

Water Enterprise Environmental Stewardship Policy

June 27, 2006

Our mission is to serve San Francisco and its Bay Area customers with reliable, high quality, and affordable water and wastewater treatment while maximizing benefits from power operations and responsibly managing the resources—human, physical, and natural—entrusted to its care.

The purpose of the Water Enterprise Environmental Stewardship Policy is to establish long-term management direction for our owned lands and natural resources affected by operation of the water system within the Tuolumne River, Alameda Creek, and Peninsula watersheds. Environmental stewardship is a fundamental component of our mission, and a responsibility of all Water Enterprise employees.

We are committed to responsible natural resources management that protects and restores viable populations of native species and maintains the integrity of the ecosystems that support them for current and future generations. We strive to become a leader in science-based and collaborative environmental stewardship in order to continue providing high-quality and reliable water supplies to San Francisco residents and customers.

Watershed Management

We will proactively manage the watersheds under its responsibility in a manner that maintains the integrity of the natural resources, restores habitats for native species, and enhances ecosystem function. We believe that partnership and collaboration with agencies, communities and other stakeholders in the watersheds are the best way to maximize investment in environmental stewardship.

To the maximum extent practicable, we will ensure that all operations of the water system (including water diversion, storage and transport), construction and maintenance of infrastructure, land management policies and practices, purchase and sale of watershed lands, and lease agreements for watershed lands protect and restore native species and the ecosystems that support them. In cases where we have limited control, but where impacts of its operations exist, we will work with responsible parties to improve ecosystem health.

It is our policy to operate the water system in a manner that protects and restores native fish and wildlife downstream of our dams and water diversions, within reservoirs, and on our watershed lands. Releases from reservoirs will (consistent with our mission described above, existing agreements, and applicable state and federal laws), mimic the variation of the seasonal hydrology (e.g., magnitude, timing, duration, and frequency) of their corresponding watersheds in order to sustain the aquatic and riparian ecosystems upon which these native fish and

wildlife species depend.

We will actively monitor the health of the terrestrial and aquatic habitats both under our ownership and affected by operations in order to continually improve ecosystem health. Relevant performance measures and indicators will be used to evaluate the effectiveness of implementation efforts under this policy.

Other Lands

Rights of way and properties in urban surroundings under our management will be managed in a manner that protects and restores habitat value where available, and encourages community participation in decisions that significantly interrupt or alter current land use in these parcels.

Public Involvement

We believe that public engagement is key to ensuring successful environmental stewardship. To that end, we will:

- Solicit input and collaboration on its plans and implementation from all interested and affected parties, including local, state, and federal agencies, non-governmental organizations, and members of the public.
- Encourage development of recreational uses that are compatible with protection and restoration of natural resources, and water quality and water supply reliability goals.
- Include communities and stakeholders in monitoring, restoration and other stewardship activities to the extent possible.
- Provide information and reports to the public that track activities related to implementation of this policy.

Implementation Strategy

The Environmental Stewardship Policy will be integrated into our Water Enterprise planning and decision-making processes and also directly implemented through a number of efforts. Below are examples of areas for integration and specific activities that will further the goals of this policy.

- Implementation and updating of the existing Alameda and Peninsula Watershed Management Plans.
- Development of Habitat Conservation Plans for the Alameda and Peninsula Watersheds.
- Development and implementation of the Watershed and Environmental Improvement Program, which will cover the Tuolumne River, Alameda Creek, and Peninsula watersheds.
- Development of the Lake Merced Watershed Report.
- Active participation in local forums, including coordination with Yosemite National Park Service and Stanislaus National Forest in the Tuolumne River watershed, the Tuolumne River Technical Advisory Committee, the Alameda Creek Fisheries

Restoration Workgroup, the Pilarcitos Creek Restoration Workgroup, and the Lake Merced Task Force.

- Integration of the policy into the Water System Improvement Program and individual infrastructure projects (i.e., repair and replacement programs).
- Ensure that the policy guides development of project descriptions, alternatives and mitigation for all projects during the environmental review process under CEQA and/or NEPA.
- Seek support for and encourage all employees to integrate environmental stewardship into daily operations through communication and training.