



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed

Mayor

Minutes

Tuesday, November 13, 2018

1:30 P.M.

(Approved December 11, 2018)

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

Commissioners

Vince Courtney, President
Ann Moller Caen, Vice President
Francesca Vietor
Anson Moran
Ike Kwon

Harlan L. Kelly, Jr.

General Manager

Donna Hood

Secretary



For information, contact the Commission Secretary at 415-554-3165
Minutes and other information are available on the SFPUC web site:

www.sfwater.org

Gavel-to-Gavel coverage available at:

http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22

1. Call to Order
President Courtney called the meeting to order at 1:32 PM.
2. Roll Call
Present: Courtney, Caen, Vietor, Moran and Kwon
3. Approval of the Minutes of October 23, 2018
*On Motion to approve the Minutes of October 23, 2018:
Aye: Courtney, Caen, Vietor, Moran and Kwon*

No public comment.
4. General Public Comment
None.
5. Communications
 - a) Advance Calendar
 - b) Correspondence Log
 - c) Contract Advertisement Report
 - d) Franchise Compliance Reports
 - e) Declaration of Emergency: Repair Southeast Treatment Plant Final Effluent Force Main
 - f) Tenderloin Street Light Improvement Project Update
 - g) Water System Improvement Program Status of Construction Change Orders
 - h) Water Supply Conditions Update
No public comment.
6. Other Commission Business
None.
7. Report of the General Manager
 - a) CleanPowerSF (CPSF) Update
Barbara Hale, Assistant General Manager (AGM) Power, provided the update: (1) Enrollment and Service to Customers: Serving 109,000 active accounts; 3.2% opt-out rate; 3.6% SuperGreen upgrade rate; (2) Regulatory: Will know by the end of December what the PCIA (exit fee) will be and expect 0-50% increase depending on customer class. PG&E will reduce generation rates next year. The combination of a PCIA increase and generation rate decrease will likely mean CCA customers will pay more for CleanPowerSF (CPSF) service than PG&E customers, unless the Commission takes action. Staff will propose a rate action for Commission consideration at the December 11th meeting to ensure CPSF can offer competitive rates for existing and anticipated customers. Rather than reduce generation rates to absorb the PG&E rate impact staff will propose to leave the generation rate the same and include a credit on CPSF bills to absorb the PCIA increase.

AGM Hale responded to a question from Commissioner Vietor regarding the potential credit and savings to customers. Brief discussion ensued.

No public comment.

b) Bay Delta Water Quality Control Plan Update

Steve Ritchie, AGM Water, provided the update: Recent activity; New actions for the SFPUC water supplies to develop: (1) Daly City Recycled Water Expansion (3 MGD); (2) Alameda County Water District Partnership I (5 MGD); (3) Alameda County Water District Partnership II (5 MGD); (4) Brackish Water Desalination in Contra Costa County (9+ MGD); (5) Storage capacity in Los Vaqueros Reservoir expansion; (6) Calaveras Reservoir expansion of 289,000 acre-feet; (7) Potable reuse with Silicon Valley Clean Water (6+ MGD); (8) Evaluation of recycled water throughout service area; and (9) innovative technology project funding.

Commissioner Vietor requested information regarding timelines and costs for the proposed water supply projects and that the information be provided prior to any workshop or budget discussions.

AGM Ritchie responded to a question from Commissioner Vietor regarding stormwater that is released into the bay and of any recapture possibilities.

Commissioner Moran stated that in addition to stormwater release, affluent from treatment plant needs to be part of the equation.

AGM Ritchie responded to a question from Vice President (VP) Caen as to whether desalination with brackish water is cheaper than with sea water.

Commissioner Vietor noted there are environmental impacts with desalination.

Public Comment

- *Bill Martin, Sierra Club, expressed support for the State Water Resources Control Board Plan.*
- *Dick Allen expressed concerns that the SFPUC's Tuolumne River water policies aren't compliant with the Endangered Species Act.*
- *Nicole Sandkulla, BAWSCA, thanked GM Kelly for his leadership and sending a clarifying letter to Board of Supervisors. She thanked Mayor Breed for her veto. She stated BAWSCA wants voluntary settlements.*
- *Peter Drekmeier, Tuolumne River Trust, discussed the Land Use and Transportation Committee hearing and subsequent actions. He discussed the State Board proposal.*
- *Jeralyn Moran, Unitarian Universalist Church of Palo Alto, expressed displeasure with the SFPUC's position regarding the Bay Delta Plan.*
- *Eric Sklar expressed shock with the SFPUC's position regarding the Bay Delta Plan and urged support.*

- *Barry Nelson, Golden Gate Salmon Association, took exception with the recent activity timeline presented by AGM Ritchie; discussed the Board of Supervisors resolution; State Board proposal, and suggested actions.*
- *Noah Oppenheim, Pacific Coast Federation of Fisherman's Association, discussed the Board resolution and subsequent veto. He read portion of a letter that was sent to the Mayor in response to her veto and a letter from Governor Brown and Lieutenant Governor Newsom.*
- *Dave Warner discussed his email to the Commission regarding Mr. Michael Carlin's testimony to the Land Use and Transportation Committee. He presented a graph rating the importance of water with voters.*
- *John McManus, Golden Gate Salmon Association, expressed the need for a "Plan B" for alternate water supplies. He commented on voluntary settlement. He encouraged support for the State Board proposal. He read on behalf of Linda Corso who was unable to attend the meeting.*
- *Barry Hermanson, Sierra Club, discussed his conservation efforts and the importance of water.*

Commissioner Moran thanked the speakers. He noted AGM Ritchie's presentation discussed need for alternative water supplies, that instream flow requirements are a part of the planning for San Mateo and Alameda Creeks, and that the Tuolumne needs to be added irrespective of the State Board's findings. He notes significant investment and planning is needed. He stated the Non-Governmental Organizations (NGO) letter was helpful to broaden critique. He discussed the need for planning and transparency.

President Courtney indicated movement is taking place and that advocates, leaders, and workers are making points and are being heard. He stated the Commission takes its role seriously and want to do the right thing.

Commissioner Vietor thanked the NGO's for their comments and for holding the Commission accountable. She stated the Commission supports the health of the fish and ecosystem.

c) Quarterly Audit and Performance Review Report

- i. Citywide Fleet Management Performance Audit
 - ii. Political Activity Fund Compliance Assessment FY 2015-16
 - iii. Annual Physical Inventory Count FY 2017-18
 - iv. 2014 Earthquake Safety & Emergency Response Bond Expenditure Audit
- Nancy Hom, Deputy Chief Financial Officer (CFO), presented the report. She indicated there have been 34 audits and assessments to-date (six completed, 13 in-progress, and 15 upcoming). She noted audits which have started and touched on the four completed audits and reports issued in the first quarter, highlighting the Citywide Fleet Management Performance Audit. Deputy CFO Hom offered a current quarter (ending December 31, 2018) outlook of performance audits that are being completed and of those upcoming. She concluded with a review of prior years, open city services audits and recommendations.*

No public comment.

d) Quarterly Budget Status Report

Eric Sandler, CFO and AGM Business Services, provided the update: (1) Observations: positive net results projected for wastewater; wastewater and CleanPowerSF revenues are at budget; water and power have lower revenues as compared to budget; and financial results meet policy targets for coverage and reserves; (2) FY 2019 Water Budget Variances: reduced water sales revenues partially offset by uses cost savings; (3) FY 2019 Wastewater Budget Variances: increased wastewater revenues and uses cost savings; (4) FY 2019 Power Budget Variances: reduced power sales revenues partially offset by cost savings; (5) FY 2019 CleanPowerSF Budget Variances: sales revenue at budget and uses cost savings; and (6) Key Financial Ratios.

At the request of VP Caen, CFO Sandler expand on the lack of power sales.

No public comment.

e) Garden Project Status Update

Zoon Nguyen, Infrastructure, provided the update beginning with the history and background of the Garden Project and the evolution from job training to workforce development pathways. She continued with a discussion of the following: (1) Fourteen-year partnership with the San Francisco Sheriff's Department; (2) Fourteen-year job training program history with the Garden Project (year-round and summer programs); (3) Garden Project delivery of maintenance on SFPUC properties by at-risk populations at The Farm, reservoirs, Crystal Springs, and Hetch Hetchy; (4) Lessons learned – a collaboration with Sheriff; (5) Moving forward; (6) Pathway Model with a pre-apprenticeship component; (7) Pathways for graduates who successfully complete the two-year program; and (8) Key milestones through the end of the fiscal year.

No public comment.

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

None.

8. Water System Improvement Program (WSIP) Quarterly Update: Local and Regional Reports

Dan Wade, Director Capital Projects and Programs, provided the report: (1) WSIP Program status is 96% complete with \$4,404M expended; (2) Calaveras Dam Replacement Project and ribbon cutting; (3) Alameda Creek Diversion Dam Fish Passage Facilities; (4) Alameda Whipsnake; and (5) Regional Groundwater Storage and Recovery test wells.

Director Wade responded to a question from Commissioner Moran regarding additional in-stream flow requirements when the project is completed.

Commissioner Vietor discussed diversification of the water supply and the thought of the Calaveras Dam expansion and asked if any efficiencies could be gained with the acceleration of expansion. Brief discussion ensued.

Commissioner Kwon congratulated staff on their work with the Whipsnake.

No public comment.

9. Bay Area Water Service Conservation Agency Update

Nicole Sandkulla, BAWSCA, indicated that their September 2018 total potable water use 14% less than in September 2013.

She stated the Request for Proposal has been issued for their regional demand and concertation projections study, with the goal to develop transparent, defensible demand projections for each agency using consistent methodology. She outlined the key tasks and project schedule: January 2019 consultant selection; March 2018 project commencement; and June 2020 final report.

No public comment.

10. Consent Calendar

- a) Award Job Order Contract No. JOC-72, Electrical (C-10 License) for San Francisco, San Mateo, Santa Clara and Alameda Counties, for a total contract amount not-to-exceed \$1,000,000, with a minimum guaranteed amount of \$50,000 and a duration of two years, to the sole qualified, responsible, and responsive bidder, Albert Electric, LLC, to perform electrical contracting tasks for all San Francisco Public Utilities Commission Enterprise Operations and Bureaus. ([Resolution 18-0182](#))
- b) Approve an increase of 102 consecutive calendar days to the existing 67-day construction contract duration contingency for Contract No. WD-2794A, Sunol Long Term Improvements Sunol Corporation Yard; and authorize the General Manager to approve future modifications to the contract, for a total revised contract duration of up to 837 consecutive calendar days, with no change in contract cost contingency. ([Resolution 18-0183](#))

*On Motion to approve Consent Calendar items 10a through 10b:
Aye: Courtney, Caen, Vietor, Moran and Kwon*

No public comment.

11. Adopt a resolution recommending that the Board of Supervisors adopt an ordinance requiring sellers or landlords of real property in San Francisco to disclose to prospective buyers or tenants if the property is located within the flood risk zone delineated on the San Francisco Public Utilities Commission's 100-Year Storm Flood Risk Map, and requiring the Department of Building

Inspection's Report of Residential Building Record to include a disclosure statement for property located within the flood risk zone. (Resolution 18-0184)
Greg Norby, AGM Wastewater, introduced item and Sarah Minick who provided the update.

Ms. Minick reviewed the process and steps taken to develop the 100-Year Storm Flood Risk Map. She described the extensive public outreach has taken place to inform residents of the process. She described the ordinance and requested Commission approval.

Ms. Minick responded to a question from Commissioner Moran as to whether there was adverse reaction to the map.

Ms. Minick responded to a question from Commissioner Kwon as to whether there was confusion regarding vernacular regarding floodwater.

Deputy City Attorney Francesca Gessner responded to a question from VP Caen regarding the ordinance and if there any legal protections for the City. Brief discussion ensued.

*On Motion to approve item 11
Aye: Courtney, Caen, Vietor, Moran and Kwon*

Public Comment

- *Marilyn Amini requested that the item be delayed until January and that notices be mailed to those affected by the ordinance. She discussed the review process.*

There was brief discussion regarding Ms. Amini's comments and concerns.

12. Adopt resolution recommending that the Board of Supervisors adopt an ordinance extending the sunset date of the Revenue Bond Oversight Committee for an additional six years to January 1, 2025. (Resolution 18-0185)

*On Motion to approve item 12
Aye: Courtney, Caen, Vietor, Moran and Kwon*

No public comment.

13. Approve Community Choice Aggregator Service Agreement with Pacific Gas and Electric Company for continued services to the CleanPowerSF program; and authorize the General Manager to execute this agreement with a term of 10 years and submit it to the Board of Supervisors for approval. (Resolution 18-0186)

*On Motion to approve item 13
Aye: Courtney, Caen, Vietor, Moran and Kwon*

No public comment.

14. Approve Hetch Hetchy Power's Integrated Resource Plan (IRP) and accompanying IRP Filing; and authorize the General Manager to submit the IRP Filing to the California Energy Commission prior to April 30, 2019. ([Resolution 18-0187](#))

Public Comment

- *Nicole Sandkulla, BAWSCA, requested that the Commission adopt the item as written, but direct staff to analyze and report back to the Commission: (1) as part of future IRPs, the potential impacts of those updates on the ability of the SFPUC to satisfy its water supply reliability goals and possible financial impacts to water ratepayers; and (2) any impacts this IRP has on budgets or planning on capital investments during the upcoming budget process.*

AGM Hale noted the fifth Whereas clause in the resolution and stated the IRP is a planning tool and is not intended to constrain or direct any particular budget decision making, but rather to provide additional information for power operation planning as required by SB350 and is not intended to modify budget considerations. Brief discussion ensued regarding Ms. Sandkulla's request.

*On Motion to approve item 14 and direct staff to report back to the Commission on the two items requested by Ms. Sandkulla as noted during public comment.
Aye: Courtney, Caen, Vietor, Moran and Kwon*

15. Authorize the expansion of the Power Enterprise Commercial Paper Program from \$90 million to a not-to-exceed amount of \$250 million, and direct the General Manager to request approval from the Board of Supervisors for such expansion; approve forms of Letter of Credit agreements with Bank of America and Sumitomo Mitsui Bank, each in the principal amount not to exceed \$125 million (exclusive of 270 days' interest), and approve a form of amended dealer agreement in support of the Program; and authorize the General Manager to enter into separate agreements with Bank of America for an amended Letter of Credit, Sumitomo Mitsui Bank for a new Letter of Credit, and Barclays, Goldman Sachs, and RBC Capital Markets for amended dealer agreements related to the Program. ([Resolution 18-0188](#))

Rich Morales, Debt Manager, summarized the action being requested of the Commission and requested approval.

*On Motion to approve item 15
Aye: Courtney, Caen, Vietor, Moran and Kwon*

No public comment.

16. Approve the grant program guidelines for the Green Infrastructure Grant Program, delegate to the General Manager the authority to negotiate, award and execute grant agreements of up to \$2,000,000 each, and each with a term of 20

years, recommend that the Board of Supervisors adopt an ordinance delegating its authority under Charter Section 9.118 to the SFPUC General Manager to execute such grant agreements for a term in excess of 10 years. ([Resolution 18-0189](#))

AGM Norby introduced the item and Sarah Bloom, Utility Planning Division, who present the item: (1) Program Summary: drivers, goals, responsibilities, and two-year budget; (2) Program development process: pilot project, and stakeholder outreach; (3) Program: eligibility criteria, co-benefits, maximum grant amount, eligible costs, maintenance obligation and inspection responsibility, and technical assistance; and (4) Next steps.

Ms. Bloom responded to a question from Commissioner Vietor regarding project monitoring and the meeting of benchmarks.

Ms. Bloom responded to a question from Commissioner Kwon as to whether project includes Front Yard Ambassadors.

President Courtney asked Ms. Bloom who has responsibility for project monitoring and stated that it is not enough to say the agency has “the right to inspect” but rather that they will regularly inspect. President Courtney asked that a requirement be added that regular inspections will be conducted.

On Motion to approve item 16

Aye: Courtney, Caen, Vietor, Moran and Kwon

No public comment.

17. Public Comment on matters to be addressed during Closed Session
None

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel

On Motion to assert

Aye: Courtney, Caen, Vietor, Moran and Kwon

No public comment.

The Commission entered Closed Session at 4:05 PM.

19. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (2) and San Francisco Administrative Code Section 67.10 (d) (2)
Anticipated Litigation as Plaintiff
20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)

Existing Litigation:

David Alfaro et al v. City and County of San Francisco

Unlitigated File No.: CGC-15-547492

Date Filed: August 20, 2015

Proposed partial settlement of action as to the property damage claim of Susan Garduno, one of numerous plaintiffs; several co-plaintiffs remaining in litigation.

Proposed Settlement amount: \$105,000.

(Resolution 18-0191)

21. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)

Existing Claim:

Sambou Makalou v. City and County of San Francisco

Unlitigated File No.: 18-03090

Date Filed: June 27, 2018

Proposed settlement of claim with claimant release of all claims and the City to pay claimant \$124,523.97

(Resolution 18-01xx)

The Commission exited Closed Session at 4:35 PM.

22. Announcement Following Closed Session

None.

23. 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

Aye: Courtney, Caen, Vietor, Moran and Kwon

No public comment.

24. Other New Business

President Courtney announced that the meeting of November 27, 2018 has been cancelled.

No public comment.

25. Adjournment

President Courtney adjourned the meeting at 4:36 PM.