



SPUR

San Francisco | San Jose | Oakland

May 1, 2018

San Francisco Public Utilities Commission
525 Golden Gate Ave.
San Francisco, CA 94102

Dear Commissioners:

SPUR writes to express support for proposed rate and fee changes under consideration at your May 8 meeting. Specifically, we are writing to support the staff proposal to reduce or eliminate fees that may disproportionately affect low-income ratepayers. We also support implementing a stormwater charge for currently unmetered properties, an important step toward fully separating stormwater and sewer fees that we expect will occur no later than 2022.

Thanks to a recent briefing we received from General Manager Harlan Kelly, CFO Eric Sandler and others, we understand that the four-year rate package you adopted in April will fund a number of important citywide priorities, including sewer and water repair and replacement projects, construction of long-planned and overdue upgrades to the Southeast Wastewater Treatment Plant, operations and maintenance, and other investments necessary to keep the city's infrastructure in a state of good repair. We support these efforts. We also understand that the SFPUC will expend a significant level of effort over the next four years to complete planning for collection system improvements under the Sewer System Improvement Program (SSIP), a once-in-a-generation opportunity to improve the city's lifeline seismic resilience, reliability, sustainability, and climate readiness.

SPUR has been tracking and supporting the development of SSIP and its predecessor, the Sewer System Master Plan, for more than ten years. Our focus has largely been on collection system improvement opportunities. In 2006, our policy report *Integrated Stormwater Management* made recommendations for ecological street design and using stormwater as a resource for the city. In 2008, we proposed and published a set of criteria or high-level goals for the sewer system, which helped to inform the Level of Service goals adopted for SSIP. In 2015, we worked in partnership with the SFPUC to develop a white paper, *Greening Up: Strategies to Advance Green Infrastructure in San Francisco*, which identified how to scale-up green infrastructure citywide. Today, we are concerned that this important resilience effort is taking such a long time to move forward at a time when there is an increasing likelihood of a major Bay Area earthquake before 2035. As well, we know very little about what is actually in the collection system plan, and whether it will seize the opportunity to build a state-of-the-art, sustainable infrastructure system for our city that will help us prepare for climate change. The investments we make today will define the path for our future options in dealing with climate change impacts, like sea level rise, drought, and rain-caused flooding, over the next century and beyond. SPUR believes we should invest in resilient infrastructure: that set of projects, supported by grants, incentives and policies, that can best adapt to future environmental conditions when they occur.

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There are a number of actions we believe that the Commission should take in the next year to leverage newly adopted rate increases into a world-class plan for the collection system:

- 1. Publish the Urban Watershed Assessment and Collection System Improvement Plan.** For many years, the SFPUC has said that the SSIP collection system improvements would be planned using a watershed approach that would identify green and grey opportunities to solve flooding, improve greening, and meet level of service goals while maximizing triple-bottom-line (TBL) outcomes. We have been assured by staff that the sum of all this work – the Collection System Improvement Plan - exists and will be published, but no draft has been revealed to the public yet. We look forward to reviewing identified investment opportunities and seeing how they optimize TBL outcomes for the city. We urge you to ensure that the plan is published on SFPUC's website in 2018.
- 2. Commission an independent, external peer review of the Collection System Plan,** with high-level academic, engineering, planning, design, and environmental experts to evaluate the planned approach and issue any findings or recommendations. An independent review would identify any gaps or needs while assuring ratepayers that the proposed approach and budget are sound. In the past, the SFPUC has empanelled a Technical Advisory Committee to support wastewater planning and decision-making, so there is a precedent for this type of expert review. The scope of the review should include an assessment of whether the proposed plan takes a leadership approach among other cities in preparing for climate change and investing in adaptable, resilient infrastructure.
- 3. Continue progress toward separating wastewater rates into sewer and stormwater-related fees so full separation is achieved during the next four-year rate cycle in 2022.** SPUR has been expressing support for stormwater fees separated from sewer fees for more than ten years: this arrangement improves fairness for ratepayers while creating an incentive for property owners to build new green infrastructure. Our 2012 white paper, *Stormwater Fees*, identified options for fee allocation and recommended that the SFPUC create an incentive program to support the installation of sustainable on-site stormwater management practices, to help customers reduce stormwater management fees and to create environmental benefits. By managing stormwater onsite through rainwater harvesting and reuse, or green infrastructure, property owners should be able to petition to eliminate or significantly reduce fees through an onsite inspection process similar to the way flow factor may be adjusted today.
- 4. Maintain at least a \$5-10 million annual budgetary commitment to green infrastructure grant programs for the next five years.** A sustained commitment and outreach program to property owners will signal that green infrastructure is a priority. It will help property owners, especially for those currently unmetered properties that may be impacted by new fees, build and afford green infrastructure that can detain and/or retain

stormwater onsite. It will help property owners prepare for fee changes in the 2022 rate cycle and to seek rate relief. And it will make green infrastructure more visible in streets, schools and parks so the public is more aware that their rate increases are supporting sustainable change now, and not just whenever they might be built by the city under SSIP.

We appreciate the opportunity to share our recommendations on how the recent rate increase can help improve the city's collection system in a sustainable and resilient way. We also appreciate the work that SFPUC staff has done to identify ways to minimize new rate increases on financially vulnerable people by eliminating certain fees that disproportionately impact them - and encourage you to support that proposal on May 8. Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'LT', with a long horizontal flourish extending to the right.

Laura Tam
Sustainable Development Policy Director

Cc: Harlan Kelly, General Manager
Eric Sandler, Chief Financial Officer