about the corruption by former Department Head, Mohammed Nehru, and witnessing the over budget and over time projects in recent years, I know that this is a necessity. Do approve the funds to do this audit.

Sincerely,

David Ferguson

From: [S. R. Gilbert](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: Time to audit the SFPUC.
Date: Friday, June 14, 2024 5:18:16 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors,

The water hogged by Hetch Hetchy is way beyond what's needed, leading to unacceptable conditions downstream. Please have the SFPUC independently audited and send the bill to the PUC. The audit should include analysis of the Design Drought and water-demand projections).

Sincerely yours,
Sam Gilbert
1905 McAllister, San Francisco

From: [Steve Schramm](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: Audit budget and have SFPUC pay for it
Date: Friday, June 14, 2024 10:02:15 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I encourage the Supervisors to initiate an independent audit of the SFPUC (including an analysis of the Design Drought and water demand projections), and to require the SFPUC to fund it.

Thank you.

SteveSchramm

From: [Jeffrey Hook](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalpa, Brent \(BOS\)](#)
Subject: Demand an audit of the SFPUC, paid by SFPUC, to address salmon decline
Date: Sunday, June 16, 2024 9:32:37 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Honorable Board of Supervisors,

Salmon are under appreciated for the benefit they bring to upriver ecosystems. They are, in effect, a **free nutrient "train"** that brings nitrogen, carbon and phosphorus from the ocean to their inland spawning grounds. This benefits plant and animal populations, which in turn benefit humans.

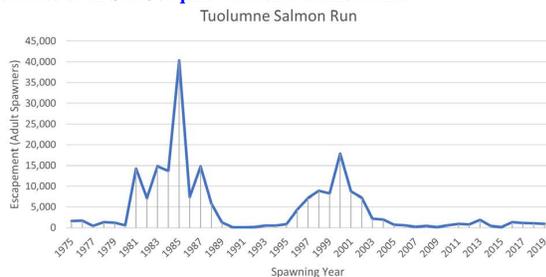
Because healthy salmon runs benefit us, we should prioritize the salmon run over the needs of both municipalities and agriculture. **Salmon are our best long-term investment strategy.**

Here is a summary of my argument:

- Hoard less water during drought years
 - Keep enough only for 5 years of drought, not 7-8 as is current policy
- Release enough water to keep salmon spawn counts above 10-20k
 - This ensures the nutrient "train" keeps rolling
- Give salmon top priority when distributing water
 1. Salmon
 2. Municipalities (with appropriate rationing for lawns, etc.)
 3. Agriculture
- Ag and muni demands are more elastic than that of the salmon.
 - Munis can ration, and Ag can switch to less water-intensive crops.
 - E.g. grow less alfalfa, which is animal feed. Grow fewer animals, humans consume less meat. We thrive, salmon thrive, the ecosystem thrives. Win-Win-Win.

It is common knowledge that salmon in California are in steep decline. During drought years, populations can fall catastrophically to near extinction levels.

"Lack of returning wild salmon that are of Tuolumne River origin, and the dominance of hatchery strays after droughts, do not bode well for the native Tuolumne salmon run. ... To increase wild salmon production, the State Water Board needs to adjust the allocation of Tuolumne River water, a process the State Water Board began in 2018. **Changes in the operation of the Delta pumps to reduce pumping during the emigration season would improve the success of all San Joaquin watershed salmon runs.**"



(Source: <https://calsport.org/fisheriesblog/?p=3475>) (Emphasis mine)

"Fall-run Chinook salmon are a mainstay of commercial and recreational fishing and tribal food supplies. But their populations are now a fraction of what they once were — dams have blocked vital habitat, while droughts and water diversions have driven down flows and increased temperatures, killing large numbers of salmon eggs and young fish." (Source: <https://calmatters.org/environment/water/2024/03/california-salmon-restrictions-ban-2024/>)

"[In the early 1900s]... on the basis of early commercial catch records, the maximal production levels of the Central Valley chinook salmon stocks in aggregate may be conservatively estimated to have reached approximately **1–2 million spawners** annually. Although substantial investment has been made by the state of California in managing the chinook salmon resource since the early years of the commercial fishery, chinook salmon have declined over the decades to small fractions of their previous numbers. The decline of the Central Valley chinook salmon resource was caused by several factors: overfishing, blockage and degradation of streams by mining activities, **and reduction of salmon habitat and streamflows by dams and water diversions.**" (Emphasis mine) (Source: https://www.researchgate.net/publication/233103975_Historical_Abundance_and_Decline_of_Chinook_Salmon_in_the_Central_Valley_Region_of_California)

Jeffrey Hook
Palo Alto, CA

From: [Glenn Rogers](#)
To: [Jalipa, Brent \(BOS\)](#); [Board of Supervisors \(BOS\)](#)
Subject: Despite water Surplus SFPUC pushes drought scenario
Date: Sunday, June 16, 2024 7:49:38 PM
Attachments: [CSFN Logo.png](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.



Hello Supervisors,

I would like to introduce myself as the new President of CSFN.

This Design Drought that the SFPUC Commissioners are using to curtail water release into the Tuolumne River displays poor judgement. In the article enclosed, BAWSCA claims San Franciscans are using a historical low amount of water. For example, today we use only 55 gallons of water per day which is a record low. This is despite the fact our population has grown 34% in the same time frame. In the year 2012, BAWSCA determined San Franciscans used 79.3 gallons of water per day. So the SFPUC is using imaginary figures to limit the amount of water released into the Tuolumne River. This negatively impacts our salmon population. Unfortunately, this is the second year in a row the State of California has halted salmon fishing which negatively impacts the livelihood of those at Fisherman's Wharf and the indigenous peoples. Additionally, this Alternative Water Supply Plan the SFPUC is proposing will be expensive. It is projected to cost between \$17-\$21 billion which will increase water rates for the customers in the SFPUC service area. This poor governance by the SFPUC needs to be curtailed by the Board of Supervisors, please.

We ask you to have the SFPUC do an audit, that they pay for, using an outside entity, that can provide honest, reliable data about water. Today, we cannot trust any figures the SFPUC provides us, in my opinion. The SFPUC has been misusing water policy for years.

Thank you for your consideration on this matter. Please, read the article enclosed. If you have more time, the BAWSCA presentation in the article, has data that is in contrast with the SFPUC policy. What are we to believe? Are we in a record

drought or a record water surplus!

Glenn Rogers, RLA
President of Coalition for San Francisco Neighborhoods
Landscape Architect
License 3223

<https://westsideobserver.com/24/5-despite-water-surplus-sfpuc-continues-designing-for-drought.php>

While lakes and rivers overflow SFPUC persists

by Glenn Rogers



SFPUC: Designing for Drought

••••• May 2024 •••••

For the second year, the SFPUC has canceled salmon fishing on the Tuolumne River and throughout California. That will cause hardship for thousands of local fishermen at Fishermen's Wharf and indigenous people. On April 23, the SFPUC met to discuss water policy. In the audience were members of the Tuolumne River Trust, the Sierra Club, the Coalition for San Francisco Neighborhoods, and a representative of the indigenous peoples.

DESIGN DROUGHT

The SFPUC, which curtails the amount of water released into the Tuolumne River, designed the Design Drought plan — a plan that is so far-reaching that it projects a scenario — a drought that last happened 25,000 years ago. (Discovered by research into a Public Records Act.) It unnecessarily curtails water to fishermen while releasing water to farmers at 4 of every 5 gallons. (See the crops below for excessive water-consuming offenders). SFPUC's plan for this scheme is similar to anticipating the snowfall in the [Ice Age](#) which lasted roughly 11,700 years ago. This plan is folly.

Despite a surplus of water in our reservoirs sufficient to withstand a drought for four years, the SFPUC has imposed a drought surcharge on San Francisco ratepayers! The SFPUC is myopically planning for an *increase* in water use even though the demand in San Francisco has declined in the last three decades.”

MUIR WOODS IN CONTRAST

Redwood Creek in Muir Woods has [Chinook Salmon](#). It also has a program to encourage salmon to return every year. The number of people who visit Muir Woods is limited to control traffic, and the parking lot is not overcrowded. Refuse pickup is determined by limiting overflow of trash into the creek. Safe to say, all park activities are guided by the overarching principle of fostering salmon return. Wouldn't it be ideal if the SFPUC had a similar principle for the the Tuolumne River?

WRONG CROPS IN SAN JOAQUIN VALLEY

Almonds, pistachios, walnuts, oranges and apricot trees are part of the problem of a list of crops growing in the San Joaquin Valley. These trees require year-round water; otherwise, they perish. Having the field go fallow is not a water-saving solution for these crops. Alfalfa is a crop for cattle that requires copious amounts of water.

One walnut—not the whole tree—requires 5 gallons of water, [for example](#). These crops should not be grown there because of their [intense water use](#). The salmon, which also require water, should win this fight for resources, in the opinion of many Californians.

WHO ARE OUR SFPUC COMMISSIONERS?

The SFPUC Commissioners are Tim Paulson, Anthony Rivera, Newsha Ajami, Kate Stacy, Dennis Herrera, Sophie Maxwell and Donna Hood. Commissioners Sophie Maxwell and Donna Hood are retiring. Both will be missed, since they voted most judiciously about the water needs for San Francisco and the Tuolumne River. Let's hope the Mayor picks good stewards of the environment as replacement Commissioners.

SFPUC HAS BLIND STEWARDSHIP

Despite a surplus of water in our reservoirs sufficient to withstand a drought for four years, the SFPUC has imposed a drought surcharge on San Francisco ratepayers! The SFPUC is myopically planning for an *increase* in water use even though the demand in San Francisco has declined in the last three decades. For example, Parkmerced has a 13% vacancy rate, and now, even worse, the business sector in San Francisco has a 36% vacancy rate! To prepare for these imagined demands for water, the SFPUC has designed a plan to pump groundwater from the west side of San Francisco's underground aquifers. All of [this planning, building, extraction, pumping and distribution](#) of underground water is expensive and unnecessary and will raise the cost of water for San Francisco residents.

WATER USE IN THE SFPUC SERVICE AREA

The State has recently asked the City of San Francisco to restrict the water it takes from the Tuolumne River. This effort is part of a larger

plan to limit the water use of thousands of long-time users. At the April 23rd meeting, several audience members requested that the SFPUC accept the new water plan rather than challenge it in court.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY REPORT (BAWSCA)

In the year 2022 /2023, residents used, as an aggregate, 55 gallons of water per day—a historic low—despite a population increase of 34% during the same time frame. Only 4% of the population uses 100 gallons of water daily. The most significant offender in the water use category is Purissima Hills at over 180 gallons of water per day.

BAWSCA anticipates a new downward trend in water use.

Unfortunately, this discussion did not include agricultural [water savings](#), which uses 80% of water in the San Joaquin Valley. For example, farmers could increase drip irrigation and stop the wasteful use of flood irrigation.

We can only hope the SFPUC will manage water use honestly.

Glenn Rogers, RLA

Landscape Architect / License 3223

May 2024

From: [Jason Jungreis](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: BOS should require an independent audit of SFPUC
Date: Monday, June 17, 2024 8:55:03 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Supervisors,

I am a longtime SF resident. I am concerned that the most critical government function -- not setting policy (because of course everyone has an opinion) -- but AUDITING, to ensure that government is functioning as intended, efficiently, and with oversight, is not being performed. This seems especially true of the SFPUC, a large governmental agency with many technical functions that our representatives seem loath to wade into. Without regular auditing, there is no way to know whether the SFPUC is functioning well -- and given its history of scandals, there may be special reason to be suspect.

I strongly encourage the BOS to initiate an independent audit of the SFPUC, including an analysis of the Design Drought and water demand projections, and to require the SFPUC to fund it.

Thanks.

Jason Jungreis
527 47th Avenue 94121

From: [Darrell Neft](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: SFPUC budget
Date: Monday, June 17, 2024 12:06:47 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Consider these facts:

- The SFPUC budget will increase by 20% over the next two years.
- Combined water and sewer bills for San Francisco residents and businesses will increase by 8% per year. Rates will triple in just 20 years.
- The SFPUC is already carrying \$8.5 billion of debt.
- Their 10-Year Capital Plan will increase by \$3 billion this year alone, bringing the total to \$11.8 billion, plus debt service.
- By 2047, the SFPUC's annual debt service will be greater than last year's entire budget.

Darrell Neft
Sent from my iPad

From: [Anthony Barreiro](#)
To: [RonenOffice \(BOS\)](#)
Cc: [Board of Supervisors \(BOS\)](#); [Jalipa Brent \(BOS\)](#)
Subject: Audit the Public Utilities Commission
Date: Monday, June 17, 2024 12:59:49 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisor Ronen -- I am your constituent in District 9, a renter living on a modest pension, and a SFPUC Water Department ratepayer. I care about our environment, especially the Bay and Delta, and I am very careful to conserve water in my home. Still, my monthly water bill goes up and up every year (not to mention PG&E, rent, groceries, etc.).

The City and County of San Francisco talks big about environmental stewardship, but our Public Utilities Commission has an awful record of stubbornly resisting even the most modest, common sense reforms that would prevent permanent degradation of the Bay and Delta, extinction of aquatic species, and the collapse of the fishing and recreation economies that rely on a healthy ecosystem.

I'm a retired social worker, I'm not an expert on water policy and infrastructure engineering. But I believe that outside experts should audit the PUC, and the PUC should pay for the audit. The Board of Supervisors needs to make this happen through this year's budget. We don't have time to let things keep getting worse.

Decades of deferred maintenance of critical infrastructure has caught up with the SF PUC, requiring a massive amount of capital investment over a short period of time. This has put the SFPUC in an extremely precarious financial position, requiring utility rates to skyrocket. Without intervention from the Board of Supervisors, the problem will continue to get worse.

Consider these facts:

- The SFPUC budget will increase by 20% over the next two years.
- Combined water and sewer bills for San Francisco residents and businesses will increase by 8% per year. Rates will triple in just 20 years.
- The SFPUC is already carrying \$8.5 billion of debt.
- Their 10-Year Capital Plan will increase by \$3 billion this year alone, bringing the total to \$11.8 billion, plus debt service.
- By 2047, the SFPUC's annual debt service will be greater than last year's entire budget.

The Crisis Could Get a Lot Worse

The SFPUC is now considering the need to invest between \$17 billion and \$25 billion in expensive alternative water supplies (doubling their budget), to produce water that will not be needed. Their water supply analysis is based on an extremely conservative drought planning scenario known as the "Design Drought." The Design Drought combines two of the worst droughts from the last century to manufacture an extremely severe 8.5-year mega-drought that might be expected once in 25,000 years, according to a document uncovered through a Public Records Act request.

The SFPUC also is basing potential alternative water supply investments on a large increase in water demand, despite the fact that water use has declined dramatically over the past three decades. Their own Finance Bureau projects water sales will remain flat. As water and wastewater rates increase, people and businesses find ways to use less, but the SFPUC's fixed costs stay the same, so rates must increase even more to cover those costs. The SFPUC's "financial death spiral" will continue to build steam.

What Needs to Happen?

The Board of Supervisors must audit the SFPUC. They should leverage their authority to approve the SFPUC budget to require the SFPUC to fund an independent audit. The audit should include a thorough review of SFPUC policies that impact rates, such as the Design Drought. The alternative is that the SFPUC might face another "ratepayer revolt" that will freeze rate increases and deprive the agency of new funds needed for required infrastructure upgrades. Without intervention, the SFPUC will likely have to be bailed out. San Francisco is already struggling to close an \$800 million projected shortfall over the next two years.

Thank you for your time and attention to this important concern, and thank you for your service to the people of District 9 and San Francisco.

With sincere best wishes,

Anthony Barreiro
973 South Van Ness Av, Apt B
San Francisco, CA 94110

=====
Anthony Barreiro (he, him) anthonybarreiro@yahoo.com
San Francisco, California, Turtle Island
Ramaytush Ohlone Land
=====

May all beings be happy, peaceful, and free.
=====

From: [Marc Silverman](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC Budget & The Tuolome River
Date: Monday, June 17, 2024 1:07:53 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

As a California resident and annual visitor to Yosemite National Park for the past 20 years, I've become a lover of the Tuolome River and the Heche Hechy basin. I've learned that the San Francisco Public Utilities Commission is currently considering the need to invest \$17 - \$25 billion in expensive alternative water supplies (doubling their budget) coming from these water sources, to produce water that is not proven to be needed as their water supply analysis is based on an extremely conservative drought planning scenario. As water and wastewater rates increase, people and businesses find ways to use less, but the SFPUC's fixed costs stay the same, so rates must increase even more to cover those costs. The SFPUC's "financial death spiral" will continue to build steam.

I urge that the Board of Supervisors must audit the SFPUC and leverage their authority to approve the SFPUC budget to require the SFPUC to fund an independent audit. The audit should include

a thorough review of SFPUC policies that impact rates, such as the Design Drought. The alternative is that the SFPUC might face another "ratepayer revolt" that will freeze rate increases and deprive the agency of new funds needed for required infrastructure upgrades. Without intervention, the SFPUC will likely have to be bailed out. San Francisco is already struggling to close an \$800 million projected shortfall over the next two years.

Thank you for your time.
-Marc Silverman

From: [Samuel Butler](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC budget
Date: Monday, June 17, 2024 1:47:50 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I am writing to express my concerns at the San Francisco Public Utilities Commission's water policies and how these are damaging our natural water systems in northern California. At a time of climate crisis, hotter temperatures and degrading natural water systems, it is vital that we do all we can to protect and recover these eco-systems. Instead, the SFPUC's policies seem designed to cause more harm than good.

Therefore, I am calling for an independent audit of the San Francisco Public Utilities Commission, including an analysis of water demand projections and the Design Drought measure. This will likely demonstrate that the Design Drought is causing harm to the Tuolumne River and San Francisco Bay Delta, and also to Hetch Hetchy ratepayers. I also request that you make the approval of the budget contingent on the SFPUC paying for the audit.

Thank you.

Sam Butler
San Francisco, CA

From: [Lonna Richmond](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: SFPUC
Date: Monday, June 17, 2024 2:17:07 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello,

Please initiate an independent audit of the SFPUC, and condition your approval of the budget on the SFPUC paying for the audit.

A comprehensive performance audit will show that the SFPUC's "Design Drought" harms the Tuolumne River, the SF Bay Delta, and the Hetch Hetchy ratepayers as well.

Sincerely,
Lonna Richmond

From: [Laura Saunders](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: Vote for an Independent audit of SFPUC
Date: Monday, June 17, 2024 3:10:20 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Members of the Board of Supervisors,

I'm a D6 resident and have lived in San Francisco for over 20 years. I'm concerned about SFPUC's "design drought" which not only brand the Tuolumne River and Bay Delta but we the Hetch Hetchy ratepayers.

Please vote to require the SFPUC to fund an independent audit which includes a thorough review of SFPUC policies that impact rates, such as the Design Drought.

Without intervention, the SFPUC will likely have to be bailed out. San Francisco is already struggling to close an \$800 million projected shortfall over the next two years.

Sincerely,
Laura Saunders
170 King St
SF, CA 94107

From: [Janice Jones](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: SFPUC
Date: Monday, June 17, 2024 4:54:42 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please audit this entity. The Tuolumne river, the Bay Delta, and drought measures need to be looked at. The river and delta need to be protected. The SFPUC needs oversight and guidance.

Sincerely,
Jan Jones

Sent from my iPad

From: [Martin Gothberg](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC Audit and Budget
Date: Wednesday, June 19, 2024 6:38:53 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Supervisors,

I frequently participate at SFPUC hearings as an advocate for the Tuolumne river and the need to restore flow so that we can return to a healthy salmon-based ecosystem.

I am concerned about the Alternative Water Supply Plan and the overly conservative assumptions that will drive significant capital cost and potentially skyrocketing rates to water users. The AWSP contains many assumptions on future water usage along with an arbitrary and hugely conservative 'design drought' that has been shown to be unlikely to occur.

There needs to be an audit of the SFPUC, to include their decision making process and assumptions used in their planning. PLEASE MAKE APPROVAL OF THE SFPUC BUDGET CONDITIONAL ON THIS AUDIT/SENSITIVITY ANALYSIS AND INCLUDE THIS IN THEIR BUDGET. Doing so will likely save significant CAPEX and rate increases while still providing the necessary infrastructure to meet future Bay Area water needs.

Thank you for your consideration.

Martin J Gothberg

From: [Mark Moulton](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: City Budget: needs independent audit of the SFPUC, condition of approval SFPUC pays for the audit
Date: Wednesday, June 19, 2024 10:11:46 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

561 Lakeview Way
Emerald Hills, CA 94062

Dear Honorable Board of Supervisors members,

I am a resident of the San Francisco peninsula and because my water comes from the Hetch Hetchy system I pay close attention to the management of water by the SFPUC. I sit on several Board of Directors of companies that develop affordable housing on the peninsula as well. Fresh water is a crucial factor in our ability to build new housing and the cost of that water is very important to the families we serve.

In my opinion, it is now critical that the San Francisco Board of Supervisors exercise their oversight of the SFPUC. Such oversight would begin with the Board requiring an audit of the SFPUC, paid for by the agency and presented to the Supervisors by the auditors. Such an audit must include discussion of SFPUC policies that impact rates to its customers.

Until the Supervisors have a clear picture of the financial activities, the policies that drive those financials and a presentation of the planned actions the SFPUC intends to take, customers will have no ally in protecting their interests. We all need to know now if SFPUC past and planned actions meet the scrutiny of outside evaluation for fiscal reasonableness. Tens of thousands of customers are counting on you.

Thank you,

Mark Moulton

.....
Mark Moulton | 650.670.4069 cell/text
.....

From: [Charlene Woodcock](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC Budget Audit
Date: Wednesday, June 19, 2024 2:40:42 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors,

As a native Californian, I have long taken very seriously the health of the San Francisco Bay and the great Delta, as well as our northern California water sources.

It has been deeply concerning to see the SFPUC appear to be governed more by the interests of Central Valley industrial agriculture than those of the residents and wildlife of the Bay Area. It was especially concerning to learn that the SFPUC joined a lawsuit against the state to block a plan to restore the Tuolumne and other rivers. Failure of that lawsuit represents a significant financial loss and no benefit except to delay work on a solution for San Francisco water planning.

It has become very clear that we need to continue the impressive efforts to conserve water that we've demonstrated in the past and that changes are likely needed away from extremely water-needy crops like Stuart Resnick's miles of almond orchards, grown on marginal lands and dependent on significant irrigation.

It's apparent that the 10-year Capital Plan and the extremely conservative drought planning measures taken by the SFPUC will cause rates as well as debt to increase unsustainably in the coming years. Instead of assuming and planning on huge increased use of water, the SFPUC needs to plan for and educate people to focus on conservation and greater efficiency of water use.

I very strongly urge the Board of Supervisors to require the SFPUC to commit to an independent audit that will rigorously examine the consequences of SFPUC planning on customer rates. The investor-owned monopoly public utilities commissions all over the country are close to provoking customer backlash by their disregard for the damage to ratepayers of ever-increasing rates.

Sincerely,

Charlene M. Woodcock

From: [Bernard Chen](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: SFPUC's water model
Date: Wednesday, June 19, 2024 11:36:29 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello SF Board of Supervisors,

I'm writing to request that you initiate an independent audit of the SFPUC in regards to the SFPUC's drought model, specifically the assumption that San Francisco needs enough storage capacity to withstand a 8.5-year mega drought - a once in a 25,000 year event.

I'm a fisherman and hiker of the eastern Sierras and would like to see more water available for the steelhead and salmon that live south of Hetch Hetchy.

The SFPUC's current water model is too conservative. I'm sympathetic to the challenge of building long-range models, but the result of the SFPUC's 25,000-year model is an increased cost to taxpayers and a decrease in the amount of water released from Hetch Hetchy to support wildlife and the natural environment that make that watershed so distinct. Please consider models with a shorter time frame in order to leave more water for the natural environment.

Thank you,

Bernard Chen

From: [Rush Rehm](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: Require SFPUC fund an independent audit before approving its budget, please.
Date: Thursday, June 20, 2024 9:24:03 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Board of Supervisors,

I write as a long time San Francisco and Bay Area resident, concerned as most of us are about water rates, water usage, and efforts to maintain safe drinking water while maximizing efficiency and protecting the environment. A tall order I know. But here's something you can do to help.

From my work on the issue, I have come to the conclusion that the SFPUC should fund an independent audit, and that audit should take a *very* close look at policies that will affect water rates, specifically the "Design Drought." Given your authority to approve the SFPUC's budget, you could require this of the Commission. Why should you do this? Because the Design Drought is over the top, adopting a worst-case scenario with a "once in 25,000 years" prospect of occurring, assuming an eight-plus year meg-drought. The knock-on effects of these assumptions make no sense - massive spending on alternative water investments, even as conservation measures and population changes have shown water usage declining over the past several decades. And what will amount to a massive increase for rate payers, many of whom struggle to live in the area to begin with, given the price of property rental and home ownership.

Please use your authority over SFPUC budget approval to require the Commission fund an *independent* audit that reviews these policies, which will have a direct impact on rate payers, and on conservationists committed to effective and clearly reasoned water management policies.

Sincerely,

Rush Rehm
Professor, Theater and Performance Studies, and Classics (Emeritus), Stanford University
Artistic Director, Stanford Repertory Theater (SRT) <http://stanfordreptheater.com/>

From: [Laura Stokes](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: Fwd: Super Important Hearing
Date: Thursday, June 13, 2024 7:29:50 PM
Attachments: [SFPUC Budget Crisis Backgrounder.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Board of Supervisors of the San Francisco Government,

It's been brought to my attention that an audit is appropriate for the SFPUC. Please see the attachment below.

For something this critical to the public's continued well-being in the Bay area, I'm certain I'm not the first to email you regarding this matter.

I urge you to seriously consider this matter and make it a requirement for the SFPUC budget to undergo an independent audit. I firmly believe that regular independent audits, especially when the public's interest is at stake, are a crucial tool in maintaining transparency and accountability. While they may not solve all issues, they certainly set clear boundaries.

Laura Stokes
Stanislaus County Resident

----- Forwarded message -----

From: Peter Drekmeier <peter@tuolumne.org>
Date: Thu, Jun 13, 2024 at 12:26 PM
Subject: Super Important Hearing
To: Peter Drekmeier <peter@tuolumne.org>

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Thank you and best regards,

Laura Stokes
<https://www.LauraStokesArtSales.com>
1.206.371.4853 cellphone
Seattle area code

Receive a free printable digital image for your use when you join the Laura Stokes Gallery mailing list. Follow this link to sign up:
<https://www.laurastokesgallery.com/info>

SFPUC Budget Crisis Backgrounder

Decades of deferred maintenance of critical infrastructure has caught up with the San Francisco Public Utilities Commission (SFPUC), requiring a massive amount of capital investment over a short period of time. This has put the SFPUC in an extremely precarious financial position, requiring utility rates to skyrocket. Without intervention from the Board of Supervisors, the problem will continue to get worse. Consider these facts:

- The SFPUC budget will increase by 20% over the next two years.
- Combined water and sewer bills for San Francisco residents and businesses will increase by 8% per year. Rates will triple in just 20 years.
- The SFPUC is already carrying \$8.5 billion of debt.
- Their 10-Year Capital Plan will increase by \$3 billion this year alone, bringing the total to \$11.8 billion, plus debt service.
- By 2047, the SFPUC's annual debt service will be greater than last year's entire budget.

The Crisis Could Get a Lot Worse

The SFPUC is now considering the need to invest between \$17 billion and \$25 billion in expensive alternative water supplies (doubling their budget), to produce water that will not be needed. Their water supply analysis is based on an extremely conservative drought planning scenario known as the "Design Drought." The Design Drought combines two of the worst droughts from the last century to manufacture an extremely severe 8.5-year mega-drought that might be expected once in 25,000 years, according to a document uncovered through a Public Records Act request.

The SFPUC also is basing potential alternative water supply investments on a large increase in water demand, despite the fact that water use has declined dramatically over the past three decades. Their own Finance Bureau projects water sales will remain flat.

As water and wastewater rates increase, people and businesses find ways to use less, but the SFPUC's fixed costs stay the same, so rates must increase even more to cover those costs. The SFPUC's "financial death spiral" will continue to build steam.

What Needs to Happen?

The Board of Supervisors must audit the SFPUC. They should leverage their authority to approve the SFPUC budget to require the SFPUC to fund an independent audit. The audit should include a thorough review of SFPUC policies that impact rates, such as the Design Drought.

The alternative is that the SFPUC might face another "ratepayer revolt" that will freeze rate increases and deprive the agency of new funds needed for required infrastructure upgrades. Without intervention, the SFPUC will likely have to be bailed out. San Francisco is already struggling to close an \$800 million projected shortfall over the next two years.

From: [Mary McVey Gill](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: Please audit the SFPUC
Date: Thursday, June 13, 2024 12:50:56 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please leverage the Board's authority in approving the SFPUC budget to include a requirement that they fund an audit. Water and sewer bills for SF are expected to triple in just 20 years, and a huge amount of debt (almost \$12 billion) has been accumulated. The very conservative "Design Drought" plan is not based on reliable science. This situation cannot go on unchecked. My daughter lives in SF and has a hard time paying the rates she is being charged—she is my source of information. But I know there are many SF residents in the same situation.

Thank you,

Mary Gill
734 San Rafael Place
Stanford CA 94305

From: [gabrielle johnck](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: SFPUC needs to be audited
Date: Thursday, June 13, 2024 1:28:51 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear SF Board of Supervisors,

Before approving the Budget for the coming cycle, please include the requirement that the SFPUC be audited and the cost be assigned to the SFPUC. It has been repeatedly shown by several agencies and many stakeholders that the SFPUC is basing its decisions on wild and unfounded climate projections. It is time to rein in an agency under your control and sound scientific review is used when allocating water..

SFPUC needs an independent audit.

SFPUC must pay for the audit.

Please include both in your budget approval June 25, 2024

Brielle Johnck

From: [Lauren Weston](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: Budget approval comment
Date: Thursday, June 13, 2024 1:51:49 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello, my name is Lauren Weston, I am the Executive Director of Acterra: Action for a Healthy Planet (we serve 8, and sometimes 9, counties of the Bay Area). Our mission is to “bring people together to create local solutions for a healthy planet”. I also happen to have 13 years of residency in the Bayview/Hunters Point community under my belt-so for many reasons this budget is critical to my personal and professional lives.

I want to strongly suggest approval of a budget to be contingent on an independent audit of the SFPUC, and particularly to condition approval of the budget on the SFPUC paying for that audit. The current structure is not sustainable and we must find a way forward that serves both our residents and our planet. We won't have many opportunities like this to make the hard, yet, right, decision. Demand is changing rapidly and pricing needs to keep up in an equitable and just way. This is an opportunity to make better-informed decisions.

Thank you,
Lauren

Lauren Weston (she/her)

Executive Director
Acterra: Action for a Healthy Planet
(530) 219-2813
acterra.org | [Subscribe](#)

Acterra staff use [self-identified pronouns](#) to support workplace inclusion for everyone.

I respectfully acknowledge that my work takes place on the ancestral and unceded land of the Ramaytush Ohlone and/or the Yokutz. [Whose land are you on?](#)

We practice [Slow Fridays](#). Messages received on Fridays may have a delayed response.

From: [Susan Ford](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Peskin, Aaron \(BOS\)](#); [Jalipa, Brent \(BOS\)](#)
Subject: PUC budget on Monday
Date: Thursday, June 13, 2024 3:43:48 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

I understand that funds for this group will be addressed. Given the very neglectful acts of this group, I would suggest that an audit of the org before approving more money for anything. And it needs to be at their expense since the city has no funds for this.

This group is out of control and expects rate payers to subsidize profits for shareholders and bonuses for themselves!

I ask for accountability from this Commission, please.

Susan Ford
San Francisco, D3

From: [James Clarke](#)
To: [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: City Budget Crisis
Date: Thursday, June 13, 2024 5:01:47 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors - I am writing to express my deep concern over issues relating to how the SFPUC has been handling the issue of water supply and related financial issues over the past many years. By way of introduction, I am a San Francisco native and live in Bernal Heights.

My concern stems from the fact that the SFPUC has been mis-managing our precious water supplies. Our wonderful Hetch-Hetchy water system has been under-maintained over many decades, leading now, to a zealous attempt to finally fix years of under investment. The main problem is that while these goals are laudable, the SFPUC is now embarking on a campaign to invest between \$18 to \$24 billion in very expensive alternative water supplies! Who will pay the cost of these expensive alternative water supplies? Yes, us - the ratepayers! I might be convinced of this necessity if I had faith in the SFPUC's Design Drought - which is a poorly thought out, ill-conceived draconian over-reaction to justified concerns over the impacts of climate change. A supposedly possible 8.5 year mega-drought has been used to create this doomsday scenario when the reality is that the SFPUC has always had ample water supplies even during the more recent several years of low-precipitation and snowfall that we all remember. In addition, the SFPUC uses population modeling that has not even come close to what has actually happened since the beginning of the COVID pandemic - **LOSS** of population. The SFPUC's own Finance Bureau has stated that future water sales will likely "remain flat". Despite all of these issues, the SFPUC has continued to raise rates resulting in a continuous drop in revenue! Their solution? Raise rates even higher! The SFPUC needs to take a deep and hard look at how it finances its operations in order to guarantee the long term viability of our water delivery system. Perhaps we need a basic monthly fee for every rate payer with lower usage fees that create a more sustainable and predictable budgeting process? We definitely do NOT need to keep increasing the cost of water based on water-use modeling that is completely beyond any reasonable future scenarios (eg the 8.5 year Design "mega-drought").

I firmly believe that the SFPUC needs to have an independent budget audit in order to more clearly determine future water needs, assess capital requirements and independently determine if their draconian 8.5 year mega-drought is a reasonable assumption. If this does not happen and the current practices remain in effect, I can predict a ratepayer revolt as households are faced with increased yearly rates while at the same time the SFPUC continues borrowing (and accruing debt) in order to finance its 10-year Capital Plan!

--

James L Clarke
36 Bronte Street
San Francisco, CA 94110