SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed
Mayor

SPECIAL MEETING Minutes
Friday, March 26, 2021
2:00 P.M.
(Approved April 13, 2021)

This meeting was held by Teleconference Pursuant to the Governor’s Executive Order N- 29-20 and the Twelfth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency Dated February 25, 2020

During the Coronavirus Disease (COVID-19) emergency, the San Francisco Public Utilities Commission’s (SFPUC) regular meeting room, City Hall, Room 400, is closed. Commissioners and SFPUC staff will convene Commission meetings remotely by teleconference.

Commissioners
Sophie Maxwell, President
Anson Moran, Vice President
Tim Paulson
Ed Harrington
Newsha Ajami

Michael Carlin
Acting General Manager

Donna Hood
Secretary
1. **Call to Order**  
   Vice President (VP Moran) called the meeting to order at 2:01 PM.

2. **Roll Call**  
   Present: Moran, Harrington and Ajami

   VP Moran welcomed everyone and discussed the structure and intent of the meeting and outlined what a successful meeting would be. He noted all participants agreed that the design drought and rationing policy would not be discussed.

3. **Presentation on SFPUC Water Supply and Demand Under Different Regulatory Scenarios including Implementation of (a) the December 2018 Bay Delta Plan Amendment, (b) the proposed Tuolumne River Voluntary Agreement, and (c) the State Water Resources Control Board’s 401 Water Quality Certification for the Don Pedro and La Grange Projects issued on January 15, 2021.**

   Steve Ritchie, Assistant General Manager (AGM), Water, indicated that Ellen Levin, Deputy Manager, Paula Kehoe, Manager Water Resources Division, Manisha Kothari, Manager Alternative Water Supply Planning, Sarah Triolo, Urban Water Management Plan, Matt Mosses, Hydrology and Water Systems Division were also in attendance in the event of questions.

   AGM Ritchie introduced the item and indicated 10 water supply planning scenarios were run using the Hetch Hetchy Local System Manual System Modeling Tool and the Regional Water System Supply and Demand Worksheet. For each scenario the ultimate result is either a surplus or deficit of supply and each scenario produces different results, demonstrating the effect of the choices that are made. He indicated that the assumptions and results for each scenario will be displayed in the presentation and that the presentation will conclude with a summary table of the bottom-line results for all scenarios.

   AGM Ritchie reviewed the 10 scenarios and reviewed the first eight scenarios in both table and graph form during his presentation. He noted the last two scenarios would be covered by the Non-Governmental Organizations (NGO’s).

   **Scenario**
   1. **Prior Demand Estimates:** Includes retail demand projections for the 2015 Urban Water Management Plan (UMP); includes 2015 purchase projections from Wholesale customers; includes current side agreement on flows in the lower Tuolumne River; and yield values are based on 8.5-year design drought and the adopted Water System Improvement Program (WSIP) rationing policy.

   AGM Ritchie responded to a question from Commissioner Harrington regarding the firm yield. VP Moran provided additional comment. Brief discussion ensued.

   President Maxwell joined the meeting at 2:23 PM.

   2. **Current Conditions:** Includes updated demand projections for anticipated
development in retail service area; includes most recent purchase projections from wholesale customers; includes a total of 9 MGD for San Jose and Santa Clara; includes the 1995 side agreement on flows in the lower Tuolumne River; and yield values are based on the 8.5-year design drought and the adopted WSIP rationing policy.

AGM Ritchie responded to a question from Commissioner Ajami regarding demand in San Francisco and noted the housing projections.

3. **Tuolumne River Voluntary Agreement (TRVA):** Base conditions; yield values are based on the 8.5-year design drought and the adopted WSIP rationing policy; includes SFPUC contribution to the TRVA; and that SFPUC contributions are calculated according to the 4th Agreement and assumes continuation of the 1995 side agreement.

4. **Bay Delta Plan:** Base conditions; yield values are based on the 8.5-year design drought and the adopted WSIP rationing policy; includes SFPUC contribution to the Bay Delta Plan displayed in the graph as a reduction in firm yield, assuming the flow requirement is 40% of unimpaired flow at LaGrange from February through June. Current FERC flow requirements are assumed for the rest of the year; and that SFPUC contributions are calculated according to the 4th Agreement and assumes continuation of the 1995 side agreement.

5. **Bay Delta Plan with Alternative Water Supply Projects:** Base conditions; yield values are based on the 8.5-year design drought and the adopted WSIP rationing policy; includes SFPUC contribution to the Bay Delta Plan displayed in the graph as a reduction in firm yield, assuming the flow requirement is 40% of unimpaired flow at LaGrange from February through June. Current FERC flow requirements are assumed for the rest of the year; SFPUC contributions are calculated according to the 4th Agreement and assumes continuation of the 1995 side agreement; and includes a total of 35 MGD of new water supply projects, which are assumed to be added between 2025 and 2040. The firm yield from the new projects is shown separately in the table to demonstrate the estimated development of the projects over time. The new project yield is also included in the total yield.

Commissioner Paulson joined the meeting at 2:25 PM.

6. **Bay Delta Plan with Alternative Water Supply Projects and Modified Rationing Policy:** Base conditions; yield values are based on the 8.5-year design drought; includes SFPUC contribution to the Bay Delta Plan displayed in the graph as a reduction in firm yield, assuming the flow requirement is 40% of unimpaired flow at LaGrange from February through June. Current FERC flow requirements are assumed for the rest of the year; SFPUC contributions are calculated according to the 4th Agreement and assumes continuation of the 1995 side agreement; and includes a total of 35 MGD of new water supply projects as described for Scenario V; includes 7.5 years of rationing at 20% in the 8.5-year design drought sequence. AGM Ritchie responded to a question from Commissioner Ajami as to whether the rationing figures are also included in demand. VP Moran provided comment and
additional discussion ensued.

7. **Bay Delta Plan with Alternative Water Supply Projects, Modified Rationing Policy and Modified Design Drought**: Base conditions; includes SFPUC contribution to the Bay Delta Plan displayed in the graph as a reduction in firm yield, assuming the flow requirement is 40% of unimpaired flow at LaGrange from February through June. Current FERC flow requirements are assumed for the rest of the year; SFPUC contributions are calculated according to the 4th Agreement and assumes continuation of the 1995 side agreement; includes a total of 35 MGD of new water supply projects as described for Scenario V; includes 6.5 years of rationing at 20% in the 7.5-year design drought sequence.

8. **Water Quality Certification (401) with Alternative Water Supply Projects, Modified Rationing Policy and Modified Design Drought**: Base conditions; includes SFPUC contribution to the Section 401 water quality certification on the FERC license displayed in the graph as a reduction in firm yield; SFPUC contributions are calculated according to the 4th Agreement and assumes continuation of the 1995 side agreement; includes a total of 35 MGD of new water supply projects as described for Scenario V; yield values are estimated using a 7.5 year design drought; and includes 6.5 years of rationing at 20% in the 7.5-year design drought sequence.

AGM Ritchie provided a summary slide of scenario surplus or deficits for each scenario noting the effect of each possible choice.

Commissioner Ajami expressed concern with the lack of looking at demand dynamics and worries that there may be investment in water that is not needed and stated that demand may need to be looked at in a different way to make smart decisions.

Peter Drekmeier, Policy Director, Tuolumne River Trust, thanked the Commission for the workshop and the staff for their work. He provided observations on demand projections, planning for 7.5 year drought and additional yield, alternative water supplies, and that rationing formula makes a difference. He introduced the NGO representatives present.

**Non-Governmental Organizations Presentations:**

Heather Cooley, Director of Research, Pacific Institute, presented on Urban Water Demand and Supply Trends in California: (1) Bay Area’s urban water demand is declining; (2) California’s urban water demand is declining; (3) Why is there a decline (more efficient devices and climate-appropriate landscapes; land use changes; and changes in economic activity); (4) Great news (less vulnerable to drought; delay or downsize water supply, treatment, and wastewater infrastructure; reduced energy use and greenhouse gas emissions; water, wastewater and energy cost savings and greater affordability for essential needs; and avoid extraction of water from rivers, aquifers and the ocean); (5) California’s urban water demand forecasts. June 2020 study examined water demand forecasts from 2020 to 2015 for the 10 largest water suppliers serving 25% of Californians; (6) Urban water demand
forecasts key findings - between 2000 and 2015, population increased by 9% but total water demand declined by 18%; and forecasts routinely overestimated future water demand; (7) Demand forecasts routinely overestimated total demand; (8) More change is on the way - greater efficient devices in home and businesses; more climate-appropriate landscapes, greater effort to reduce leaks, denser developments with less outdoor; (8) Water supply trends – diversify and localize; and (9) Summary.

Peter Drekmeier, Policy Director, Tuolumne River Trust, presented (1) Display of the Hetch Hetchy Water System. He noted that Don Pedro Reservoir is owned and operated by the Modesto and Turlock Irrigation Districts and that the San Francisco paid for half of it in exchange for water bank; (2) Tuolumne River water entitlements; (3) Tuolumne water supply and SFPUC demand; (4) SFPUC total storage capacity (Tuolumne reservoirs, Don Pedro water bank, and Bay Area reservoirs); (5) SFPUC Tuolumne Storage (water bank, Eleanor, Cherry and Hetchy); (6) 2016 reservoir storage levels; (7) Tuolumne River water available to the City – water year 2017; (8) Current policy devastates the Tuolumne River in dry years; (9) Hetch Hetchy service area has demonstrated conservation potential (30% reduction in water demand 2006-2016); (10) SFPUC water deliveries and employment, 2010-2016 San Francisco and San Mateo Counties; (11) Water rates have depressed demand; (12) Historic and projected wholesale rates; (13) SFPUC 10-Year Financial Plan; (14) Water sales are projected to remain flat; (15) SFPUC Capital Plan overview; (16) Wastewater Enterprise 10-Year Financial Plan; (17) Combined water and wastewater average single monthly bill; (18) review of Scenario VII Bay Delta Plan with Alternative Water Supply Projects, Modified Rationing Policy and Modified Design Drought; and (19) NGO Scenario 1: Current system, 198 MGD constant demand, user-selected addition of water supplies in 2025, Bay Delta Plan flows, which includes 35 MGD of new water and the 8 year design drought.

Chris Shutes – California Sportfishing Protection Alliance, stated that his presentation would respond to the question “how could the Bay Area work within the requirements of the Bay Delta Plan and meet the water supply needs”, and that it includes that notion that it is harder, but not impossible to modify the adopted plan. He noted the presentation includes recommendations: (1) The goal is to move forward with a recommendation that better relationships be used to do better analysis and achieve better outcomes; (2) Note on models (new drought calculator developed by the SFPUC is a useful tool that provides a quick analysis of how scenarios perform in droughts; Don Pedro operations model is a more diverse tool, shows output for more elements including benefits and Districts’ impacts; input data for both tools should be robust; and both tools should inform, not limit policy; (3) Six strategies for reliable water supply for the river and people who use it with recommendations:

1. **Policy to maintain or reduce existing demand** – with recommendations to give conservation groups the data model current demand in Don Pedro ops Model and consider policy statements in UWMP’s.
2. **Develop specific rules for dry year sequences** – with recommendations to review past approaches and look at other approaches within framework. Unsustainable level of deliveries – urban agencies can’t solve it.
3. **Confront the division of responsibility between City and Districts** – with recommendations to allow ops model to vary responsibility and find a way to break the ice with the districts.

4. **Create a groundwater water bank with Districts** – with recommendations of model by post-processing ops model and to start the discussion now with forward-thinking leaders in Stanislaus County

5. **In-delta diversions, Los Vaqueros storage** – with recommendation precondition for alternative dry year supplies is treatment for infrastructure to use Delta Water

6. **Aggressively build regional NGO Partnerships** – with recommendations talk to NGO’s before telling them what they will love, talk to NGO’s about specific model scenarios, and seek large-scale federal funding for water supply and rivers: climate change is water change.

Mr. Drekmeier thanked the NGO’s for their presentations.

Commissioner Paulson stated he was impressed by issues that were presented. He indicated he will want answers and that the policy the Commission supports will be beneficial to the agency.

Commissioner Harrington thanked the presenters and stated the comments are helpful. He indicated he is interested in the relationships with the Districts but he understands the SFPUC can’t make assumptions based on what the Districts may or may not do. He indicated some of the ideas, like groundwater make sense, but that he doesn’t recall discussions as to the impact to the Districts of the Bay Delta Plan and asked what their design drought is and what are they are dealing with. He asked that that information be provided at some point.

Commissioner Paulson departed the meeting at 4:06 PM.

VP Moran indicated Commissioner Harrington’s comments are an area for thought and discussion and there is considerable history to consider. He stated the Irrigation Districts don’t have “design drought” due their different operations and ability to fallow.

Chris Shutes provided comment and indicated that the Don Pedro operations model is good and that the Districts have better opportunity for conservation.

Commissioner Ajami stated that as long as the District are growing crops that they can fallow the assumption is correct, but if they focus on other crops, such as nut trees, it is a different situation of concern and that a statewide plan for land use and conservation is needed.

In response to a question from President Maxwell, Mr. Drekmeier indicated the Districts recently approved their Agricultural Water Management Plans, which he briefly discussed.

Commissioner Ajami made note in response to Mr. Drekmeier that water is free,
but infrastructure is what costs.

Ms. Cooley response to a question from Commissioner Harrington regarding BAWSCA’s demand forecast and projections.

Public Comment

- Tom Frances, Water Resources Manager, BAWSCA, provided technical observations of each of the presentations provided. He stated BAWSCA stands behind the results of their 2020 study.
- Gustav Larson, BAWSCA Board Chair, thanked the Commission for the workshop. He noted BAWSCA represents 1.8 million people in their service area and noted the costs that they pay. He stated that it is critical to include BAWSCA in discussion and that they actively participate.
- Nicole Sandkulla, BAWSCA CEO, discussed BAWSCA’s responsibility to their customers and San Francisco’s responsibility to wholesale customers. She expressed the impact of the Bay Delta Plan and expressed support for the Tuolumne River Voluntary Agreement as alternative. She indicated the State Board should perform the required environmental evaluation of the TRAVA.
- Mark Rockwell, Fly-fishing community, stated that 40% unimpaired flows recommended by Bay Delta Plan are already out of the comfort zone and will ensure failure of the fishing community and extension of fish. He recommends the 7.5 year drought period rather than 8 year and rationing at year two.
- Greg (inaudible) Bay Institute staff hydrologist, stated that the Bay Delta Plan is a good start, but it doesn’t go far enough.
- Barry Nelson, Golden State Salmon Association, stated that four documents were sent to the Commission which he highlighted: (1) regional partnerships and diversification; (2) study by UC Davis on over-allocation of water rights in California system and in San Joaquin River; (3) press statement by John McManus, Golden State Salmon Association, on limitation on upcoming salmon season; and (4) Op-ed by Golden State Salmon Association.
- Spreck Rosekrans, Restore Hetch Hetchy, thanked the Commission for the workshop. He stated there needs to be a balance with the environment and that Hetch Hetchy needs to be free. He discussed groundwater and water bank opportunity.
- Conrad Fisher, Water Climate Trust, thanked the Commission for the workshop. He noted there are parts of the state where flood irrigation is wasteful, and that wasteful use needs to stop. He discussed modeling. He said ag needs to balance the equation.
- John (inaudible) thanked the Commission for the hearing, for dialogue and for considering other positions. He asked that the Commission follow-up on suggestions from the Pacific Institute. He noted the need to provide water to people, water to the river, and healthy salmon.

Commissioner Harrington noted the workshop has been an opportunity to engage and educate and thanked everyone for their participation. He asked about next
steps. VP Moran noted that there are key issues that surfaced that require additional thought and discussion and that two were identified prior to the workshop (1) how to think about and plan for the design drought and (2) rationing policy. Issues that came about as a result of the workshop were (3) demand dynamics; and (4) additional opportunities beyond the Alternative Water Supply Plan. VP Moran discussed the merits of the workshop and the format going forward for the best opportunity to discuss issues.

Commissioner Harrington expressed hope that VP Moran’s issue #4 (above) will allow for additional opportunities beyond the Alternative Water Supply Plan and will include conversation with the Districts.

Commissioner Ajami thanked VP Moran for his comments and recommended that the four items be considered as “layers” rather than “buckets”.

President Maxwell thanked the Commission for their participation and indicated that the workshops provided the opportunity for input and learning.

VP Moran closed with a display of “Points of Agreement”

- **SFPUC Water Supply Planning Introduction and Review White Paper** is a fair and reasonable summary of relevant information
- Revised demand projections represent a significant reduction in demand throughout the service area and is the result of the Bay Area’s commitment to conservation.
- Revised demand projections without additional supplies or policy changes create the opportunity to address
  - Demand growth
  - Permanent status for interruptible customers
  - TRVA fishery flows
  - Through 2045
- **The Delta Plan flows cannot be accommodated without increased conservation, additional water supplies or modification of key planning assumptions.**
- **Currently identified Alternative Water Supply Projects** by themselves are insufficient to meet Delta Plan flows, expensive, and slow to produce additional water.
  - Based on a mid-range estimate of possible yield (35 mgd)
  - But at the high end of possible yield estimates comes close by 2040. (74 mgd)
- **Water transfers**
  - Are not included in the supply projections
  - Are theoretically possible and potentially significant
  - But have been very hard to consummate

Commissioner Ajami expressed appreciation for the scenarios being run through the same model.

Commissioner Harrington requested that staff provide information on timing or
meaningful deadlines to ensure movement.

Commissioner Ajami requested a copy of the Agricultural Water Management Plan.

President Maxwell thanked all the NGO’s and everyone for their participation in the workshops.

Adjournment
VP Moran adjourned the meeting at 4:54 PM.