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San Francisco Public Utilities Commission

Budget Overview

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Our Approach to Fiscal Balancing

Core Priorities

- 1) Deliver High Quality 24/7 Essential Services
- 2) Maintain Critical Infrastructure to Ensure Our Assets are in a State of Good Repair
- 3) Preserve Ratepayer Affordability

Levers to Balance These Priorities

- Operating Budgets & Staffing
- Bond Financing
- Timing & Phasing of Capital Improvements



Annual Operating Budget

| Enterprise | FY 2014-15 | FY 2015-16 |
|--------------------------------------|------------------|------------------|
| Water – Regional & In-City | \$484.5 M | 512.8 M |
| Water – Up-Country (Hetch Hetchy) | \$35.0 M | 41.3 M |
| Power (Hetch Hetchy) | \$146.7 M | 147.2 M |
| Wastewater | \$273.4 M | 287.5 M |
| TOTAL | \$939.6 M | \$988.8 M |



Recent Successes

Water

- Water System Improvement Program, over 85% Complete
- Water Conservation

Power

- Power bond rating
 - Fitch AA-, Standards & Poor's A+
- Power Strategic Business Plan
- Community Choice Aggregation

Sewer

- Sewer System Improvement Program Phase 1 underway
- Digester design ahead of schedule



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Power
Sewer**

Challenges Ahead

- Revenue impacts of the drought
- Climate change impacts
- Keeping pace with development





SFPUC FY 2015-16 Operating Budget Adjustments

Revenues

- Voluntary Water Reduction resulting in lower water & sewer revenues
 - Water ↓\$9.6M – offset fund balance
 - Sewer ↓\$14.9M – offset unappropriated reserves

Expenditures – Supplemental Appropriation Request

- New Services Installation Support
 - Five new project-funded positions \$0.00M
 - Capital outlay 0.50M
- Salaries
 - Conversion of ten temporary positions to permanent 0.62M
 - MOU adjustments 0.80M
- Floodwater Management 0.25M
\$2.17M



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Budget & Finance Action Items

1. Mid-Cycle Budget Adjustment - \$2.17 M
2. CCA Supplemental Appropriation - \$4 M
3. CCA Release of Reserves - \$2.2 M



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Questions