TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: UTILITIES
DATE: OCTOBER 17, 2005
SUBJECT: SCOPING PHASE OF THE PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION’S WATER SYSTEM IMPROVEMENT PROGRAM

RECOMMENDATION
Staff recommends that the City Council submit comments on the scoping phase of the Program Environmental Impact Report (PEIR) for the proposed improvements to the San Francisco regional water system to improve the system’s water quality, seismic reliability, delivery reliability, and water supply through the year 2030. These comments relate to informing San Francisco of Palo Alto’s expectations of being consulted on any projects being done in and around Palo Alto and on the use of any of the water resource options that Palo Alto controls, such as recycled water, groundwater, or water efficiency programs. The City Council may also wish to explicitly support comments being submitted by the Bay Area Water Supply and Conservation Agency (BAWSCA). The BAWSCA General Manager will present BAWSCA’s comments at the Council meeting.

BACKGROUND
The San Francisco Public Utilities Commission (SFPUC) proposes to implement a Water System Improvement Program (WSIP) to repair and replace aging portions of its water delivery system, which serves 2.4 million people in San Francisco, San Mateo, Santa Clara, Alameda and Tuolumne counties. The WSIP is a program to implement the service goals and system performance objectives established by the SFPUC for the regional water system in the areas of water quality, seismic reliability, delivery reliability and water supply through the year 2030.

The California Environmental Quality Act (CEQA) requires that the public be informed about the significant environmental effects of a project or program, and ways to avoid or reduce those environmental effects, before that project or program is approved. A PEIR is the environmental
review process needed to analyze the potential environmental effects of large-scale plans or programs. A PEIR focuses on the big picture issues associated with the program, rather than on the details of each project or activity within it.

In accordance with the requirements of CEQA, the San Francisco Planning Department issued a Notice of Preparation (NOP) and Notice of Public Scoping Meetings on September 6, 2005. Release of the NOP began the scoping phase of the environmental review process for the SFPUC’s WSIP. During scoping, interested agencies and the public are invited to help identify the range of issues and type of information to be considered in the PEIR.

Palo Alto is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA). BAWSCA is a special district that represents the interests of 26 cities and water districts, and two private utilities that purchase water wholesale from the San Francisco regional water system. These agencies, in turn, provide water to 1.7 million people, businesses and community organizations in Alameda, Santa Clara and San Mateo counties. Palo Alto and the other BAWSCA member agencies are on record in support of the SFPUC’s program to improve the regional water system. The environmental review process is a major step in receiving approvals to proceed towards implementation of the program. One of the foundations of the environmental documentation is to ensure that the regional water system’s projected demands emanate from the land use planning agencies’ plans for the communities served by the regional system.

Since early 2003, in preparation for the environmental review phase of the regional system improvements, BAWSCA and SFPUC have coordinated on completing the foundational work of establishing the water supply needs for the BAWSCA agencies and San Francisco through 2030. As part of this effort, San Francisco obtained copies of each land use planning agency’s adopted general or comprehensive plan. The long-term demands were calculated for each agency using a detailed end-use forecasting model. The result of those calculations, Palo Alto’s long-term water demands, were provided to the City Council on March 15, 2004 [CMR:106:04]. These demand projections included the natural efficiency improvements that would take place as a result of changes in the plumbing codes since 1992 requiring new fixtures to be water conserving.

After establishing the long-term demands for each BAWSCA agency, SFPUC conducted an analysis of thirty-two water conservation measures to determine which measures would be effective in each agency’s service area. On September 13, 2004, the Council received an information report [CMR:395:04] on this evaluation concluding that the long-term conservation savings potential for Palo Alto is between 1.6% and 4% of the water demands in 2030. Palo Alto selected the high end of this range as the basis to determine how much water Palo Alto plans to purchase from San Francisco. A report to the City Council on October 25, 2004 [CMR:449:04] provided Palo Alto’s estimate of water purchases from San Francisco by 2030.

These water purchase estimates for Palo Alto, the other BAWSCA agencies, and San Francisco provide the basis for the water supply needs expected to be placed on the regional water system. The SFPUC provided these estimates to the San Francisco Planning Department to use in its preparation of the PEIR for the WSIP.
DISCUSSION
The NOP (Attachment B) provides the following project description: “The WSIP is a program to implement the service goals and system performance objectives established by the SFPUC for the regional water system in the areas of water quality, seismic reliability, delivery reliability, and water supply through the year 2030.” The service goals and performance objectives, established by SFPUC, include:

- Water Quality – meet or exceed all current and anticipated water quality requirements
- Seismic Reliability – restore basic service (wintertime usage) within 24 hours after a major earthquake and full service within 30 days
- Delivery reliability – allow for system redundancy so that there will be no disruption of service in the event of one planned and one unplanned outage of major facilities.
- Water Supply – fully meet customer purchase requests through the year 2030 in non-drought years.
- Drought Protection – partially meet customer demands in drought years so the maximum amount of rationing in any year of the design drought does not result in more than a 20 percent system wide reduction in delivery of the 2030 purchase requests
- Environmental stewardship – enhance sustainability in all system activities

Regarding water supply, the NOP notes that the average annual retail and wholesale customer purchase request for water supply from SFPUC in the year 2030 is 300 million gallons per day (mgd). This is 35 mgd more than current annual average delivery of 265 mgd from the regional system. SFPUC’s proposed water supply option to meet the 35 mgd of increased demand includes 25 mgd of increased use of Tuolumne River water under its existing rights and 10 mgd of increased conservation, water recycling and groundwater supply programs. This 10 mgd is beyond what has already been incorporated into the wholesale customer’s long-term purchase requests.

The NOP states: “At the request of the SFPUC, the PEIR will also provide a programmatic analysis and comparative evaluation of three other water supply options: (1) increased Tuolumne River diversions without additional recycling, conservation, and groundwater supply programs; (2) additional non-Tuolumne River surface water supplies that may include Delta water transfers and desalination, as well as recycling, conservation, and groundwater supply programs, but no additional Tuolumne River diversions; and (3) a combination of aggressive conservation / water recycling and naturally renewable groundwater supply, with no additional Tuolumne River diversions and no acquisition or use of other additional surface water supplies.”

The SFPUC’s proposed drought year water supply includes: (1) acquiring up to 25 mgd of water through transfer agreements with the Modesto Irrigation District and the Turlock Irrigation District; (2) implementing a groundwater program to store water for recharge in non-drought years; and (3) requiring up to 20% system wide rationing in any year of a drought. SFPUC has requested that the PEIR provide a programmatic analysis and comparative evaluation of two other drought year rationing programs: maximum system wide rationing of 10% and 30%.

At the time of this report’s preparation, BAWSCA is reviewing the NOP and developing comments to submit to San Francisco on behalf of its member agencies. The General Manager
of BAWSCA, Art Jensen, will present those comments at the Council meeting. The City Council may consider supporting the comments prepared by BAWSCA. In addition, staff proposes that Palo Alto submit comments to San Francisco on the PEIR to the effect that it expects to be consulted and involved in any facilities or projects that are planned to be done in and around Palo Alto. Furthermore, any discussions of how Palo Alto or other agencies might propose to use water resources within the control and purview of the City of Palo Alto will require the involvement of Palo Alto. For example, if Palo Alto’s groundwater, recycled water, or water efficiency opportunities were considered to have a regional benefit, Palo Alto would remain the decision-making authority and have the power to decide how and whether those resources would be employed.

Palo Alto may also wish to ask SFPUC to evaluate the reliability benefits to the regional system of an additional intertie between the SFPUC’s system and the treated water system owned and operated by the Santa Clara Valley Water District (SCVWD). Such an intertie could connect the two systems by extending the SCVWD’s West Pipeline from the point where it currently ends at Foothill Expressway and Fremont Avenue in Mountain View to Foothill Expressway and Page Mill to connect to the SFPUC’s Bay Division Pipelines 3 and 4. This new intertie would increase redundancy and operational flexibility for both wholesale systems and offer improved emergency response.

NEXT STEPS
Written comments on the scoping phase of the PEIR for SFPUC’s WSIP will be accepted by the San Francisco Planning Department until close-of-business on October 24, 2005. After that time, there are other opportunities for comment during the preparation of the PEIR, and on the draft PEIR when it has been released. It is anticipated that the draft PEIR will be issued in mid-2006.

RESOURCE IMPACT
The estimated cost for SFPUC’s WSIP is incorporated into long-term cost projections. Any alternatives that are identified in the PEIR will need to be evaluated as to the cost impact. Staff resources to monitor and participate in this project are budgeted. The cost for BAWSCA, which is deeply involved in the process to represent its member agencies, is also included in the budget.

POLICY IMPLICATIONS
Any comments submitted to San Francisco on the scoping phase of its PEIR would be in conformance with Council-approved policy.

ENVIRONMENTAL REVIEW
Submitting comments on the scoping phase of the PEIR for SFPUC’s WSIP does not constitute a project under the California Environmental Quality Act, therefore, no environmental assessment is required.

ATTACHMENTS
A: Transmittal letter from City and County of San Francisco Planning Department for the Notice of Preparation (NOP) of an Environmental Impact Report and Notice of Public Scoping Meetings
B: Notice of Preparation (NOP) of an Environmental Impact Report and Notice of Public Scoping Meetings

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