

SFPUC Proposed Budget

Budget & Finance Committee

May 21, 2014

Presentation Outline

1. Proposed Operating Budget
2. Proposed Capital Budget
3. Planning for the Future
4. Select Program Updates

Our Core Priorities

1. Deliver high quality and reliable services
2. Maintain critical infrastructure
3. Preserve ratepayer affordability



1. Proposed Operating Budget

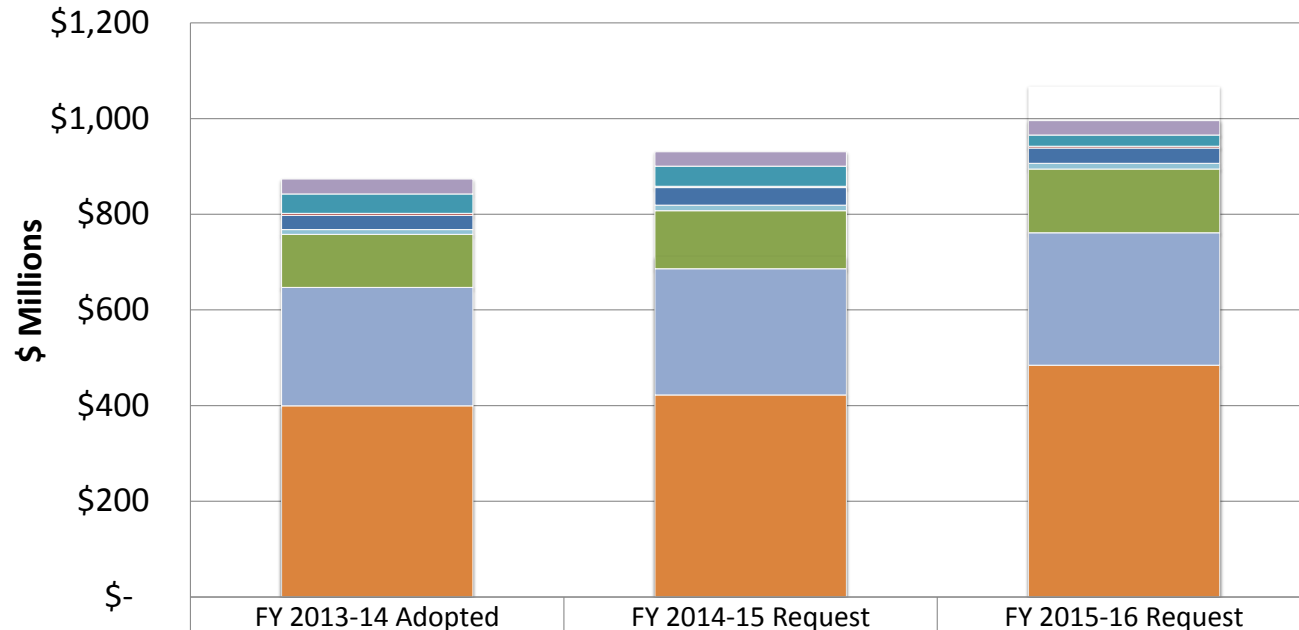
Mayor's Proposed Budget for the SFPUC

Fiscal Year	Budget <i>(in Millions)</i>
FY 2013-14	\$ 873
FY 2014-15	\$ 931
FY 2015-16	\$ 996

Increases Mainly Capital Related

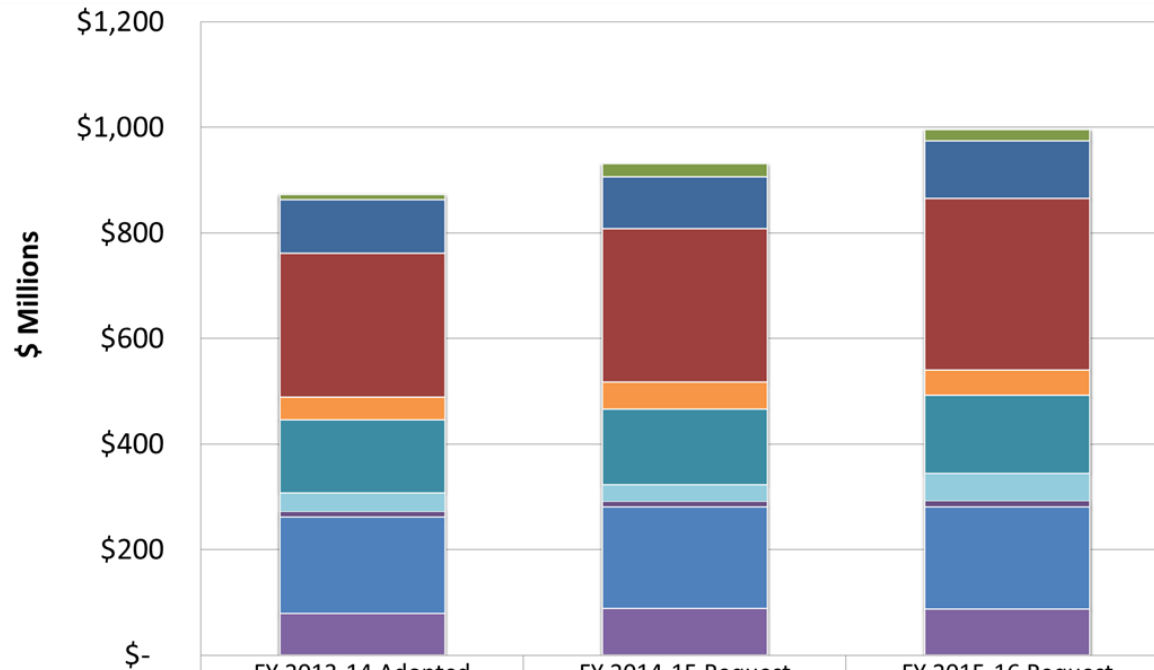
	\$ Change	% Change
Capital, Cash & Debt Funded	\$53 M	6
Capital & General Reserves	\$25 M	3
Electricity Related Costs	\$16 M	2
Personnel Costs	\$11 M	1
All Other Operating Costs	\$18 M	2
TOTAL CHANGE	\$123 M	14

Total Sources



Federal Interest Subsidy	31	30	30
Fund Balance	40	42	24
Interest Income	4	3	4
Other Non-Operating Revenues	30	37	32
Sale of Natural Gas & Steam	10	11	12
Sale of Electricity	111	121	133
Sewer Service Charges	247	264	277
Sale of Water	400	422	485
Total Sources of Funds	\$873	\$931	\$996

Budget Mainly Capital, including Debt Service



General Reserve	10	25	22
Capital Projects (Revenue-Funded)	102	98	109
Debt Service	272	290	325
Programmatic Projects (Revenue-Funded)	43	51	48
Non-Personnel Operating Costs	139	144	147
Purchase of Electric Power	35	31	51
Natural Gas & Steam Pass Through	10	11	12
Personnel	183	192	194
Services of SFPUC Bureaus	79	89	88
Total Use of Funds	\$873	\$931	\$996



FY 2014-15 & FY 2015-16 Proposed Budgets – AAO View Water Enterprise

\$ Millions	FY 2013-14	FY 2014-15	FY 2015-16
Budget	435	475	508

Changes:

Capital - Cash & Debt Funded

26 24

Capital, General Reserve

6 8

All Other Operating Costs

5 -

Personnel

3 1



FY 2014-15 & FY 2015-16 Proposed Budgets – AAO View Wastewater Enterprise

\$ Millions	FY 2013-14	FY 2014-15	FY 2015-16
Budget	254	273	287

Changes:

Capital - Cash & Debt Funded	(8)	11
Capital, General Reserve	19	2
All Other Operating Costs	5	-
Personnel	3	1



FY 2014-15 & FY 2015-16 Proposed Budgets – AAO View Hetch Hetchy Water & Power

\$ Millions	FY 2013-14	FY 2014-15	FY 2015-16
Budget	185	183	201

Changes:

Capital - Cash & Debt Funded

- -

Purchase of Electric Power

(4) 20

Capital, General Reserve

(6) (4)

All Other Operating Costs

5 2

Personnel

3 -

Hetchy Balancing in the Proposed Budget

Combination of ...

- Revenues, Bond Financing, Capital Cuts/Deferrals and \$19.5M of CCA Funds Reprogrammed
- General Fund Rate — Up 1 penny/year in FYE15 & FYE16
- General Fund — Pays for its Natural Gas & Steam
- 1st Power Revenue Bonds in Decades — Fall 2014
- Capital Cuts of \$40M over next 2 years, \$155M over 10
- CCA Funds Reprogrammed, \$19.5M for Capital



2. Proposed Capital Budget

Big Capital Investments Needed

Water: WSIP 80%+ Completion, Local Water Mains, Water Supply, Drought Resilience



Power: Up-Country Infrastructure, Streetlights, Energy Efficiency



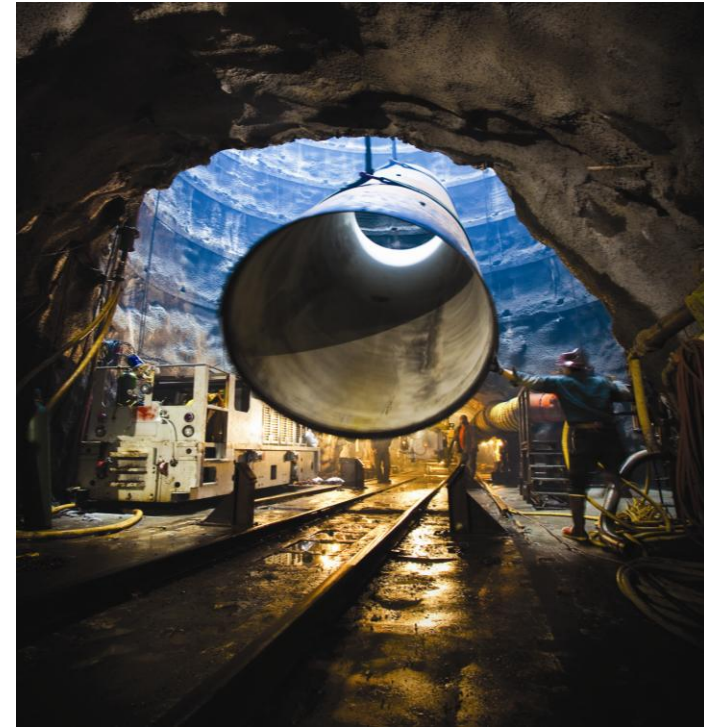
Sewer: SSIP Phase 1 Digesters, Local Sewer Mains





Water System Improvement Program

- \$4.7B upgrade to Regional & Local Drinking Water Systems
- 80%+ Complete
- \$3.7B Expended to Date, \$387M Encumbered
- \$3.9B Bonds Issued at Low 4.3% Avg. 30-40 Year Rate
- \$125M WSIP Enhancements (Mainly Calaveras in Budget)
- 11,000 jobs created, 6 million craft hours
- +Other Work... Water Main Replacement of 15 miles per year, 100-year lifecycle.



Key Water Projects Still Underway



Calaveras Dam Replacement Project
Estimated completion fall 2019



New Irvington Tunnel
Estimated completion spring 2016



Bay Tunnel
Estimated completion fall 2015



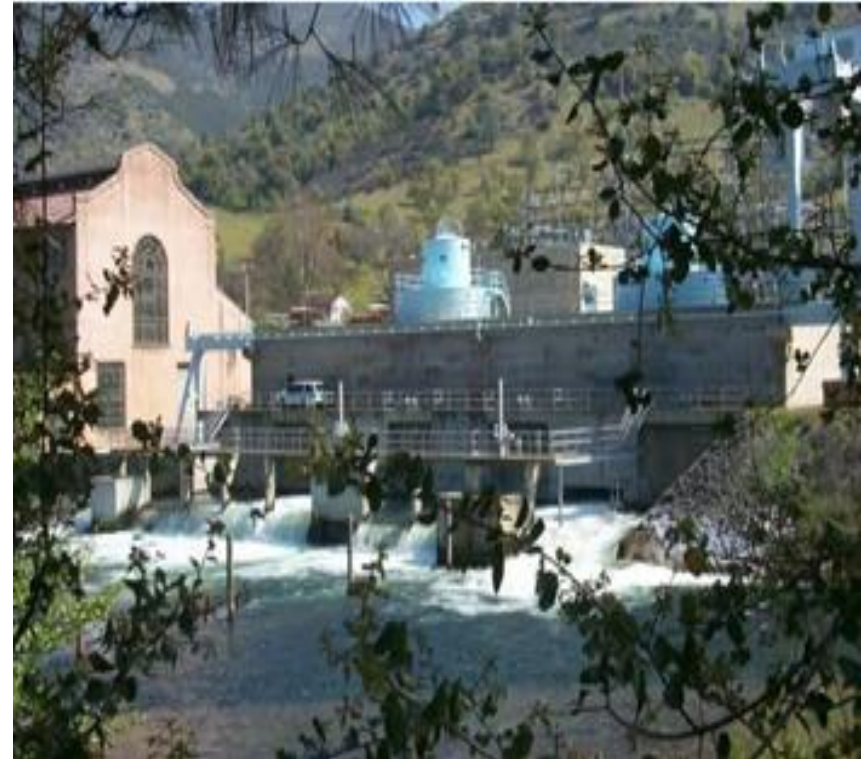
Sewer System Improvement Program

- \$6.9B multi-phased plan endorsed by SFPUC August 2012
- \$2.7B Phase 1 Underway Now
 - \$2B for SEP Biosolids Digester Facility
 - \$80M contract for planning & design awarded
- Low-Cost Bonds, Avg. 3.0%, 30-Year
- \$437M Appropriated to Date
- \$951M Supplemental Request for FY 2014-15 & 2015-16
- + Other Work... Sewer Main Replacement of 15 miles per year, 100-year lifecycle.



Hetch Hetchy Improvement Program

- \$1.2 Billion over Next 10 Years
- Cash Funding of \$174M
- Revenue Bonds
 - \$555M Power Bonds
 - \$494M Water Bonds
- \$234.6M Supplemental Request for FY 2014-15 & 2015-16
- CCA \$19.5M Reprogrammed



Fiscal Solvency & CCA Reprogrammed Funds

Over next 2 Years, alternatives to stay balanced, without CCA Funds Reprogrammed ... further

- General Fund Rate Increases (more than proposed)
- Power Bonds (means Higher General Fund Rates longer term)
- General Obligation Bonds (means Higher Property Taxes)
- Capital Cuts/Deferrals (means Critical Risk Increases)
- Program Cuts (potential impacts to key programs)
- Operating Budget & Position Cuts / Savings



3. Planning for the Future & Concerns

How We Achieve Our Core Priorities

Ratepayer Affordability

- Inflation Only Operating Budget
- Near-Flat Staffing
- Low-Cost Bond Funding
- Timing & Phasing of Capital Programs
- \$7-10 Average Water & Sewer Monthly Bill Change
- Affordable, Green Power
- GF Power 63% Discount to PG&E
- Savings of \$50M per Year Now
- FYE15 & FYE16 Savings: \$45M, \$40M





Hetch Hetchy Water & Power



Mountain Tunnel



Moccasin Power House

Fiscal Solvency Over the Long Term

***Over the next 10 Years, to stay fiscally balanced,
a 'Healthy' Hetchy will need:***

- Further General Fund Rate Increases to Cost of Service
- More Customers (Full Pay)
- Power Revenue Bonds Every Year
- Further Capital, Program & Operating Budget Cuts/Deferrals (balancing against increasing risks)
- Negotiated Savings (e.g. PG&E Interconnection Agreement)



4. Select Program Updates

Streetlights

\$29M over Last 5 Years

- \$16M LED Streetlights, still underway using existing appropriation
- \$15M Van Ness BRT, still underway using existing appropriation
- \$0.8M annually for R&R, and by FYE 2014
- \$0.4M for R&R

Next 2 Years... R&R & Further Enhancements

- \$5M each year for R&R, a 36 and 31 times increase over current level
- \$9M in FYE 2015 for Enhancements to Pedestrian & Streetlights
- \$6M in FYE 2016 for Enhancements to Pedestrian & Streetlights

\$60M over next 10 years planned, up \$14M from current \$46M plan

Funded Streetlight Repair & Replacement and Enhancements

	FYE14	FYE15	FYE16
Base R&R	\$0.4M	\$5.1M	\$5.6M
Streetlight (SL) Pole Rehabilitation		\$5.1M	\$2.8M
3 rd Street SL Rehabilitation		\$1.9M	\$1.9M
Pedestrian Lighting		\$1.3M	\$1.0M
Street & Pedestrian Pole Assessment		\$0.5M	\$0.5M
Holiday & Festival Pole Use		\$0.2M	\$0.2M
TOTAL	\$0.4M	\$14.1M	\$12.0M
Increase Over Current Funding		36X	31X

Streetlight Condition Assessment

- For the 25,000 City-owned Street Lights, from the $\approx 40,000$ total
- Purpose
 - Provide a statistically accurate snapshot of street light asset conditions.
 - Identify the immediate capital funds necessary to replace street light poles in poor or hazardous condition.
 - Develop a San Francisco specific street light pole condition model that uses asset material, age and environmental conditions to predict street light pole replacement cycles.
 - Assist in ongoing maintenance planning to avoid service or economic loss.
- Method and Schedule
 - **Inspect** a random sample of 140 street light poles and provide **Recommendations** on criticality and funding need by May 30, 2014.
 - **Inspect** 140 additional poles (thereby increasing statistical confidence and decreasing the margin of error) to meet the further purposes above by July 2014.

Our Commitment— Being a Good Neighbor

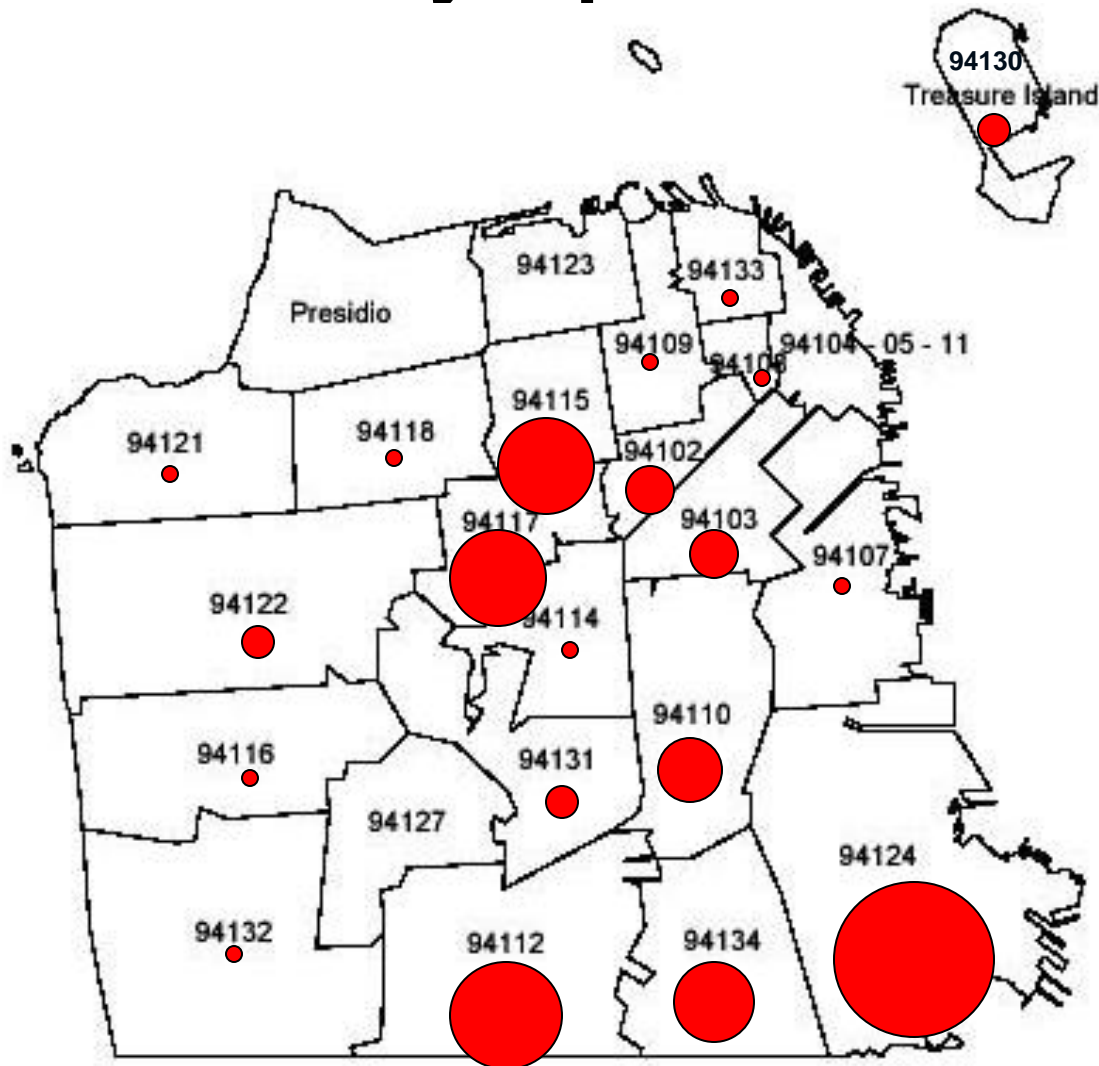
- **Contractors Assistance Center.** Launched on December 16
- **Youth Employment.** Paid employment for 630+ high school youth in 2013
- **Drink Tap Initiative.** New water bottle filling stations in 31 SFUSD elementary schools
- **Eco-Literacy.** More than 8,000 elementary school students engaged in eco-literacy projects (in partnership with Education Outside)
- **Camp Mather.** Supporting 80 John O'Connell High School ninth graders to learn about our water system
- **Urban Agriculture Pilot Programs.** Sites under development at Crocker Amazon, College Hill Reservoir, and near Southeast Plant.
- **Leveraging Private Sector Partners.** 22 contracts include community improvement activities being undertaken by private firms.

GoSolarSF Program Activity

Program to Date:

- \$24.0 million appropriated; \$19.4 million paid out
- 2,583 installations completed
- 8.1 MW installed
- 121 new jobs for disadvantaged San Franciscans, 19 currently employed
- Incentives are available to Power Enterprise's customers and non-customers

GoSolarSF Workforce Development Program Hires by Zip Code

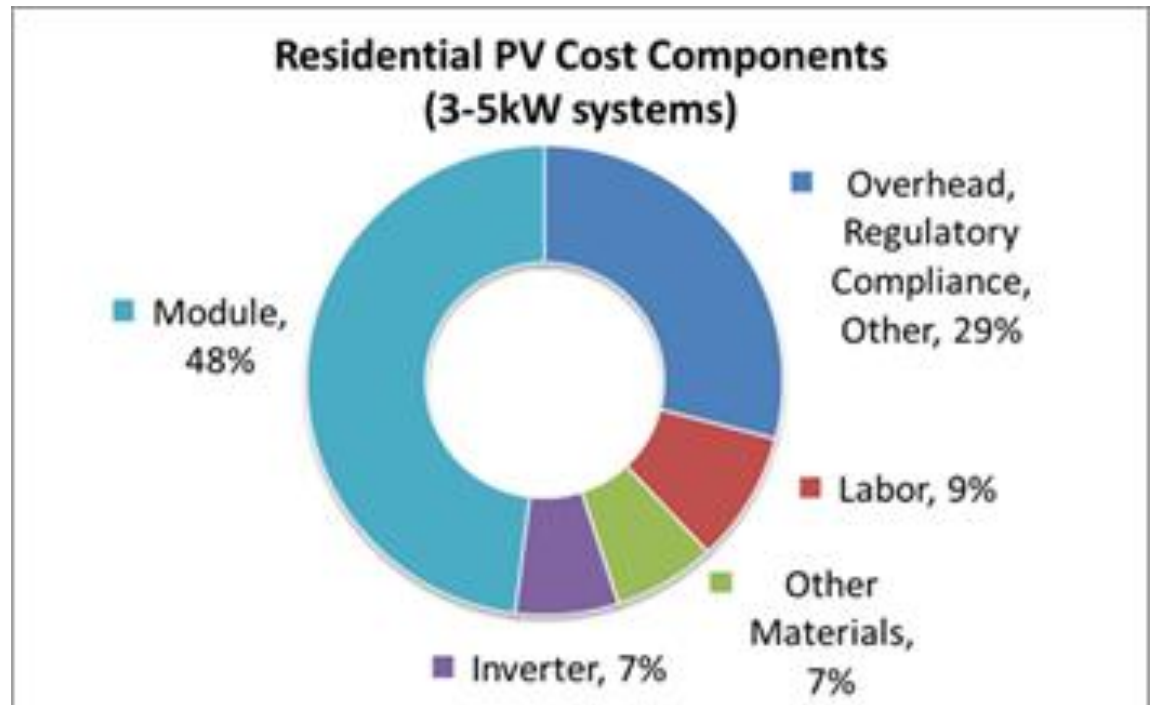


94124:	19
94112:	11
94115:	10
94117:	10
94134:	9
94110:	8
94102:	6
94103:	6
94130:	5
94131:	4
94122:	3
Other:	21



Questions

- 10% and 25% of the GoSolarSF investment benefits disadvantaged workers
- On average, for every GoSolarSF dollar spent, another \$4 to \$6 are spent
- San Francisco ranks 9th among US Cities for solar PV installed capacity; San Jose ranks 4th without a comparable incentive program¹
- Estimated customer savings for SF solar installations are 4.9-6.6 ¢/kWh



¹ US rankings are drawn from the Environment California Research & Policy Center report "Shining Cities: At the Forefront of America's Solar Energy Revolution" published April 10th, 2014.

Paving Program

Paving - Service Installations, Leak Repairs, Main Replacement

- Coordination with DPW
- Services Contracted Out
- Funding:

FY 2013-14

\$3.4M

FY 2014-15

\$3.8M

FY 2015-16

\$3.8M



Rate Setting Process

Water & Sewer Rates Outreach



*96 Rates Presentations
19 Events =*

*Estimated Total Reach of
9,575 people*

Water & Sewer Rates Feedback

- 210,000 Prop 218 Notices Sent
- 89 formal protest letters and 7 email responses as of April 16, 2014
- Generally customers understood need for proposed rate increases to upgrade aging infrastructure but also expressed increases are significant

- Formal endorsements from:

SPUR

Bay Area Council

SF Beautiful

BOMA



Our Proposed Rate Package

Time Span	Four years starting July 1, 2014
Average Annual Increase	\$7-10 on monthly bill <i>(for average single family)</i>
What it Means	Less than three pennies per gallon in 2018
What it Supports	<ul style="list-style-type: none">• 24/7 operations and maintenance• Repair and replacement of old pipes (water & sewer)• Completion of water system improvements• Planning for sewer system improvements

Rim Fire: Update & Cost Recovery

- President declared Rim Fire a Major Disaster on Dec 13
 - Made Federal Recovery Assistance available to California and SF
 - Federal Hazard Mitigation Funding also became available
 - Reimbursements on track with FEMA, Cal-OES and Insurers
- \$52M Initial Cost Estimate
- \$42M Updated SF Impact
- Recovery Underway, including the Lower Cherry Aqueduct Drought Mitigation Work



Drought Response

- 10% Voluntary Customer Water Conservation
- Mayoral Executive Order for Municipal Water Conservation
- Emergency Declaration to Rehab Lower Cherry Aqueduct
- Water supply planning and decisions consider worst drought
- Long-term planning to diversify water sources



Key Issues FY2014-2016 Budget

A San Francisco Success

For Nearly 100 Years Hetch Hetchy has provided...

- **Clean, Affordable Water & Power**
- **Financial Contribution to San Francisco**
 - \$678M transfer to general fund from 1978-2001 (equal to \$1.3 Billion in 2014 Dollars)
 - \$151M of cash-funded Streetlights, GoSolarSF, Energy Efficiency & City-Owned Renewables (last 10 years)
- **Below Cost of Service Rates for City Family**
 - Below cost rates to General Fund departments, streetlights, MTA, Unified School District and Community College for last 15 years
 - Results in \$50 Million in savings per year (using today's costs and usage alone)

Highlights - FY2012-14 Budget

During last budget cycle, we discussed key issues related to Hetch Hetchy Water & Power...

- 100-Year Old System is aging
- We presented a balanced budget and plan but had hard choices even then
 - ½ cent GF Rate increase per year for 4 years
 - \$224M of Capital Cuts and Deferrals
- Given capital cuts and rate increase we continue to provide a \$50 million savings to general fund & others

FY 2012-14

Cuts and Deferrals

Up-Country Transmission Upgrades	\$119 M
GoSolar SF	\$30 M
Energy Efficiency	\$30 M
In-City Renewables	\$29 M
All Other Power Cuts	\$16 M
TOTAL	\$224 M

Hetch Hetchy – Key Challenges

New Needs Identified – Capital and Operations

- Mountain Tunnel Rehabilitation (\$519M increase from what was in the prior balanced plan)
- PG&E Costs—Transmission, Distribution, Streetlights (\$20M increase annually)
- Regulatory Costs—NERC/WECC (\$32M increase from the prior balanced plan)

Drought Impacts

- Decreased Surplus Power Sales (\$13 million to date in lost revenue)

Mayor's Proposed Budget for the SFPUC

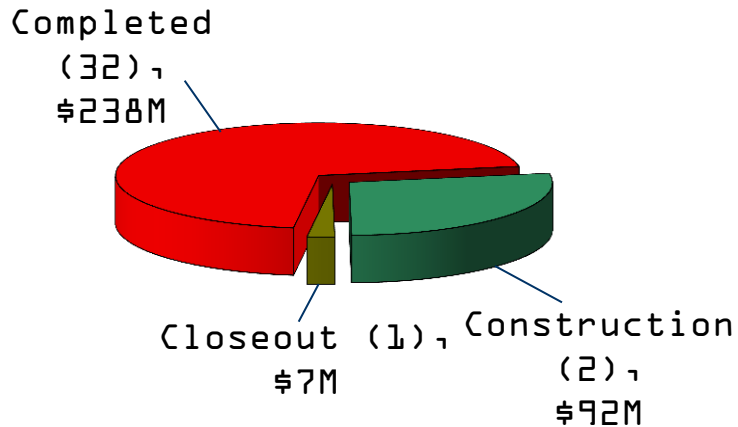
Fiscal Year	Budget <i>(in Millions)</i>
FY 2013-14	\$ 873
FY 2014-15	\$ 931
FY 2015-16	\$ 996

Funded Streetlight Enhancements

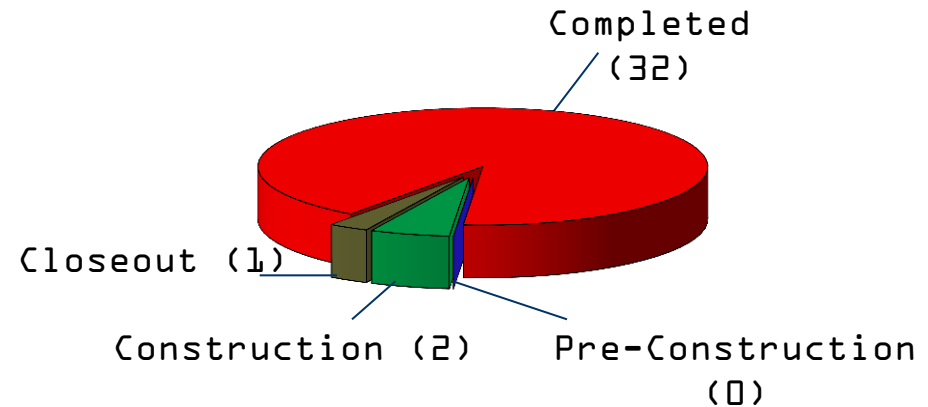
	FYE15	FYE16
Streetlight (SL) Pole Rehabilitation	\$5.1M	\$2.8M
3 rd Street SL Rehabilitation	\$1.9M	\$1.9M
Pedestrian Lighting	\$1.3M	\$1.0M
Street & Pedestrian Pole Assessment	\$0.5M	\$0.5M
Holiday & Festival Pole Use	\$0.2M	\$0.2M
TOTAL	\$9.0M	\$6.4M

WSIP Program Status

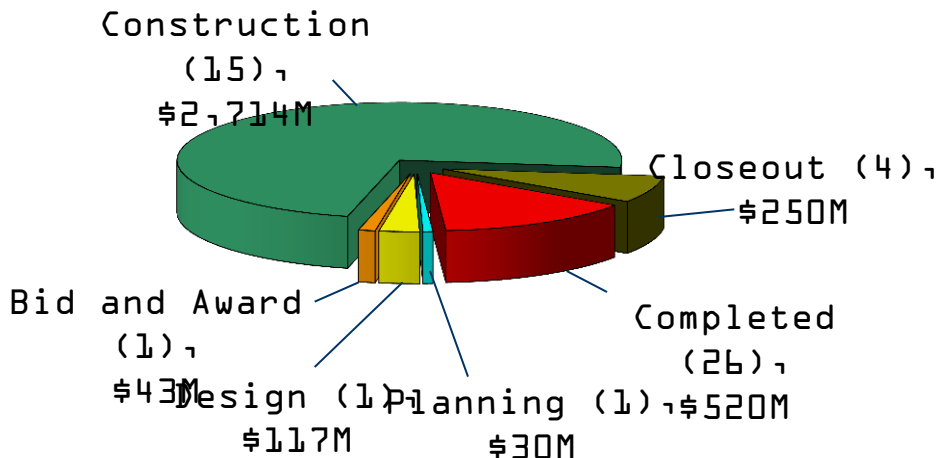
Local Projects Completion



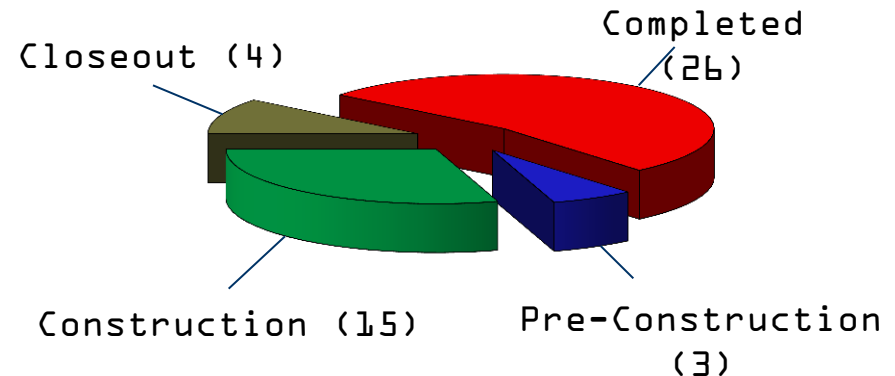
Local Projects Completion by



Regional Projects Completion



Regional Projects Completion



WSIP Proposed Budget Revisions

WSIP Budget	Current Approved	Proposed March 2014	Change
Regional	\$3,548,251,03	\$3,674,597,91	(\$126,346,880)
Local Projects	\$620,532,633	\$619,185,753	\$1,346,880
Financing	\$471,700,000	\$471,700,000	\$0
Program Total	\$4,640,483,67	\$4,765,483,67	(\$125,000,000)

WSIP Project-Level Budget Revision

- Projects with largest cost savings
 - SVWTP Expansion & Treated Water Reservoir: \$5.4M
 - HTWTP Long-Term Improvements: \$5.0M
 - Seismic Upgrade BDPL No. 3 & 4: \$3.1M
 - San Joaquin Pipeline System: \$1.5M
 - Crystal Springs Pipeline No. 2: \$1.1M
- Projects with largest cost increases
 - Calaveras Dam Replacement: (\$97.5M)
 - New Irvington Tunnel: (\$15.4M)
 - Regional Groundwater Storage and Recovery: (\$13.1M)
 - CS/SA Transmission Upgrade: (\$7.2M)
 - Alameda Creek Recapture (\$5.0M)

SSIP Planning & Design Projects: Central Bayside System Improvements

Phase I Approved

Budget:

\$70 Million

(Planning & Partial Design)

Status:

- Continuing with field geotechnical borings
- Completing planning phase needs assessment report and alternatives development

Map of the Bayside Watershed

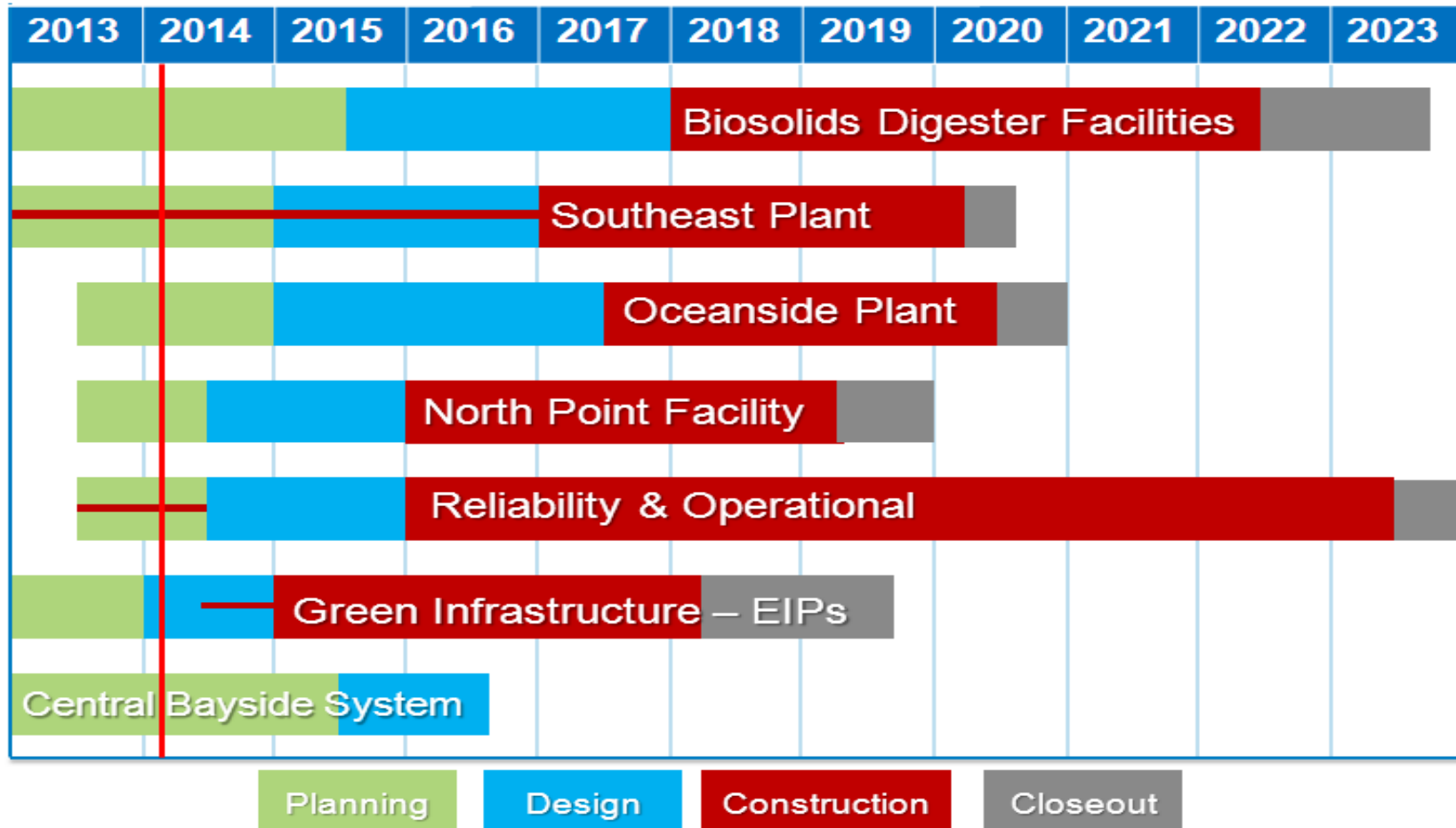


SEP '16

OCT '15 -

SSIP Phase 1 Schedule

Phase 1 Schedule



Rim Fire Burn Area

Rim Incident


CA-STF-002857

Public Information Map

September 17, 2013

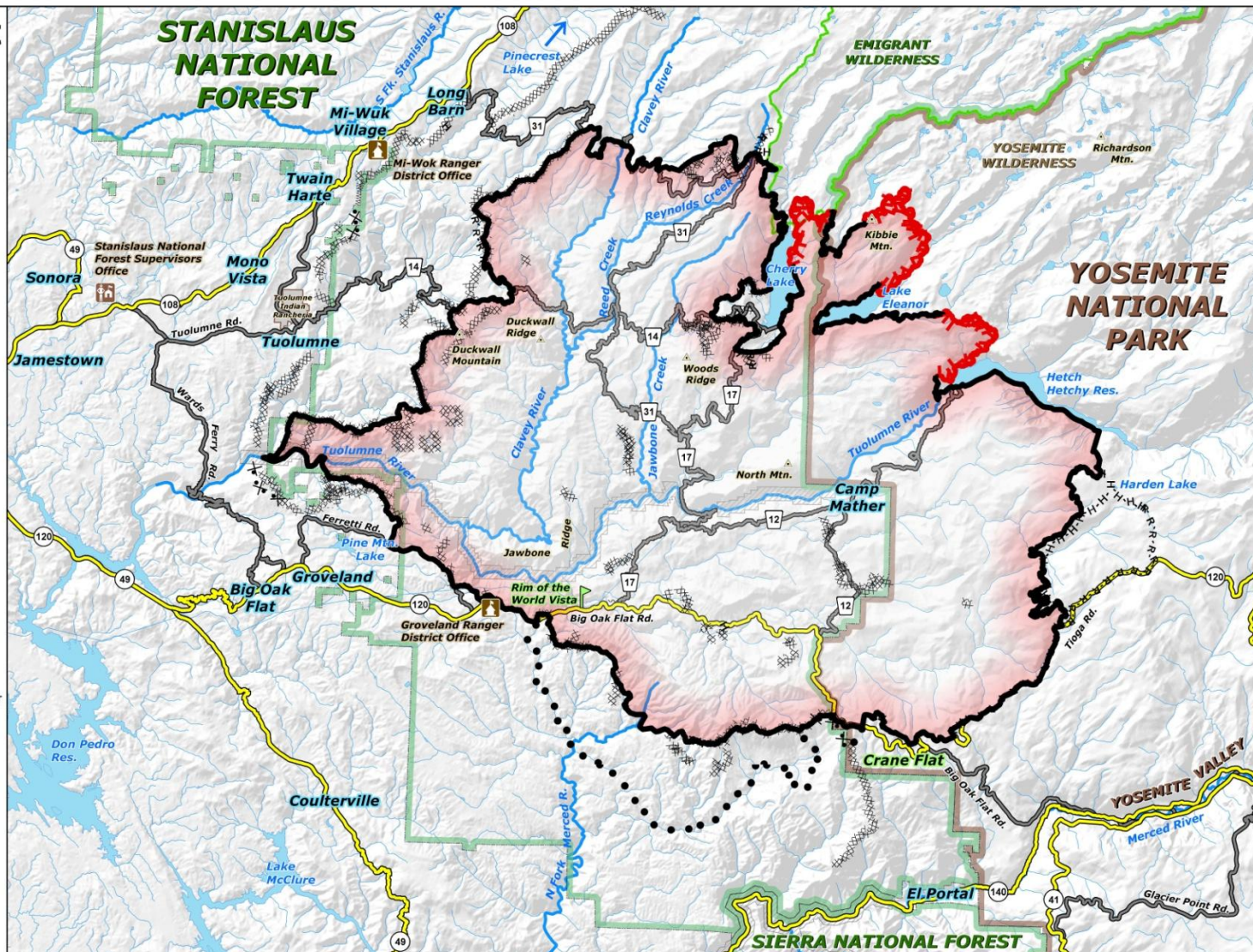
256,569 Acres

Approx. perimeter as of 9/16 @ 1400 hrs
NAD83 UTM Zone 11N

-  Rim Fire Burned Area
-  Uncontrolled Fire Edge
-  Completed Line
-  Completed Dozer Line
-  Hand Line
-  Road as Completed Line
-  Line Break Completed
-  Proposed Dozer Line
-  Planned Secondary Line
-  Highways
-  Other Major Roads
-  Emigrant Wilderness
-  Tuolumne Wild & Scenic River



0 1 2 3 4 5
Miles



More Details...

- 1) **2-Year Operating Budget Change by Enterprise**
- 2) **2-Year Capital Budgets with 10-Year Plan Totals**
- 3) **Ratepayer Affordability – Bills & Rates**
- 4) **Other Updates – GoSolarSF**
- 5) **5-Year Budget Change by Enterprise**

Mayor's 2-Year Proposed Budget Change by Enterprise



Mayor Two-Year Proposed Operating Budget

\$ Millions

	FY 2013-14	FY 2014-15	FY 2015-16
Water	435	475	508
Wastewater	254	273	287
Hetchy	185	183	201
Bureaus Allocation	(79)	(89)	(88)
Subtotal	794	842	908
SFPUC Bureaus	79	89	88
Total Budget (AAO)	\$ 873	\$ 931	\$ 996
Change		\$ 58	\$ 65
Total Authorized Positions	2,373	2,407	2,413



Mayor Proposed FY 2014-15 & FY 2015-16 Budget Changes

	\$ Millions	FY 2013-14	FY 2014-15	FY 2015-16
Budget		873	931	996
Changes:				
Capital - Cash & Debt Funded			22	44
Capital, General Reserve			14	(3)
Purchase of Electric Power			(4)	20
All Other Operating Costs			16	1
Personnel			10	3

2-Year Capital Proposed Budgets by Enterprise



Water Enterprise 10-Year Proposed Capital Plan, Excluding Financing Costs

(Millions)	FYE 2013-14 Approved	FYE 2014-15 Requested	FYE 2015-16 Requested	FYE 2015-24 Capital Plan
<u>Uses</u>				
Local Water/Conveyance	\$44.2	\$53.7	\$53.7	\$537.0
Regional Water	43.6	25.5	48.6	319.6
Auxiliary Water System	29.8	85.9	0.0	195.9
WSIP Augmentation Candidate Projects	0.0	72.2	41.1	161.5
Building & Grounds - Local	0.5	0.8	1.5	16.6
Systems Monitoring & Control	0.0	1.5	5.9	13.2
Pacific Rod & Gun Club Remediation Project	1.4	11.1	0.2	11.3
Recycled Water - Local	0.9	1.0	3.9	4.9
Local Treasure Island	3.0	0.0	0.0	3.0
All Other Local Candidate Projects	0.0	0.7	3.4	26.2
Total Costs	\$123.5	\$252.4	\$158.4	\$1,289.2
<u>Sources</u>				
Revenue Bonds	\$10.0	\$72.2	\$117.9	\$578.4
Operating Revenue	20.3	29.2	37.5	438.8
General Obligation Bonds	29.8	85.9	0.0	195.9
BAWSCA Pre-payment Bonds	61.7	62.5	0.0	62.5
Capacity Fees	1.7	2.5	3.0	13.5
Total Revenues	\$123.5	\$252.4	\$158.4	\$1,289.2
Surplus / (Shortfall)	0.0	0.0	0.0	0.0



Wastewater Enterprise 10-Year Proposed Capital Plan, Excluding Financing Costs

(Millions)	FYE 2013-14 Approved	FYE 2014-15 Requested	FYE 2015-16 Requested	FYE 2015-24 Capital Plan
<u>Uses</u>				
SSIP				
Treatment Facilities	\$77.9	\$107.1	\$270.9	\$2,490.1
Sewer/Collection System	19.3	31.8	74.5	1,541.7
Program Wide Efforts	22.0	23.0	24.0	202.0
Land Reuse (Previously shown in Biosolids/Digester Project)	0.0	5.0	29.3	87.8
Stormwater Management/Flood Control	15.8	40.3	23.7	161.8
SSIP Subtotal	135.0	207.2	422.3	4,483.3
Renewal and Replacement				
Collection System	63.9	75.3	78.0	754.8
Treatment Plant	11.8	12.4	13.1	156.5
R&R Subtotal	75.8	87.7	91.1	911.3
Treasure Island	4.4	0.0	0.0	103.8
Wastewater Facilities & Infrastructure	26.5	9.7	23.3	49.0
Total Uses	241.6	304.6	536.6	5,547.4
<u>Sources</u>				
Revenue Bonds	\$194.2	\$254.6	\$482.6	\$5,012.0
Revenue - Current Year	37.0	39.0	41.0	491.4
Capacity Fee	9.6	11.0	13.0	44.0
Revenue - BAB Interest Income	0.8	0.0	0.0	0.0
Total Sources	241.6	304.6	536.6	5,547.4
Surplus / (Shortfall)	0.0	0.0	0.0	0.0

Hetch Hetchy Water & Power 10-Year Proposed Capital Plan, Excluding Financing Costs

(Millions)	FYE 2013-14 Approved	FYE 2014-15 Requested	FYE 2015-16 Requested	FYE 2015-24 Capital Plan
<u>Uses</u>				
Hetchy Power				
Streetlight	\$11.6	\$5.1	\$5.6	\$29.0
Treasure Island	3.9	3.1	3.0	29.0
Renewable Generation	5.2	6.2	6.2	26.0
Energy Efficiency	2.1	1.0	1.0	10.0
Transmission/Distribution	4.2	1.0	1.3	2.3
Power Infrastructure	26.7	25.8	18.0	121.1
Joint Projects - Power 55%	7.9	14.5	18.7	452.4
New Projects - Streetlights	0.0	9.0	6.4	31.1
New Projects - Redevelopment	0.0	0.0	0.0	9.0
New Projects - Up-country	0.0	10.2	13.5	38.6
Power - Total	61.6	75.9	73.6	748.4
Hetchy Water				
Joint Projects - Water 45%	\$6.5	\$11.9	\$15.3	\$370.2
Water Infrastructure	8.0	19.1	2.0	89.9
New Projects	0.0	0.7	2.0	34.0
Water - Total	14.5	31.7	19.3	494.0
Total Cost	76.1	107.6	92.9	1,242.4
<u>Sources</u>				
Water Bonds - Water & 45% Joint	\$14.5	\$31.7	\$19.3	\$494.0
Power Bonds - Power & 55% Joint	12.3	\$33.0	\$54.6	554.6
Revenue - Current Sources	28.8	\$21.9	\$17.4	160.9
Fund Balance	19.4	\$0.0	\$0.0	0.0
Project De-Obligation	0.0	\$19.5	\$0.0	19.5
Cap and Trade Auction Revenue	1.2	1.4	1.7	13.4
Total Sources	\$76.1	\$107.6	\$92.9	\$1,242.4
Surplus / (Shortfall)	0.0	0.0	0.0	0.0



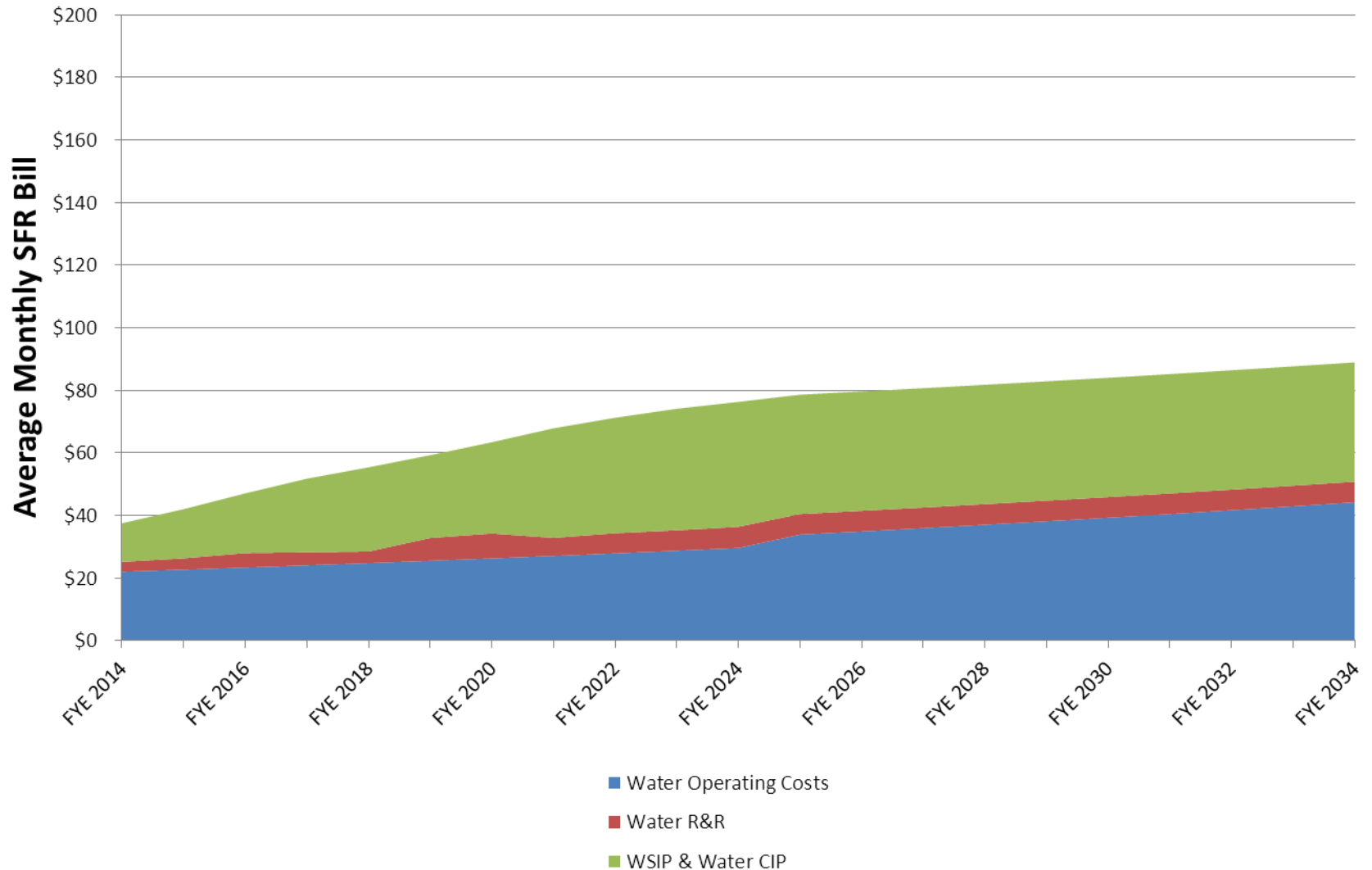
Considering Another \$155M of Capital Cuts, Deferrals, Changes

Streetlight Consolidation	\$104 M
Joint Asset Projects - Moccasin & Administration Facilities	\$42 M
Moccasin Generator &	\$13 M
Water Project Changes <i>Fishery Recirculation,</i>	\$19 M
Increase Lower Cherry Aqueduct	\$(18M)
Increase GoSolarSF	\$(6M)
Power-Related Total	\$134M
Water-Related Total	\$21 M

Ratepayer Affordability

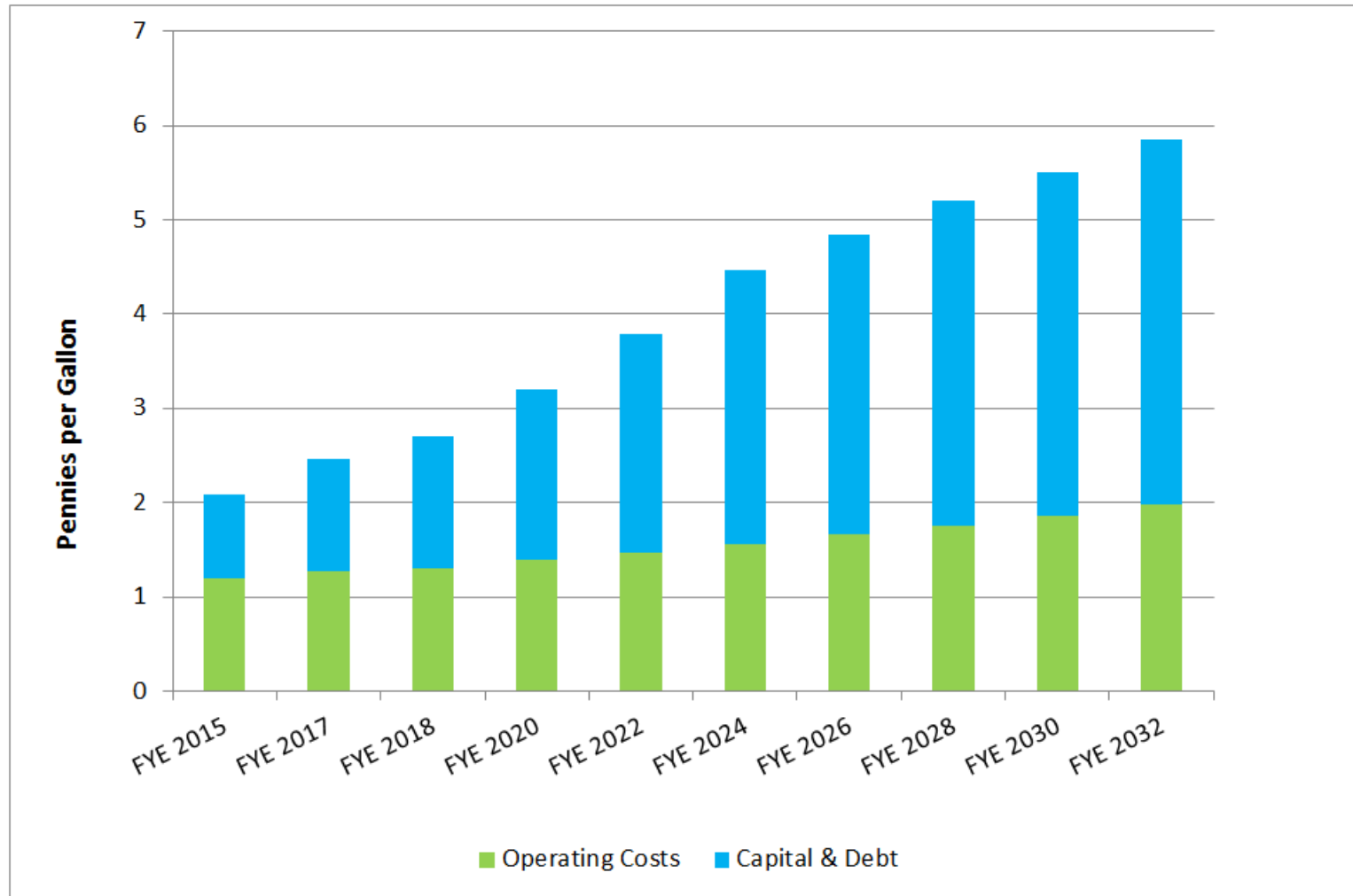
Average Monthly Water Bill

San Francisco Retail

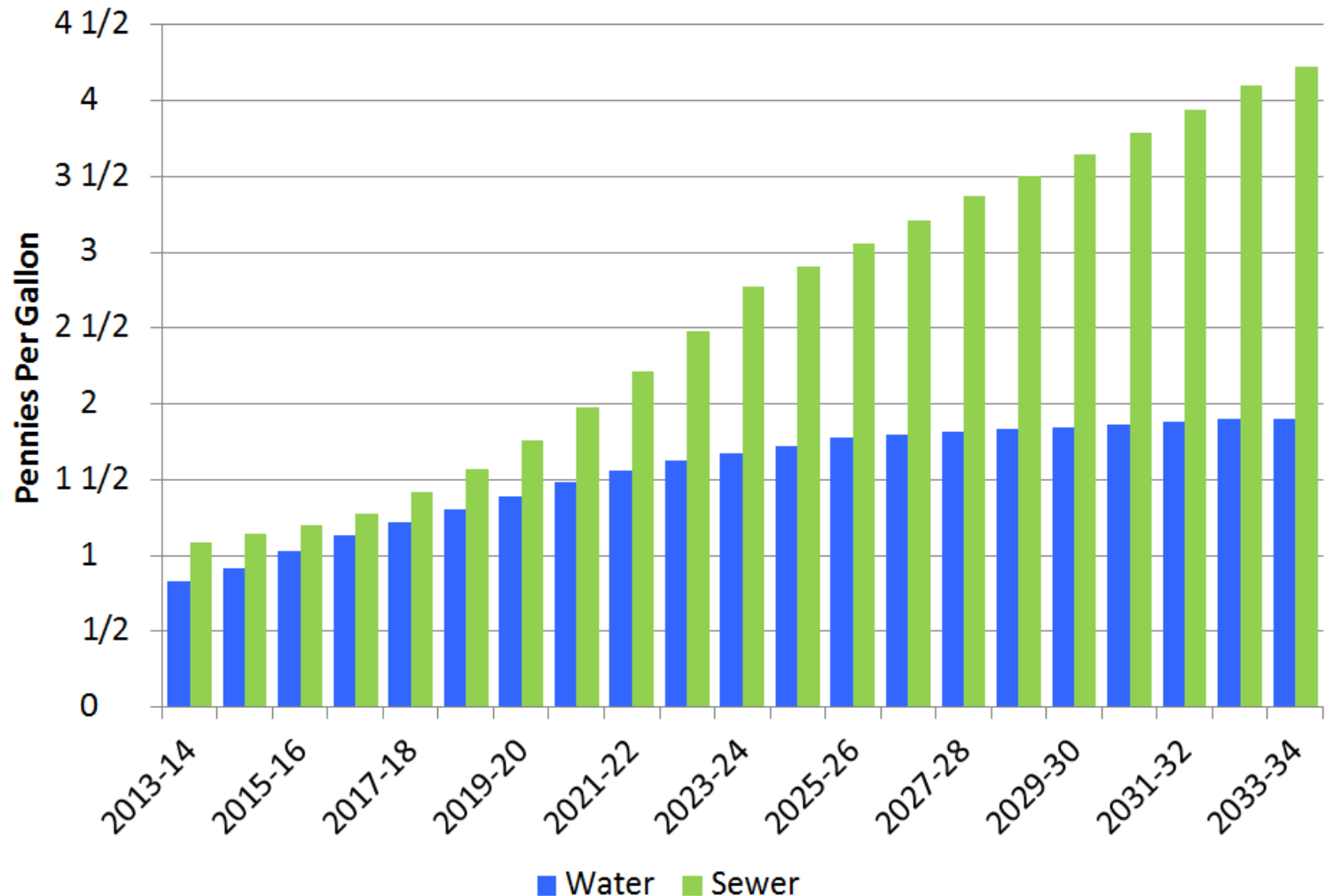


Pennies Per Gallon Delivered/Treated

Retail

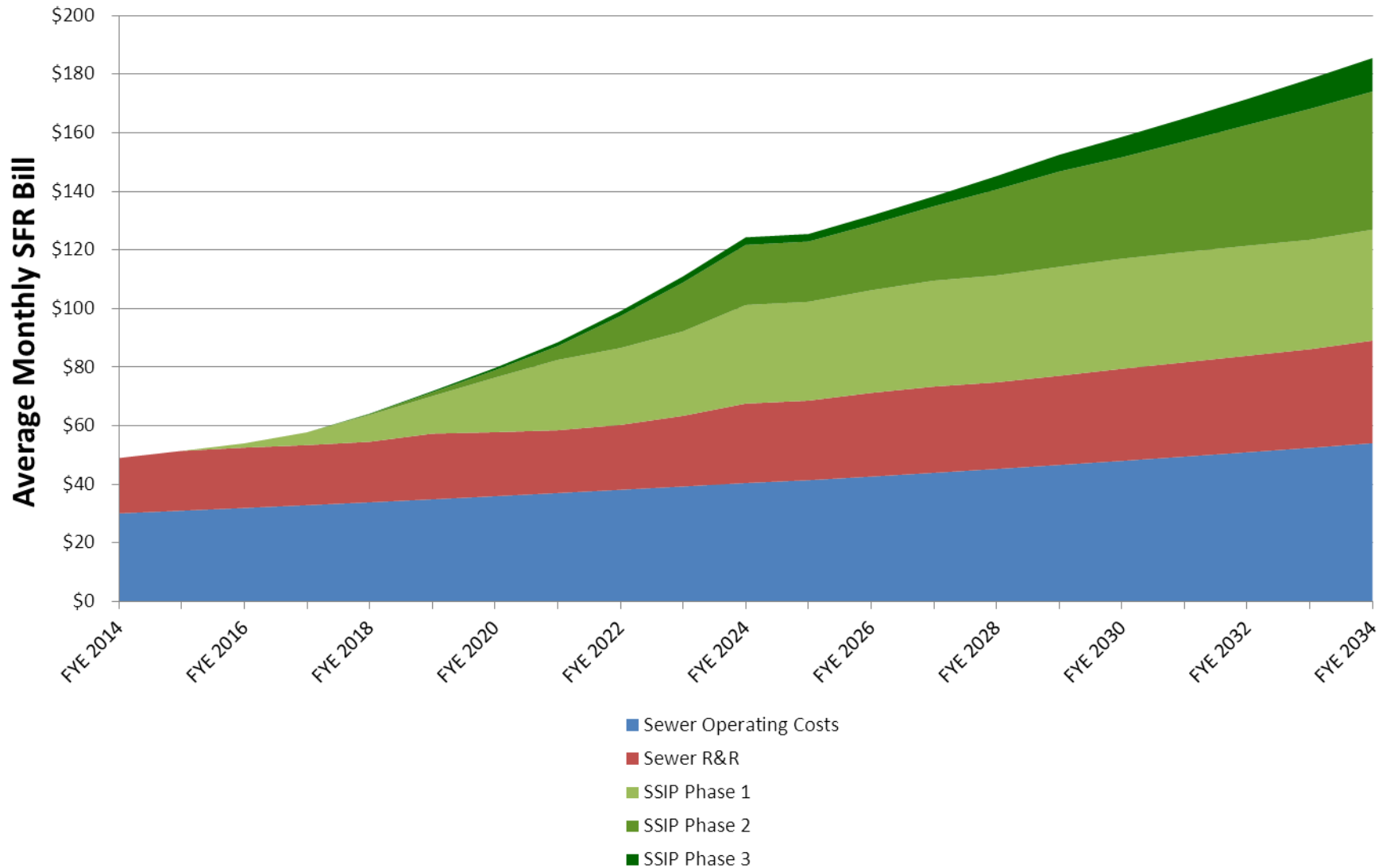


Water & Wastewater – Retail Pennies Per Gallon Delivered / Treated

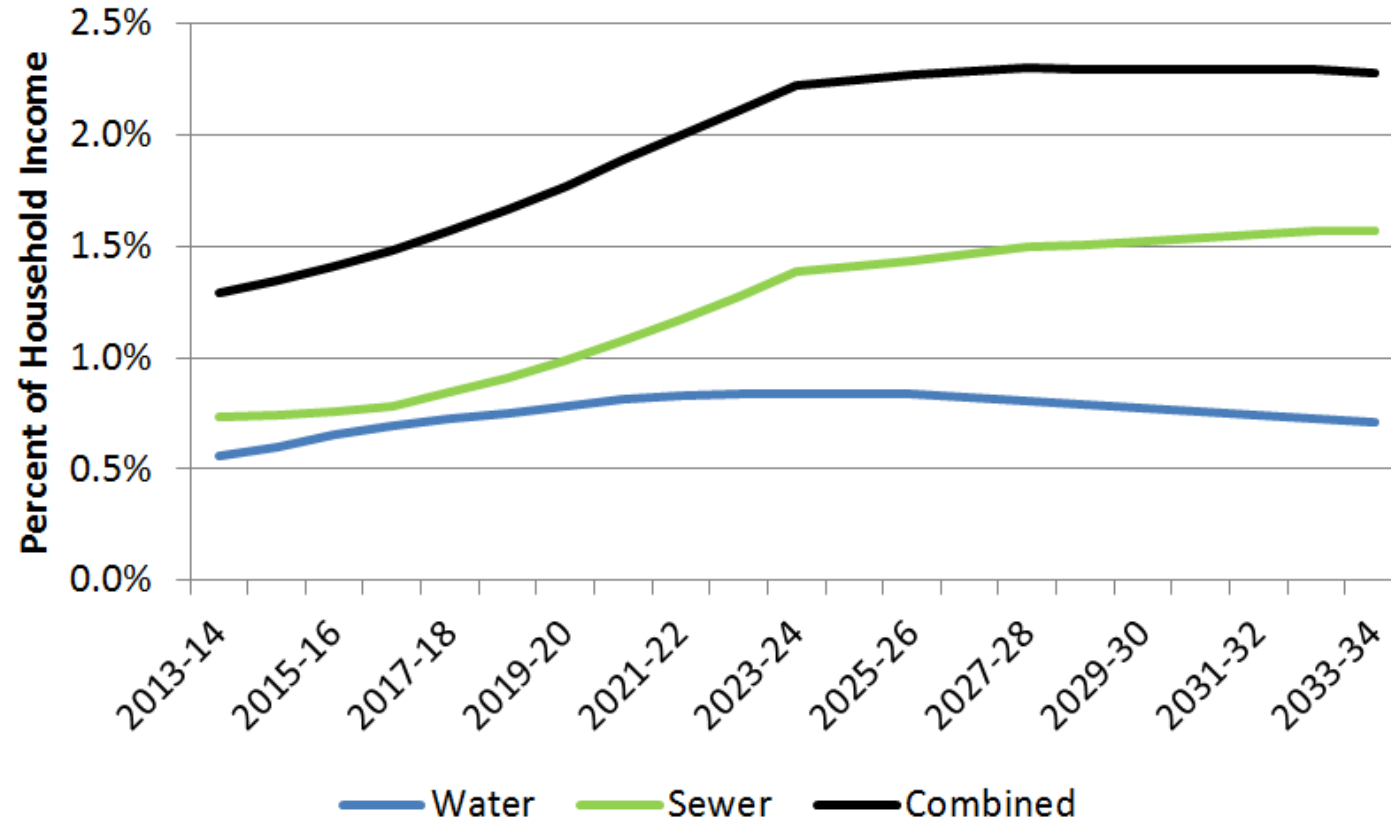


Average Monthly Sewer Bill

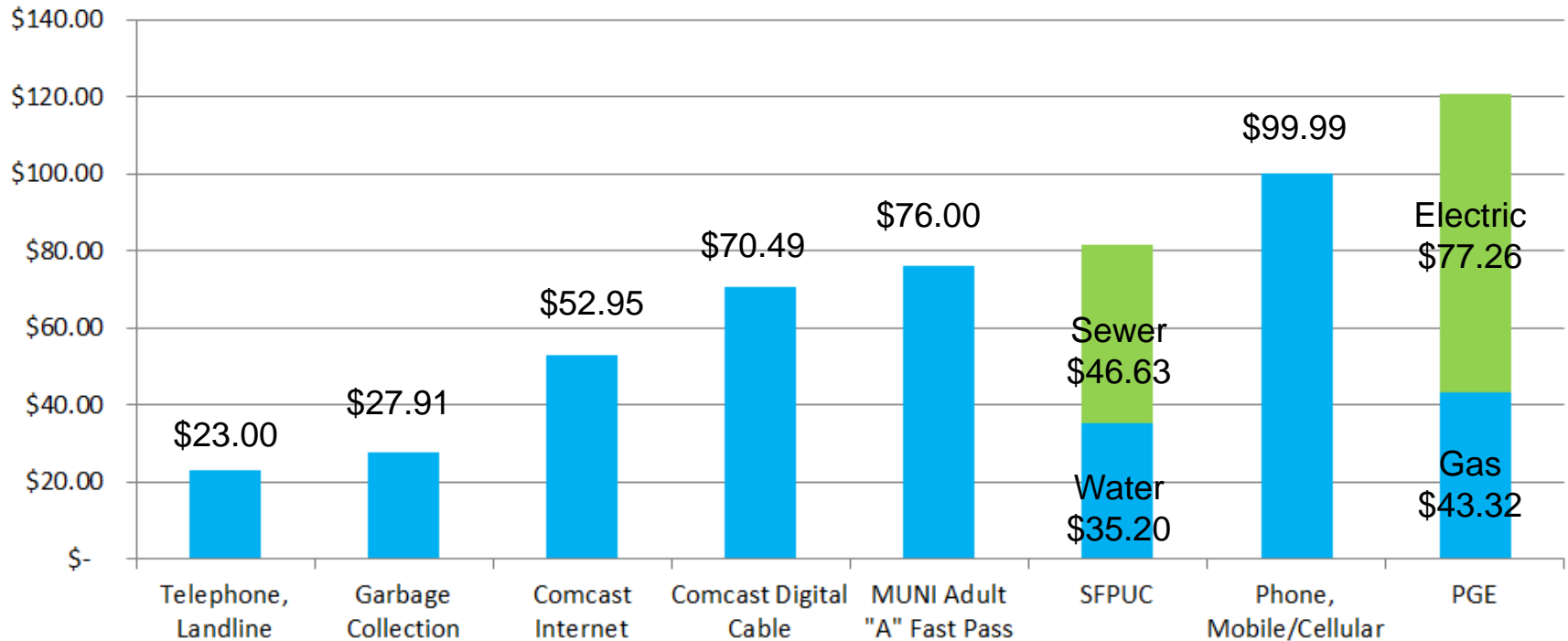
San Francisco Retail



Affordability as a % of Average Income



Water and Sewer Service Affordability

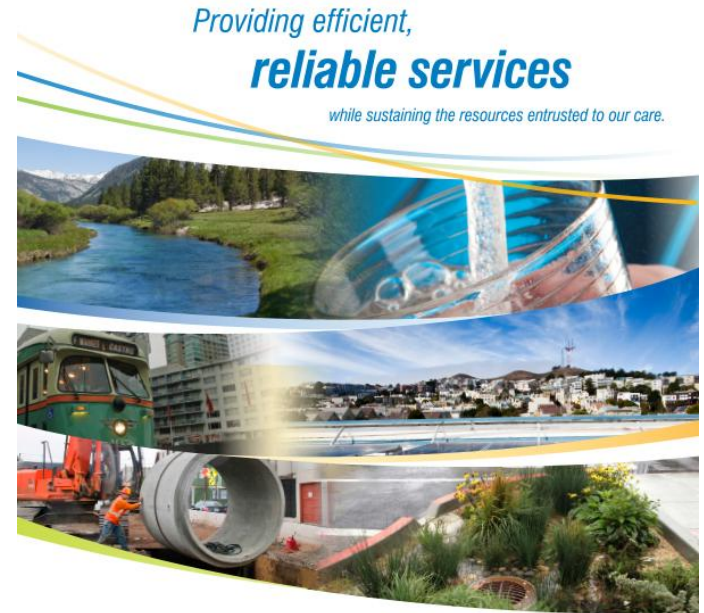


Summary of 10 Year Plan Appropriations

	Last 10 - Yr. Plan	Proposed Next 2 Years	Proposed Next 10 - Yr. Plan
Go Solar	\$12M Total \$4M FY 2013-14, \$2M through 2017-18	\$4M Total \$2M in FY 2014-15 & 2015-16	\$8M Total \$2M FY 2013-14, \$2M through 2017-18
Energy Efficiency Total	\$8.1M Total \$2.1M FY 2013-14	\$2M Total \$1M in FY 2014-15 & 2015-16	\$10M Total \$1M FY 2013-14
Energy Efficiency General Fund Only	\$5.5 M Total \$1M FY 2013-14	\$1M Total \$0.5M in FY 2014-15 & 2015-16	\$5M Total \$0.5M FY 2013-14
City Owned Renewables	\$12M Total \$1.2M FY 2013-14	\$2.4M Total \$1.2M FY 2014-15 & 2015-16	\$12M Total \$1.2M FY 2013-14
Streetlights	\$46.4 Total \$11.6M FY 2013-14	\$26M Total \$14.1M FY 14-15 & \$11.9M FY 2015-16	\$60M Total \$14.1M FY 2013-14

Outreach Approach

- Continuous Engagement & Education
- Communicating Value & System Conditions
- Highlighting Successes
- Broadening the Conversation
- Promoting Public Participation
- Key Stakeholder Briefings



Foundation Setting

- 3 Key Messages:
 - We must continue to provide high quality & reliable services around the clock.
 - Continued investment in our aging infrastructure is critical.
 - We are committed to keeping rates affordable and our rate-setting process transparent.
- Internal Education/Speakers Trainings



Public Tours

525 Golden Gate Avenue
1,275+ Attendees



Treatment Plants
1,340+ Attendees



Newly Launched:
In-City Tours
190+ Attendees

Website Updates

Rates



Your Dollars at Work: Over the past year, it has been determined that an average 8-9% increase in water and sewer bills over the next four years is required to run our operations, and continue investing for today and our future. Learn more about the proposed increase and rate setting process here.



Single Family

Rates for single-family dwelling units served through a separate meter or battery of meters.



Multi-Family

Rates for multiple-family accounts with two or more dwelling units served through a separate meter or battery of meters.



Non-Residential

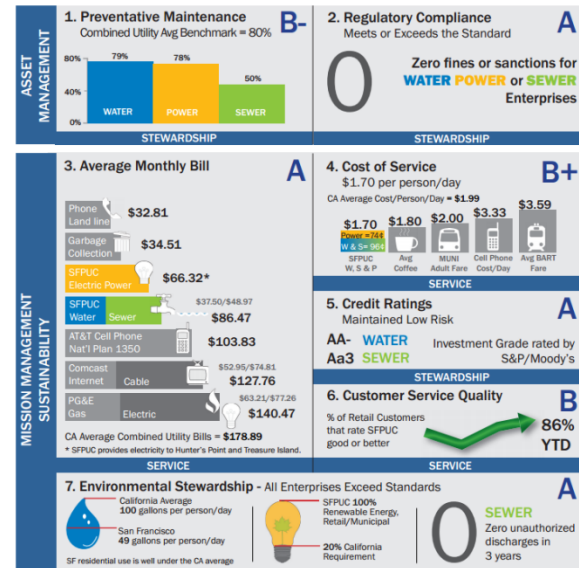
Rates for commercial, industrial and other general uses served through a separate meter or battery of meters.



SFPUC Ratepayer Assurance Scorecard CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER

A-

FY 2012-13



Proposed FY 2015-18 Water and Sewer Rates

- Rates Notice - English
- Rates Notice - Spanish
- Rates Notice - Chinese
- Carollo Rate Study Report



Proposed Rates Calculator

- Single Family
- Multi-Family
- Commercial Customers please call (415) 551-3000



Additional Rates Information

- Frequently Asked Questions (FAQ)
- FAQ - Spanish
- FAQ - Chinese



Rates Outreach Materials

Preguntas y respuestas: sus tarifas del agua y alcantarillado



Cada dólar se pone a trabajar



Todos los días entregamos agua de alta calidad, generamos energía limpia y protegemos la salud pública y el medio ambiente para los residentes y negocios de San Francisco. Nuestro sistema trabaja 24 horas al día, 7 días a la semana, y su operación y mantenimiento más 100 por ciento fundado con las cuentas que usted paga.

Menos de 2 centavos por galón entrega:

NUUESTRO SISTEMA DE AGUA
• 2.6 millones de personas
• 222 millones de galones por día (MGD)
• 176 MW de hidroelectricidad limpia
• 167 millas a través del estado
• Únicamente por gravedad
• Sin fílar

Prestamos estos servicios mientras protegemos la diversidad del medio ambiente de la zona de la Bahía, la comunidad y economía que todos nosotros valoramos.

Para fortalecer estos sistemas para futuras generaciones.

La mayoría de nuestros recursos están en cuenta lo que se necesita para estar seguros de que cada vez que abrimos la canilla tenemos agua potable disponible, o que cada vez que tomamos una ducha o lavamos la cafetera en el baño, el agua sucia se trata y se limpia antes de regresar a la Bahía o el Océano.

- 24/7 operaciones
- Mantenimiento de rutina y reparaciones de emergencia
- Tratamiento y transporte
- Cuentas y la gestión de tierras
- Mejoramientos de la infraestructura (agua y alcantarillado)
- Monitoreo del medio ambiente
- Programas para apoyar a nuestra comunidad

NUUESTRO SISTEMA DE ALCANTARILLADO
• 3 plantas de tratamiento
• 1,000 millones de galones al día
• 95 MGD tratados en días de lluvia
• 675 MGD tratados en días lluviosos
• 40 millones de galones por año

Aquí, en la Comisión de Utilidades Públicas de San Francisco (SPUC), nunca dejamos de pensar en cómo mantener y actualizar nuestra infraestructura para proporcionar los servicios confiables y de alta calidad de los cuales usted depende cada día.

Hoy, estamos cerca de la terminación del Programa de Mejoramiento del Sistema de Agua (Water System Improvement Program) de \$4.6 billones, una actualización confiable y silenciosa de nuestro histórico sistema de agua regional Hetch Hetchy.

Invertir sus dólares en el mantenimiento regular y mejoramientos capitales de nuestros sistemas de agua y alcantarillado.



FAQ in English/Spanish/Chinese

Rates Focused CURRENTS newsletter sent to 40,000+ Online & 130,000+ Print subscribers

Every Dollar Goes to Work

Every dollar from your monthly bill is invested to help ensure that we deliver high quality, reliable water and sewer services around the clock. We deliver these services while protecting the environment, community and economic interests that we all value. Our crews stand ready day and night, to respond to emergencies. To provide these vital services, and prepare for major disasters like the Rim Fire or an earthquake, we must continue to invest in our aging infrastructure.

Rim Fire Update: Your water still clean as ever

Regeneration has already begun near Hetch Hetchy Reservoir as the first gusty poles through ash cleared by the Rim Fire. Despite the fire, the quality of our drinking water remains high.

Thanks to the efforts of the more than 4,000 men and women who fought tirelessly to contain the fire—one of the worst in California history—only 2% of the Hetch Hetchy watershed was touched by the flames. Though two of our powerhouses were temporarily affected, they are now full operation, providing clean hydroelectric energy for City facilities and MWD.

Repair and restoration activities are under way. Temporary, state and federal reimbursements funds may also be available to assist with costs. As we move forward with restoration and recovery, we cooperate and coordinate daily with our local, state, and federal partners. For further updates, visit water.org/rimfire.

Rate-setting: We value your input

To support our commitment to providing you with 24/7 water and sewer service, we plan for the future by proactively replacing aging water and sewer pipelines. Your water and sewer rates make all this possible.

We want your valuable input as we move to manage smart infrastructure planning, while keeping rates affordable through a transparent process.

The Rate Fairness Board—established to review our rate forecasts—is meeting over the next several months. For information and a schedule, see water.org/fairness.

Learn more - request a presentation for your neighborhood or merchant association meetings: Call 415-554-3289, or email rateinfo@water.org.

Proposed FY 2015-2018 Water and Sewer Rates

Every day, the San Francisco Public Utilities Commission (SPUC) delivers high quality water, generates clean energy, and protects public health and the environment by collecting and treating wastewater for the residents and businesses of San Francisco. Our system works 24 hours a day, 7 days a week, and its operation and maintenance are funded by your water and sewer rates.

To continue delivering reliable, high quality service, the SPUC has prepared 4 years of water and sewer rates for rate increases beginning July 1, 2014.

Your Rates Pay for Critical Water & Sewer Projects

The proposed rate increase will allow the SPUC to continue and accelerate work to rebuild and improve our water and sewer systems. We are meeting completion of the \$4.6 billion Water System Improvement Program (WSIP). The WSIP is building a water supply pipeline for both drinking and firefighting. This will ensure we can provide water during a drought and within 24 hours of an earthquake to all of our 2.6 million Bay Area customers. Your ratepayers dollars have funded major new water and sewer projects for Bay Area and San Francisco residents, business, industry, regional water pipelines and to City water and sewer pipelines. Rate increases are necessary to complete these major projects we will pay off the bonds created to fund them.

We are also focusing on another foundation of our City, our sewer system. With more than 100 percent of our sewer pipeline over 100 years old, and aging treatment plants, San Francisco's future is reliant on upgrading the system. Our Sewer System Improvement Program will address the needs of our City and ensure continued protection of public health and the environment.

Our Public Rate Setting Process

We are committed to keeping your current water and sewer bill affordable. A City-appointed Rate Fairness Board review all five-year rate plans, include public meeting and provides recommendations to ensure affordability, stability, and fairness. View our financial reports at water.org/fairness.

Proposed rates and proposed rate tables

The proposed rate schedule represents an average annual increase of \$7-12 per month for the average single-family residential household in San Francisco (about 5-6% per year).

Single-Family Residential water and wastewater rates have 2 tiers. Single-Family wastewater rates will be phased into a uniform rate over the next 4 years. In FY 2015, a single-family wastewater rate will be charged \$4.00 per unit for the first 4 units and then \$0.02 for each additional unit of water each month. The same single-family customer will be charged \$0.05 per unit for the first 4 discharge units and then

Category	Current	Proposed	FY 2015	FY 2016	FY 2017	FY 2018
Monthly Service Charge - Water Based on meter size						
1/2 inch	\$5.45	\$6.15	\$6.15	\$6.85	\$7.55	\$8.25
3/4 inch	\$10.90	\$12.30	\$12.30	\$13.70	\$15.10	\$16.50
1 inch	\$16.35	\$18.45	\$18.45	\$20.55	\$22.65	\$24.75
1 1/2 inch	\$21.80	\$24.90	\$24.90	\$27.00	\$29.10	\$31.20
2 inch	\$27.25	\$30.35	\$30.35	\$32.45	\$34.55	\$36.65
2 1/2 inch	\$32.70	\$35.80	\$35.80	\$37.90	\$40.00	\$42.10
3 inch	\$38.15	\$41.25	\$41.25	\$43.35	\$45.45	\$47.55
3 1/2 inch	\$43.60	\$46.70	\$46.70	\$48.80	\$50.90	\$53.00
4 inch	\$49.05	\$52.15	\$52.15	\$54.25	\$56.35	\$58.45
4 1/2 inch	\$54.50	\$57.60	\$57.60	\$59.70	\$61.80	\$63.90
5 inch	\$59.95	\$63.05	\$63.05	\$65.15	\$67.25	\$69.35
5 1/2 inch	\$65.40	\$68.50	\$68.50	\$70.60	\$72.70	\$74.80
6 inch	\$70.85	\$73.95	\$73.95	\$76.05	\$78.15	\$80.25
6 1/2 inch	\$76.30	\$79.40	\$79.40	\$81.50	\$83.60	\$85.70
7 inch	\$81.75	\$84.85	\$84.85	\$86.95	\$89.05	\$91.15



October 2013

Dear Neighbor,

Have you considered lately what it takes to provide pristine water to your tap every time you turn it on, or how the dirty water from your shower and toilet is cleaned before being released into the Bay or Ocean?

At the San Francisco Public Utilities Commission (SPUC), our mission is to provide you with round-the-clock, reliable water, sewer and municipal power services, and to responsibly invest in this infrastructure that supports our everyday lives.

Every year, we replace aging water and sewer lines and plan for the future. We have also successfully completed over 75% of the \$4.6 billion Hetch Hetchy Water System Improvement Program (WSIP) to upgrade pipelines, tunnels, and dams that will protect our water system against earthquakes and other emergencies, such as the recent Rim Fire. Our system upgrades demonstrated that our contingency plans ensured continued, uninterrupted delivery of high quality water to customers.

Your water and sewer rates have made this possible, and we're proposing additional increases to continue this work. Our priorities are to provide reliable services, while keeping rates affordable and our process transparent. We have a public rate setting process underway through our Citizens Advisory Committee (CAC) and the Rate Fairness Board (RFB). These are two of many independent bodies that provide oversight, as well as recommendations to our Commission on issues like rates. You can find the latest updates at water.org/rates.

If your organization and members are interested in a presentation on our work and proposed water and sewer rate increases, please contact us at (415) 554-3289 or email us at ratesinfo@water.org.

You can also find an updated schedule of presentations, events, and public meetings throughout the city on our calendar page at water.org.

Thank you for your continued support.

Sincerely,
Paul D. Zell
General Manager

Facebook.com/water
Twitter.com/water
Instagram.com/water



The Mission of the San Francisco Public Utilities Commission is to provide our customers with high quality, efficient and reliable water, power and wastewater services in a manner that values the environment and community interests and sustains the resources entrusted to our care.

Letter of invitation for presentations sent in English/Spanish/Chinese 700+

Media Coverage

Media:

- 19 news stories (Print/TV/Radio)
- Including Spanish & Chinese coverage

Social Media:



@SFWATER = 105, 913



SF Water, Power, Sewer = 61,799

Rebuilding today for future water service

By Marian Kelly Jr.



The San Francisco Public Utilities Commission is planning much-needed repairs to Mountain Tunnel, the Bay Area's link to the Hetch Hetchy Reservoir.

The San Francisco Public Utilities Commission focuses every day on operating water, power and sewer system that serves the San Francisco Bay Area, and facilities work in concert to provide service 24 hours a day, seven days a week. The Hetch Hetchy Water and Power System has reliably delivered water through a system of tunnels, dams, pipelines, and facilities constructed over the last century to support the region's economy and region.

Total Estimated Reach: 167,712 Impressions

Update on the GoSolarSF Program & SFPUC Power Enterprise

**Board of Supervisors
Government Audit & Oversight Committee
April 10, 2014**

**Barbara Hale
Assistant General Manager, Power
San Francisco Public Utilities Commission**

Power Enterprise – San Francisco's Other Power Provider



- Serving 2,260 accounts
- Providing 100% GHG-free electricity to our customers
- Generating clean hydropower, solar, and other renewables
- Providing energy efficiency services
- Converting 18,500 street lights to LEDs, operations & maintenance of all 40,000 street lights
- Managing & funding GoSolarSF

Power Enterprise Priorities

- Continue to provide reliable 100% greenhouse gas-free power to SFPUC customers at reasonable cost
- Efficiently manage generation, transmission and distribution assets and street lights
- Transition to new agreements with key partners and implement associated operational changes
- Continue to support local energy efficiency and renewable generation projects, including GoSolarSF
- *Develop new revenue sources to support long term capital requirements*
- *Continue work to comply with changing regulatory requirements*

GoSolarSF Program Background

- GoSolarSF was established by the Solar Energy Incentive Program Ordinance, Chapter 18 of the SF Environment Code
- Ordinance designates SFPUC as the program administrator
- SF Environment Code 818.1.K states the “objective of providing an appropriation of \$2 million to \$5 million annually over the ten years commencing with fiscal year 2008-2009”



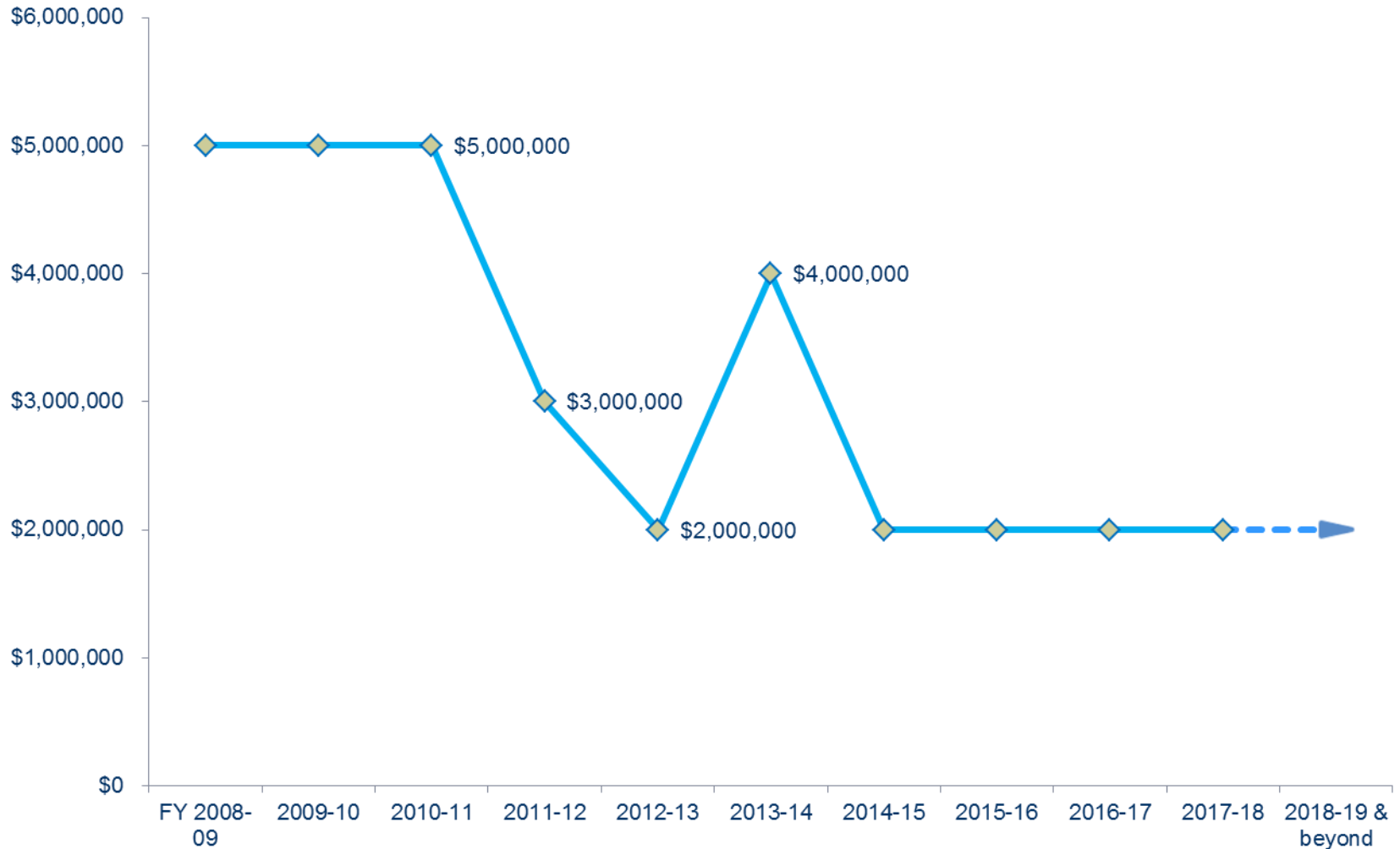
Bringing Solar Power to San Francisco

GoSolarSF Program Objectives

- Encourage installations of solar power systems in San Francisco
- Provide jobs to disadvantaged San Franciscans
- Support solar projects for low income households
- Support local businesses



GoSolarSF Budget Appropriation by Year



GoSolarSF Program Activity

Program to Date:

- \$19.4 million paid
- 2,583 installations completed
- 8.1 MW installed
- 121 new jobs for disadvantaged San Franciscans, 19 currently employed
- Incentives are available to Power Enterprise's customers and non-customers

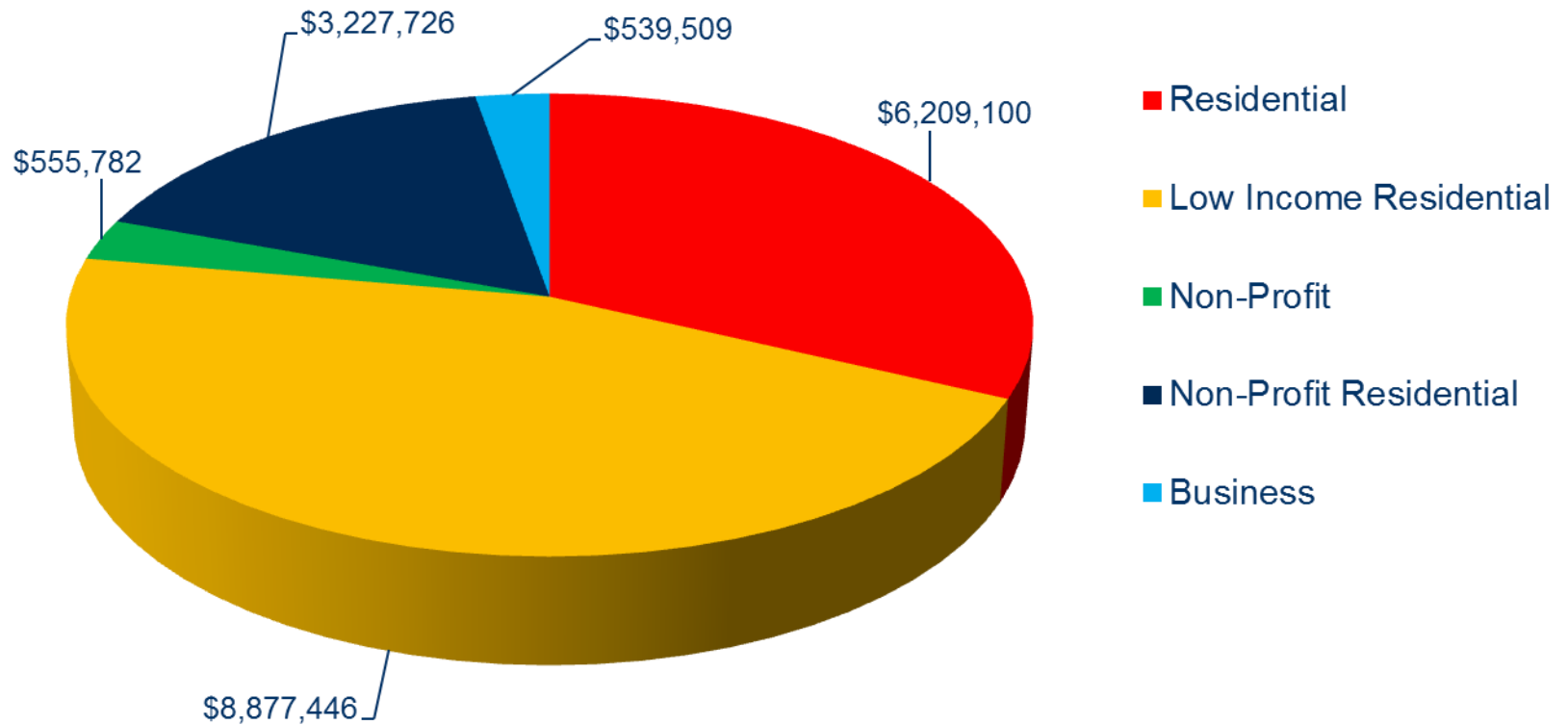
GoSolarSF Program Activity

Fiscal Year to Date:

- \$2,118,886 requested, \$1,876,962 available
 - Business & Residential: \$1,223,155 requested, **\$129,792 available**
 - Low Income Residential: \$346,591 requested, **\$819,305 available**
 - Non-Profit & Non-Profit Residential: \$542,443 requested, **\$684,562 available**
 - Low Income SASH: \$6,697 requested, **\$243,303 available**
- \$1,903,297 reserved
- 11 new jobs for disadvantaged San Franciscans

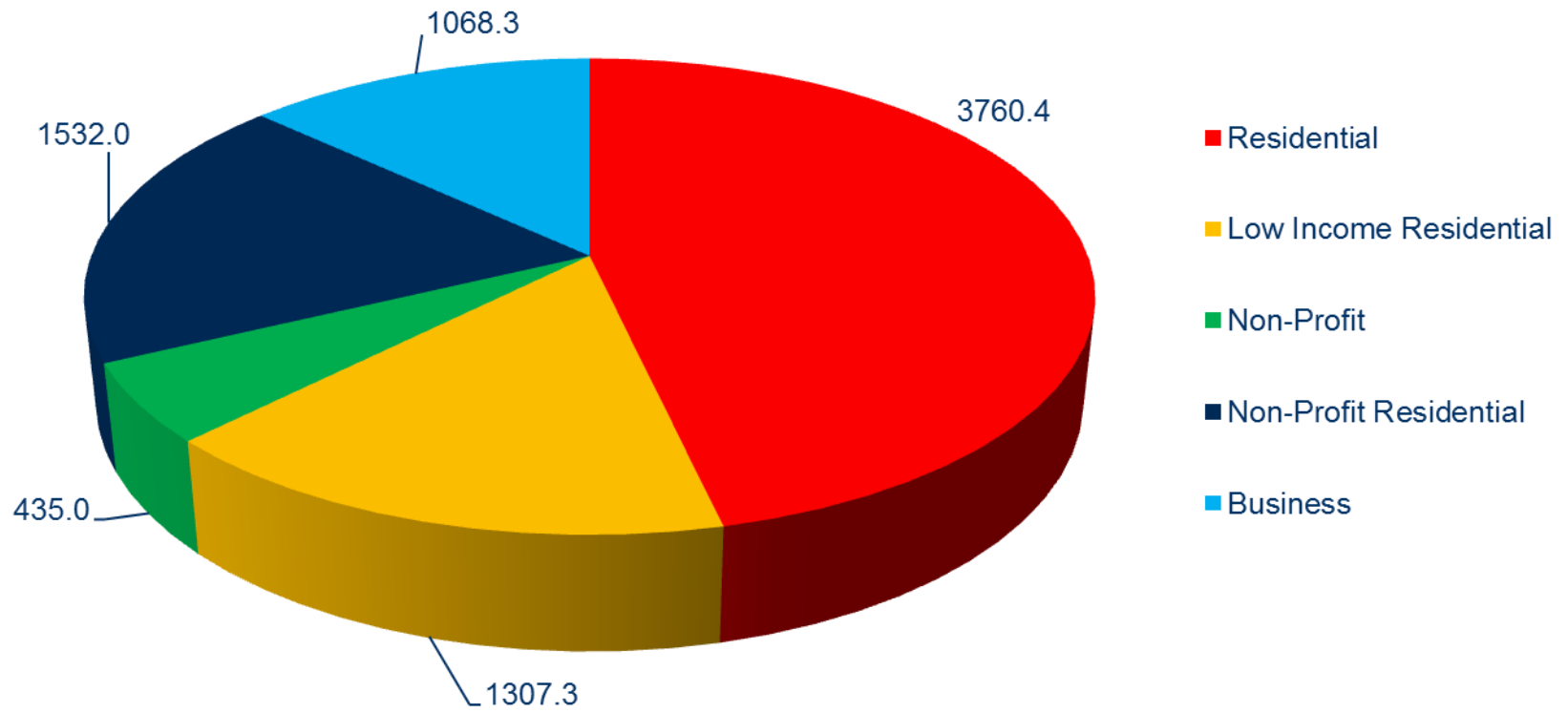
GoSolarSF Incentives Paid by Type

Total paid: \$19.4 million

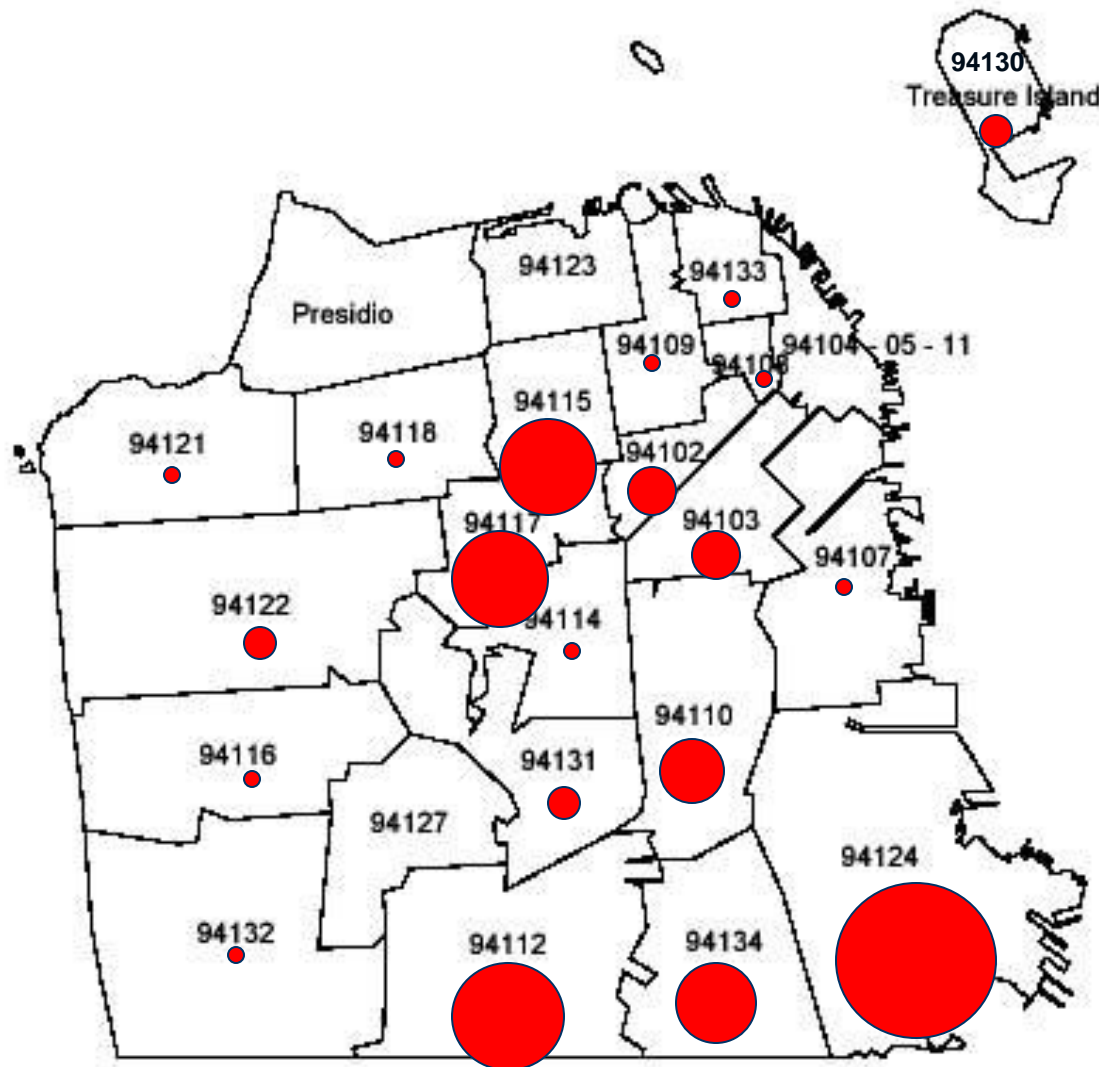


GoSolarSF kW Installed by Type

Total installed: 8,103 kW (8.1 MW)



GoSolarSF Workforce Development Program Hires by Zip Code



94124:	19
94112:	11
94115:	10
94117:	10
94134:	9
94110:	8
94102:	6
94103:	6
94130:	5
94131:	4
94122:	3
Other:	21



GoSolarSF Program Changes for FY 2013-14

- GoSolarSF is no longer piggybacking on the California Solar Initiative (CSI) program since CSI rebates are no longer available in Northern California
- Implemented online application system -- PowerClerk
- Reduced incentive levels, reflecting reduced cost of solar
- Tiered residential incentive structure based on system size



GoSolarSF New Incentive Structure for FY 2013-14: Residential

	1 – 1.24 kW	1.25 - 1.49 kW	1.5 - 1.74 kW	1.75 - 1.99 kW	2 - 2.24 kW	2.25 - 2.49 kW	2.5 - 2.74 kW	2.75 - 2.99 kW	3 - 3.49 kW	3.5 kW & larger
Select One: Basic or Environmental Justice	\$500 or \$600	\$650 or \$750	\$1,000 or \$1,100	\$1,100 or \$1,300	\$1,300 or \$1,500	\$1,600 or \$1,900	\$1,700 or \$2,100	\$1,900 or \$2,300	\$2,000 or \$2,500	\$2,000 or \$2,800
Add on if eligible: City Installer	\$250	\$300	\$350	\$400	\$450	\$500	\$550	\$600	\$650	\$700
Add on if eligible: Low-income	\$2,000	\$2,500	\$4,000	\$4,500	\$5,000	\$6,000	\$6,500	\$7,000	\$7,000	\$7,000



GoSolarSF New Incentive Structure for FY 2013-14: Business & Non-Profit

Non-profit: \$1,000/kW, \$50,000 cap per service site

Non-profit residential: \$1,000/kW, \$50,000 cap per service site

Business: \$500/kW, \$10,000 cap per meter & \$50,000 cap per service site

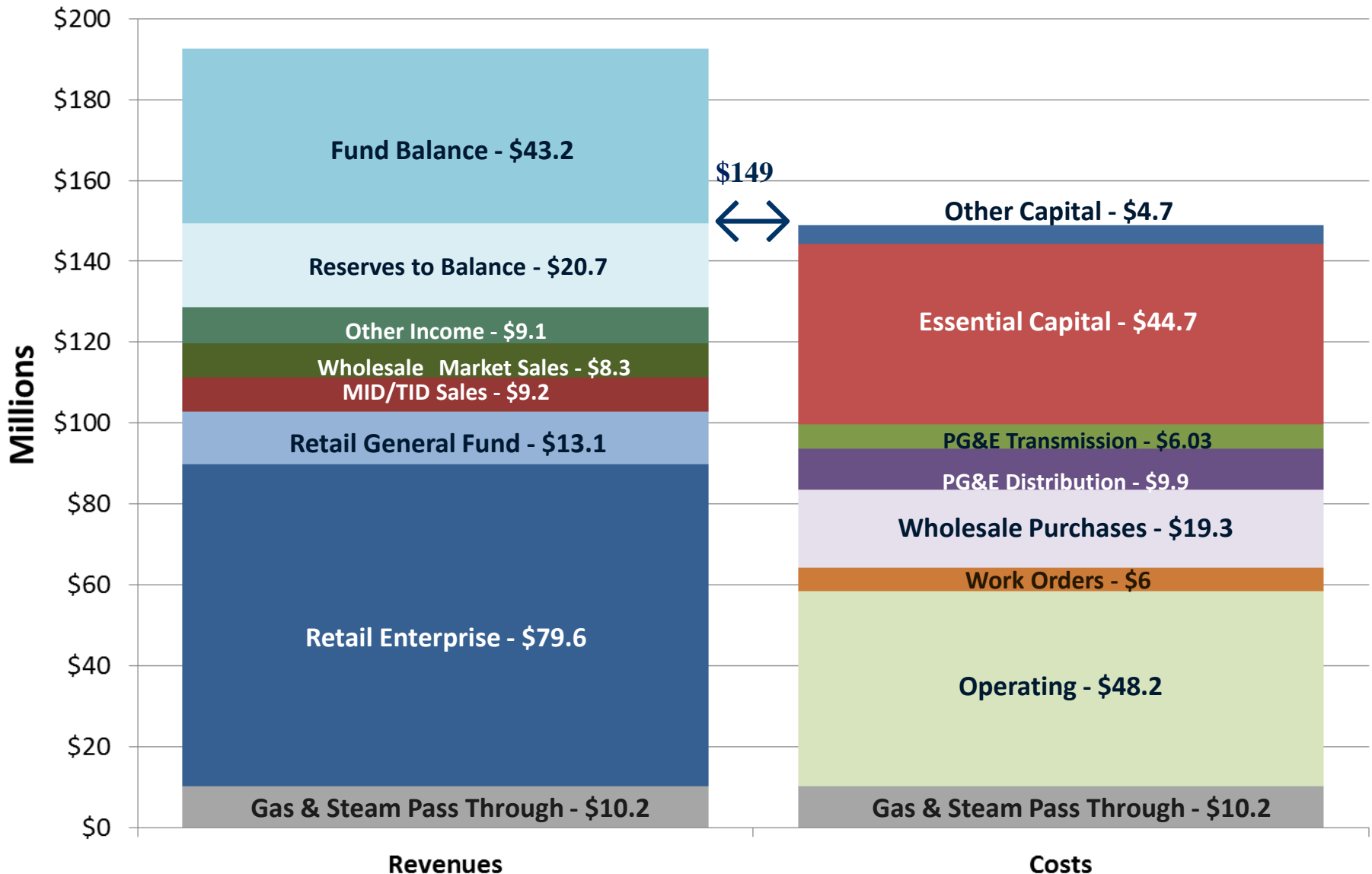
Multi-unit residential virtual net metering: \$500/kW, capped at \$500 multiplied by the number of assessed units at the building plus \$10,000. In no event will a service site receive more than \$50,000

GoSolarSF Areas for Improvement

- Inclusion of Power Enterprise customers – improve access to program benefits
- Financing mechanisms for program participants
- Optimizing long-term job opportunities for disadvantaged San Franciscans
- Adding energy efficiency requirements
- Stable, continuous sources of funding today, and beyond FY 2017-18



Power Enterprise Budgeted Costs & Revenues for FY2013-14 (millions)



New Challenges Expected to Increase Costs by 2015

Challenges	Cost
Essential capital improvements	<ul style="list-style-type: none"> Current adopted in 10 year capital plan: \$545 million Expected increase: \$883 million
Increased PG&E transmission and distribution rates and loss of bank	<ul style="list-style-type: none"> Current: \$16 million/year, T&D Current: \$4 million/year, bank Expected increase: \$20 million/year
New costs related to regulatory requirements (NERC/WECC and FERC/CAISO)	<ul style="list-style-type: none"> Currently in 10 year capital plan: \$26.9 million (up-country) Expected increases: \$32.4 million capital (up-country)

Questions



San Francisco
Water
Power
Sewer

Services of the San Francisco Public Utilities Commission