



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, October 8, 2019**  
**1:30 P.M.**  
(Approved October 22, 2019)

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

**Commissioners**

Ann Moller Caen, President  
Francesca Vietor, Vice President  
Anson Moran  
Sophie Maxwell  
Tim Paulson

**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](http://www.sfwater.org)

Gavel-to-Gavel coverage available at:

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=22](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22)

1. Call to Order

*President Caen called the meeting to order at 1:34 PM.*

2. Roll Call

*Present: Caen, Vietor, Moran, and Maxwell*

3. Annual Election of Officers: As per the San Francisco Public Utilities Commission Rules of Order, Rule No. 6, discussion and possible action to elect a President and Vice President of the Commission, each to serve a one-year term.

*Vice President Vietor nominated Commissioner Caen as President. No other nominations received. Nomination accepted.*

*On Motion to elect Commissioner Caen as President:*

*Aye: Caen, Vietor, Moran, and Maxwell*

*No public comment.*

*Commissioner Moran nominated Commissioner Vietor as Vice President (VP). No other nominations received. Nomination accepted.*

*On Motion to elect Commissioner Vietor as Vice President.*

*Aye: Caen, Vietor, and Moran*

*No public comment*

*Commissioner Paulson arrived at 1:39 PM.*

*VP Vietor suggested amendments be made to the Commission's Rules of Order to address what happens in the event of an unexpected vacancy. Brief discussion ensued. Amendments to the Rules of Order will be presented to the Commission at the next meeting for consideration.*

4. Approval of the Minutes of September 10, 2019

*On Motion to approve the Minutes of September 10, 2019:*

*Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*No public comment*

5. General Public Comment

- *Francisco DaCosta discussed correspondence between the Environmental Protection Agency, the Governor, and the SFPUC. He discussed operations of the treatment plants and condition of force mains.*
- *Peter Drekmeier, Tuolumne River Trust, stated the three Tuolumne Reservoirs have lost storage. He discussed total system storage and demand. He presented a demand graph created by Brian Browne.*

- *Spreck Rosekrans, Restore Hetch Hetchy, discussed letters sent encouraging increased recreational access to Hetch Hetchy and Yosemite National Park. He discussed the idea of operating electric powered ferry service on the Hetch Hetchy Reservoir.*

6. Communications

- a) Advance Calendar
- b) Correspondence Log
- c) Contract Advertisement Report
- d) Declaration of Emergency Update: Repair Southeast Treatment Plant Final Effluent Force Main
- e) Education Opportunities and Recreation Improvements on the Peninsula Watershed, including Montara Mountain  
*Tim Ramirez, Natural Resources Manager, responded to a question from President Caen regarding the Bay Area Ridge Trail timeline and the docent program. Mr. Ramirez indicated the item will come back to the Commission for approval in 2020.*
- f) FY 2019-20 Budget Update
- g) Onsite Water Reuse Program Update FY18-19
- h) Streetlight Program Update
- i) Water Pipeline Assessment
- j) Water Supply Conditions Update

Public Comment

- *The Commission Secretary stated a letter from Sean Handel regarding item 6e (Montara Mountain) was received and submitted to the Commission.*
- *Matthew Blaine spoke to item 6e and discussed the timeline to restore access to Montara Mountain. He requested a quick resolution*
- *Francisco DaCosta commented on item 6d and discussed the condition of the force main.*

*VP Vietor requested that a timeline for the Ridge Trail. Mr. Ramirez noted there is work to be completed and it is difficult to provide an immediate timeline, but that one will be provided as soon as available.*

7. Report of the General Manager

- a) Bay Delta Water Quality Control Plan Update (BDWQCP)  
*Steve Ritchie, Assistant General Manager (AGM) Water, stated the voluntary agreement process continues, with less progress made than hoped. A report is expected from the State in October with a new schedule.*
  - BAWSCA Board Hearing  
*AGM Ritchie noted on September 19<sup>th</sup> the BAWSCA Board held hearings on the BDWCP with, BAWSCA, SFPUC, and stakeholder providing presentations.*
  - Stakeholder Process

*AGM Ritchie discussed the memo sent by the Mayor identifying a series of four meetings to be held with stakeholders.*

- Planning Commission Hearing

*AGM Ritchie indicated that the Planning Commission has tentatively scheduled a hearing for October 24<sup>th</sup>, with presentations from Planning Department staff regarding the Planning Department's role in CEQA analysis for new development projects, and a presentation from AGM Ritchie regarding the SFPUC's and water supply agencies' roles in that CEQA process.*

*Commissioner Moran requested that a policy for rationing residential water customers during severe drought be presented to the Commission for consideration on at the October 22<sup>nd</sup> meeting.*

*AGM Ritchie responded to a question from VP Vietor as to what short-term measures can be taken toward the goal of maintaining supply and ensuring the health of fish.*

*No public comment.*

b) Quarterly Budget Status Report

*Charles Perl, Deputy, CFO, noted positive net results projected for Wastewater, Power, and CleanPowerSF; lower revenues for the three enterprises. Financial results projected exceed policy targets for coverage and reserves by year-end. He reviewed FY 2019 budgetary variances: (1) Water – lower water sales revenues mostly offset uses cost savings; (2) Wastewater – lower wastewater revenues offset by cost savings; (3) Power – reduced power sales revenues offset by cost savings; and (4) CleanPowerSF – sales revenues at budget and uses cost savings. He discussed key financial ratios (fund balance reserve, debt service coverage reserve, and CleanPowerSF reserve is on target to be met.*

*No public comment.*

c) Capital Financing Plan FY19-20

*Rich Morales, Debt Manager, provided a summary of debt management, Enterprise debt overview (ratings for Water, Wastewater and Power), three types of capital financing activities (new money/credit needs, administration of existing debt portfolio, and market opportunities), and review of 2019-20 Capital Financing Plan.*

*No public comment.*

d) Sewer System Improvement Program (SSIP) Quarterly Report

*Howard Fung, Acting Wastewater Enterprise Capital Program Director, reviewed the SSIP program status as of June 2019, indicating the program is 32.2% complete (Phase 1 projects) with \$0.833B expended.*

*He provided updates for the Biosolids Digesters Facilities Project, Southeast Plant New Headworks Facility Project, Sunset Green Boulevard Greenway Phase 2, North Shore Pump Station Wet Weather improvements, other Phase 1 Projects, current construction projects, and other program updates.*

*Acting Director Fung responded to a question from Commissioner Maxwell regarding the difference between the new and old pumps at the North Shore Pump Station.*

*GM Kelly provided comment on the Yosemite Creek Project and indicated Recreation and Park Department prefers artificial turf. Brief discussion ensued.*

*Sarah Minick responded to a question from President Caen regarding the high cost of greenways.*

*No public comment.*

- e) Wastewater Enterprise Capital Improvement Program Quarterly Report  
*Prior to beginning his presentation Mr. Fung responded to a question from Commissioner Maxwell regarding associated costs related to communications item 6d, Declaration of Emergency Update: Repair Southeast Treatment Plant Final Effluent Force Main.*

*Mr. Fung President reviewed forecasting schedules that go beyond the approved schedule by six months or more, and those with cost variances of greater than 10% of their approved budgets. President Caen expressed concern with the “red dots” and asked what can be done to correct.*

*No public comment.*

- f) Presentation on the Non-Binding Letter of Intent to Acquire PG&E Assets Serving San Francisco

*Barbara Hale, AGM Power, provided an update on the City’s non-binding Letter of Intent to acquire PG&E assets serving San Francisco. She indicated that together, Hetch Hetchy Power and CleanPowerSF (CPSF) serves 80% of the electric consumption in San Francisco. Historically, the City has paid PG&E for distribution services.*

*She presented the context of the Preliminary Report, noting it explored three options: (1) limited independence, (2) targeted investment for more independence, and (3) full independence through acquisition. AGM Hale reviewed considerations for San Francisco’s electric grid and related climate action goals.*

*She presented the recommendation of further exploring acquiring PG&E assets for full independence: (1) expand the City's existing publicly-owned utility, (2) investment would be revenue bond funded, (3) initial staff estimates put acquisition cost in range of a few billion dollars.*

*AGM Hale indicated the question asked is can San Francisco purchase the assets, invest in separation cost, and provide affordable, reliable, safe public power service consistent with SFPUC values on clean power content and equity while meeting financial requirements. She indicated this question governed the study path and informed the content of the initial indication of interest submitted to PG&E. AGM Hale broke down the question and addressed it in additional detail. AGM Hale stated the business fundamentals were evaluated to inform financial feasibility and offer and further discussed.*

*She continued her presentation with information regarding (1) due diligence, (2) summary of non-binding offer, (3) impact on remaining PG&E ratepayers, (4) impact on the City's General Fund and priorities for spending funds, (5) workforce and transition, (6) risk and mitigations, and (7) benefits that are not quantified.*

*AGM Hale and GM Kelly responded to a question from Commissioner Paulson regarding the transition of union positions and ensuring the maintenance of employee pay, benefits and pensions. AGM Hale responded to his request for clarification on PG&E's "obstruction" to affordable housing.*

*AGM Hale responded to a question from VP Vietor regarding the status of CleanPowerSF goals, specifically renewables and emission reduction.*

*AGM Hale responded to a question from Commissioner Maxwell regarding equity.*

*No public comment.*

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

*None.*

8. Other Commission Business

*President Caen and Commissioner Maxwell noted their attendance at the Water Environment Federation Technical Exhibition and Conference.*

9. Consent Calendar

- a) Approve the terms and conditions and authorize the General Manager to execute a no-fee, eight-year revocable license to the City of Palo Alto for use of approximately 117,038 square feet of SFPUC Parcel Nos. 238, 239, 240, 241, and 242 in Palo Alto, California for a bicycle and pedestrian

pathway and landscaping with educational signage regarding the SFPUC watershed. ([Resolution 19-0180](#))

- b) Approve Amendment No. 5 to Agreement No. CS-991, Preliminary Design and Environmental Analysis Services, Power Transmission Project, with URS Corporation; and authorize the General Manager to execute this amendment adjusting billing rates based on current actual salaries and authorizing annual Consumer Price Index increases to occur on January 1 of each year, with no change to the agreement amount or duration. ([Resolution 19-0181](#))
- c) Approve Amendment No. 2 to Agreement Nos. CS-192A, B, & D, Technical Review – Calaveras Dam, with Eric Kollgaard (CS-192A), I.M. Idriss (CS-192B), and John Cassidy (CS-192D), for continued participation in an independent technical advisory panel for the Calaveras Dam Replacement Project; and authorize the General Manager to execute Amendment No. 2 extending each agreement duration by six months, for a total duration of eight years, 11 months for CS-192A and CS-192B and nine years for CS-192D, with no change to the agreements’ amount. ([Resolution 19-0182](#))
- d) Approve Amendment No. 2 to Agreement Nos. CS-382A and B, Calaveras Dam Technical Advisory Panel, with Gabriel Fernandez (CS-382A) and Peter P. Aberle, Inc. (CS-382B), for continued participation in an independent technical advisory panel for the Calaveras Dam Replacement Project; and authorize the General Manager to execute Amendment No. 2, extending each agreement duration by six months, for a total agreement duration of six years, two months and nine days per agreement, with no change to the agreements amounts. ([Resolution 19-0183](#))
- e) Accept work performed by Dragados-USA, Inc./Flatiron West, Inc./Sukut Construction, Inc., Joint Venture for Contract No. WD-2551, Calaveras Dam Replacement Project; approve Modification No. 87 decreasing the contract amount by \$2,755,884 for a total contract amount of \$567,780,360 and extending the contract duration by 22 days for a total contract duration of 2,889 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0184](#))
- f) Accept work performed by Dragados USA, Inc./Flatiron West, Inc./Sukut Construction, Inc. Joint Venture for Contract No. WD-2833(E), Temporary Construction Bypass of Calaveras Road Landslide, for a total contract amount of \$1,260,959 and a total contract duration of 60 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0185](#))
- g) Ratify correction to Resolution No. 19-0125 approved on June 25, 2019 for Contract No. WW-610R, Visitacion Valley Green Nodes, Rutland Street Sewer, and Sunnydale Pavement Improvements, to state that Modification No. 4 (Final) increased the contract duration by 112 days (not 75 days), for a final total duration of 513 consecutive calendar days (not 476 days), with no change to the final approved contract amount. ([Resolution 19-0186](#))

- h) Accept work performed by Precision Engineering Inc. for Contract No. WW-612, Various Locations Sewer Replacement and Pavement Renovation; approve Modification No. 1 (Final), decreasing the contract amount by \$60,401, for a total contract amount of \$4,771,600, and a total contract duration of 500 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0187](#))
- i) Accept work performed by Precision Engineering, Inc. for Contract No. WW-623, SOMA/Bernal Heights/Excelsior Districts Sewer Replacement and Pavement Renovation, for a total contract amount of \$5,586,692, and a total contract duration of 413 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0188](#))
- j) Approve the plans and specifications and award Contract No. WW-692, As-Needed Spot Sewer Replacement No. 39, in the amount not-to-exceed \$8,176,960, with a duration of 400 consecutive calendar days, to the responsible and responsive bidder, Precision Engineering, Inc., to replace sections of existing sewer piping, on an as-needed basis, at locations to be determined throughout San Francisco. ([Resolution 19-0189](#))

*On Motion to approve Consent Calendar item 9a through j:  
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*No public comment.*

- 10. Approve modification of the San Francisco Public Utilities Commission's Non-potable Grant Program to (1) change the name of the program to the Onsite Water Reuse Grant Program, (2) expand requirements for brewery process water treatment systems, (3) make non-substantive corrections or modifications to the Grant Program Rules, and (4) authorize the General Manager to approve future modifications to the Grant Program Rules. ([Resolution 19-0190](#))  
*AGM Ritchie presented the item and reviewed the modifications being requested. He responded to a question from Commissioner Maxwell regarding work with breweries, and a request from VP Vietor for clarification regarding the delegation of authority granted to the General Manager.*

*On Motion to approve item 10:  
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*No public comment*

- 11. Adopt revised Section G, Cross-Connection Control, of the San Francisco Public Utilities Commission's Rules and Regulations Governing Water Service to Customers implementing Article 12A of the San Francisco Health Code. ([Resolution 19-0191](#))  
*AGM Ritchie discussed the importance of the modifications of rules and regulations. He responded to a question from Commissioner Maxwell regarding the purpose for cross-connection control.*

*On Motion to approve item 11:  
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*No public comment*

12. Approve two Resource Adequacy (RA) contracts for CleanPowerSF executed by the General Manager, between the San Francisco Public Utilities Commission and Pacific Gas & Electric Company, with a term of three years and total cost of approximately \$26.1 million; approve the sale of RA products to Pacific Gas & Electric Company and Southern California Edison in an amount not-to-exceed \$3.5 million; and authorize the General Manager to seek retroactive approval from the Board of Supervisors for the RA contracts. ([Resolution 19-0192](#))

*AGM Hale introduced the item and requested approval.*

*On Motion to approve item 12:  
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*No public comment*

13. Approve form of Second Amendment to Revolving Credit and Term Loan Agreement and Second Amended and Restated Fee Letter with State Street Bank and Trust Company to (1) increase the principal amount by \$100 million for a total not-to-exceed amount of \$200 million, and a not-to-exceed annual fee of \$800,000, and (2) extend the term by four years, with a one-year option to extend, for a total possible term of 10 years, for the Wastewater Interim Funding Program; and authorize the General Manager to enter into the Second Amendment to Revolving Credit and Term Loan Agreement and Second Amended and Restated Fee Letter with State Street Bank and Trust Company. ([Resolution 19-0193](#))

*Mr. Morales provided a background on the Wastewater Interim Funding Program (\$750M authorized, seven series supported by high-grade bank credit facilities). Six series (\$675M) for Commercial Paper and one series (\$75M) for Revolving Credit Line. He indicated two credit facilities are expiring and that the requested action is to approve \$200M amended facility with State Street Bank that extends existing \$100M facility and replaces \$100M Barclays facility. He reviewed the recommended amended credit facility and terms. He stated there was a competitive RFP procurement - sent to 12 banks with six responding, with the lowest cost, responsive proposal from State Street Bank Liquidity Facility. He and noted the fee is lower than current fees with a \$404,000 savings over the four-year term. He summarized the requested action and reviewed disclosure questions and answers.*

*VP Vietor departed the hearing room at 3:37 PM.*

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

*No public comment.*

14. Award a Green Infrastructure Grant to the San Francisco Unified School District (SFUSD) to design, and if the project proceeds, construct stormwater management features at Bessie Carmichael Middle School located at 824 Harrison Street in San Francisco; authorize the General Manager to execute a Green Infrastructure Grant Agreement with SFUSD with a duration of 20 years and in an amount up to \$428,075. ([Resolution 19-0194](#))

*Ms. Sarah Minnick responded to a question from Commissioner Moran as to the availability of construction funds. Francesca Gessner, Deputy City Attorney stated that CEQA has not been completed for the project, and that the Commission is being requested to approve funding for design only, and that the item will return to the Commission for construction approval.*

*On Motion to approve item 14:*

*Ayes: Caen, Moran, Maxwell and Paulson*

*No public comment.*

15. Approve modifications to Project No. CWWSIPSE02, Southeast Water Pollution Control Plant New Headworks Facility, to remove scope associated with conversion of Bruce Flynn Pump Station to an all-weather pump station (Scope II.A), and add construction of a new 50 million gallons per day lift station (Scope II.C), and associated sewer work (Scope II.B), cumulatively the Modified Project; and authorize the General Manager to proceed with the Construction Phase of the Modified Project, pursuant to Construction Manager/General Contractor Agreement No. WW-628 SEP New Headworks Facility. ([Resolution 19-0195](#))

*Kathy How, AGM Infrastructure, introduced the item which requests a scope change. She responded to a question from Commissioner Maxwell regarding the “lift station”.*

*On Motion to approve item 15:*

*Ayes: Caen, Moran, Maxwell and Paulson*

*No public comment.*

16. Authorize the General Manager to execute a Memorandum of Understanding with the San Francisco Municipal Transportation Agency (SFMTA) to set forth the agencies’ respective responsibilities, including cost sharing allocations, to jointly replace the San Francisco Public Utilities Commission’s water and sewer facilities and/or relocate them away from the new railway tracks along Taraval Street, from SF Zoo to Sunset Boulevard, as part of the SFMTA’s construction of Segment A of the L-Taraval Transit Improvement Project – SF Zoo To Sunset Boulevard, for a total estimated cost to the SFPUC of \$11,843,747. This action constitutes the Approval Action for the Project for the purposes of California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 19-0196](#))

*AGM How introduced the item and requested approval.*

*AGM How responded to a question from Commissioner Moran regarding coordination efforts to keep large multi-agency projects on track. Brief discussion ensued.*

*VP Vietor returned to the hearing room at 3:56 PM.*

*On Motion to approve item 16:  
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*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 attorney-client privilege:  
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

*The Commission entered Closed Session at 4:03 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 and/or as Defendant

*VP Vietor was excused from the meeting at 4:34 PM.*

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  
*Pacific Bell Telephone Company v. City and County of San Francisco*  
San Francisco Superior Court Case No. CGC-19-575041  
Date Filed: July 11, 2019  
Proposed settlement of lawsuit with plaintiff's release of lawsuit and the City to pay plaintiff \$124,500.  
(Resolution 19-0197)

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 Litigation  
*Joan Frost v. City and County of San Francisco*  
San Francisco Superior Court Case No. CGC-18-568679  
Date Filed: August 3, 2018

Proposed settlement of lawsuit with plaintiff's release of lawsuit and the City to pay plaintiff \$105,000.  
(Resolution 19-0198)

22. 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

*Pacific Gas & Electric Corporation*

Case No. 19-30088/Date Filed: January 29, 2019

Case No. 19-30089/Date Filed: January 29, 2019

United States Bankruptcy Court, Northern District of California

23. 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

*City and County of San Francisco v. Pacific Gas & Electric Company*

*Docket No. EL19-38-000/Date Filed: January 28, 2019 Federal Energy*

*Regulatory Commission*

24. 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

*City and County of San Francisco v. Pacific Gas & Electric Federal Energy*

*Regulatory Commission Complaint under Sections 206 and 306 of the Federal Power Act.*

Case No. EL15-3-000/Date Filed: October 9, 2014

*The Commission exited Closed Session at 5:08 PM.*

25. Announcement Following Closed Session

*President Caen announced that items*

26. 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:*

*Ayes: Caen, Moran, Maxwell and Paulson*

27. Other New Business

*None.*

28. Adjournment

*President Caen adjourned the meeting at 5:09 PM.*