

File No. 230719

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight (Special) Date: July 13, 2023

Board of Supervisors Meeting: _____ Date: _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU - FY2022-2024 - Clean |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU - FY2022-2024 - Redline |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract / DRAFT Mills Act Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

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Prepared by: Stephanie Cabrera

Date: July 5, 2023

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

1 [Audit of the Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting
2 and Oversight Processes With a Focus on Reducing Rate Increases]

3 **Motion directing the Budget and Legislative Analyst, on a priority basis, to audit the**
4 **Public Utilities Commission's Water and Wastewater Enterprises, rate setting, and**
5 **contract oversight processes, with a focus on reducing rate increases.**
6

7 WHEREAS, Board Rule 3.25.3 states that "it is the policy of the Board that each
8 program of the City...be the subject of a performance or management audit once every eight
9 years;" and

10 WHEREAS, Board Rule 3.25.3 further states that "it shall be the function of these
11 audits to ensure that City departments...make prudent and efficient use of City resources and
12 that the departments...effectively perform the functions assigned to them by the Charter and
13 applicable laws;" and

14 WHEREAS, It appears that the last performance audit of the Public Utilities
15 Commission (PUC) by the Budget and Legislative Analyst occurred in 2005; and

16 WHEREAS, Since that time, the Public Utilities Commission has been subject to
17 reviews by the Controller that have found serious deficiencies in some of its programs and
18 oversight mechanisms; and

19 WHEREAS, The Budget and Legislative Analyst, in its reports about PUC contracting,
20 has raised serious concerns about management and oversight of individual projects, including
21 a finding that performance measures were not routinely included in multimillion dollar
22 professional services contracts; and

23 WHEREAS, The Public Utilities Commission proposes to raise the rates of retail and
24 commercial ratepayers by extraordinary levels; and
25

1 WHEREAS, Over 300 protest letters raised serious concerns about flooding in our
2 neighborhoods, ability to pay by low-income ratepayers, lack of serious oversight of spending
3 and much more; and

4 WHEREAS, Much of the rate increase appears to tie to existing capital projects and
5 debt, and only a small portion of the current increase appears to be tied to new projects; and

6 WHEREAS, The Board of Supervisors remains concerned about the lack of oversight
7 at the Public Utilities Commission, the unchecked flooding happening in our neighborhoods,
8 and the fact that ratepayers deserve a seat at the table; and

9 WHEREAS, Only one of four ratepayer seats on the Rate Fairness Board was filled
10 when the rates were recommended to the Public Utilities Commission, and that is
11 unacceptable; and

12 WHEREAS, The Board of Supervisors intends to fill its seats on the Rate Fairness
13 Board and encourages the Mayor to do the same; and

14 WHEREAS, Leading homeowner groups called on City leaders to ensure fiscal
15 responsibility at this multibillion dollar agency and suggest cutting waste, fraud and abuse
16 before raising rates; and

17 WHEREAS, Reforms must be made to this process now to reduce rate increases in the
18 future; now, therefore, be it

19 MOVED, That the Board of Supervisors directs the Budget and Legislative Analyst to
20 conduct a management audit, on a priority basis, of the Public Utilities Commission's Water
21 and Wastewater Enterprises, rate setting, and contract oversight processes, with a focus on
22 reducing rate increases; and, be it

23 FURTHER MOVED, That the Board of Supervisors intends that this management audit
24 would be funded by SFPUC revenues, as allowed, and be part of the Board of Supervisors'
25 authorization to amend the BLA contract consistent with Motion No. M22-114.

From: [Barnes, Bill \(BOS\)](#)
To: [BOS Legislation. \(BOS\)](#)
Subject: FW: Strongly SUPPORTING BOS Agenda Item #60 [Audit of Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting and Oversight Processes With a Focus on Reducing Rate Increases] File #230719
Date: Tuesday, June 13, 2023 9:15:28 AM

Please include this is File #230719, Item #60 on today's agenda.

Thanks,

BILL BARNES (he/him/his)

Chief of Staff

Supervisor Ahsha Safaí

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

415.554.7896 (direct)

415.554.6975 (main line)

From: aeboken <aeboken@gmail.com>

Sent: Tuesday, June 13, 2023 8:54 AM

To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>

Subject: Strongly SUPPORTING BOS Agenda Item #60 [Audit of Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting and Oversight Processes With a Focus on Reducing Rate Increases] File #230719

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TO: Board of Supervisors members

Sunset-Parkside Education and Action Committee (SPEAK) is strongly supporting this SFPUC audit.

SPEAK also strongly urges that the following be included in the SFPUC audit:

- 1) There was apparently a ratepayers revolt in the 1970s when the SFPUC raised water and wastewater rates significantly. What were the causes, actions and policy implications?
- 2) How is the SFPUC's financial situation affecting its rate increases? What debt is the SFPUC holding? When is this debt coming due? Are there balloon payments? What percentage of the SFPUC's revenue is going to debt service?
- 3) Are there issues with the SFPUC's capital program in terms of on-budget and on-time



May 18, 2023

Carolyn Keddy
1745 Folsom St.
San Francisco, CA 94103

Dear Valued Customer,

Thank you for your written protest letter regarding our proposed water and sewer rates for the fiscal years ending in 2024-2026.

We recognize that any potential rate increase can be difficult for a number of customers. As a not-for-profit utility funded solely by our ratepayers, we understand this. That is why we offer many resources to help our customers lower their bills. Here are just a few examples that may be of interest to you:

- Qualifying residents with low incomes can receive a 25% discount on their water and sewer bill. Starting July 1, discounts for our customers with the lowest incomes will automatically increase from 25% to 40% off their bill. You can apply easily online at <https://sfpuc.org/utilitydiscount> - it only takes 10 minutes! Or call (415) 551-3000, Monday to Friday, 8 am to 5 pm (except holidays) to request a printed paper application be mailed to you. You can also apply in person at 525 Golden Gate Avenue, San Francisco, 1st Floor, at the Customer Service Counter.
- Take advantage of grants to install green infrastructure to manage rainwater on your property to reduce the stormwater portion of your bill.
- We offer rebates, incentives, and free home or business checkups to help you identify ways to use less water and other ways to lower your bill.
- If you are behind on your bills, flexible payment plans are available for customers by calling our Customer Service at (415) 551-3000, Monday to Friday, 8 am to 5 pm (except holidays).

More information on these programs is available at <https://sfpuc.org/savings>. You can also contact us directly by emailing ratesinfo@sfpuc.org or calling 415-554-3289.

We are proud to be your water and sewer provider.

Thank you,

The San Francisco Public Utilities Commission
Public Outreach Team

London N. Breed
Mayor

Newsha K. Ajami
President

Sophie Maxwell
Vice President

Tim Paulson
Commissioner

Anthony Rivera
Commissioner

Kate H. Stacy
Commissioner

Dennis J. Herrera
General Manager

