



**SAN FRANCISCO PUBLIC UTILITIES
COMMISSION**

City and County of San Francisco

London N. Breed
Mayor

REGULAR MEETING MINUTES
Tuesday, September 27, 2022
1:30 PM
(Approved October 24, 2022)

1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

Commissioners

Anson Moran, President
Newsha Ajami, Vice President
Sophie Maxwell
Tim Paulson

Dennis J. Herrera
General Manager

Donna Hood
Secretary



1. Call to Order

President Moran called the meeting to order at 1:31 PM.

2. Roll Call

Present: Moran, Ajami, and Maxwell

Excused: Paulson

The Commission Secretary announced that item 14 was removed from the agenda and will be rescheduled.

3. Adopt renewed findings under State Urgency Legislation to allow hybrid in-person meetings during the COVID-19 Emergency and direct the Commission Secretary to agendize a similar resolution at a Commission Meeting within the next 30 days. ([Resolution 22-0166](#))

No public comment.

On Motion to approve item 3:

Ayes: Moran, Ajami, and Maxwell

4. Approval of the Minutes of September 13, 2022

No public comment.

On Motion to approve the Minutes of September 13, 2022:

Ayes: Moran, Ajami, and Maxwell

5. General Public Comment

- *Francisco DaCosta discussed a Rules Committee meeting he attended. He mentioned the Sewer System Improvement Program and questioned the total project amount.*
- *(Inaudible), Stanford, CA, discussed the 8.5 year design drought and asked that it be shortened by a minimum of one year, preferably two.*
- *Jan Norman, Executive Director, Friends of the River, discussed maintaining the Tuolumne River as a healthy watershed. She asked that the Commission reconsider the Design Drought and factor in climate change and science.*
- *Mary Butterwick discussed the Commission's water workshops and expressed concern with the river ecosystem. She requested that the Bay Delta lawsuit be dropped.*
- *Martin Gothberg asked that staff respond to requests from the public regarding the Tuolumne River flow and storage.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, stated the new Voluntary Agreement will delay improvements. He discussed a presentation by BAWSCA and noted his response to that presentation. He discussed his public information request to the SFPUC.*
- *Julieann Frizzell stated the San Joaquin Tuolumne ecosystem needs to be*

protected. She discussed Voluntary Agreements, and the August workshop.

- *Martin (inaudible) stated the focus should be on the inclusion of the health of the Tuolumne River in plans.*
- *Wes Kichler discussed State Water Board requirements for protection of the Bay Delta, and the need to supply adequate supplies to communities. He asked that the lawsuit be dropped.*

6. Communications

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) 2009 Water Supply Agreement Update
- e) CleanPowerSF Integrated Resource Plan Outreach
- f) Final Changes to FY 2022-23 and FY 2023-24 Operating and Capital Budgets Since Commission Adoption
- g) Water Pipeline Assessment

Vice President (VP) Ajami expressed her appreciation to staff for the information provided in item 6g, Water Pipeline Assessment.

No public comment.

7. Retirement Recognition of SFPUC Employees for their Distinguished Service

- Sarah Blain for 26 years of exemplary service to the SFPUC
GM Herrera read the ceremonial resolution for Sarah Blain and thanked her for her service. James Sakai, supervisor, discussed various projects Sarah managed, including her diligent efforts to manage projects during COVID, while ensuring the safety of staff.

Sarah expressed her appreciation to the Commission for the recognition.

- Leonid Vaynshteyn for 26 years of exemplary service to the SFPUC
GM Herrera read the ceremonial resolution for Leonid (Lenny) Vaynshteyn and thanked him for his service.

Lenny expressed his appreciation to the Commission for the recognition.

- Colin Reilly for 33 years of exemplary service to the SFPUC
GM Herrera GM Herrera read the ceremonial resolution for Colin Reilly and thanked him for his service. Bill Teahan, Division Manager, thanked the Commission on Colin's behalf. He noted Colin's dedication to the City and the SFPUC and thanked him for his service.

- Petronila Torres for 33 years of exemplary service to the SFPUC
GM Herrera read the ceremonial resolution for Petronila Torres and thanked her for her service.

- Virginia Sarmiento for 31 years of exemplary service to the SFPUC
GM Herrera read the ceremonial resolution for Virginia Sarimento and thanked her for her service.

Commissioner Maxwell thanked the retirees for their years of service and important work, noting what they did made a difference.

VP Ajami thank the retirees for their service, hard work, and for keeping the system running.

President Moran noted the important work that is done on a daily basis, indicating it is not glamorous, but it makes a difference to SFPUC customers, the economy, and the environment.

Public Comment

- *Craig, Ms. Blain's husband, noted the difficulty of Sarah's job especially during COVID and the fires. He thanked the Commission for the recognition.*
- *Francisco DaCosta thanked the retirees for their service.*

8. Recognition of Anson Moran for his long and distinguished service to the San Francisco Public Utilities Commission

GM Herrera recounted President Moran's tenure on the Commission and thanked him for his many years of service as part of the SFPUC family. He noted the importance of President Moran's expertise, knowledge, and perspective on issues under the purview of the agency. He stated President Moran has universal respect. He read the resolution presented to President Moran and presented him with a water meter cover.

VP Ajami Newsha discussed getting to know President Moran and indicated he is a calm, thoughtful, and humble person who listens to all perspectives without judgement or arrogance. She noted his exceptional leadership and diligence on issues. She thanked him for his service and wished him well.

Commissioner Maxwell stated that President Moran gave her confidence when she joined the Commission, and acknowledged his gentle and kind approach. She thanked him for all he has done for the City, the SFPUC, and its customers. She commended him for his dedication and commitment. She thanked him for his service and wished him well.

President Moran thanked the General Manager and Commissioners for their kind words. He stated he was fortunate to work during the past 33 years with intelligent people who serve with integrity and dedication. He expressed his thanks to those who do the work.

Public Comment

- *Ed Harrington thanked President Moran for his work. He stated he has professionally followed Anson for 40 years and indicated President Moran first hired him in 1984. He noted President Moran is the only person thus far who has*

occupied Seat 4 on the Commission. He noted President Moran's stability and kind influence and thanked him for his service.

- Nicole Sandkulla, BAWSCA, expressed sadness that President Moran was leaving the Commission. She thanked him for challenging her and for his leadership, integrity, thoughtfulness, and intelligence.
- Francisco DaCosta thanked President Moran for his service and stated he has enjoyed their conversations. He stated President Moran is a good leader and he wished him well.
- Peter Drekmeier, Tuolumne River Trust, indicated he will miss President Moran and noted his years of service and experience. He indicated President Moran always made himself available for conversations and that he is an honest person seeking common ground. He congratulated President Moran for his service and wished him well.

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

Nicole Sandkulla, BAWSCA CEO, stated that 24% less water is used today in the BAWSCA region compared to FY 1986/87, despite a 32% population increase, and that residential per capita water use has decreased by 37% in the BAWSCA region since FY 1986/87.

She noted the average residential water use in BAWSCA region in FY 2013/13 was 71 gallons per capita per day (GPCD) with no agencies using less than 48 GPCD, nine agencies using 48-65 GPCD, 12 agencies using 75 GPCD, and 49 GPCD for average San Francisco Retail residential use. She noted the average residential water use in BAWSCA region in FY 2020-21 was 66 gallons per capita per day (GPCD) with nine agencies using less than 48 GPCD, eight agencies using 48-65 GPCD, four agencies using 75 GPCD, and 42 GPCD for average San Francisco Retail residential use.

She indicated that in FY 2012/13, 31% of water customers in the BAWSCA region used less than 70 gallons per day (GPD), and in FY 2020/21, 90% of water customers in the BAWSCA region used less than 70 GPD compared to 31% in FY 2012/13. BAWSCA's July 2022 total potable water use was 28% less than in July 2013 and 14% less than July 2019.

CEO Sandkulla stated that BAWSCA continues to work with its member agencies to achieve necessary water savings.

VP Ajami asked if there was an update on her request for a data set for water reuse on the Peninsula. CEO Sandkulla stated conversations with agencies are happening and she will provide update when the information is known.

In response to follow-up questions from VP Ajami, CEO Sandkulla referenced their website's Graywater Page, and discussed net-zero developments. Brief discussion ensued.

Commissioner Maxwell called-out CEO Sandkulla's comments that we are "in a drought with some wet years" and stated it is an excellent way to look at the current situation

and can get people to look at water conditions differently.

Public Comment

- *Francisco DaCosta discussed the Raker Act. He asked who will speak for the Salmon. He stated a needs assessment must be conducted.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust discussed the decline in per capita demand and stated the price of water has tripled since the Water System Improvement Program (WSIP). He requested a discussion regarding the WSIP debt service. He discussed the 2015 and 2022 Urban Watershed Management Plans. He discussed potential dry years to come.*

10. Report of the General Manager

a) Drought Conditions Update

Ellen Levin, Deputy Assistant General Manager (AGM) Water Enterprise, reviewed (1) September 19, 2022 Reservoir Storage: Water bank at 97.3% of maximum storage; (2) Other California Reservoirs: Shasta, Oroville and Don Pedro Reservoirs are at 34%, 36%, and 53% of capacity, respectively; (3) California Drought Monitor: Depending on location the states is in severe, extreme, or exceptional drought; (4) Upcountry 6-Station Precipitation Index (as of September 18, 2022): Year-to-date (YTD) total 24.40 inches; (5) Bay Area 7-Station Precipitation Index (as of September 18, 2022): YTD total 24.00 inches; (6) National Precipitation Forecast: No storm activity anticipated; (7) Total Deliveries; and (8) Partnership with the San Francisco Giants: Water Savings messaging through the end of the season to include public service announcements, television and radio spots, and Oracle Park signage, and social media.

Public Comment

- *Peter Drekmeier, Policy Director, Tuolumne River Trust, requested a report on how much water is available to the City from the September storms. Ms. Levin indicated no water was available following those storms.*

b) Retail Drought Response Framework Overview

Fan Lau, Water Resources Division, stated that the SFPUC developed a Water Shortage Contingency Plan (WSCP) as part of the 2020 Urban Watershed Management Plan (UWMP) process, with the WSCP outlining a step-wise retail demand reduction approach consisting of (1) voluntary reductions, with increasing levels of urgency in messaging, (2) voluntary reductions for all sectors, plus mandatory irrigation reductions, (3) mandatory residential reductions, and (4) mandatory commercial and municipal reductions.

She discussed the approach for (1) Mandatory Retail Reductions: Allocate the retail demand reduction among customer sectors (irrigation, residential, and non-residential) and then allocate demand reductions within customer sectors; (2) Irrigation Allocations: Mandatory reductions applied to irrigation section first. Allocation method is a percent reduction from base year; (3) Residential Allocations: Should more retail reductions be needed. Mandatory reductions will be applied to

residential sector. Allocation method is per capita; (4) Non-residential Allocations: Should more retail reduction be needed. Mandatory reductions will be applied to non-residential sector. Allocation method is percent reduction from base year; and (5) Implementation of the Framework: Framework is informing ongoing efforts to design an efficient allocation adjustment program; identify upfront exemptions; and develop functionally in the billing system. She stated staff will request Commission approval before enacting specific voluntary or mandatory reductions tied to future water shortages.

In response to a question from VP Ajami as to whether any benchmarking studies have been conducted to determine use, Ms. Lau indicated none have been conducted, but that they may be, depending on demand.

In response to a question from VP Ajami regarding non-residential use, Ms. Lau indicated that staff is trying to determine non-residential baseline use, and if pre-or-post pandemic information should be used.

In response to a question from President Moran regarding “determining a per capita floor”, Ms. Lau stated a floor doesn’t need to be established in the early-to-mid stages of drought, but it will be revisited during severe drought.

No public comment.

c) Capital Financing Plan FY 2023

Nikolai Sklaroff, Capital Finance Director, stated that debt management is used for large outstanding debt portfolio and significant projected future debt issuance and credit needs, and that activities are guided by Commission policy, the Revenue Bond Oversight Committee, and the Annual Capital Financing Plan. He reviewed the SFPUC debt portfolio for Water, Wastewater, and Power.

Director Sklaroff reviewed capital financing activities (1) New Money/Credit Needs: Issue debt to meet ongoing enterprise capital requirements, with regular monitoring and analysis of how much and when funds are needed; (2) Administration of Existing Debt Portfolio: Renew or replace bank credit facilities for interim funding, and increase program authorization, when needed; and (3) Market Opportunities: Active monitoring of credit markets; execute debt refundings for ratepayer savings; and limited by tax-exempt advance refunding repeal.

He discussed historical interest rates, noting the SFPUC has benefited from many years of low interest rates and that 2022 Fed actions to control inflation are quickly raising rates. He stated that increased rates have affected Commercial Paper, but not outstanding fixed rate bonds and indicated future fixed rate bonds will be at higher rates. He discussed projected Fed hikes and rates through January 2024. Director Sklaroff reviewed 2022-23 Capital Financing Plan activities.

In response to a question from Commissioner Maxwell, Director Sklaroff provided organizational names and information on the SFPUC’s financial advisors.

Director Sklaroff responded to a question from VP Ajami regarding the impact of the change in markets and interest rates on the financing of SFPUC's projects, indicating that interest rates will be higher than before, but that tax the exempt market is dependent on supply and demand and that rates have moved more slowly in that market.

No public comment.

- d) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcement
None.

11. New Commission Business

VP Ajami asked the GM to work with staff to look into rate decoupling.

No public comment.

12. CONSENT CALENDAR

- a) Approve an increase of \$600,000 to the Contract cost contingency for Contract No. HH-1003R, Moccasin Powerhouse Generator Step Up Transformer Installation, with Big Valley Electric, to accommodate differing field conditions, address design revisions, and fund additional hazardous material abatement; and authorize the General Manager to approve future modifications to the Contract for a total Contract amount of up to \$4,253,575, with no change to Contract duration. ([Resolution 22-0167](#))
- b) Approve Amendment No. 2 to Contract No. PRO.0053.B, Specialized Technical Infrastructure Contractor Capacity Development, with Merriwether & Williams Insurance Services, Inc., to extend the contract duration by eight months with no change to the Contract amount, as the work was interrupted as a result of the COVID-19 pandemic; and authorize the General Manager to execute Amendment No. 2. ([Resolution 22-0168](#))
- c) Approve an increase of 370 calendar days to the construction duration contingency for Contract No. WD-2776, San Francisco Westside Recycled Water Treatment Facility at Oceanside Plant, with S.J. Amoroso Construction Co., Inc. to address on-going schedule impacts due to COVID-related delays in material deliveries, changes in the development of the treatment facility process control and instrumentation system, and to provide sufficient contingency to address unanticipated changes through the remainder of the construction effort; and authorize the General Manager to approve future modifications to the Contract for a total Contract duration of up to 2,180 consecutive calendar days, with no change to the Contract amount. ([Resolution 22-0169](#))

VP Ajami made comment on item 12a stating that the requested modifications are due to the lack of identification of underground utilities. She stated that digitization or

recording of underground utilities needs to happen to avoid such modifications. Commissioner Maxwell provided comment on item 12c, asking if there is a monetary cost with COVID delays, and if so, it is shared by others. Howard Fung, Acting Wastewater Capital Program Director, indicated that COVID health and safety delay costs can be cost-shared, but schedule and material delays aren't cost-shared.

No public comment.

*On Motion to approve Consent Calendar Items 12a through 12c:
Ayes: Moran, Ajami, and Maxwell*

13. Amend Section F (Water Efficient Irrigation) of the San Francisco Public Utilities Commission Rules and Regulations Governing Water Service to Customers to require the use of organic mulch to meet organic waste reduction requirements in the regulations implementing Senate Bill 1383. ([Resolution 22-0170](#))
Julie Ortiz, Water Resources Division, stated the item provides an update to the existing definition of requirements for the use of mulch and specifies preference for the use of organic mulch to ensure compliance with SB 1383.

No public comment.

*On Motion to approve item 13:
Ayes: Moran, Ajami, and Maxwell*

The Commission Secretary re-announced that item 14 was removed from the agenda and will be rescheduled.

14. Authorize the General Manager to execute a Memorandum of Agreement with the City of San Jose and the City of Santa Clara for the preparation of a Feasibility Study for the potential South Bay Purified Water Project, with a duration of 12 months and an amount not-to-exceed \$100,000.
15. Authorize the General Manager to execute a Memorandum of Agreement with Silicon Valley Clean Water, Bay Area Water Supply & Conservation Agency, California Water Service Company, Mid-Peninsula Water District, City of Redwood City, and City of San Mateo for the preparation of a Basis of Design Report for the potential San Francisco-Peninsula Regional Purewater Project, with a duration of 27 months, terminating on December 31, 2024, for an amount not-to-exceed \$515,000. ([Resolution 22-0171](#))

Manish Kothari, Manager, Alternative Water Supply Program, introduced the item stating it will provide for continued support for a potable use project on the San Francisco Peninsula.

Public Comment

- *Nicole Sandkulla, BAWSCA, expressed support for the item.*

On Motion to approve item 15:

Ayes: Moran, Ajami, and Maxwell

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 as Conference with Legal Counsel.

On Motion to assert the attorney-client privilege regarding the matter listed below as Conference with Legal Counsel.

Ayes: Moran, Ajami, and Maxwell

The Commission entered Closed Session at 4:08 PM.

Present in Closed Session: Dennis Herrera, General Manger, Commissioners Moran, Ajami, Maxwell; Cheryl Bregman, Deputy City Attorney; and Donna Hood, Commission Secretary.

CLOSED SESSION

18. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9, Administrative Code §67.10(d)(1)):
Victor Jimenez v. City and County of San Francisco, et al.
San Francisco Superior Court No. CGC-21-593613
Date Filed: July 20, 2021
Proposed settlement of a personal injury claim in the amount of \$100,000. Action to approve settlement subject to final approval by the Board of Supervisors (Resolution 22-0172)

The Commission exited Closed Session at 4:19 PM.

19. Announcement following Closed Session.
President Moran announced that the Commission recommends the Board of Supervisors approve the settlement for 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 no to disclose during Closed Session pursuant to San Francisco Administrative Code Section 67.12(a).

Ayes: Moran, Ajami, and Maxwell

21. Adjournment
President Moran adjourned the meeting at 4:20 PM.