



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed
Mayor

REGULAR MEETING MINUTES
Tuesday, March 12, 2024
1:30 PM
(Approved March 26, 2024)

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, Rivera, and Stacy

Excused: Maxwell and Ajami

3. Approval of the Minutes of February 27, 2024

No public comment.

On Motion to approve the minutes of February 27, 2024

Ayes: Paulson, Rivera, and Stacy

4. General Public Comment

- *Francisco DaCosta discussed community benefits and the Contractor's Assistance Center, stating it has been underutilized since the pandemic and needs to be open longer.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, expressed thanks for reinstating remote public comment. He discussed the Alternative Water Supply Plan and requested a workshop be scheduled. He discussed the Design Drought and the Urban Water Management Plan.*
- *Unidentified caller stated her parents have applied SFPUC's Customer Assistance Program and have not heard back and are not receiving a discount despite providing income information. She discussed language barrier issues.*
- *Barklee Sanders, SFPUC Citizens' Advisory Committee (CAC) Power Subcommittee member discussed a resolution passed by the CAC titled "Regarding Emergency Authorization and Power Outages on Treasure Island". He discussed his experiences with outages as a resident of Treasure Island.*

5. Report of the General Manager

Item 5d was taken out of order.

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

General Manager (GM) Herrera discussed the water main break in the vicinity of 30th Avenue and Wawona Street near Pine Lake Park. He thanked the staff for their incredible work to get the break quickly under control. He stated the break did not affect work that was performed at Stern Grove several years ago.

GM Herrera announced that Joel Prather was appointed as the permanent Assistant General Manager for the Wastewater Enterprise after serving for some time in an acting role.

No public comment.

a) FY 2022-23 Audited Financial Statements

Nancy Hom, Chief Financial Officer (CFO) and Assistant General Manager (AGM) Business Services presented (1) Fiscal Year (FY) 2022-23 Audited Financial Statements: issued by MGO, LLC on December 26, 2023 for Water, Wastewater, Hetch Hetchy Water

and Power and CleanPowerSF with unmodified opinion, no material misstatements in the financial statements, and no internal control deficiencies; and (2) Annual Comprehensive Financial Report: issued My MG) LLP on January 26, 2024; and (3) Popular Annual Financial Report: issued in January 2024.

Annie Louie, MGO Auditor reviewed the scope of the audits which included the enterprise financial statements and the Annual Comprehensive Financial Reports. She discussed the responsibility of the auditor under the U.S. Generally Accepted Auditing Standards and reviewed (1) management responsibilities; (2) audit results and required communications (unmodified opinion, no matters to report under deficiencies in internal controls, and review of significant accounting policies and practices, with no exceptions noted; (3) required communications (significant accounting estimates); and (4) accounting updates effective for fiscal year 2024 and 2025.

Commissioner Stacy thanked staff for their work and indicated she found the information helpful and easy to read.

Public Comment

- *Francisco DaCosta expressed admiration for AGM Hom and her work. He stated attention needs to be paid to cost overruns.*

b) San Francisco Waterfront Flood Study Draft Report

Adam Varat, Deputy Program Manager, Port of San Francisco, outlined the intent of the Flood Study which is to analyze coastal flood risk and the effects of sea level rise over the next 100 years to the San Francisco waterfront along the Port's 7.5-mile jurisdiction. The draft plan will inform subsequent states of funding and design in order to develop targeted construction projects. The proposed solutions are estimated to cost \$13.5 billion. If approved by Congress, the Federal government may pay 65% of the cost. The Flood Study is led by the U.S. Army Corps of Engineers in collaboration with the City and County of San Francisco. He indicated public comments on the Draft Integrated Feasibility Report and the Environmental Impact Statement will be accepted through March 29, 2024.

Waterfront Risks and Hazards: Potential sea level rise by 2100; and seismic hazard.

San Francisco Waterfront Flood Study: (1) Considerations of sea level rise in planning. The flood study manages uncertainty by considering the risks, scale, cost, timing, and adaption of the flood defense system across a range of sea level rise scenarios, with modeling including typical bay storms; (2) Measures considered include structural, nonstructural, and nature-based; (3) Key feedback that helped shape the draft plan included: focus on life safety and emergency response, put people first, expand and maintain the city's connection to the waterfront, prioritize and healing the bay, and consider racial and social equity and environmental justice; (3) Equity, which is a core consideration of the draft plan informed by the Port's Racial Equity Action Plan. Social considerations are also incorporated into the draft plan; (4) Cost benefit analysis that elevates equity across four categories – social connectedness, economic vulnerability, health and safety, community identity, and social vulnerability and resiliency; (5) monitoring and adaption actions over time; (6) draft plan includes where to build flood

defenses, how high to build flood defenses, how much space to use, and how flood defenses can be adapted in the future; and (7) what is not being decided at this stage - these elements will be developed during later phases. Project plans and implementation strategies will leverage other opportunities, align with other public and private projects, and reflect what the city can afford given other capital obligations.

The Draft Plan: Incorporate nature-based features such as creek enhancements, raise the shoreline with seismically resilient structures, adapt historic waterfront buildings and warehouses, floodproof piers and select buildings, and waterfront-wide stormwater management adaptations related to coastal flooding defense. Review of first and subsequent actions for (1) Fisherman's Wharf (floodproofing structures), (2) Embarcadero (defend against 3.5 feet of sea level rise), (3) South Beach/Mission Bay (elevate the shoreline to defend against 1.5 feet of sea level rise), and (4) Islais Creek / Bayview (elevate the shoreline to defend against 1.5 feet of sea level rise).

SFPUC Considerations: Sarah Minick, Wastewater Enterprise presented the SFPUC's steps to-date which include characterized coast flood risk, assessed benefits of coastal defense, and engaged in In-Reach and Outreach. She outlined next steps.

President Paulson thanked staff for their work and requested occasional updates.

Commissioner Stacy thanked staff for the presentation and noted the need for a local, national, and global response to such issues. Mr. Varat responded to her question regarding the construction of the walls discussed in Phase I, which he indicated will allow for adaptive strategies in subsequent phases.

Commissioner Rivera noted this project provides an opportunity to replace and upgrade manifolds on the waterfront and install suction hydrants to assist with emergency firefighting.

Public Comment

- *Francisco DaCosta stated university students should be involved in the process. He requested that an interactive map be created so San Franciscans can participate. He questioned how the marshlands and toxicity to fish are going to be addressed.*

c) Update on Power Enterprise Customer Programs

Daniel Young, Manager of Customer Programs indicated that customer programs are to incentivize customers to invest in energy efficiency, decarbonization and other measures that support local clean energy development and job creation. He reviewed the Climate Action Plan Goals of Building Operations and Transportation.

Manager Young reviewed (1) All-Electric Multifamily Program which assists multifamily affordable housing sites in identifying a pathway to transition from natural gas to electric-based systems and appliances. Enrollment is on a first-come, first-served basis; and (2) Electrify My Ride, which offers \$1,000 off the purchase of a new e-bike from participating local bike retailers. The program began accepting customer applications on February 5, 2024, with an incentive budget of \$1 million. He reviewed customer eligibility and participating E-bike retailers.

Commissioner Stacy expressed excitement for the program. Manager Young provided clarification regarding April expiration of the program noting it will allow program review.

No public comment.

6. CONSENT CALENDAR

- a) Approve an increase of 684 calendar days to the contract duration contingency for Contract No. DB-130 Bay Corridor Transmission and Distribution (BCTD) – Phase 3 (2019), with Beta Engineering California, LP., increasing the contract duration up to 1,479 consecutive calendar days (approximately four years), with no change to the contract amount, for administrative purposes to allow the completion of contractor-delayed construction activities and commissioning/testing to mitigate the risk of unplanned outages, and to conduct additional owner-requested distribution cable testing to reduce the likelihood of further impact to customers upon system reenergization. ([Resolution 24-0053](#))
- b) Approve the closeout of Contract No. HH-1004.C Master As-Needed Tree Services-Hetch Hetchy with Capax Ground, Inc. with Capax Group, Inc.; and authorize final payment to the contractor in the amount of \$17,175. ([Resolution 24-0054](#))
- c) Approve Modification No. 1 to Job Order Contract No. JOC-86, General Engineering (A License) Construction, San Francisco, San Mateo, Santa Clara, and Alameda Counties with Ground Control Inc. to increase the contract duration by one year for a total contract duration of three years, with no change to the contract amount, for additional time for facility and asset improvements. ([Resolution 24-0055](#))
- d) Award Contract No. WD-2908(I), HVAC Mechanical Maintenance and As-needed Construction Repair Services to the responsible bidder that submitted the lowest responsive bid, Southland Industries, in the amount not-to-exceed \$1,338,466, with a duration of 1,095 consecutive calendar days. ([Resolution 24-0056](#))
- e) Accept work performed by Pipe and Plant Solutions, Inc., under Contract No. WW-675, 5th/18th/Upper Larkin Street Sewer Inspection; approve Modification No. 2 (Final) decreasing contract amount by \$10,000, for a total contract amount of \$2,178,194, and increase contract duration by a total of 107 calendar days to permit completion of punch list items and finalize closeout documentation, for a total contract duration of 345 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 24-0057](#))
- f) Approve an increase of up to 214 calendar days (approximately seven months) to the contract duration contingency for Contract No. WW-704, Various Locations Sewer Replacement No. 9, with JDB and Sons Construction, Inc., for a new contract duration limit of up to 774 consecutive calendar days, due to delays caused by the San Francisco Municipal Transportation Authority not de-energizing overhead Muni lines and to address unforeseen underground conditions encountered on Federal Street, with no change to the contract amount. ([Resolution 24-0058](#))

Ada Zhu, Project Manager responded to a question from Commissioner Stacy regarding item 6a and the mention of contractor delayed-delayed construction activities, providing reasons

for delays and the need for additional testing.

Steve Ritchie, AGM Water Enterprise responded to a question from Commissioner Stacy regarding item 6b stating that the expectation that the second contractor will be able to complete the work under the contract.

No public comment.

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

7. Approve Amendment No. 6 to Contract No. WW-647R, Southeast Water Pollution Control Plant Biosolids Digester Facilities Project (Biosolids Project), with MWH Constructors/Webcor Builders Joint Venture (Construction Manager/General Contractor or CM/GC), increasing the contract amount by \$407,000,000, increasing the contract duration by 60 consecutive calendars days, and increasing the contract duration contingency by 51 consecutive calendars days, resulting in a revised contract cost limit of \$2,253,383,149 and a revised contract duration limit of 4,212 consecutive calendar days, to align the scope and cost of the Biosolids Project with the competitively procured subcontractor work packages and to maintain the current project schedule. ([Resolution 24-0059](#))

Stephen Robinson, AGM Wastewater Enterprise, introduced the item and presented Carolyn Chiu, Senior Project Manager.

Manager Chiu reviewed the requested Commission action for the contract amendment, indicating it reflects the current cost and construction schedule and is within the project budget and schedule in the recently Commission-approved 10-Year Capital Improvement Plan and Financial Plan. The Southeast Plant Biosolids Digester Project (BDFP) has a projected budget of \$2,673 million with the FY 25-34 10-Year Plan having a \$300 million increase. All trade bid packages have been procured and buyout of major facilities completed. Cost increase is due to market conditions during procurement such as reduced bid competition and higher material costs due to supply chain challenges. Construction digester tanks, solids pretreatment building, and dewatering building are underway, with construction approximately 50% complete.

Project Manager Chiu reviewed the proposed revised budget of \$2,253 million, resulting in a total project cost of \$2,673 million. Manager Chiu reviewed the specific costs of the proposed amendment and the need to increase the contract duration by 60 days to address additional foundation work needed beneath the Solids Pretreatment Building, and to increase the contract duration contingency by 51 days to address potential future project closeout items, for a total request of 111 days added to the contract duration limit.

Manager Chiu reviewed the summary of the construction bid packages and provided examples of market conditions that impacted recent construction bid packages. She then reviewed current construction: (1) mechanical, electrical, and plumbing installations are in progress in pipe galleries, digester basement, and solids pretreatment facility; (2) peak construction is to be in the fall of 2024; (3) there is a \$16 million Social Impact Partnership commitment; and (4) the local hire and LBE requirements are exceeded.

Manager Chiu reviewed Local Hire and Local Business Enterprise (LBE) participation through December 2023: (1) Local Hire: City Local Hire (LH) requirement (30% of project work hours) with current LH participation (34% of project work hours); (2) Local Hire Apprentice Participation: City's Requirement (50% of project work hours by apprentices) with current LH apprentice participation (61% of project work hours by apprentices); and (3) LBE Participation: LBE participation requirement (12%), with current LBE participation (17%), with 94 LBE firms awarded \$318 million.

President Paulson thanked staff for the presentation and noted the important work being done.

Commissioner Rivera noted the item's budget impact and noted the fact that the timeline has not changed. He expressed pleasure with the LBE participation numbers. He thanked staff for their work on the project.

Commissioner Stacy discussed the complexity of the project and expressed appreciation for staff attempting to save money where possible and for seeking out more bidders. She expressed her pleasure with LBE, Local Hire, and apprenticeship numbers which exceed goals. She discussed Social Impact Partnership (SIP) Participation Program and the dashboard and SIP commitments. AGM Robinson acknowledged Commissioner Stacy's comments regarding SIP commitments and noted that the project was paused for several months during the pandemic, which partially impacted that commitment.

Public Comment

- *Geoffrea Morris discussed the SIP and stated the community should receive more. She stated the item should be held over until Commission Maxwell is in attendance. She stated Webcor needs to be greater partners with the community.*
- *Francisco DaCosta discussed the Contractor Assistance Center and noted its impacts to the community. He stated he has a non-profit and the need to receive community benefits.*

On Motion to approve item 7:

Ayes: Paulson, Rivera, and Stacy

8. Award Contract No. WW-750, Southeast Water Pollution Control Plant SEP-7 Operations, Engineering, and Maintenance Buildings, a Construction Manager/General construction (CM/GC) services contract to the highest-ranked proposer, Clark Construction Group – CA, LP, in an amount not-to-exceed \$97,000,000, and a duration of 1,751 consecutive days (approximately four years and 10 months), to replace Building SEP 850 and the adjacent parking lot at Jerrold and Phelps with two new buildings, SEP 603 and SEP 914. ([Resolution 24-0060](#))

Shelby Campbell, Project Manager reviewed the project objectives, planning phase, and concept/schematic design phase. Manager Campbell reviewed the current and future site plans and displayed an architectural section of the design. She indicated the CM/CG for Contract WW-750 was advertised in August 2023, with Request for Qualification responses received from four companies.

Project Manager Campbell responded to a question from Commissioner Stacy regarding timing of approvals for construction award.

Project Manager Campbell provided clarification to a question from Commissioner Paulson regarding the stie plan.

No public comment.

On Motion to approve item 8:

Ayes: Paulson, Rivera, and Stacy

9. Communications

- d) Advance Calendar
- e) Contract Advertisement Report
- f) Correspondence Log
- g) Alternative Water Supply Plan Update
- h) CleanPowerSF Quarterly Report
- i) FY 2022-23 Annual Comprehensive Financial Report
- j) FY 2022-23 Popular Annual Financial Report
- k) Pacific Institute Evaluation of SFPUC Water Efficiency Programs
- l) Quarterly Report for Power Scheduling and Coordination and Related Support Services with APX
- m) Water Enterprise Capital Improvement Program Quarterly Report
- n) Water System Improvement Program Quarterly Report
- o) Water Supply Conditions Update

Commissioner Stacy expressed thanks for item 9k and the staffs' work on the analysis.

10. Items initiated by Commissioners

None.

11. Public Comment on the matters to be addressed during Closed Session

None.

Commissioner Stacy announced a conflict with item #14, claim 24-00855 indicating she has worked with the law firm of Seifer, Murken, Despina, James & Teichman on family matters in the past and have periodic check-ins. She stated there is no financial conflict but wanted to disclose the legal relationship. She stated she can be objective when reviewing the proposed settlement as a Commissioner.

12. Motion on whether to assert the attorney-client privilege regarding the matters listed below

The Commission entered Closed Session at 3:13 pm.

Present in Closed Session: Commissioners Paulson, Rivera, and Stacy; Sheryl Bregman, Deputy City Attorney; Steve Ritchie, AGM Water; Donna Hood, Commission Secretary, Cirilo Espinoza II, Executive Assistant.

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

Proposed settlement of unlitigated claim resulting from a water main rupture with the City and County of San Francisco to pay Mathias Salle \$58,986 in exchange for a full and final release, subject to final approval by the Board of Supervisors. (Resolution 24-0061)

14. CONFERENCE WITH LEGAL COUNSEL regarding anticipated litigation (Government Code §54956.9, Administrative Code §67.10(d)(1)):

Proposed settlements of unlitigated claims for property damage resulting from the September 10, 2023 break of a water transmission pipeline at the intersection of Fillmore and Green Streets, with the City to pay the claimants the settlement amounts as listed below, each in exchange for a full and final release. This approval is final under the delegated authority granted by the Board of Supervisors (Ordinance No. 20-24 (File No. 231273)).

Claim No.	Date Filed	Claimant	Proposed Settlement Amount	Resolution Number
24-00537	September 19, 2023	S&T 1438 Enterprises, LLC	\$125,000.00	24-0062
24-00644	October 4, 2023	The Francoise Rothstein Family, LLC	\$95,795.00	24-0063
24-00751	October 17, 2023	George and Ingrid Carney	\$70,000.00	24-0064
24-00752	October 18, 2023	3154 Fillmore Street, LLC	\$42,194.00	24-0065
24-00758	October 23, 2023	3200 Fillmore, LLC	\$39,510.00	24-0066
24-00759	October 20, 2023	2277-2299 Union St, LLC	\$50,350.00	24-0067
24-00855	November 5, 2023	Seifer, Murken, Despina, James & Teichman	\$48,153.00	24-0068
24-01023	December 5, 2023	Union & Fillmore, LLC	\$243,892.00	24-0069

The Commission exited Closed Session at 3:25 pm.

15. Announcement following Closed Session

President Paulson stated that the Commission recommends the Board of Supervisors approve the settlements referenced under items 13 and 14.

16. 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: Paulson, Rivera and Stacy*

17. Adjournment

President Paulson adjourned the meeting at 3:26 pm.