

## **STAFF REPORT**

**To:** Coastside County Water District Board of Directors

**From:** Mary Rogren, General Manager

**Agenda:** September 12, 2023

**Report Date:** September 8, 2023

**Agenda Title:** General Manager's Report

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### **Recommendation/Motion:**

Information Only.

### **San Francisco Public Utilities Commission (SFPUC) Draft Alternative Water Supply Plan**

On June 28, 2023, the SFPUC published a draft "Alternative Water Supply (AWS) Plan" document. The purpose of the AWS Plan is to serve as " . . . a roadmap to guide water supply planning to help address projected supply shortfalls through 2045."

SFPUC's public review period closed on August 31, 2023. District Staff sent the attached public comment letter (Exhibit A dated August 15, 2023) in support of SFPUC's AWS Plan.

BAWSCA also send a public comment letter on behalf of its 26 member agencies (Exhibit B dated August 31, 2023) and in support of the AWS Plan.

A copy of SFPUC's draft AWS Plan can be found at [Alternative Water Supply Plan \(sfpuc.org\)](https://sfpuc.org/about-us/policies-plans/alternative-water-supply-plan) [sfpuc.org/about-us/policies-plans/alternative-water-supply-plan].

# EXHIBIT A

August 15, 2023



Steven Ritchie  
Assistant General Manager, Water Enterprise  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102

**Sent via email:** [aws@sfwater.org](mailto:aws@sfwater.org) | [sritchie@sfwater.org](mailto:sritchie@sfwater.org) | [mkothari@sfwater.org](mailto:mkothari@sfwater.org)

Re: Draft Alternative Water Supply Plan, June 28, 2023

Dear Mr. Ritchie,

Coastside County Water District ("Coastside CWD") is a wholesale water customer of the SFPUC and has been diligent in securing local water supplies. During normal to wet water years, Coastside CWD maximizes its reliance on local water supplies and reduces purchases from the Regional Water System ("RWS"). By maximizing local water supplies during wet to normal water years, there is more water available in storage at Pilarcitos Reservoir and in Upper Crystal Springs Reservoir for the benefit of the RWS during dry years. During dry years when local surface water is not available, Coastside CWD relies on the RWS with water storage in Upper Crystal Springs Reservoir and Pilarcitos Reservoir. Dry year water supply from the RWS is critical to Coastside CWD, since Coastside CWD does not have water storage options and relies on storage in the RWS.

Coastside CWD supports the Alternative Water Supply Program and is providing brief comments on the draft Alternative Water Supply ("AWS") Plan.

### **Dry Year Supply**

Coastside CWD supports projects that augment regional water supplies and improve the reliability of the RWS.

### **Project Locations**

Coastside CWD supports efforts to locate projects through the RWS and to consider the benefits and impacts throughout the RWS.

### **Recommendation 3**

Coastside CWD supports SFPUC's efforts to have the State Water Resources Control Board adopt a Tuolumne River Voluntary Agreement for the Sacramento-San Joaquin Bay Delta Water Quality Plan.

### **Recommendation 4**

Coastside CWD supports providing timely updates to the AWS Plan.

**Recommendations 10, 11, 12, and 13**

Coastside CWD supports hiring additional staff for the AWS Program.

**Recommendation 14**

Coastside CWD supports SFPUC exploring the feasibility of grant programs or low interest loans to support wholesale customer local water supply projects to reduce reliance on the RWS, especially during dry years. Letters of support and letters of recommendation to local leaders on the need for local water supply projects would be a type of additional support that Coastside CWD would find helpful.

**San Francisco-Peninsula Regional Pure Water Project**

This project, as described in phase I, would supply advanced treated (purified) wastewater to Upper Crystal Springs Reservoir and possibly Pilarcitos Reservoir. This project would potentially impact Coastside CWD's water supply from SFPUC since Coastside CWD takes raw water from these two reservoirs and treats it. Coastside CWD would like to be listed as an interested party or partner for this project.

**Bay Area Water Supply and Conservation Agency ("BAWSCA")**

BAWSCA will also be providing comments to SFPUC on behalf of its member agencies. Coastside CWD reviewed a draft of their comments and supports their comments.

Coastside CWD appreciates being provided with an opportunity to provide written comments on the Draft AWS Plan. Please contact me with any questions.

Best,



Mary Rogren  
General Manager  
(650) 726-4405



August 31, 2023

*Via email*

Steven Ritchie  
Assistant General Manager, Water Enterprise  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102

**RE: BAWSCA's Review of the SFPUC's Draft Alternative Water Supply (AWS) Plan**

Dear Mr. Ritchie,

BAWSCA has reviewed the SFPUC's Draft Alternative Water Supply (AWS) Plan made available for public review on June 28, 2023. BAWSCA commented on earlier versions of key sections of the AWS Plan and appreciates that most of these earlier comments have been incorporated or adequately considered by the SFPUC. This letter focuses on significant comments BAWSCA views as meriting further attention by the SFPUC.

### **General Comments**

BAWSCA strongly supports both the AWS Plan and the overall AWS Program. The SFPUC must be prepared to face potential future reductions to its existing water supply that could require the development of new supplemental sources to improve long-term water supply reliability in order to meet its legal and contractual obligations to the BAWSCA Member Agencies as well as the water needs of its Retail Customers in San Francisco. Climate change and future regulatory uncertainties could exacerbate the need for new diversified and distributed water supply sources. The AWS Plan meets these critical planning needs.

Components of the AWS Plan provide the roadmap for the development of projects needed to address the water supply shortfall (gap) that is calculated to be present through the planning horizon (2045). That gap is acutely related to shortage of supply during times of drought.

The AWS Plan presents detailed information regarding estimated project costs and development times and estimated rate impacts to both SFPUC Retail and Wholesale Customers for the AWS planning work estimated to take place within the SFPUC's 10-year Capital Improvement Plan (CIP). While BAWSCA agrees that the presented rate impacts are correct for the purposes of the SFPUC's 10-year CIP, the full rate impact of the implementation of the suite of AWS Plan projects has not been estimated at this time as more details are needed that can only be provided following further planning work.

This complete cost and rate impact information will be necessary for the SFPUC and BAWSCA to support future decision making.

The AWS Plan includes recommendations for the Commission to consider that, if embraced, will work to: 1) Avoid widening the water supply gap; 2) Fill the water supply gap; and 3) Reduce the water supply gap. BAWSCA supports those recommendations, particularly those that call for additional staffing as needed to better implement the AWS Program.

There remains uncertainty related to how regulatory and other pressures can widen the supply shortfall. The AWS Plan is clear that, although implementing the projects listed can contribute substantially to lessening that gap, additional projects beyond those documented in the Plan will be necessary to fill the water supply gap.

BAWSCA recognizes that efforts by both the SFPUC and BAWSCA's Member Agencies have and can continue to result in lowered water demands. It also must be recognized that demand hardening is not simply a concept, but a reality that must be addressed as part of long-term water supply planning. Our respective agencies continue to be committed to water use efficiency, and the fundamentals of continued population growth coupled with realistic expectations as to what level of per capita water use can be achieved, further support the need for the AWS Plan.

The AWS Plan better positions San Francisco to fulfill its contractual obligation under the 2021 Amended and Restated Water Supply Agreement between San Francisco and the Wholesale Customers (WSA) to decide, by December 31, 2028, whether to make the cities of San Jose and Santa Clara permanent Wholesale Customers of the SFPUC. It is appropriate for the AWS Plan to acknowledge and be informed by the requirement that the SFPUC make this decision.

### **Specific Comments**

1. Section 1.3.2 – Role of Wholesale Customers and BAWSCA in the AWS Program Development and Implementation

The SFPUC's responsibility to inform the Wholesale Customers of the actions and progress of the AWS Program stems not only from the SFPUC's role as a regional supplier (as the first paragraph of Section 1.3.2 notes), but also from the SFPUC's contractual obligations under the Amended and Restated 2021 Water Supply Agreement between San Francisco and the Wholesale Customers (WSA). BAWSCA requests the first paragraph of Section 1.3.2 be revised to emphasize this point.

2. Section 2.2.4 – RWS Infrastructure and WSIP

The second paragraph of Section 2.2.4 mentions that the SFPUC will use Level of Service (LOS) Goals and Objectives to inform the SFPUC's approach to future water supply planning and the AWS Program. San Francisco's perpetual obligation to provide the Supply Assurance to the Wholesale Customers is another critical factor

that must inform the SFPUC's approach to future water supply planning and the AWS Program, and should be acknowledged in this specific discussion. BAWSCA requests that Section 2.2.4 be revised to acknowledge that San Francisco's perpetual obligation to provide the Supply Assurance to the Wholesale Customers will also inform the SFPUC's approach to future water supply planning and the AWS Program's efforts.

### 3. Section 2.4.3 – Current and Historical Demands

While BAWSCA acknowledges that the AWS Plan is focused on the SFPUC's obligations through the 2045 planning horizon (which may or may not include the City of San Jose and the City of Santa Clara as permanent Wholesale Customers), it is important that the AWS Plan captures the SFPUC's existing contractual obligations to San Jose and Santa Clara under the WSA, including but not limited to, (i) SFPUC's contractual obligation to supply San Jose and Santa Clara with a combined annual average of 9 mgd through 2028, and (ii) the 10-year notice requirement to terminate San Jose and Santa Clara if such a decision regarding their status is reached. BAWSCA requests that the following sentence be added to the end of the first paragraph in Section 2.4.3 to clarify the SFPUC's contractual obligation to San Jose and Santa Clara: "Additionally, the AWS Program must account for the SFPUC's contractual obligation to supply San Jose and Santa Clara with a combined annual average of 9 mgd through 2028."

### 4. Section 5.2.2 - AWS Staff Considerations

BAWSCA supports the SFPUC's identification of additional staffing needs as required for the implementation of the AWS Plan, including at both the project level and programmatic level. As AWS Projects move toward implementation, BAWSCA anticipates that additional staffing, beyond that included in the AWS Plan's Recommendations, may be needed.

### 5. Section 5.2.3 - AWS Cost Considerations

BAWSCA understands that the development of project cost estimates are based on the stage of the planning and development cycle that a particular project is in, and further understands that greater detail on how those estimates were developed has been provided in Appendix C of the AWS Plan. BAWSCA notes, however, that the SFPUC will continue to refine these costs as more project information is developed.

With respect to the Rate Impacts discussion in Section 5.2.3, BAWSCA understands that the rate impacts in the AWS Plan provide a planning level assessment and are only representative of the portion of the AWS Plan's total project costs that will be expended during the SFPUC 10-year CIP term. Rate impacts are of great interest to BAWSCA's Member Agencies and their water customers. As more cost information is developed as part of the implementation of the AWS Plan, BAWSCA will expect the SFPUC to provide the necessary additional clarity on total costs and potential rate impacts.

6. Section 6.1.1 - Recommendation 1

The Regional Groundwater Storage and Recovery (RGSR) Project's yield of 6.2 mgd listed in the Recommendation 1 in Section 6.1.1 is less than the project yield in the adopted Water System Improvement Program. This difference needs to be reconciled by the SFPUC. If and when the SFPUC proposes to adjust the RGSR Project's yield, the SFPUC will need to comply with AB 1823 and BAWSCA recommends the SFPUC provide a formal process involving BAWSCA, stakeholders, and the public to evaluate alternatives for treatment, infrastructure, and staffing needed to achieve the RGSR Project's proposed dry-year supply by 2045.

7. Section 6.1.2 - Recommendation 3

BAWSCA requests Recommendation 3 be revised to specifically mention groundwater banking and conjunctive use opportunities. In particular, BAWSCA requests that the first sentence of Recommendation 3 be revised as follows: "Continue reporting progress on negotiations related to the Proposed Voluntary Agreement, a possible groundwater banking and conjunctive use project in partnership with Groundwater Sustainability Agencies in the San Joaquin Valley, and other potential transfers and projects in the area that could contribute to instream flow releases."

8. Section 6.1.3 - Local Projects – Wholesale Service Area

Section 6.1.3 notes that in 2008, when the SFPUC Commission adopted WSIP by Resolution 08-0200, the Commission directed the SFPUC to offset demand by 10 mgd in the retail service area through additional conservation or the development of new recycled water or groundwater sources. The Commission also asked the same of the Wholesale Customers. To illustrate the Wholesale Customers' compliance with this request, BAWSCA asks that a table (or Figure) be added to Section 6.1.3 documenting that, since FY 2008-09, Wholesale Customer SFPUC purchases have been reduced by 35.6 mgd or 22%. The table would include the following data:

- FY 2008-09 SFPUC purchases – 80,034,009 Ccf (164.01 mgd)
- FY 2021- 22 SFPUC purchases – 62,647,759 Ccf (128.38 mgd)
- Increase/Decrease in 2021-22 purchases compared to 2008-09 – 22% reduction

9. Glossary – Bay Area Water Supply and Conservation Agency (BAWSCA)

The text incorrectly states that BAWCA is an "entity". BAWSCA is a public agency, and the term "entity" should be replaced as such.

10. Appendix C – AWS Program Cost Development Approach

BAWSCA appreciates the inclusion of Appendix C in the AWS Plan. However, as noted in Appendix C, the SFPUC is still in the process of developing program costs, and in particular preparing a Proforma Model to more fully assess program costs. BAWSCA will reserve comments on individual project costs until the Proforma Model is completed and its results are shared with BAWSCA.

BAWSCA appreciates this opportunity to provide comments on the SFPUC's AWS Plan and looks forward to continuing to work with the SFPUC as the AWS Plan is finalized and the AWS Program is implemented.

Sincerely,

A handwritten signature in black ink, reading "Nicole Sandkulla". The signature is fluid and cursive, with the first name "Nicole" written in a larger, more prominent script than the last name "Sandkulla".

Nicole Sandkulla  
CEO / General Manager

NS/tf:le

cc: SFPUC Commission  
SFPUC Citizens' Advisory Committee  
Manisha Kothari, SFPUC, Manager, Alternative Water Supply (AWS) Program  
Alison Kastama, SFPUC, BAWSCA Liaison  
Board of Directors  
Water Management Representatives  
Allison Schutte, Hanson Bridgett, LLP, Legal Counsel