

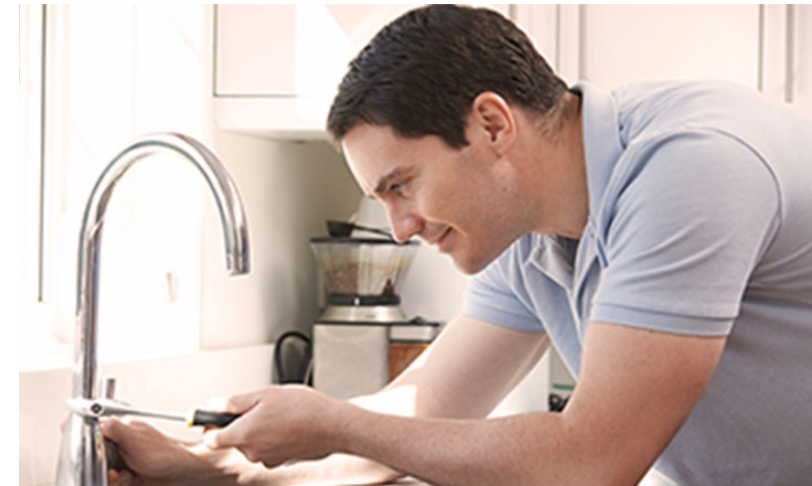
**SFPUC Biennial Budget
FY 2024-25 & 2025-26
May 15, 2024**



San Francisco
**Water
Power
Sewer**

Budget Priority: Affordability

- Adopted affordability policy for water and wastewater
- Efficient capital planning
- Customer Assistance Program
- Water conservation, grant, and incentive programs



Budget Priority: Responsible Management

- Addressing regulatory requirements
- Financial sustainability
- Reducing vacancies, increasing retention
- Racial equity and transparency
- Responsible maintenance of our system



Budget Priority: Investing Where it Matters

- Resilience and climate change
- Environmental stewardship
- Contributing to economic vitality: capital investment and job creation
- Replacing aging infrastructure
- Meeting new customer demands

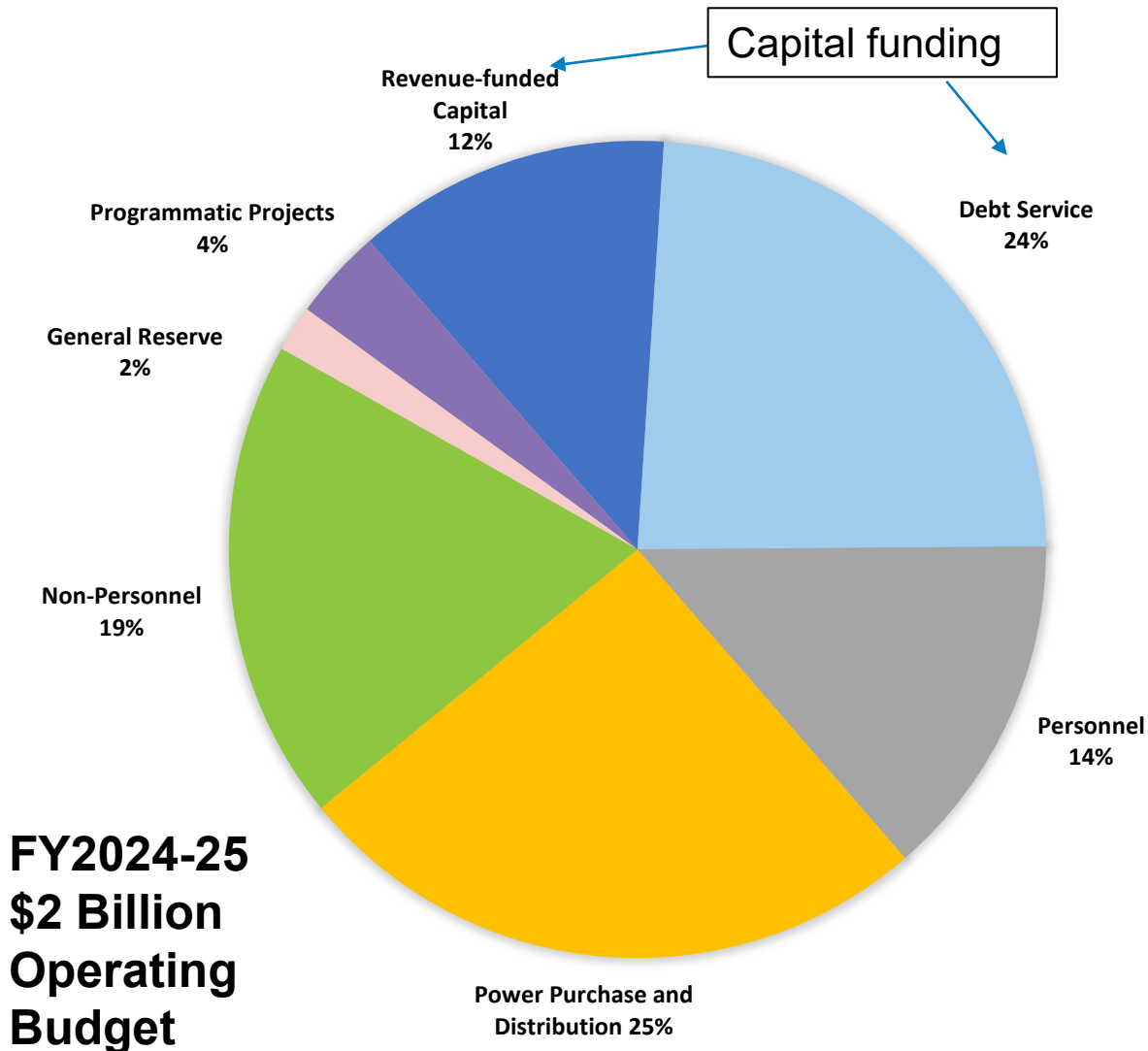


Performance Measures

- Controller's City Performance Program
- Adopted level of service goals
- Regular reports to the Commission
- Affordability Policy
 - Power cost savings vs. PG&E
- Community Benefits Policy
- Environmental Justice Policy
- LBE/Local Hire Policies
- Employee Voice Survey
- Racial Equity



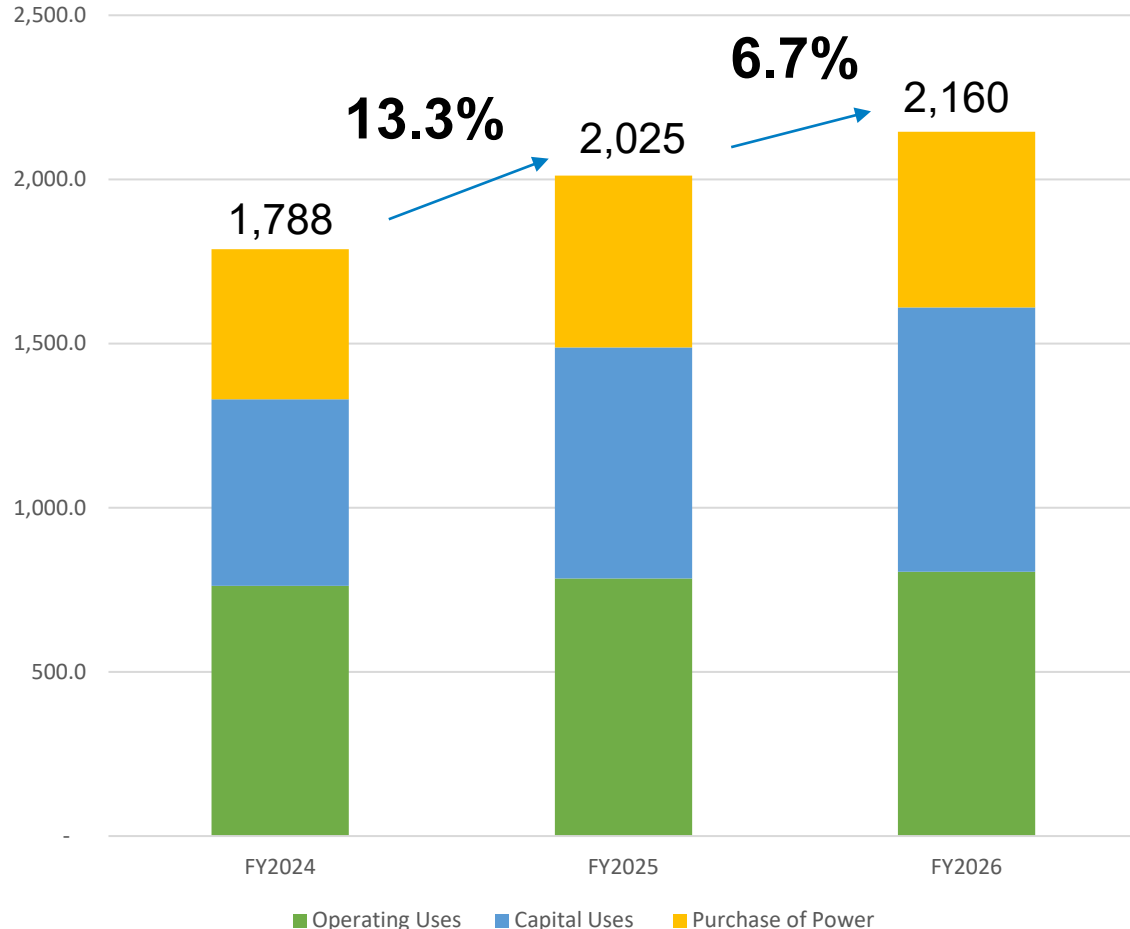
SFPUC Operating Budget Overview



- Capital is SFPUC's largest cost driver at 36% (debt service 24% + revenue funded capital 12%)
- Power purchase and distribution is next at 25%
- Followed by Personnel and Non-Personnel costs that support daily operations at 14% and 19% respectively

SFPUC Operating Budget Changes

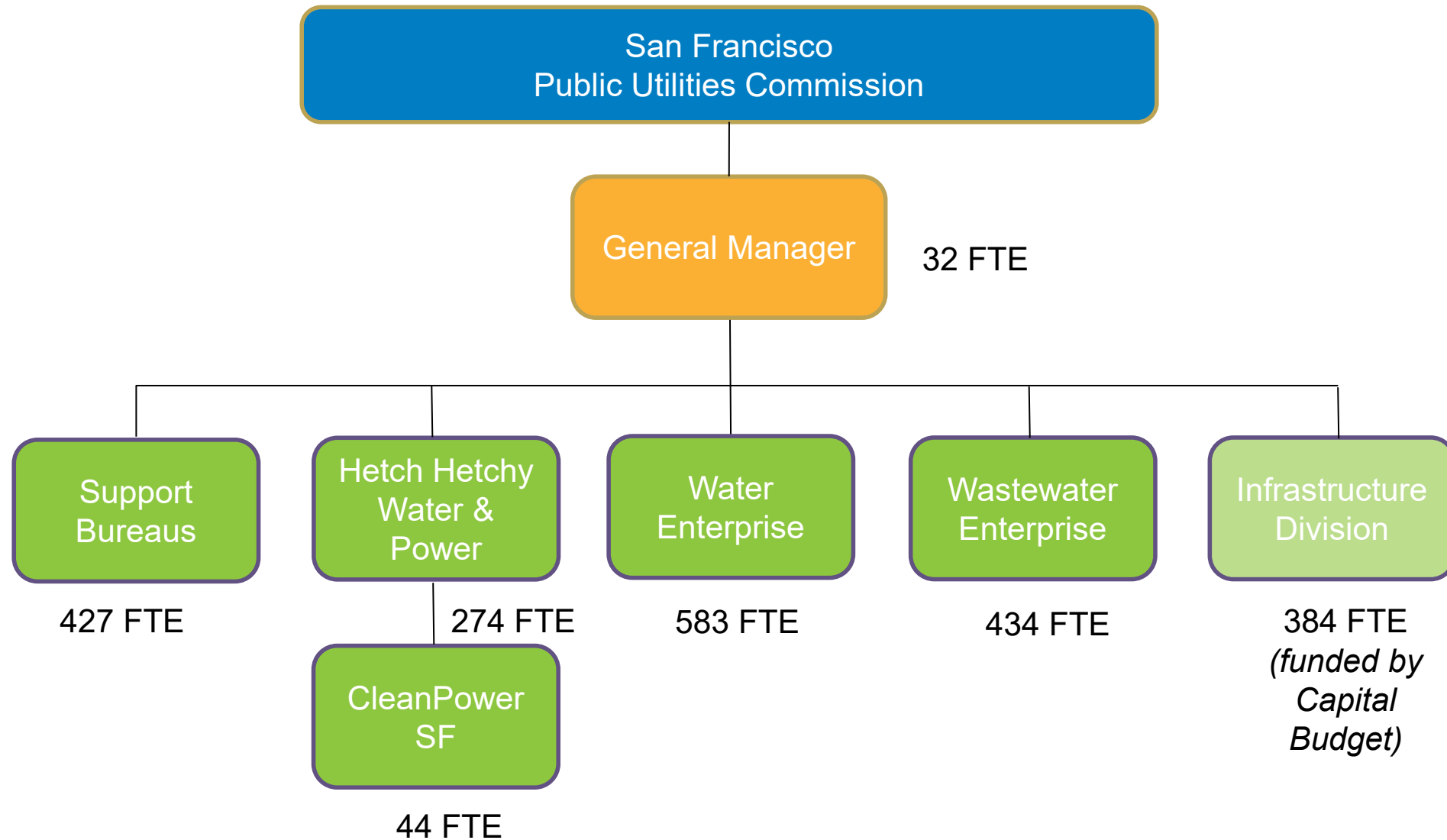
SFPUC Estimated Budget
(\$millions)



- Budget will grow by 20% or \$373 million over the next two years
- **Capital and power purchases** remain the largest cost drivers, growing by \$314 million, or 84% of the overall 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 9% of the growth (*in other words, growing the budget by just 1.8%*)



SFPUC Organization Chart



*FTE # is
FY 26
proposal*

Responsible Staffing Level

- 167 new permanent FTEs, of which:
 - 85 move temp staff into PCS positions, not new headcount
 - 33 are “off budget” (funded via capital projects)
- Increased budgeted salary savings (attrition) to reflect historic savings
- **Resulting in 33 net new on-budget FTEs that will:**
 - Address staffing shortages in key areas such as water quality, natural resources, green infrastructure maintenance, and risk management
 - Shore up the HR team to increase hiring
 - Increase lead inspection in schools
 - Expand our Racial Equity team
 - Meet increasingly complex regulatory requirements

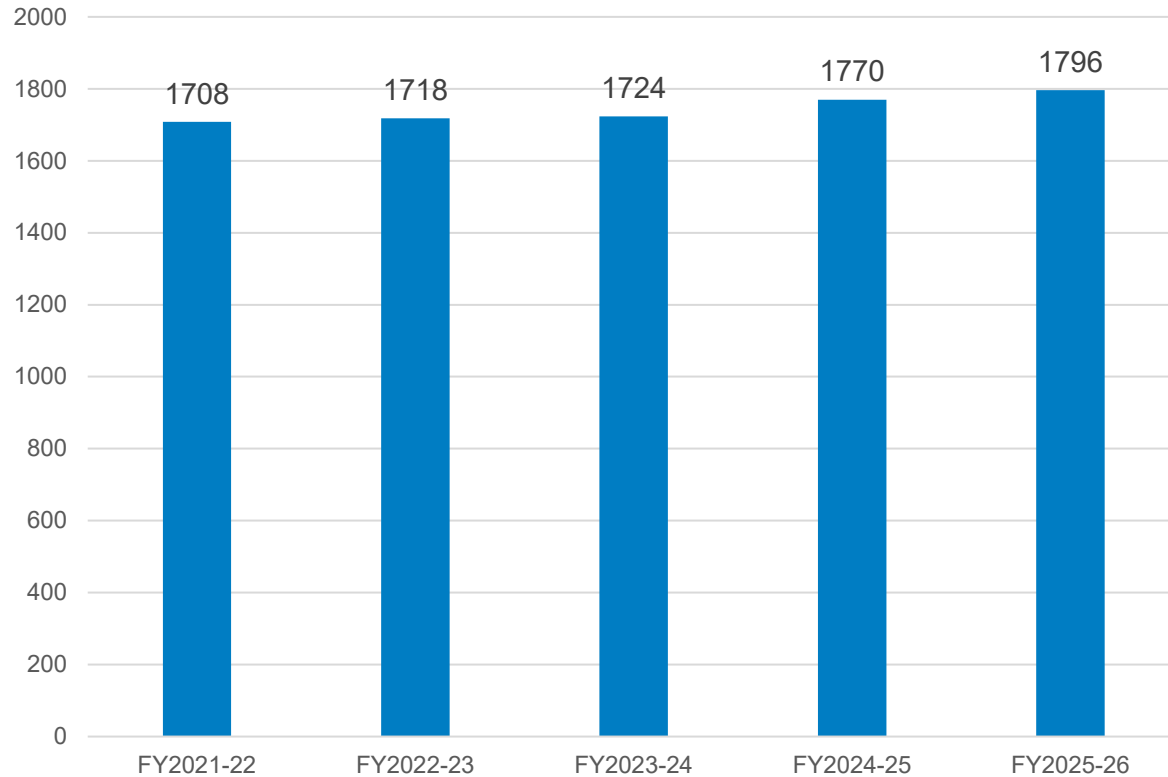
Fiscally responsible and rigorous approach to adding FTE:

- Reviewed every single vacancy to ensure it was under active recruitment, repurposing unneeded positions to avoid asking for new headcount
- Performed historical analysis of salary savings to right size attrition within every division, to properly account for vacancies



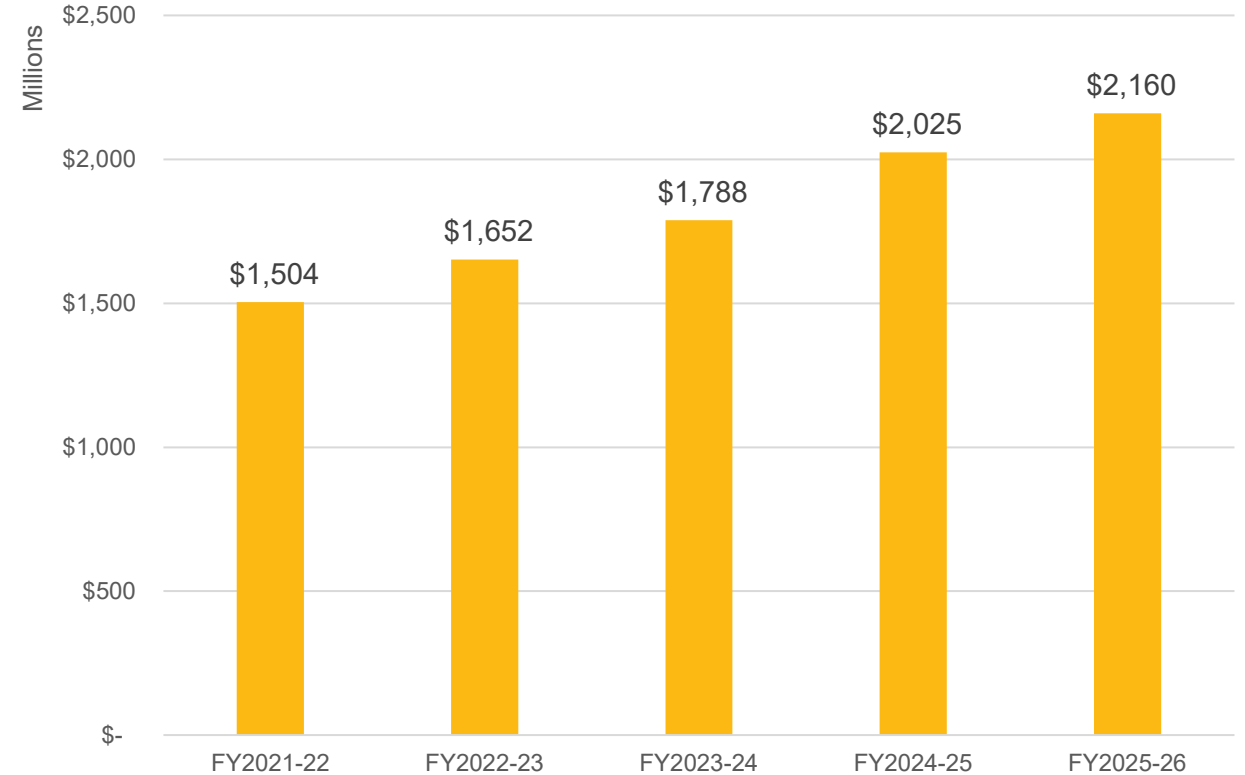
5% FTE Growth Vs. 43% Budget Growth

SFPUC AAO FTE



5% FTE growth from FY 20-21 to FY 25-26

SFPUC AAO total budget \$ Millions



43% budget growth from FY 20-21 to FY 25-26

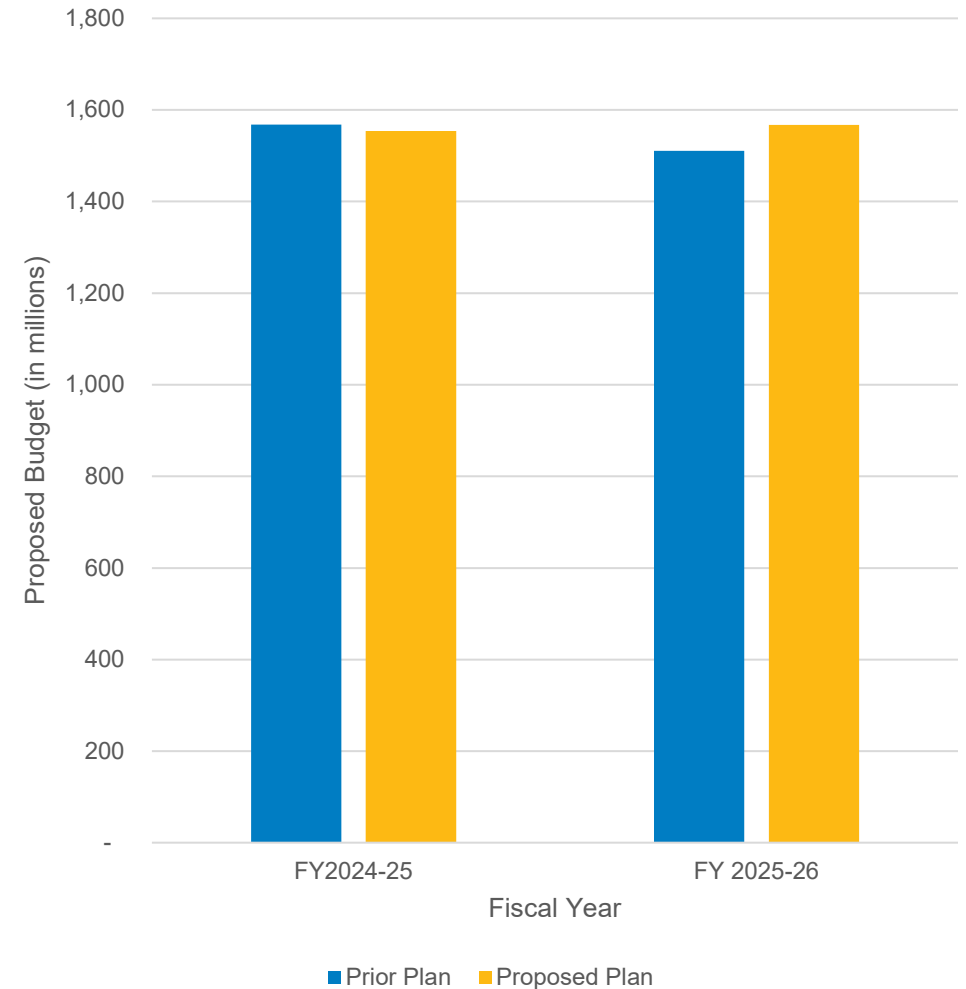


2-Year Capital Budget

\$Million	Prior Plan FY2024-25	Proposed Plan FY2024-25	Change	Prior Plan FY2025-26	Proposed Plan FY2025-26	Change
Water	894.5	892.5	(2.0)	818.4	822.9	4.5
Wastewater	437.3	456.1	(18.7)	443.7	477.2	33.5
Hetchy Water	155.6	152.8	(2.8)	152.6	180.8	28.2
Hetchy Power	77.7	52.0	(25.7)	92.7	85.5	(7.2)
CleanPowerSF	2.9	2.6	(2.3)	3.0	0.5	(2.5)
	1,568.0	1,554.0	-14.1	1,510.3	1,566.9	56.5

Due to a renewed focus on deliverability and using up prior appropriations, the 2-Capital Plan shrunk by 0.9% in FY 2024-25 and only slightly grew by 3.6% in FY2025-26 versus the prior 10-Year Plan.

2-Year Budget Comparison to Prior Plan



10-Year Capital Improvement Plan

Major Projects in the Capital Plan:

System Reliability and Resilience: Water

Millbrae Yard Laboratory and Shop Improvements, SFWD Headquarters, and replacement of water mains throughout the system

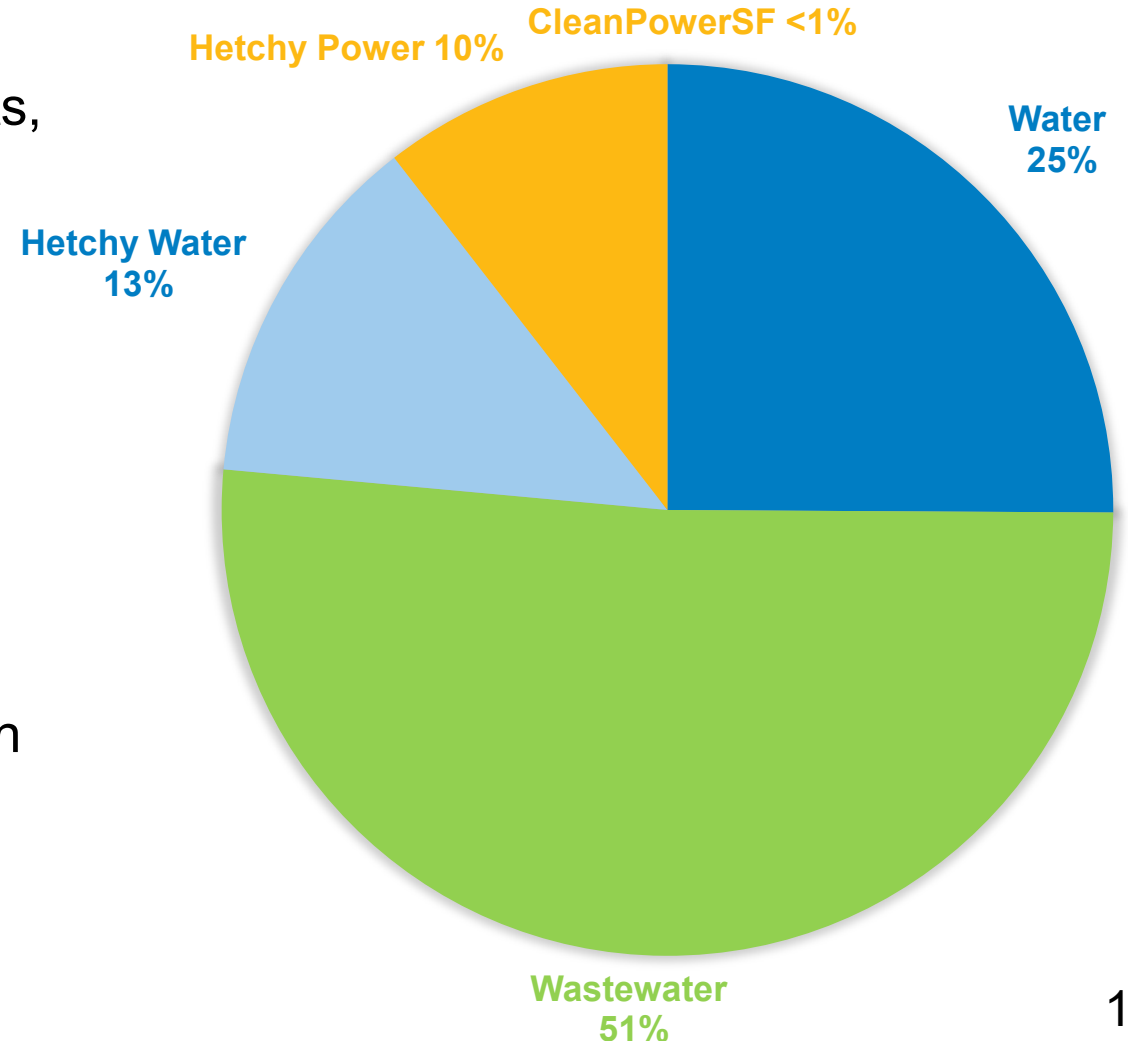
Protecting Public Health: Wastewater

Nutrient Reduction, Biosolids Digester Facility, stormwater/treatment plant improvements, flood resistance, and replacement of sewer mains throughout the system

System Sustainability and Expansion: Power

Public Power Expansion, Clean Steam, Moccasin Penstocks, expanding clean energy sources, enhancing reliability

\$11.8 Billion 10 Year CIP



Questions?

