



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**  
Mayor

**REGULAR MEETING MINUTES**  
**Tuesday, November 28, 2023**  
**1:30 PM**  
**(Approved December 12, 2023)**

1 Dr. Carlton B. Goodlett Place  
City Hall, Room 400

**Commissioners**

Tim Paulson, President  
Anthony Rivera, Vice President  
Sophie Maxwell  
Newsha Ajami  
Kate H. Stacy

Dennis J. Herrera  
General Manager

Donna Hood  
Commission Secretary

1. Call to Order

*President Paulson called the meeting to order at 1:30 pm.*

2. Roll Call

*Present: Paulson, Maxwell, and Stacy*

*Excused: Rivera*

*Commissioner Ajami arrived at 1:32 pm.*

3. Approval of the Minutes of November 14, 2023

*No public comment.*

*On motion to approve the Minutes of November 14, 2023:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

4. General Public Comment

*None.*

5. Report of the General Manager

a) Green Bond Update

*Nikolai Sklaroff, Capital Finance Director stated that “Green Bonds” is a label applied to bonds used to fund projects that have positive environmental and/or climate benefits; are labeled “social” “sustainable” and “sustainability-linked”; or are standard bonds with a “green” feature.*

*Director Sklaroff reviewed (1) Evolution of Green Bonds, indicating the first SFPUC Green Bonds were for \$30.2 million of project funds for the Power Enterprise with proceeds funding Hetch Hetchy’s hydroelectric generation facilities project and other renewable energy projects. He stated that Sustainalytics was retained in 2016 to review allocation of the Green Bond proceeds; and (2) Sewer System Improvement Program and Water System Improvement Climate Bond Initiative Programmatic certification.*

*Director Sklaroff stated the first SFPUC Green Bonds were self-certified in 2015. The SFPUC retained independent verifier Sustainalytics and sold more than \$4.4 billion in certified Green Bonds using Climate Bonds standard verification for projects that increased water storage and provided application of green infrastructure to manage stormwater and upgrade renewable energy generation. He indicated that the SFPUC is recognized as a leader in Green Bonds and is ranked third among the top 10 Green Bond issuer in the U.S. public finance from 2013-2022.*

*Director Sklaroff discussed SFPUC Green Bond issuance by calendar year and enterprise: Water \$2,367 million; Wastewater \$1,953 million; and Power \$106 million for a total of \$4,426 million. He noted the linkage to the SFPUC’s core mission.*

*He discussed Green Bond Orders; Green Bond Annual Reports Contents; Green Bond Market; Green Bond benefits and challenges; Challenges of political backlash; Green Bond verification; and certification benefits and challenges.*

*Commissioner Ajami thanked Director Sklaroff for the presentation. He responded to her*

question regarding potential “backlash” on investment strategies for SFPUC’s Green Bonds.

*In response to a question from Commissioner Stacy as to the timing of the process of certification on the Power bonds, Director Sklaroff stated they will be issued in the spring of 2024 with award in late 2024; and to a follow-up question regarding financial advantages of issuing Green Bonds, noting the fundamental security of all bonds.*

*Director Sklaroff responded to a question from Commissioner Maxwell as to why the SFPUC’s Bonds are in demand, indicating that oversea investors have a strong desire for Green Bonds and that younger investors prefer Green Bonds; to a question as to why the SFPUC issues Green Bonds if it costs more, stating the difference is slight and that the values and mission of the organization are driving factors; and a question regarding self-certification and the market place preference for outside Green Bond certification. Brief discussion ensued on the certification process.*

*No public comment.*

b) Quarterly Audit and Performance Review Report

*Irella Blackwood, Audit Director, stated that there are 30 audits and assessments for FY 2023-24 with 10 completed (33%), 10 in progress (33%), and 10 upcoming (33%). Director Blackwood noted audits completed and reports issued.*

*Director Blackwood discussed the Annual Inventory Warehouse Counts audit and findings which indicated there are continued software and hardware issues with automated fuel tracking system, continued erroneous counts performed by staff and data by entry errors, lack of timely entry of inventory transactions to Maximo, and mislabeled inventory items, lack of organized inventory storage. Director Blackwood indicated there are 23 open City Services Auditor audits and recommendations. She informed the Commission of audits that are completing and are upcoming.*

*Commissioner Maxwell asked if there is an industry norm for warehouse inventory. Director Blackwood stated she would find out.*

*In response to a question from Commissioner Stacy regarding the SFPUC’s non-concurrence with Revenue Bond audit stating there were subtle disagreements with recommendations of the auditor and that the SFPUC and auditors were not able to come to agreement as to the standards applied, interpretation, and if they are applicable.*

*No public comment.*

c) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements

*None.*

6. CONSENT CALENDAR

a) Accept work performed by Anvil Builders, Inc. under Contract No. DB-129.2, Bay Corridor Transmission and Distribution – Phase 2 (2019) South; approve Modification No. 28 (Final)

increasing the Contract duration by 575 calendar days, to complete closeout punch-list items including prepare reports and supporting documentation, procure and reinstall communication vault lids, and finalize grounding system equipment calibration and testing for continuity, for a total Contract amount of \$32,198,777 and a total Contract duration of 1,080 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0205](#))

- b) Accept work performed by Big Valley Electric, under Contract No. HH-1003R, Moccasin Powerhouse Generator Step-up Transformer Installation, for a total Contract amount of \$3,730,101 and a total Contract duration of 750 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0206](#))
- c) Award Job Order Contract No. JOC-104, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy, in the amount not-to-exceed \$5,000,000, with a guaranteed minimum task order opportunity amount of \$50,000, and a duration of two years, to the responsible bidder that submitted a responsive bid, Peterson Excavation, Inc., to perform A-licensed general engineering construction work on San Francisco Public Utilities Commission systems and operations around Hetch Hetchy. ([Resolution 23-0207](#))
- d) Accept work performed by M Squared Construction, Inc. under Contract No. WD-2616, 8-Inch Ductile Iron Water Main Replacement on Baker Street from Geary Boulevard to Broadway Street and on Sutter Street from Divisadero Street to Presidio Avenue, for a total Contract amount of \$3,881,257 and a total Contract duration of 677 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0208](#))
- e) Approve an increase of 365 calendar days to the Contract duration contingency for Contract No. WW-697, As-Needed Main Sewer Replacement No. 8, with JDB & Sons Construction, Inc., for a new Contract duration limit of up to 1,495 consecutive calendar days, with no change to Contract amount for Staff to continue issuing contract service orders and allow Contractor to perform as-needed replacement of existing sewer pipelines. ([Resolution 23-0209](#))

*No public comment.*

*On motion to approve the Consent Calendar:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

*At the request of President Paulson, the Commission Secretary called items 7 and 8 together.*

- 7. Approve the Amended and Updated Water Enterprise Level of Service Goals and Objectives which were originally approved in 2008 as part of the Water System Improvement Program Environmental Impact Report. ([Resolution 23-0210](#))
- 8. Approve Power Enterprise Levels of Service Goals and Objectives. ([Resolution 23-0211](#))

*Barbara Hale, Assistant General Manager (AGM), Power Enterprise stated that Levels of Service (LoS) are actions or standards that must be met and/or managed to satisfy the SFPUC's mission and the expectation of ratepayers; are required the 2020 SFPUC Strategic Plan; and*

are important for accountability, transparency, strategic prioritization, and organizational learning. She indicated that the Power LoS was established in 2020 with five goals that emphasized reliable and clean energy, safe and reliable programs, effective customer service, and operational excellence and sustainability, and contains 19 objectives with nearly 100 detailed performance metrics and that it is the first step in Power's annual planning process.

AGM Hale presented Power's LoS goals and outlined the objectives: Power Supply Goals: provide reliable, clean energy at competitive prices in support of Citywide climate goals (three objectives); Power Transmission Goals: provide reliable and cost-effective transmission services (one objective); Power Distribution Goals: provide cost-effective and reliable distribution services (five objectives); City Programs Goals: maintain safe and reliable streetlights and offer valuable customer support (three objectives); and Power Administration Goals: enhance customer and user satisfaction through effective customer service and achieve operational excellence and sustainability (seven objectives).

AGM Hale reviewed Power LoS metrics stating Key Performance Indicators (KPIs) are metrics that can be supported by objective data to measure the success of satisfying the LOS objective. She reviewed KPI 3.3 – Effectively manage all assets by performing regular asset inventories, preventive inspections, monitoring and maintenance, and repair and replacement work.

President Ajami asked that there be consideration of climate impacts, and equity and affordability as over-arching goals. AGM Hale agreed and stated that it is an agency-wide effort and isn't specific to the Power Enterprise LoS. GM Herrera confirmed it is an agency-wide philosophy, is a focal point, and is considered in all agency work. Commissioner Maxwell expressed her desire that it be specifically be included in the LoS Goals to emphasize them as an objective.

Steve Ritchie, AGM Water Enterprise stated that Water's LoS goals and objectives were developed in 2008 as part of the Water System Improvement Program and focused on the design and construction of the Regional Water System improvements and was revised over a number of years to address operations and maintenance, Local Water System, and sustainability issues such as workforce and community support. The 2023 amended and revised goals and objectives intended to inform the budget process and prioritization. He indicated that some of the objectives are currently achievable and that some are aspirational.

AGM Ritchie reviewed the 2008 Water Enterprise LoS Service Goals of Water Reliability, Seismic Reliability, Delivery Reliability, Water Supply, Sustainability, and Cost-effectiveness, that emphasized design and construction in the regional water system.

He presented the 2023 Water Enterprise LoS Service Goals: Drinking Water Quality: maintain high water quality (five objectives); Regional Seismic Reliability: maintain ability to meet current seismic standards (three objectives); Regional Delivery Reliability: maintain delivery reliability during normal operations and maintenance (nine objectives); In-City Seismic Reliability: reduce vulnerability to earthquakes (three objectives); In-City Delivery Reliability: reliably deliver water to all in-City retail customers (five objectives); Water Supply: meet customer water needs in non-drought and drought periods (six objectives); Environmental Stewardship: maintain high environmental performance standards (three objectives); and Sustainability: enhance sustainability in all system activities (six objectives).

*Commissioner Ajami stated that Environmental Stewardship falls under responding to multiple environmental issues including climate change and wildfires. AGM Ritchie responded to her question as to what unanticipated items or vulnerabilities from 2008 are now prevalent, specifying several and stating that staff are ready to handle the unexpected.*

*In response to a question from Commissioner Maxwell regarding the definition of a “routine main break” AGM Ritchie indicated it is a limited break with restoration taking a couple hours, and, are frequent. and that many and cannot be prevented. Discussion ensued on informing and educating the public regarding breaks and that it should be part of the LoS goals and objectives.*

*GM Herrera thank the Commission for the discussion and acknowledged the good work of staff. He emphasized that documents are created for different purposes and that LoS is a guide for service, not advocacy. He outlined the advocacy work being conducted by the agency and stated that staff will look at ways for incorporating the Commission’s sentiments in the LoS. Additional discussion ensued on community support, climate, environment, and customers.*

*Commissioner Stacy requested that the LoS Goals and Objectives contain live links to performance metrics and to the Water Enterprise Environmental Stewardship Policy.*

*No public comment.*

Written Public Comment on items 7 and 8

- [Brian Browne #7: Regional Delivery Reliability \(2\) Maintain Delivery](#)
- [Steve Lawrence #7: Water Level of Service – how is it different from what is now in effect?](#)
- [Peter Drekmeier #7: Amended and updated Water Enterprise Level of Service Goals and Objectives does not mention of Design Drought](#)

*On motion to approve item 7:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

*On motion to approve item 8:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

*Commissioner Stacy announced the need for her to recuse herself from Item 9 stating her husband’s firm, LMS Architects, office is located one block from the site and as a leaseholder there could be a financial impact on their lease due to the development.*

*On motion to approve Commissioner Stacy’s recusal from item 9:*

*Ayes: Paulson, Maxwell, and Ajami*

9. Approve the Revised Water Supply Assessment for the proposed San Francisco Municipal Transportation Authority Potrero Yard Modernization Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act (CEQA) Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 23-0212](#))

*AGM Ritchie stated the revised Assessment is based on new housing numbers. He emphasized this action is not approval of the project but rather approval of the revised Water Supply Assessment.*

*No public comment.*

*On motion to approve Item 9:*

*Ayes: Paulson, Maxwell, and Ajami*

10. Approve the Revised Water Supply Assessment for the proposed 655 4th Street Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act (CEQA) Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 23-0213](#))

*AGM Ritchie stated the revised Assessment is based on new housing numbers. He emphasized this action is not approval of the project but rather approval of the revised Water Supply Assessment.*

*No public comment.*

*On motion to approve item 10:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

11. Approve Hetch Hetchy Power's Updated Integrated Resource Plan (October 2023); and authorize the General Manager, or the General Manager's designee, to submit the Updated Integrated Resource Plan to the California Energy Commission prior to April 30, 2024. ([Resolution 23-0214](#))

*Julia Olguin, Director, Origination and Power Supply stated the Integrated Resource Plan (IRP) is it an energy planning tool to support achieving policy goals and meeting regulatory requirements, evaluates electricity supply and demand and identifies energy resource options that can deliver reliable and affordable energy to customers. She stated that Hetch Hetchy Power is required by Commission policy and state law to develop an IRP every five years and submit it to the California Energy Commission by April 30, 2024. She noted the first IRP was adopted by the Commission in 2018 and that the 2023 update prioritizes (1) ensuring sufficient power supply will be available to serve a growing customer base; and (2) identifying renewable resource options to maintain reliable, affordable and 100% renewable energy service.*

*Director Olguin reviewed (1) Approach to the Plan Update: Current state of the Hetch Hetchy Water and Power System; Demand forecast scenarios 2024-2045; Hydroelectric generation scenarios 20214-2045; and Renewable energy procurement scenarios; (2) Analysis and Findings: New long-term power supply needed starting in 2033; Additional Renewable Portfolio Standards-eligible resources needed for compliance; Monthly Energy Portfolio balance in 2035 (base case and Renewable Scenario A); Procurement of new short-and-long term renewable resources will reduce market exposure; (3) Key Findings: Hetch Hetchy Water and Power System (future state, e.g. 2035); and (4) Next Steps: Commission adoption and submission to the California Energy Commission. Staff will continue to monitor Hetch Hetchy Power's load growth and conduct further analysis to identify an optimal mix of cost-effective and commercially available renewable energy resources.*

*Commissioner Ajami referenced slide 10 and in response to her question as to whether there are other extreme events to include or broader events as examples, Director Olguin indicated that multiple sensitivities were run but not all were included in the presentation. She stated an*

*extreme analysis was conducted.*

*Commissioner Ajami referenced slides 15 and 16 and Director Olguin confirmed that power purchase agreements will be signed with all parties in the future. Brief discussion ensued. President Ajami commented on slide 19 regarding rooftop and stated that the SFPUC needs to consider programs for rental of rooftops for solar for added production.*

*Director Olguin responded to a question from Commissioner Stacy as to why there is a decrease in hydroelectric, stating that the forecast intentionally used anomalies.*

*No public comment.*

*On motion to approve item 11:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

**12. Adopt affordability metrics for combined residential water and sewer bills (Affordability Policy), with a focus on typical and low-income customers. ([Resolution 23-0215](#))**

*Erin Corvinova, Financial Planning Director stated that financial stability is a core value of the SFPUC. She indicated the need for affordability metrics and targets and stated that existing guidance directs the SFPUC to consider the impact of bills on customers. She discussed general affordability challenges faced by San Franciscans. She reviewed the existing affordability and metric target and stated that the combined water/sewer bill must be less than 2.5% of Median Household Income.*

*Director Corvinova reviewed the goals of the Affordability Policy (1) Create meaningful measures of affordability for customers and the agency; (2) Allow flexibility to implement necessary capital improvements; (3) Ground metrics in San Francisco's local economy and consider racial equity; and (4) Cover the entire agency.*

*Director Corvinova discussed (1) Income: Alternatives to the Median; (2) Income: Consider Racial Equity (using median as a gauge on affordability does not account for racial inequality); (3) Income: Two metrics recommended (a) typical household equal 40<sup>th</sup> percentile income; and (b) low-income households equal 20<sup>th</sup> percentile income; (4) Target: Recommendation to begin with national standards and industry practices and adjust down to account for San Francisco's local economic conditions (a) typical household 3.0% of target income for rates; and (b) low-income households 7.0% of income target for rates and 5.0% of income target for discounted bill. The overall goal is for timely, informed financial decision making for guidance and transparency for the planning period, and for accountability and flexibility.*

*Director Corvinova discussed graphs detailing (1) Water and Sewer typical and low-income affordability metrics and target; (2) Water and Sewer low-income discounted affordability metrics and target; (3) Hetch Hetchy Power typical and low-income discounted affordability metrics; and (4) CleanPowerSF affordability metrics.*

*Director Corvinova confirmed President Paulson's assumption that adopting the item will adopt an internal target and if there are changes required it will come back to the Commission.*

*Commissioner Ajami questioned why 6,700 customer water and sewer accounts are in arrears to*



*which Director Corvinova stated accounts are different, but the trend during the pandemic when there was a moratorium against shutoff and stopped paying their bills, account debt ballooned. Commissioner Ajami noted the need to help people move forward and pay their bills. GM Herrera discussed progress made at the state level to advocate for state funds to alleviate financial challenges faced by customers.*

*Director Corvinova responded to a question from Commissioner Ajami as to the number of accounts that are multi-family versus single family, stating that the majority of Hetch Hetchy account customers are multi-family, with single family residences making up most of the CleanPowerSF accounts. Commissioner Ajami asked if people who are having difficulty paying their power bills are provided with relief to which Director Corvinova indicated there is a team researching the issue.*

*Commissioner Stacy expressed appreciation for the clarity and focus of the presentation. She stated the Affordability Metrics amplifies the pieces the SFPUC puts together to maintain rates within affordability metrics.*

*Commissioner Ajami stated that declining water use will result in a different revenue projection that will affect rates and asked that a scenario be run.*

*No public comment.*

Written Public Comment on item 12

- [Dave Warner: Affordability Metrics: Discrepancies with existing/original chart](#)

*On motion to approve item 12:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

13. Authorize the General Manager to execute a Memorandum of Understanding (MOU) between the San Francisco Airport Commission (the Airport or SFO), and the San Francisco Public Utilities Commission in an amount not-to-exceed \$50,000,000, with a term starting December 4, 2023, through December 31, 2028, for the Airport to procure and manage Project Management Support Services and design-build services to replace two existing Airport Substation transformers with three new 55MVA transformers and other supporting electrical systems and for the SFPUC to reimburse the Airport for cost. This action constitutes the Approval Action for the Project for the purposes of the California Environmental Quality Act (CEQA), pursuant to San Francisco Administrative Code section 31.04(h). The Planning Department has determined that the Project is exempt from the CEQA. The Commission will rely on that determination to make its decision on this matter. ([Resolution 23-0216](#))

*Barbara Hale, AGM Power Enterprise, stated that the San Francisco Airport is one of the SFPUC's largest customers with a growing load and that the existing substations need to be improved to meet the increased need.*

*No public comment.*

*On motion to approve item 13:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

14. Communications (information only)
  - a) Advance Calendar
  - b) Contract Advertisement Report
  - c) Correspondence Log
  - d) Quarterly Report to the Board of Supervisors on the Status of Applications to PG&E for Electric Service
  - e) Water Supply Conditions Update

15. Items initiated by Commissioners

*None.*

16. Public Comment on the matter to be addressed during Closed Session

*None.*

17. Motion on whether to assert the attorney-client privilege regarding the matter listed below

*On motion to assert the attorney client privilege regarding the matter listed as Conference with Legal Counsel:*

*Ayes: Paulson, Maxwell, Ajami and Stacy*

*The Commission entered Closed Session at 4:06 pm.*

*Present in Closed Session: Commissioners Paulson, Maxwell, Ajami, and Stacy; Sheryl Bregman, Deputy City Attorney; Dennis Herrera, General Manager; Ron Flynn, Deputy General Manager; and Donna Hood, Commission Secretary.*

18. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9(d)(1), San Francisco Administrative Code §67.10(d)(1)):

*Shally Nguyen et al v. City and County of San Francisco*

San Francisco Superior Court Case No.: CGC-22-602620

Date Filed: October 22, 2022

(Resolution 23-0217)

Proposed settlement of existing litigation resulting from a vehicle collision with the City and County of San Francisco to pay Shally Nguyen \$35,000.00 in exchange for a full and final release, subject to final approval by the Board of Supervisors.

*The Commission exited Closed Session at 4:11 pm.*

19. Announcement following Closed Session

*President Paulson announced that the Commission recommended that the Board of Supervisors approve the settlement referenced in item 18.*

20. Motion regarding whether to disclose the discussions during Closed Session pursuant to San Francisco Administrative Code Section 67.12(a).

*On motion not to disclose the discussions during Closed Session:*

*Ayes: Paulson, Maxwell, Ajami, and Stacy*

21. Adjournment

*President Paulson adjourned the meeting at 4:12 PM.*