



SFPUC Budget Update

Budget & Finance Committee

April 30, 2014

Presentation Outline

1. Bird's Eye View of Budget
2. Updates: Capital Programs, Rate Setting, Rim Fire, Drought
3. Key Budget Issues for FY 2014-2016



Bird's Eye View of the Budget

Our Core Priorities

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

How We Achieve Our Core Priorities

Capital Investment

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

Power: Up-Country Infrastructure, Streetlights

Sewer: SSIP Phase 1 Digesters, Local Sewer Mains



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 Monthly Bill Change



Commission Approved Budget

Fiscal Year	Budget <i>(in Millions)</i>
FY 2013-14	\$ 873
FY 2014-15	\$ 927
FY 2015-16	\$1,013

Breakdown of Budget Increase

	\$ Change	% Change
Capital, Cash & Debt Funded	\$55 M	6
Capital, General Reserves	\$44 M	5
Electricity Related Costs	\$20 M	3
Personnel Costs	\$9 M	1
All Other Operating Costs	\$12 M	1
TOTAL CHANGE	\$140 M	16



Updates:
*Capital Programs, Rate Setting,
Rim Fire, Drought*

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



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



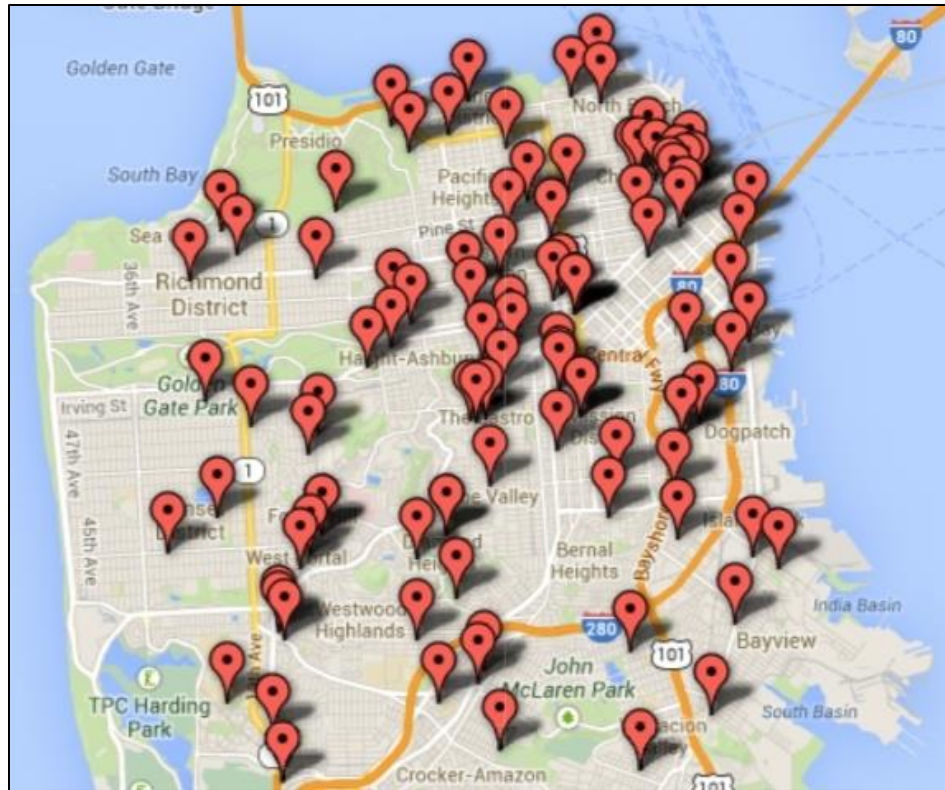
Sewer System Improvement Program

- \$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



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



Hetch Hetchy Water & Power



Mountain Tunnel



Moccasin Power House

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)

Proposed Balancing (May 1 Budget)

- General Fund Rate—Increase by 1 penny/yr in FY 2014-15 & FY 2015-16
- General Fund—Pays for its Natural Gas & Steam
- 1st Power Revenue Bonds
- Capital Cuts (\$40M)
- CCA Reprogrammed Reserves

Fiscal Solvency Over the Long Term

Over the next 10 Years, to stay balanced, the financial Plan needs to include:

- 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
- Negotiated Savings (e.g. PG&E Interconnection Agreement)



Questions

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
- \$0.5M for R&R

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

- + \$5M each year for R&R
- + \$9M in FYE 2015 for Other Pedestrian & Streetlights
- + \$6M in FYE 2016 for Other Pedestrian & Streetlights

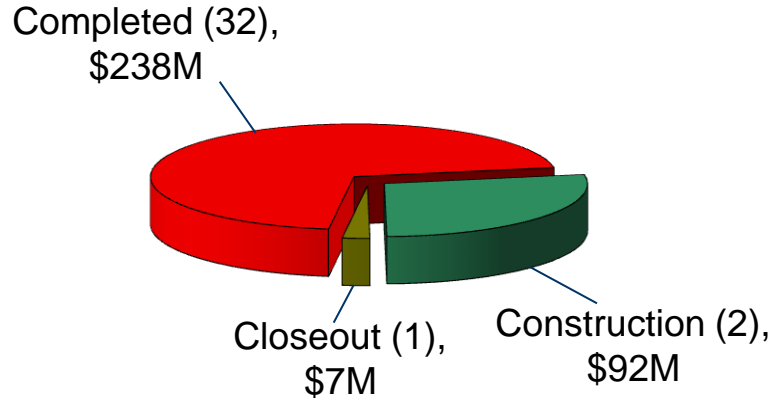
\$69M over Next 10 Years Planned

Streetlight Enhancements

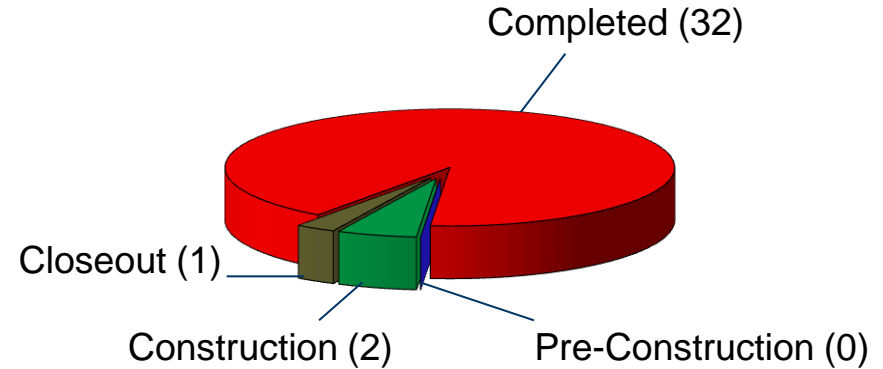
	FYE15	FYE16
Streetlight (SL) Pole Rehabilitation	\$5.1M	\$2.8M
3 rd Street SL Rehabilitation	\$1.9M	\$1.9M
Pedestrian Lighting	\$1.3M	\$1.0M
Street & Pedestrian Pole Assessment	\$0.5M	\$0.5M
Holiday & Festival Pole Use	\$0.2M	\$0.2M
TOTAL	\$9.0M	\$6.4M

WSIP Program Status

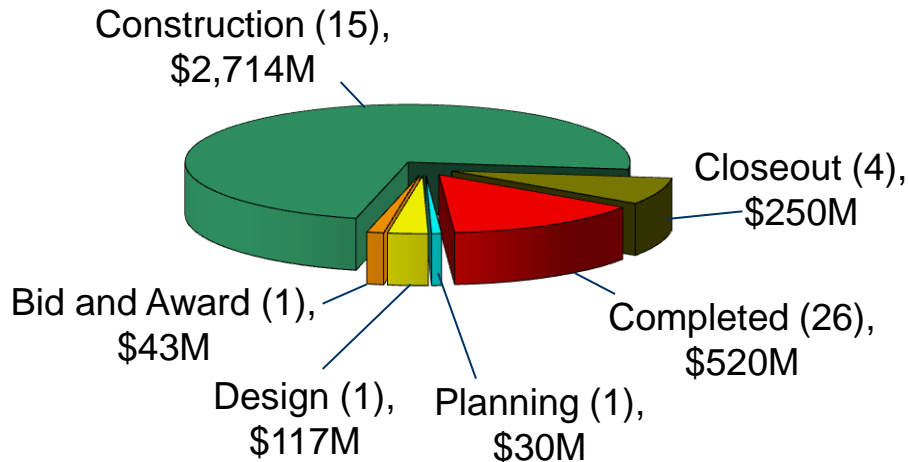
Local Projects Completion by Cost



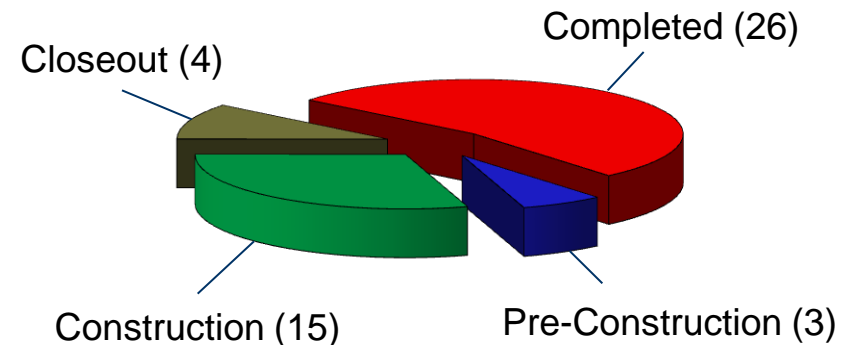
Local Projects Completion by Number



Regional Projects Completion by Cost



Regional Projects Completion by Number



WSIP Proposed Budget Revisions

WSIP Budget	Current Approved	Proposed March 2014	Change
Regional Projects	\$3,548,251,038	\$3,674,597,919	(\$126,346,880)
Local Projects	\$620,532,633	\$619,185,753	\$1,346,880
Financing	\$471,700,000	\$471,700,000	\$0
Program Total	\$4,640,483,672	\$4,765,483,672	(\$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:

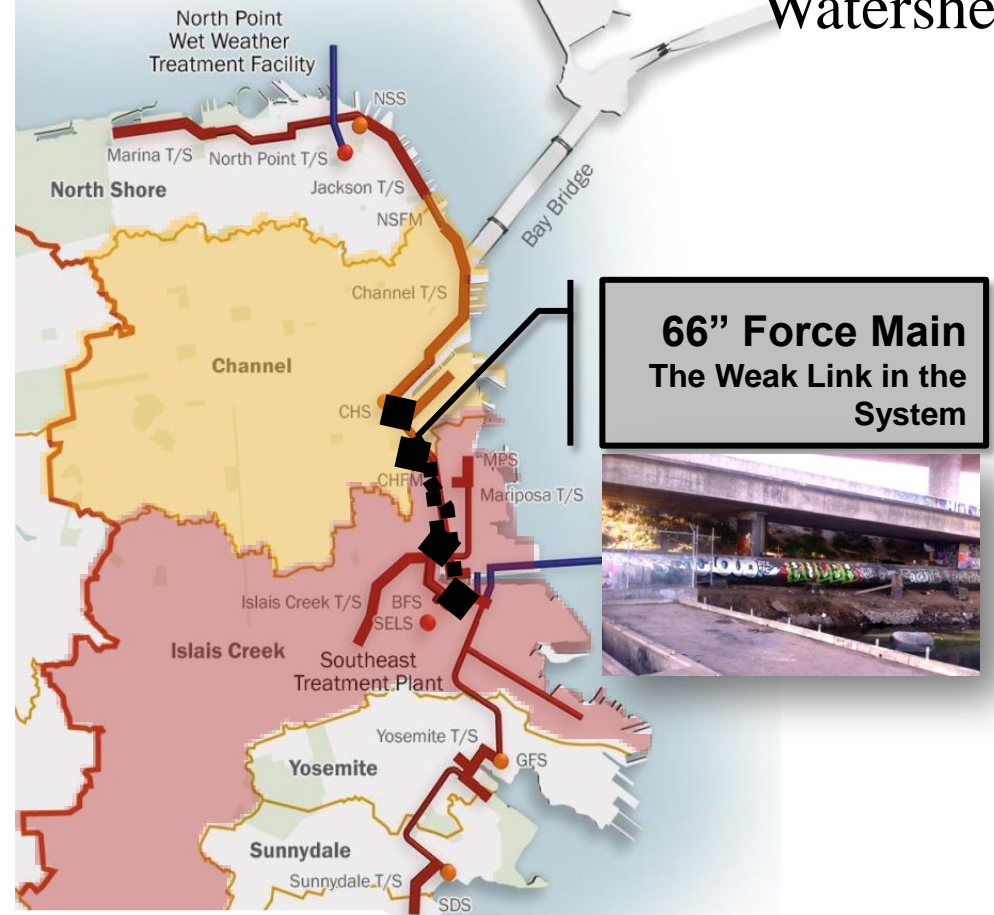
\$70 Million

(Planning & Partial Design)

Status:

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

Map of the Bayside Watershed



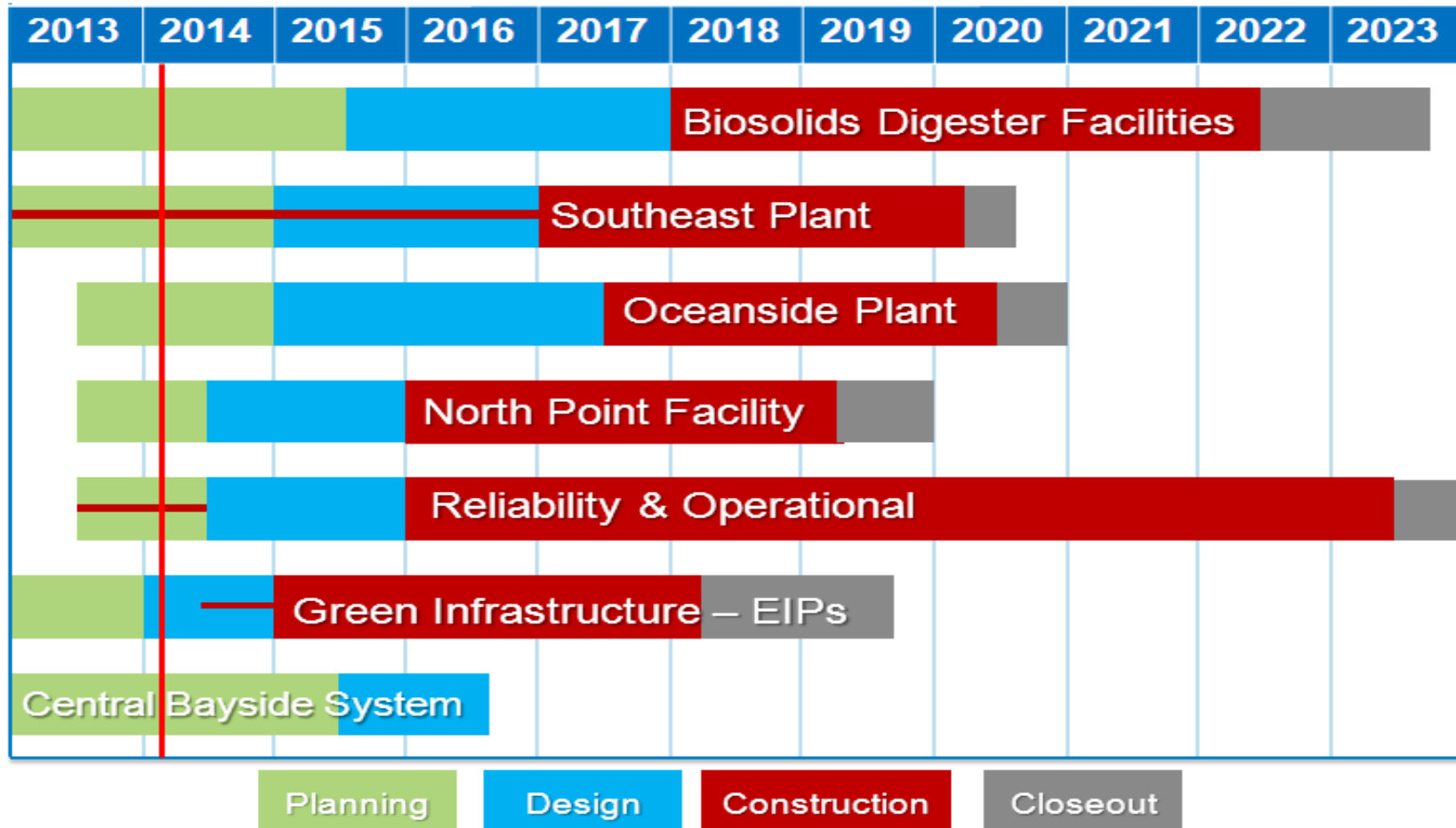
PLANNING/ENVIRONMENTAL

OCT '15 – SEP '16

DESIGN

SSIP Phase 1 Schedule

Phase 1 Schedule



Rim Fire Burn Area

Rim Incident

CA-STF-002857

Public Information Map

September 17, 2013

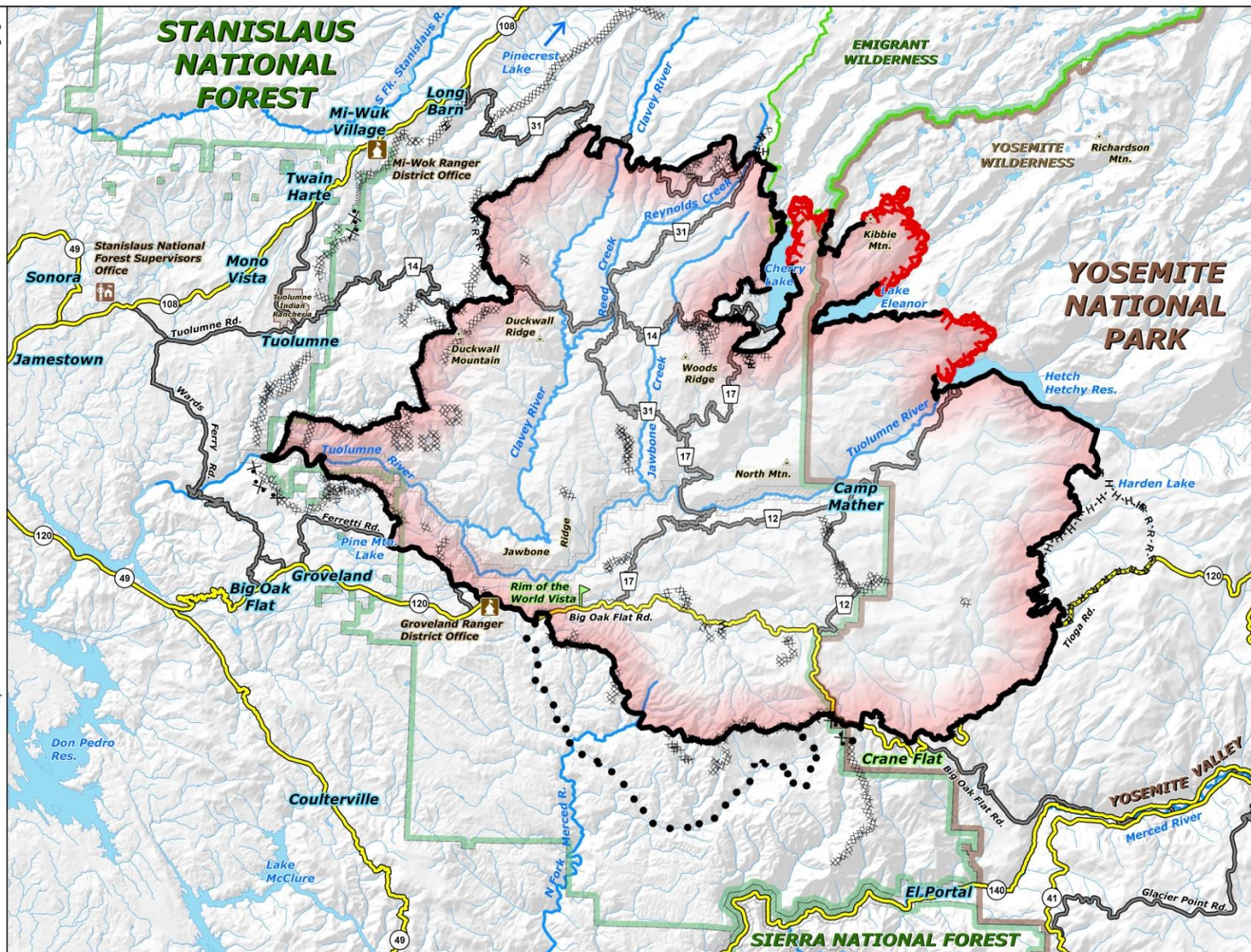
256,569 Acres

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**

2-Year Budget Change by Enterprise



Two-Year Budget

\$ Millions

	FY 2013-14	FY 2014-15	FY 2015-16
Water	435	477	530
Wastewater	254	272	286
Hetchy	185	178	197
Bureaus Allocation	(79)	(87)	(86)
Subtotal	795	840	927
SFPUC Bureaus	79	87	86
Total Budget (AAO)	\$ 874	\$ 927	\$ 1,013
Change		\$ 53	\$ 86
Total Authorized Positions	2,375	2,407	2,413



Proposed FY 2014-15 & FY 2015-16

\$ Millions	FY 2013-13	FY 2014-14	FY 2015-15
Budget	874	927	1013

Changes:

Capital - Cash & Debt Funded		13	43
Capital, General Reserve		22	21
Purchase of Electric Power		(4)	21
All Other Operating Costs		14	1
Personnel		10	-



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

\$ Millions	FY 2013-14	FY 2014-15	FY 2015-16
Budget	435	477	530

Changes:

Capital - Cash & Debt Funded

31 32

Capital, General Reserve

3 20

All Other Operating Costs

4 -

Personnel

4 -



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

\$ Millions	FY 2013-14	FY 2014-15	FY 2015-16
Budget	254	272	286

Changes:

Capital - Cash & Debt Funded

(8) 13

Capital, General Reserve

19 1

All Other Operating Costs

4 -

Personnel

3 -



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	178	197

Changes:

Capital - Cash & Debt Funded

(10) (2)

Purchase of Electric Power

(4) 21

All Other Operating Costs

4 1

Personnel

3 -

2-Year Capital Budgets by Enterprise



Water Enterprise 10-Year 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 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 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



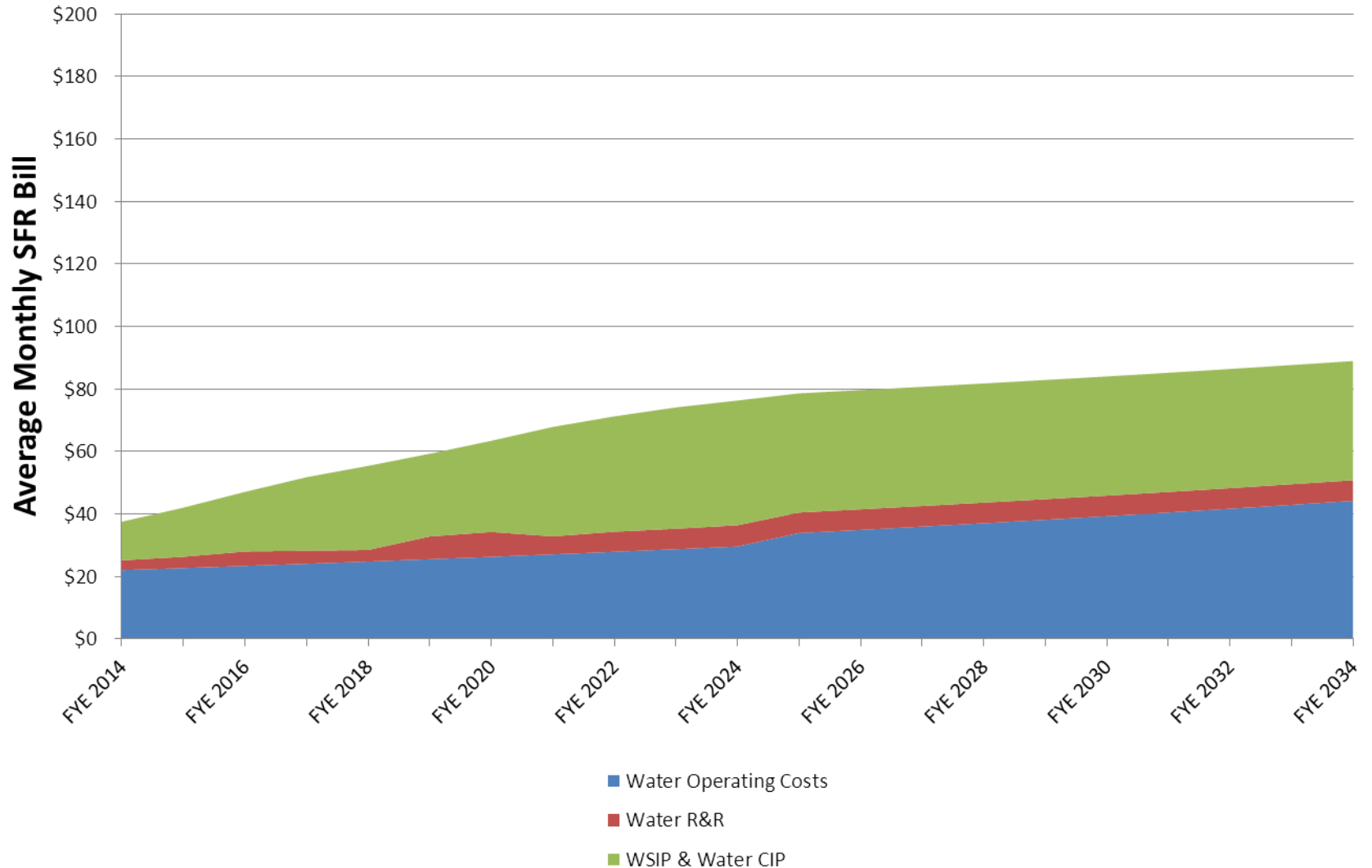
Considering Another \$161M of Capital Cuts, Deferrals, Changes

Streetlight Consolidation Project	\$104 M
Joint Asset Projects – Moccasin Penstock & Administration Facilities	\$42 M
Moccasin Generator & Transformers	\$12 M
Delay TI & YBI Costs to FY16-17	\$3 M
Water Project Changes <i>Fishery Recirculation, Pipelines</i> <i>Lower Cherry Aqueduct Enhancement</i>	\$1 M
Power-Related Total	\$140M
Water-Related Total	\$21 M

Ratepayer Affordability

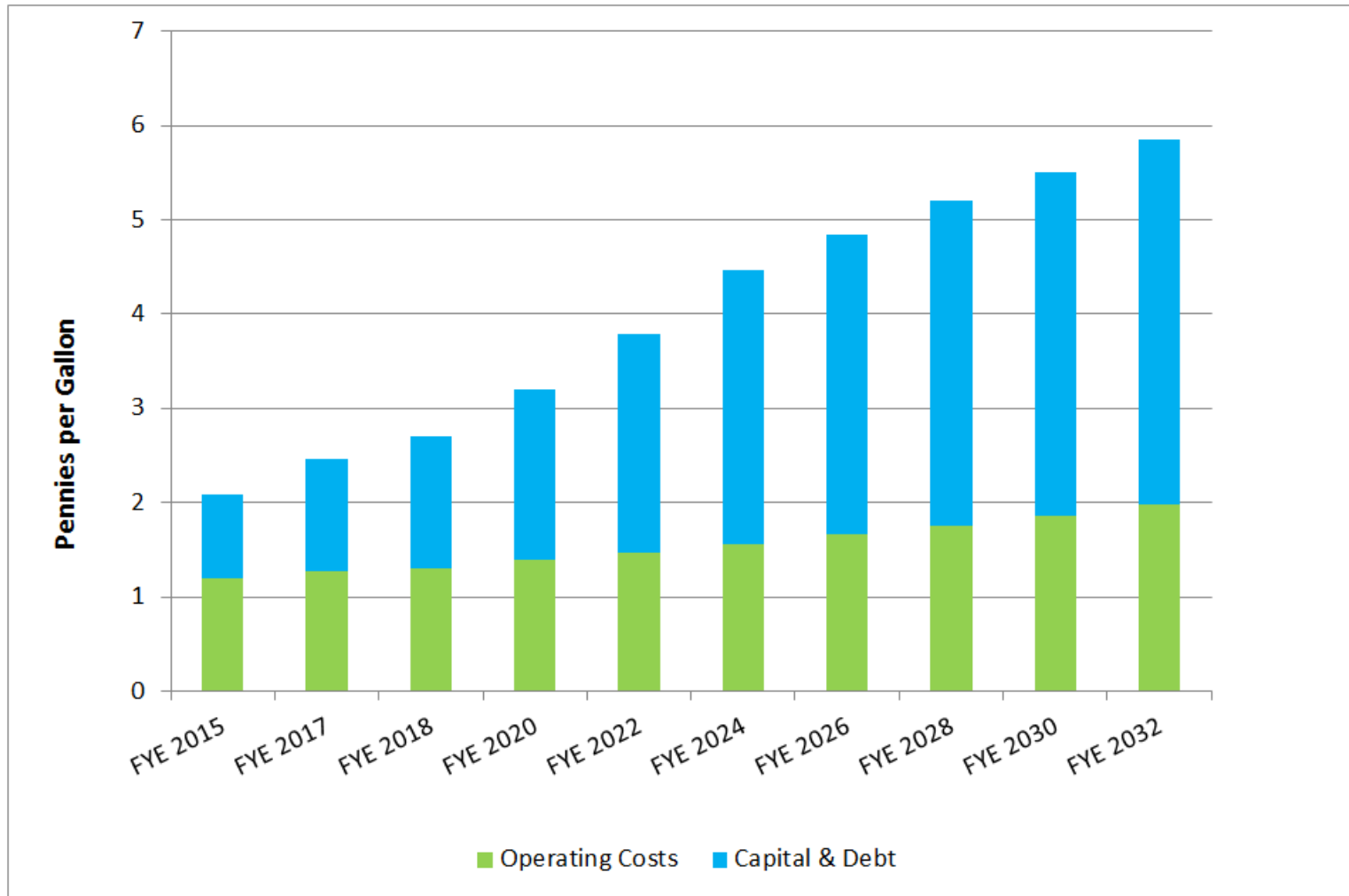
Average Monthly Water Bill

San Francisco Retail

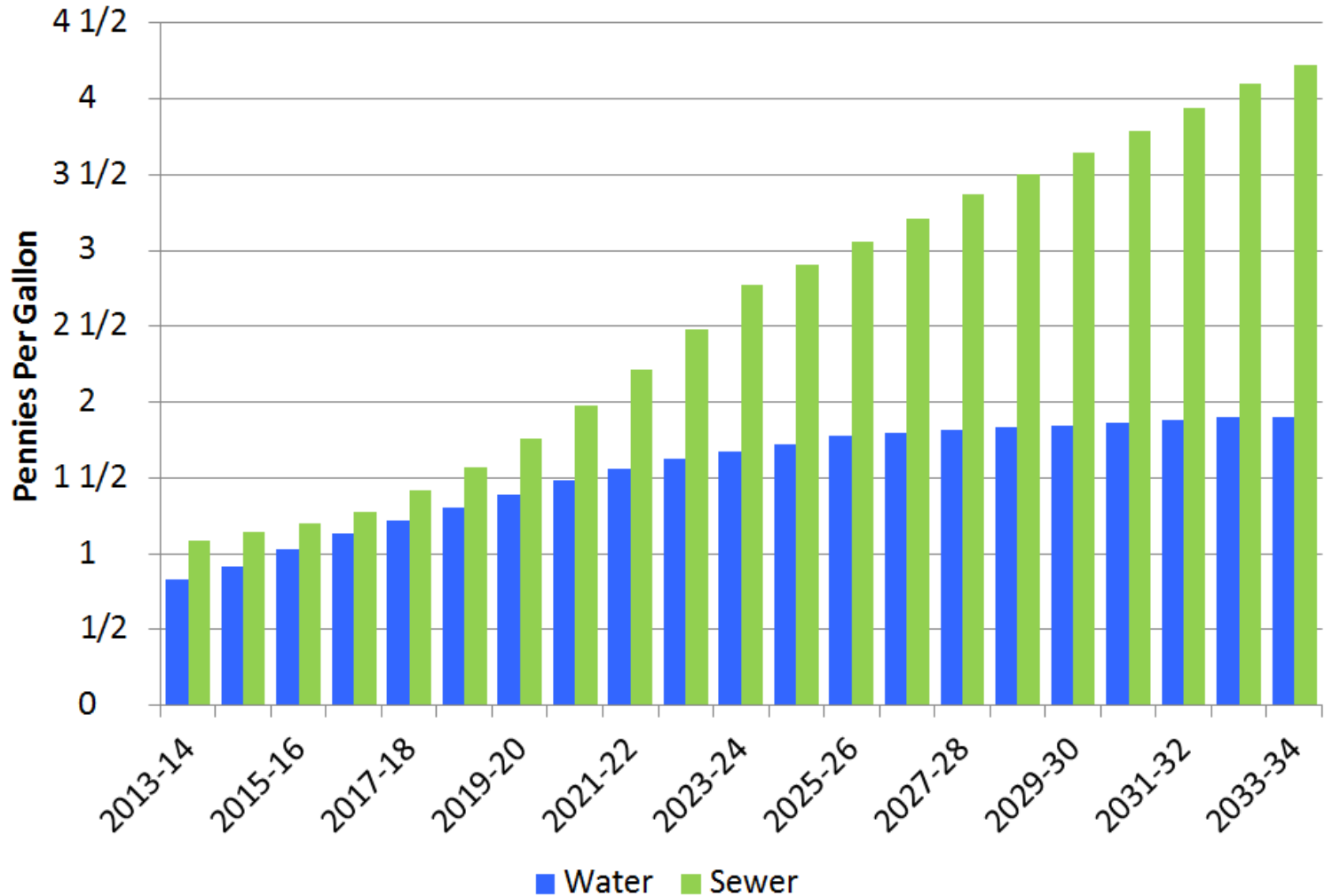


Pennies Per Gallon Delivered/Treated

Retail



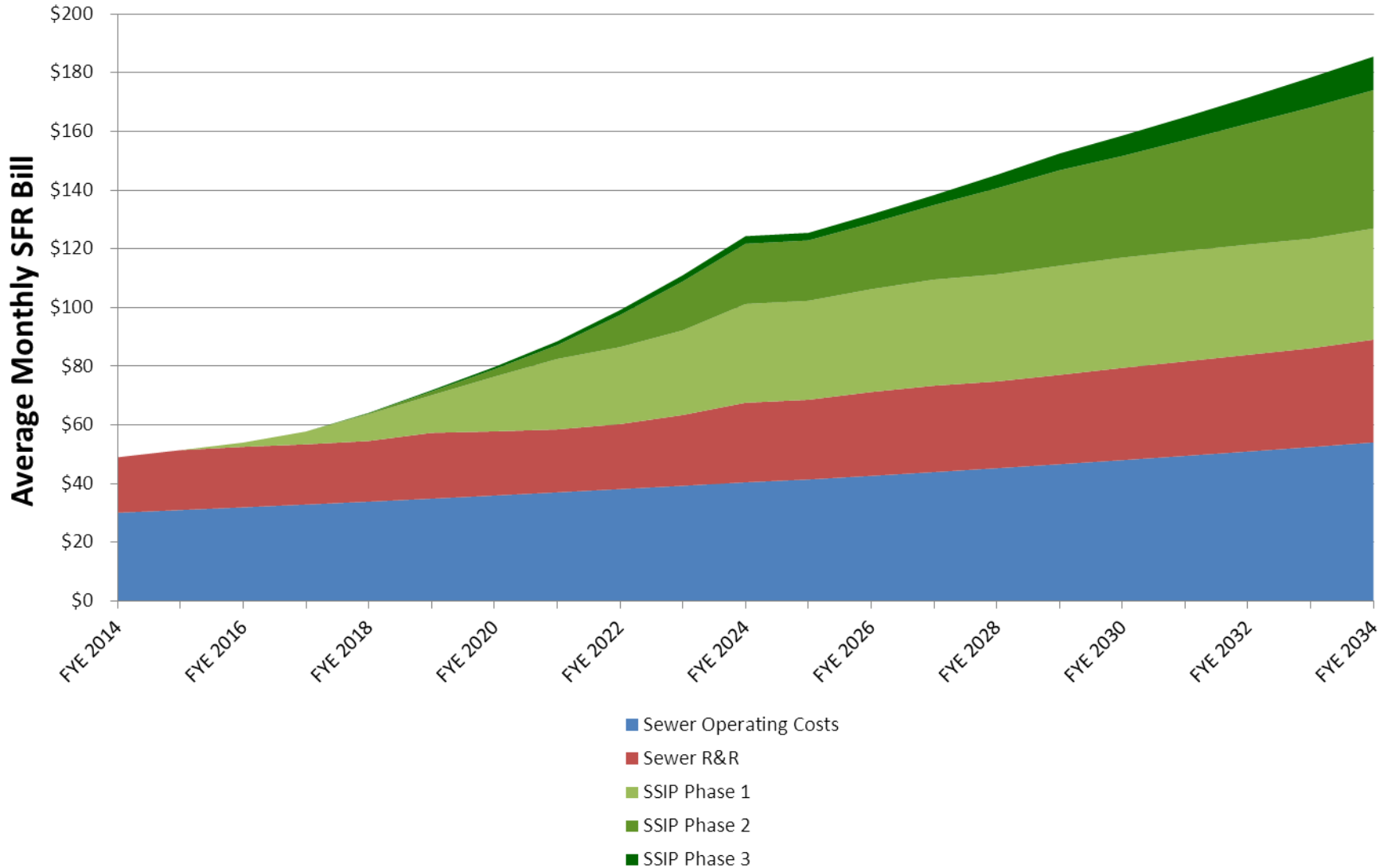
Water & Wastewater – Retail Pennies Per Gallon Delivered / Treated



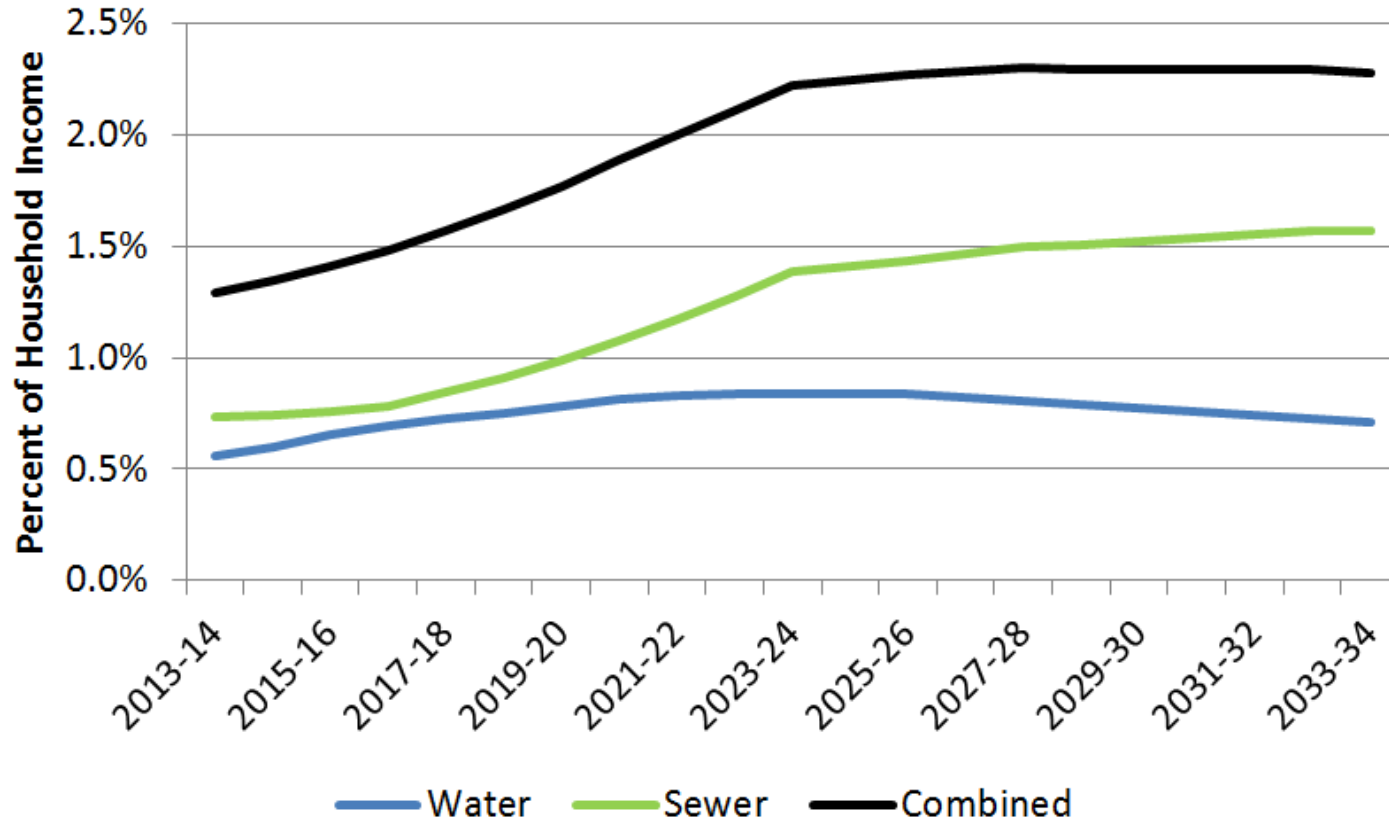


Average Monthly Sewer Bill

San Francisco Retail

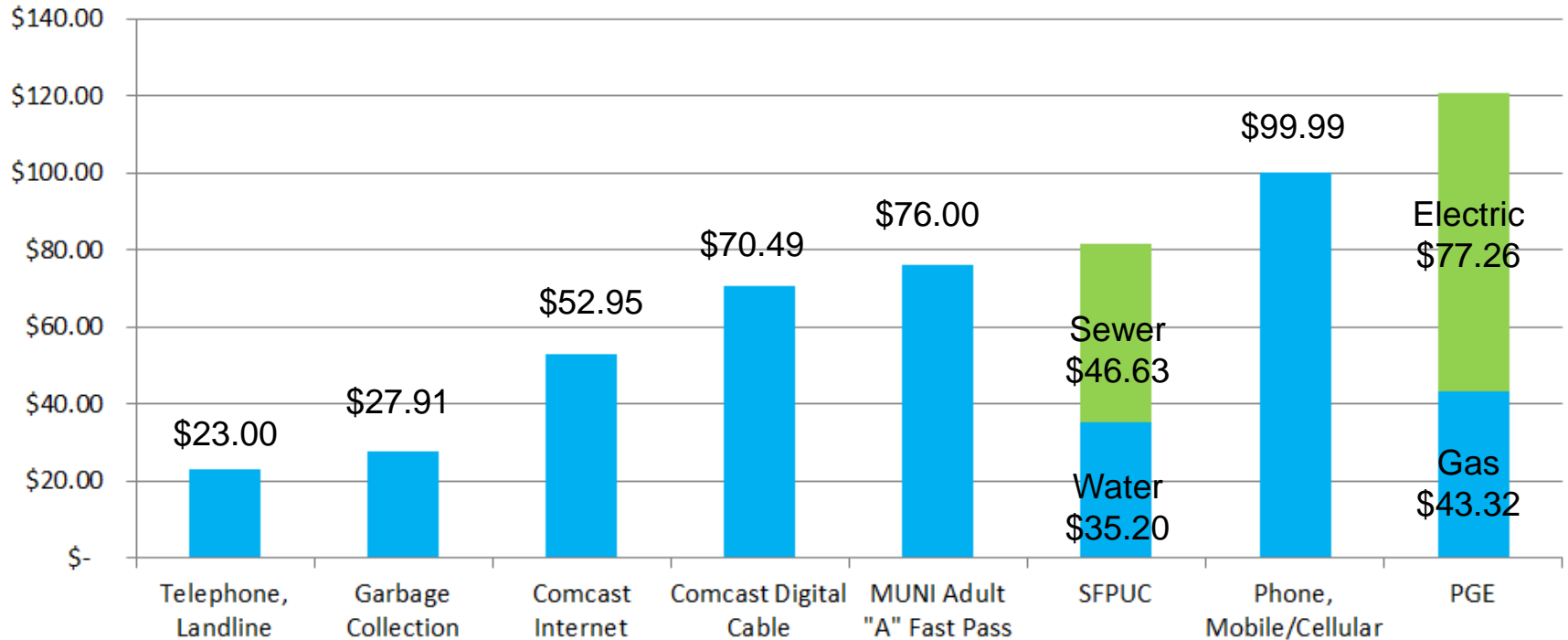


Affordability as a % of Average Income





Water and Sewer Service Affordability



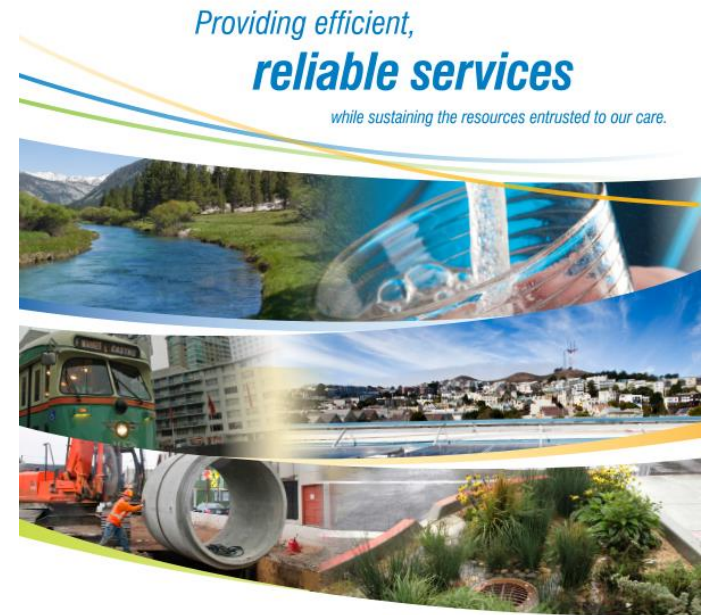


Summary of 10 Year Plan Appropriations

	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.



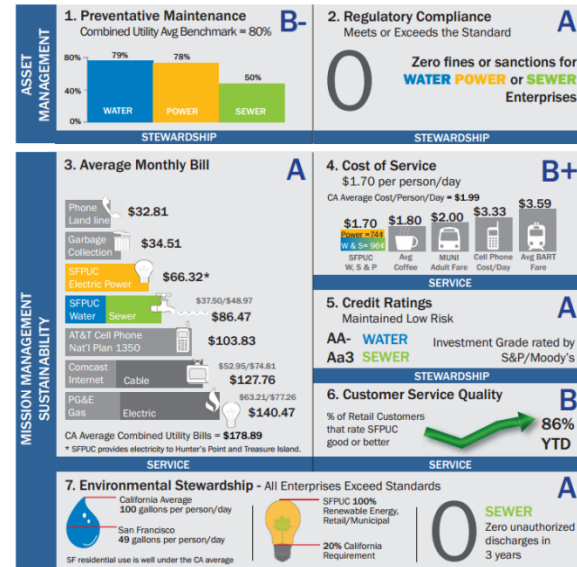
Multi-Family

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.



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 financiado con las cuentas que usted paga.

NUESTRO SISTEMA DE AGUA

- 2.6 millones de galones por día (MGD)
- 176 MW de capacidad instalada
- 167 millas a través del estado
- Únicamente por gravedad
- Sin flotar

NUESTRO SISTEMA DE ALCANTARILLADO

- 3,000 millas de cañerías
- 95 MGD tratados en días de lluvia
- 675 MGD tratados en días lluviosos
- 40 millones de galones por año

Para fortalecer estos sistemas para futuras generaciones. La mayoría de nosotros nunca tiene en cuenta lo que se necesita para estar seguros de que cada vez que abrimos la canilla tenemos agua limpia disponible, o que cada vez que tomamos una ducha o lavamos de la cadena en el baño, el agua sucia se trata y limpiamos antes de regresar a la Bahía o el Océano.

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.

Hay, 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.

Nuestro sistema de agua y alcantarillado ha estado atendiendo a clientes 24 horas al día, 7 días a la semana por más de un siglo.

Invertir sus dólares en el mantenimiento regular y mejoramiento continuo de nuestros sistemas de agua y alcantarillado.



Menos de 2 centavos por galón entrega:

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



Invertir sus dólares en el mantenimiento regular y mejoramiento continuo de nuestros sistemas de agua y alcantarillado.



Repar and restoration activities are under way. Temporary and federal reimbursement 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/infm.

San Francisco Water Power Sewer

NOVIEMBRE/OCTUBRO 2013

currents

Every Dollar Goes to Work

Construction crews from each district have station. Turnover will be the first through to the Bay Area. San Francisco Water Utility for the 2.6 million Bay Area residents.

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 help you. Our crews stand ready day and night, to help you. Our crews stand ready day and night, to help you.

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 generators poles through and 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-front 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 in full operation, providing clean hydroelectric energy for City facilities and MWD.

Repair and restoration activities are under way. Temporary and federal reimbursement 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/infm.

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 strive to manage smart infrastructure planning, while keeping rates affordable through a transparent process.

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

Learn more - request a presentation for your neighborhood or merchants association meetings: Call 415-554-3289, or email ratesinfo@sfwater.org.

San Francisco Water Power Sewer

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 wastewater service rate increases beginning July 1, 2014.

Your Rates Pay for Critical Water & Sewer Projects

The proposed rate increases will allow the SPUC to continue and accelerate work to rebuild and improve our water and sewer systems. We are nearing 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 ratepayer dollars have funded major new water and sewer infrastructure projects for Bay Area and San Francisco reservoirs, treatment plants, regional water pipelines and by City water and sewer pipelines. Rate increases are necessary to complete these major projects as well as pay off the bonds secured to fund them.

We are also focusing on another foundation of our City: our sewer system. With more than 80 percent of our sewer pipeline over 80 years old, and aging treatment plants, San Francisco's future is reliant on upgrading this system. Our Sewer System Improvement Program will address the needs of our City and ensure continued protection of public health and the environment.

Less than 3 pennies a gallon delivers:

- 24/7 operations
- Routine maintenance and emergency repairs
- Treatment and compliance
- Watered & land management
- Infrastructure improvements (water & sewer)
- Environment monitoring
- Programs to support our community

Category	Proposed Water Rates (3.0 gal of water = 1.0 gal of 3.0 gal unit)				
	2014	2015	2016	2017	2018
Single-Family Residential	\$1.42	\$1.51	\$1.61	\$1.71	\$1.81
Commercial	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Industrial	\$1.02	\$1.11	\$1.21	\$1.31	\$1.41
Public Buildings	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Government	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Business	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Manufacturing	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Healthcare	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Education	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Religious	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Non-Profit	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Multi-Family Residential	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Government	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Business	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Manufacturing	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Healthcare	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Education	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Religious	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51
Non-Profit	\$1.12	\$1.21	\$1.31	\$1.41	\$1.51

Our Public Rate Setting Process

We are committed to keeping your continued water and sewer bill affordable. A City-appointed Rate Fairness Board and smart all-five-year rate plans, hold public meetings and provides recommendations to ensure affordability, stability, and fairness. View our [Rates Fairness Board](http://water.org/rates) report at water.org/rates.

Proposed rates and proposed rate tables

The proposed rate schedule represents an average annual increase of 8.7-10.0 percent for the average single-family residential household in San Francisco (about 8-9% per year).

Single-Family Residential water and wastewater rates have 2 tiers. Single-Family wastewater rates will be phased into a 2-tier rate over the next 4 years. In FY 2015, single-family wastewater will be charged \$4.68 per unit for the first 4 units and then \$0.52 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

FAQ in English/Spanish/Chinese

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

Prop 218 Notice mailed to 210,000 account holders and SF Property owners



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@sfwater.org.

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

Thank you for your continued support.

Sincerely,

 Paul D. Zell, Jr.
 General Manager

Facebook.com/sfwater
 Twitter.com/sfwater
 Instagram.com/sfwater

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+



60

Media Coverage

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.

Media:

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

Social Media:



@SFWATER = 105, 913



SF Water, Power, Sewer = 61,799

Total Estimated Reach: 167,712 Impressions



A Good Neighbor: Our Community Benefits Program

- **Contractors Assistance Center.** Launched on December 16th, located at 5 Thomas Mellon Circle in Bayview
- **Youth Employment.** Provided paid employment for 630+ high school youth in 2013 as part of the Mayor's Summer Jobs+ Initiative
- **Drink Tap Initiative.** New water bottle filling stations in 31 SFUSD elementary schools; 16 have been installed, and remaining 15 installed in FY14-15
- **Eco-Literacy.** Served more than 8,000 elementary school students through eco-literacy projects in school-based outdoor classrooms in partnership with Education Outside
- **Camp Mather.** Supporting 80 John O'Connell High School ninth graders this May for a three-day trip to Camp Mather & Hetch Hetchy Reservoir to learn about our water system
- **CB Commitments in Contracts**