



## **SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

**London N. Breed**

Mayor

### **REGULAR MEETING MINUTES**

**Tuesday, February 27, 2024**

**1:30 PM**

**(Approved March 12, 2024)**

1 Dr. Carlton B. Goodlett Place

City Hall, Room 400

Members of the San Francisco Public Utilities Commission (SFPUC) will attend this meeting in-person. Members of the public are invited to observe the meeting in-person or remotely by [watching live online](#).

Members of the public attending the meeting in person will have an opportunity to provide public comment on every action or discussion item. Remote public participation is available for individuals who cannot attend in person due to disability by making a request to the Commission Secretary by 12 PM (noon), the day before the Commission meeting at [Commission@sfwater.org](mailto:Commission@sfwater.org) or 415-554-3165.

Members of the public are encouraged to provide public comment by email. Send an email to [Commission@sfwater.org](mailto:Commission@sfwater.org) by 5 PM the day before the meeting to ensure your comment is received by the Commission in advance of the meeting. All comments received will be made part of the official record.

#### **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, Rivera and Stacy*  
*Late arrival: Ajami arrived at 2:30 pm.*

3. Approval of the Minutes of February 13, 2024

*No public comment.*

*On motion to approve the Minutes of February 13, 2024*  
*Ayes: Paulson, Maxwell, Rivera, and Stacy*

4. General Public Comment

*None.*

Written Comment

[Patricia Rowe](#)

5. Report of the General Manager

a) Quarterly Audit and Performance Review Report

*Irella Blackwood, Audit Director, stated that there are 32 audits and assessments for FY 2023-24 with 13 completed (41%), 12 in progress (38%), and 7 upcoming (22%). Director Blackwood noted audits completed and reports issued.*

*Director Blackwood discussed the Social Impact Partnership (SIP) Program Public Integrity Audit, which had the objective to determine if the SFPUC took corrective actions as recommended in the City Services Auditor (CSA) 2021 audit report field follow-up. The CSA issued seven recommendations for improving SIP internal controls, recordkeeping, program monitoring, policies and procedures, system, and resources to ensure program success in the long term. The field follow-up was undertaken to assess the status of the implementation of the recommendations. The CSA found that the SFPUC has fulfilled the intent of all seven recommendations made in the 2021 audit report.*

*Director Blackwood indicated there are 23 open CSA audits and recommendations and informed the Commission of audits that are completing and are upcoming.*

*Director Blackwood responded to a question from Commissioner Stacy regarding the status of recommendations of open audits and target closing dates, noting there has been movement on the audits which are on track to complete on time.*

*In response to a question from Commissioner Maxwell regarding improvements to contract management improvements, Director Blackwood stated there are recommendations for improvements to policies and procedures as well as tracking of contract management.*

*No public comment.*

- b) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements  
*None.*

6. CONSENT CALENDAR

- a) Award Contract No. HH-1010, Moccasin Wastewater Treatment Plant Replacement, to the responsible bidder submitting the lowest responsive bid, Sierra Mountain Construction, Inc., in the amount of \$7,507,640, and with a duration of 940 consecutive calendar days to replace the aging wastewater treatment plant in Moccasin, CA. 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 action. ([Resolution 23-0035](#))
- b) Award Contract No. HH-1012, San Joaquin Pipeline Valve and Safe Entry Improvements Phase 2A, to the responsible bidder that submitted the lowest responsive bid, Sierra Mountain Construction, Inc., in the amount of \$5,602,000, and with a duration of 421 consecutive calendar days, to replace crossover and inline valves associated with San Joaquin Pipeline No. 1 at the Pelican, Emery, and Roselle crossover vaults. ([Resolution 23-0036](#))
- c) Approve Modification No. 1 to Job Order Contract No. JOC-81, General Engineering (A-License) for San Francisco, San Mateo, Santa Clara, and Alameda Counties with Yerba Buena Engineering & Construction, Inc., to increase the Contract by one year for a total Contract duration of three years, with no change to the Contract amount, for additional time to complete ongoing facility and asset improvements. ([Resolution 23-0037](#))
- d) Approve Modification No. 2 to Job Order Contract No. JOC-83R, General Building (B License) Construction, San Francisco, San Mateo, Santa Clara, and Alameda Counties with Rubicon Builders, Inc. to increase the duration by one year for a total Contract duration of three years, with no change to the Contract amount, for additional time to complete ongoing facility and asset improvements. ([Resolution 23-0038](#))
- e) Approve Modification No. 2 to Job Order Contract No. JOC-87, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy with Sinclair General Engineering Construction, Inc. to increase the duration by one year for a total Contract duration of three years, with no change to the Contract amount, for additional time to complete ongoing facility and asset improvements. ([Resolution 23-0039](#))
- f) Amend Contract No. PRO.0118, As-Needed Water Resources Professional Services, with Carollo Engineers/Water Resources Engineering Joint Venture, to extend the Contract duration by one year to provide for continued water resources professional services, for a new total Contract duration of six years, with no change to the Contract amount. ([Resolution 23-0040](#))
- g) Approve the novation of Contract No. PUC-0002.C, Master As-Needed Security System Maintenance and Integration Services from Ojo Technology, Inc., to DG Investment Intermediate Holdings 2, Inc., DBA Convergent Technologies LLC. ([Resolution 23-0041](#))

- h) Award Contract No. WD-2878B, Regional Groundwater Storage and Recovery Phase 2B, to the sole responsible bidder that submitted a responsive bid, JMB Construction, Inc., in the amount of \$6,478,750 and with a duration of 900 consecutive calendar days, in accordance with San Francisco Administrative Code section 6.23(c)(2), to install a groundwater pump system and appurtenances at the South San Francisco Main Well. (Resolution 23-0042)
- i) Approve an increase in the amount of \$3,000,000 to the contract cost contingency and an increase of 540 calendar days to the contract duration contingency for Contract No. WW-645R, Westside Pump Station Reliability Improvements, with Anvil Builders, Inc., increasing the contract amount up to a not-to-exceed amount of \$56,161,130 and increasing the contract duration up to 1,662 consecutive calendar days, to address future potential change orders due to unforeseen site civil, structural, instrumentation & control, and electrical work and for anticipated PG&E electric service delays. (Resolution 23-0043)
- j) Accept work performed by Cratus, Inc., under Contract No. WW-731, Various Locations Brick Sewer Improvements; approve Modification No. 4 (Final) decreasing the contract amount by \$606,153, for a total Contract amount of \$10,187,149 and decrease the Contract duration by 10 consecutive calendar days for a new total Contract duration of 410 consecutive calendar days; and authorize final payment to the contractor. (Resolution 23-0044)

*Ata Radfar, Project Manager responded to a question from Commissioner Stacy regarding item 6i and the replacement of the wastewater system, indicating the new system will be modernized with increased capacity of the wastewater treatment plant.*

*Brian Carlomagno, Senior Project Manager responded to a question from Commissioner Stacy regarding item 6i and the requested increase in cost and contingency, indicating that \$975,000 of the existing project contingency has been spent and that additional costs and time is needed due to unexpected site conditions.*

*Amanda Higgs, Emergency Planning and Security responded to a question from Commissioner Maxwell regarding item 6g and the novation of the contract stating that Convergent Technology Inc. is certified to work on the security systems.*

*Tracy Cael, Project Manager responded to a question from Commissioner Maxwell regarding item 6h as to why there was only one bidder, indicating that the proximity to the holidays impacted bidding and that contractors indicated were interested in bidding on other projects. She noted the specialization of the work required under the contract.*

*No public comment.*

*On motion to approve the Consent Calendar:  
Ayes: Paulson, Maxwell, Rivera, and Stacy*

- 7. Approve Amendment No. 5 to Contract No. CS-109, Specialized Engineering Services for Recycled Projects with Kennedy Jenks Consultants, Inc./Brahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc., a Joint Venture, to increase the contract amount by \$1,000,000, for a new total contract amount of \$10,950,000, and to increase the contract duration by three years, for a new total contract duration of 16 years and six months, due to a

delay in the project schedule for the Westside Enhanced Water Recycling Project resulting from the premature failure of critical equipment, and to provide continued engineering support during construction and the treatment facility commissioning process, subject to Board of Supervisors approval under Charter Section 9.118. ([Resolution 23-0045](#))

*Barbara Palacios, Project Manager stated the requested amendment allows the SFPUC to have continued engineering and technical support services related to the construction and commissioning of the Westside Enhanced Water Recycling Facility. She stated that due to the failure of critical electrical equipment last summer the construction completion has been delayed by at least two years and that the procurement process proceeds.*

*No public comment.*

*On motion to approve item 7:*

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

8. Approve a Memorandum of Understanding (MOU) with the San Francisco Recreation and Park Department to define the parties' roles and responsibilities for the San Francisco Zoo Recycled Water Project; and authorize the General Manager to take such actions deemed necessary or appropriate to implement or modify the MOU. ([Resolution 23-0046](#))

*Steve Ritchie, Assistant General Manager (AGM) Water Enterprise provided a project overview noting that it will supply 0.2 MGD of recycled water to the San Francisco Zoo for animal exhibit washdown, animal pool filling, and irrigation of the Lower Great Highway. The project will offset close to 100% of current groundwater well use with recycled water, conserving high-quality groundwater to supplement potable water supplies in San Francisco. AGM Ritchie outlined the key goals and terms of the MOU and displayed a map of the project area.*

*In response to questions from Commissioner Maxwell, AGM Ritchie indicated that research shows recycled water is safe for the animals and noted that the SFPUC is one of the first half dozen agencies in the country to use recycled water in zoos. He stated the reverse osmosis process results in highly treated water.*

*In response to a question from Commissioner Stacy, AGM Ritchie stated the work at the lower Great Highway will not have new pipes but rather a retrofit to shift to recycled water.*

*At the request of Commissioner Maxwell, AGM Ritchie described the process of recycling water through reverse osmosis. He noted how waters change after being recycled and indicated that it is discharged through the wastewater outfall.*

*No public comment.*

*On motion to approve item 8:*

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

9. Approve the Second Amendment to the Agreement between the San Francisco Public Utilities Commission and Santa Clara Valley Water District for Long-Term Operation and Maintenance of the Intertie located in Milpitas subject to Board of Supervisors approval under San Francisco Charter Section 9.118. ([Resolution 23-0047](#))

*Angela Cheung, Water Supply and Treatment Division Manager, introduced item and discussed the need for the second amendment.*

*No public comment.*

*On motion to approve item 9:*

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

10. Approve an Amended and Restated Memorandum of Understanding (Amended and Restated MOU) between the Treasure Island Development Authority (TIDA) and the San Francisco Public Utilities Commission to continue to provide utility services for Naval Station Treasure Island, for an initial two-year term, with an option exercisable by the General Manager and the TIDA Director to extend the Amended and Restated MOU up to an additional six years (Resolution 23-0048)

*Ron Flynn, Deputy General Manager (DGM) discussed the caretaker responsibilities of TIDA on Treasure Island and Yerba Buena Island on the operation, maintenance, and repair of the Navy's utility systems that service the Island. Through consecutive MOUs the SFPUC has been providing of utility services on the Island on behalf of TIDA, including the operation and maintenance of the active Naval utility systems and the delivery of utilities directly to Island occupants. He stated Naval utilities do not meet current SFPUC standards and creates a risk of failure. The SFPUC has worked with TIDA on the plans for development of and transfer of new utility systems that will both meet SFPUC standards and allow the SFPUC to provide the same level of service to the Island as is provided elsewhere. He discussed the process and emphasized that the SFPUC serves as a contractor and not as a utility provider. He noted the June 30, 2022 expiration of the current MOU and continued work under the terms of that MOU. He stated the major difference with the new MOU is that it is for a two-year term with an ability to extend to six years.*

*In response to question from Commissioner Maxwell, DGM Flynn discussed how the six-year term was determined.*

*No public comment.*

*On motion to approve item 10:*

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

11. Accept and expend federal funds sourced from the American Rescue Plan Act of 2021 and administered by the State Water Resources Control Board to provide assistance to eligible residential and commercial customers who accrued water and/or wastewater arrears or received discounts for water and/or wastewater services during the extended COVID-19 pandemic period from June 16, 2021 to December 31, 2022, in the approximate amount of \$23.3 million. (Resolution 23-0049)

*Clarissa Wan, San Francisco Fellow, Financial Planning stated the California Water and Wastewater Arrearage Payment Program (CWWAPP) was created to address California's water and wastewater debts accrued due to the COVID-19 pandemic and is administered by the State Water Resources Control Board. It applies to community water systems, wastewater treatment providers, and wastewater billing entities. In 2021 CWWAPP dedicated \$985 million in federal*

*American Recuse Plan Act funding. Unpaid bills incurred March 2020 through June 2021 were eligible and all applicants received the full amount requested. In 2023 CWWAPP used the remaining funds of \$600 million from the original 2021 program and extended eligibility timeline to March 2020 to December 2022.*

*Fellow Wan reviewed the request breakdown for water and wastewater (commercial and residential accounts), noting administrative costs are also covered at an estimated amount of \$200,000. Final credits to customers are expected to be lower due to customers paying off bills between application and credits being applied. The program will provide significant support to customers and reduce SFPUC accounts payable by more than half.*

*Nancy Hom, Chief Financial Officer responded to a question from Commissioner Stacy regarding the \$10.7 million gap and the plan for payment, stating that the Customer Service Bureau is working with customers with existing arrearages to determine if they are available for a payment plan and noted the campaign for the Customer Assistance Program (CAP).*

*Fellow Wan responded to a question from Commissioner Maxwell as to how customer edibility is determined. Erin Corvinova responded to a follow-up question from Commissioner Stacy as to how distribution of the funds is determined, noting all customers are eligible and there are no income criteria and anyone with debt from the eligibility time period can participate.*

*No public comment.*

*On motion to approve item 11:  
Ayes: Paulson, Maxwell, Rivera and Stacy*

*At the request of President Paulson, the Commission Secretary read items 12 and 13 together.*

12. Approve credit facility for the Wastewater Enterprise Interim Funding Program in the principal amount of \$150,000,000 in the form of (1) an Amended and Restated Fee Agreement with Sumitomo Mitsui Banking Corporation, for a term of five years, and (2) a Second Amendment to Reimbursement Agreement. ([Resolution 23-0050](#))
13. Approve the form of Amendment 4 to the Credit Agreement and associated amended and restated Fee Agreement with JPMorgan Chase Bank, National Association with an initial not-to-exceed commitment amount of \$75,000,000 and extend the term of the agreement by three years for a total duration of nine years to provide credit support for the CleanPowerSF Program to meet anticipated revisions to the financial security requirements of the California Public Utilities Commission; and authorize the General Manager to negotiate final terms and execute the Amendment to Credit Agreement and associated amended and restated Fee Agreement, subject to Board of Supervisors approval of the ordinance amending Ordinance No. 8-18 in Board of Supervisors File No. 171172. ([Resolution 23-0051](#))

*Commissioner Ajami arrived at 2:30 pm.*

*Erik Kwong, Debt Analyst presented items 12 and 13 together beginning with item 12, Wastewater Enterprise (WWE) Interim Funding Program authorizing six series totaling \$750 million supported by high-grade bank credit facilities: five series (\$675 million) for Commercial Paper (CP), and one series \$75 million) for revolving credit line. It provides low-cost interim*

*funding of WWE Capital Program, approximately 3.5% all-in CP borrowing rate. He noted the Series A-1 \$150 million Sumitomo Mitsui Banking Corporation (SMBC) letter of credit expires March 7, 2024. The SFPUC solicited bids from pre-qualified pool of credit providers and SMBC was selected. He stated there was a competitive request-for-proposal process – sent to 15 banks with eight responded. He indicated the current fees are 0.32%.*

*Analyst Kwong provided a background on item 13, proposed credit agreement with J.P. Morgan Chase for the CleanPowerSF Program. He discussed the need for the Credit Agreement (1) one or more standby letters of credit to secure certain payment obligations of CleanPowerSF pursuant to one or more Power Purchase Agreements; (2) standby letters of credit to satisfy financial security requirements of interconnection agreements with PG&E for CleanPowerSF solar projects; and (3) a revolving line of credit that can be drawn upon to meet other working capital needs of CleanPowerSF, if needed, although the Credit Agreement date has not been drawn on for this purpose.*

*He discussed key terms of the proposed Credit Agreement for an amount not-to-exceed \$75 million total credit and to extend the terms of the Agreement by three years, for a total term of nine years. Credit is available to CleanPowerSF for multiple purposes and is secured solely by CleanPowerSF net revenues.*

*Analyst Kwon in response to a question from Commissioner Stacy regarding fees, stating that fees for JP Morgan Chase and Sumitomo have gone down and that the bank rate is based on market conditions and may provide different rates to different entities; and a to a question from Commissioner Rivera regarding rates, indicating the rates of the agreement won't change based on the terms of the agreement.*

*No public comment.*

*On motion to approve item 12:*

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

*On motion to approve item 13:*

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

14. Discussion and possible action to adopt a meeting procedure to allow members of the public to offer remote public comment whenever public comment is called during a regular or special meeting of the San Francisco Public Utilities Commission. ([Resolution 23-0052](#))

*Commissioner Ajami stated that the SFPUC service area extends beyond the San Francisco city limits and she feels that access to public comment should be offered to all.*

*President Paulson noted the importance of public comment and discussed the initial reason for allowing remote public comment due to the pandemic, and the reasons for the removal of remote public comment due to inappropriate comments and the action taken by the Board of Supervisors to cease remote public comment as well as the Mayor's directive. He stated if the Mayor rescinds the directive, he will be open to allowing remote public comment. He noted the option for providing public comment via written communication.*

*Commissioner Stacy stated she takes the Mayor's directive seriously as well as the Board of*



*Supervisor's decision. She indicated she prefers in person comments. She stated she asked staff to provide the cost to the Commission to staff remote public comment which resulted in an estimate of \$1,100 per meeting. She concurred with Commission Ajami's comments regarding the expanded service area and the need to make public comment accessible.*

*Commissioner Rivera stated it is a difficulty decision and that he read the written comments provided. He noted that there is a mechanism for individuals to provide comment in writing and that there is a process in place to allow for disability accommodation for remote public comment. He noted the increased attendance by the public at the meetings when remote public was eliminated. He discussed technical difficulties and problems in hearing and understanding callers that happened with remote comment.*

*Commissioner Maxwell expressed support for the item and the ability for people to interact with the Commission. She stated it can be rescinded if problems occur.*

#### Public Comment

- *Jakob Evans, Sierra Club California, expressed appreciation for the item and stated it is an essential tool for public meeting access .*

#### Written Comments

*[Martin Gothberg](#), [Norma Jean Wallace](#), [David Schrom](#), [Carol Ruth](#), [Linda Liebes](#), [Geri McGilvary](#), [Sydney Pitcher](#), [Jeff Brown](#), [Rush Rehm](#), [Shannon McEntee](#), [Josephine Coffey](#), [Cedric de La Beaujardiere](#), [Greg Reis](#), [John Rosapepe](#), [Charlene Woodcock](#)*

*On motion to approve item 8:*

*Ayes: Maxwell, Ajami and Stacy*

*Nay: Paulson and Rivera*

#### 15. Communications

- Advance Calendar
- Contract Advertisement Report
- Correspondence Log
- Annual CleanPowerSF Report
- Quarterly Report to the Board of Supervisors on the Status of Applications to PG&E for Electric Service
- Water Supply Conditions Update

#### 16. Items initiated by Commissioners

*None.*

#### 17. Adjournment

*President Paulson adjourned the meeting at 2:53 pm.*