



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

REGULAR MEETING MINUTES
Tuesday, March 22, 2022
1:30 PM
(Approved April 12, 2022)

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

Commissioners

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

Dennis J. Herrera
General Manager

Donna Hood
Secretary



1. Call to Order

President Moran called the meeting to order at 1:32 PM.

2. Roll Call

Present: Moran, Ajami, Maxwell and Paulson

3. Adopt renewed findings under State Urgency Legislation to allow hybrid in-person meetings during the COVID-19 Emergency and direct the Commission Secretary to agendize a similar resolution at a Commission Meeting within the next 30 days. ([Resolution 22-0054](#))

No public comment.

On motion to approve item 3:

Ayes: Moran, Ajami, Maxwell and Paulson

4. Approval of the Minutes of March 8, 2022

No public comment.

On motion to approve the Minutes of March 8, 2022:

Ayes: Moran, Ajami, Maxwell and Paulson

5. General Public Comment

- *Unidentified caller asked the Commission not to do business with companies that conduct business in Russia.*
- *Alita Dupree discussed the importance of the CleanPowerSF Program and encouraged the electrification of home and restaurant kitchens. She asked that the SFPUC assist MUNI with the installation of electric charging stations.*
- *Norma Wallace, Muwekma Ohlone Tribe, stated her family has lived on the land for thousands of years and have been stewards of the environment by tending, not possessing. She discussed the book "Cattle, Capital, Colonization". She asked that the lawsuit against the Bay Delta Plan be dropped.*
- *Peter Drekmeier, Tuolumne River Trust, expressed disappointment with the lack of follow-up to the workshops and the Design Drought. He requested an update regarding next steps.*
- *David Pilpel stated he was not feeling well and wished the Commission a good meeting.*
- *Francisco DaCosta discussed community benefits in the Bayview and expressed the need for transparency. He requested a one-on-one meeting with the community benefits director.*
- *Laura Walsh, California Policy Manager, Surfrider Foundation, submitted written correspondence expressing disappointment with the Surfrider/South Ocean Beach Buried Seawall Project.*

6. Communications
 - a) Advance Calendar
 - b) Contract Advertisement Report
 - c) Correspondence Log
 - d) Responses to Board of Supervisors per Ordinance 155-21
 - i. District-Scale Water Reuse Memorandum
 - ii. Water Heating System Memorandum
 - e) Water Pipeline Assessment

Vice President (VP) Ajami and Commissioner Maxwell thanked staff for providing memorandums for item 6d.

Public Comment

- *Aleta Dupree addressed item 6d and expressed the importance of non-potable water systems, and water heaters. She discussed her conservation efforts.*

In response to a question from VP Ajami regarding item 6e, Water Pipeline Assessment, and if customers have expressed interested in replacing their pipes or have concerns regarding lead, Steve Ritchie, Assistant General Manager (AGM) Water stated there are general communications with customers regarding lead fixtures and the availability of replacement fixtures. He stated that the automated meter data is continually monitored and if leaks are detected the customer is contacted. Commissioner Maxwell thanked AGM Ritchie and stated she received a leak notice when her water heater broke.

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

Nicole Sandkulla, BAWSCA CEO, read a statement about the Commission's responsibility to continue to provide a reliable supply of high-quality water at a fair price from the Tuolumne River with adequate protection for fish and the environment.

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, referenced a letter BAWSCA sent to the SFPUC last year asking the SFUPUC to use the contractual obligations as water supply for BAWSCA to use in their Urban Water Management Plan. He stated the SFPUC used that number to determine current water demand.*

8. Report of the General Manager

- a) Drought Conditions Update

AGM Ritchie began with a review of the ongoing drought conditions (1) Statewide drought conditions persist; (2) Hetch Hetchy Reservoir is likely to fill. However, the entire storage system is unlikely to fill; (3) State Water Board curtailments create significant uncertainty about how much runoff can be stored; (4) drought may extend beyond this year; (5) this is a statewide problem; and (6) to date, water use reduction performance is promising, but summer water use reduction will be the test.

He discussed Governor Newsom's March 13 announcement that the

administration is spending an additional \$22.5 million to respond to the immediate drought emergency. He discussed the expected use of those funds.

AGM Ritchie reviewed (1) California Drought Monitor, indicating most of the state is in severe and persistent drought, with extreme drought located in the Southern San Joaquin Valley; (2) March 14, 2022 Reservoir Storage. He stated curtailment is still suspended; (3) Other California Reservoirs, with Shasta Reservoir at 38% of capacity; (4) Hetch Hetchy precipitation, which is below the median for the time of year; (5) Upcountry Snowpack, which is below median for the time of year; (6) Water availability to the city; (7) Tuolumne River Water available to the city; (8) Upcountry 6-Station Precipitation Index, year-to-date (YTD) total 19.66 inches; (9) Bay Area 7-Station Precipitation Index, YTD total 20.35 inches; (10) National Precipitation Forecast; (11) Total Deliveries, with the need to keep demand low; and (12) Drought Tracker, with an 8.5% total reduction for the period July 1, 2021 to March 3, 2022.

In response to a question from VP Ajami as to whether there is reconsideration as to the management of Hetch Hetchy given the conditions, AGM Ritchie stated that Hetch Hetchy conditions are managed daily, and adjustments are continually made depending on current conditions. Discussion ensued on the 10% target reduction and the strategy for communication to customers on the need for conservation.

VP Ajami and Commissioner Maxwell requested a tutorial on water bank.

Public Comment

- Peter Drekmeier stated the SFPUC has enough water in storage to last for four and one-half years. He questioned what happens if the drought continues and becomes the worst on record and if demand projections materialize earlier.

b) Drought Surcharge Update

Charles Perl, Deputy Chief Financial Officer (CFO) indicated the drought surcharge will become effective on April 1, that it is temporary, and that it is tied to the Commission's November 2021 Declaration of Emergency. He discussed the impact of the drought on FY 2021-22 projected year end revenue, Water and Wastewater volumes and revenues, and Power revenues. He reviewed the history of development, approval, and implementation of the 5% volumetric drought surcharge which is to be implemented on April 1.

John Cote, Communications Director, reviewed public outreach efforts related to conservation measures and the drought surcharge, noting a new Web portal sfpub.org/drought. He stated daily page views have more than doubled since January 1. He indicated other outreach includes recurring messages on all SFPUC social media accounts, January and March bill inserts, information in electronic and hard copy newsletters to customers, MUNI bus cards, paid social media ads, paid advertising campaign in Chinese, Filipino, and Spanish, and material provided to the Board of Supervisors, Community-based organizations,

and homeowners and merchant associations.

In response to a question from VP Ajami, Director Cote briefly discussed how the effectiveness of public outreach is measured.

Public Comment

- Peter Drekmeier, Tuolumne River Trust, discussed the drought surcharge and changes in demand.

c) Hetch Hetchy Capital Improvement Program (HCIP) Quarterly Report

Director Miller reviewed (1) HCIP status, stating the project is 24% complete with \$134M expended; (2) HCIP cost summary, noting no cost variances since the last report; (3) highlights of the reporting period for Moccasin Dam Long-Term Improvements, San Joaquin Pipelines Tesla Vale Replacement, and Transmission Lines 7/8 Upgrades.

She provided updates for (1) Mountain Tunnel Improvement, including the 2022-26 Mountain Tunnel Outages (shutdown schedule); (2) Moccasin Powerhouse and Generator Step-up Transformer Rehabilitation; and (3) San Joaquin Pipelines Valve and Safe Entry Improvement.

No public comment.

d) Wastewater Enterprise Quarterly Report Including Southeast Area Major Projects (1) Biosolids, (2) Headworks, and (3) 1550 Evans Southeast Community Center
Stephen Robinson, Wastewater Enterprise Capital Program Director, began with construction updates for the Force Main Rehabilitation at Embarcadero and Jackson, North Shore Pump Station Wet Weather Improvements, and Ocean Beach Climate Change Adaption Project.

He reviewed the Sewer System Improvement Program (SSIP) Phase I status (70 projects), stating as of September 21, 2021 the project count by phase is 47.4% complete with \$2,993M expended. He reviewed the SSIP status and the facilities and infrastructure cost summaries. He provided capital program milestones.

Director Robinson provided the following progress and status updates (1) SEP Biosolids Digester Facilities Project: Project cost increased from \$1,681M to \$2,373M; (2) Southeast Plant New Headworks Facility Project: Project cost increased from \$619M to \$679M; and (3) Southeast Community Center 1550 Evans: Project cost \$114M.

In response to a question from VP Ajami as to rethinking of operational capacity due to COVID, Director Robinson stated that technology integration and monitoring have always been and continue to be considered and explored.

Commissioner Maxwell asked that staff refrain from using acronyms.

No public comment.

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

None.

9. New Commission Business

VP Ajami acknowledged World Water Day.

No public comment.

10. CONSENT CALENDAR

- a) Accept work performed by Buhler Construction for Contract No. WD-2854A - 525 Golden Gate Avenue Roof Access and Fall Protection with a final contract amount of \$578,466, and a final contract duration of 595 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 22-0055](#))
- b) Approve an increase of 210 calendar days to the construction duration contingency for Contract No. WW-667, Mariposa Dry Weather Pump Station Improvements with Western Water Constructors, Inc.; and authorize the General Manager to approve future modifications to the contract for a total contract duration of up to 1,350 consecutive calendar days, with no change to contract amount. ([Resolution 22-0056](#))

No public comment

On motion to approve item Consent Calendar:

Ayes: Moran, Ajami, Maxwell and Paulson

- 11. Approve the plans and specifications, and award Contract No. WW-675, 5th/18th/ Upper Larkin Street Sewer Inspection, in the amount of \$1,998,336 and with a duration of 150 consecutive calendar days to the responsible bidder submitting the lowest responsive bid, Pipe and Plant Solutions, Inc., to inspect the existing sewers at the subject locations within the City and County of San Francisco. ([Resolution 22-0057](#))

Alan Johanson, Acting AGM Infrastructure, introduced the item and discussed the bids received.

No public comment.

On motion to approve item 11:

Ayes: Moran, Ajami, Maxwell and Paulson

- 12. Approve modification of the San Francisco Public Utilities Commission's Green Infrastructure Grant Program Guidelines to reflect compliance with the City Administrative Code Chapter 21G; revise grant team experience and co-benefit eligibility criteria; increase cap on planning and design costs; and revise other program

requirements. ([Resolution 22-0058](#))

Greg Norby, AGM Wastewater, noted the item was continued from the meeting of March 8 so staff could address the allowance for workforce development as a factor in the ranking of the Green Infrastructure grant awards. He stated that no applicants had taken advantage of the workforce criteria, which is why it was proposed for removal removed from the guidelines. He indicated that in response to Commission request, the workforce development criteria were retained in the guidelines. He discussed workforce development as it relates to Green Infrastructure projects.

Commissioner Paulson thanked AGM Norby and staff for addressing his concerns related to workforce development criteria.

Commissioner Maxwell questioned why grantees are not responding to the workforce development criteria and asked what is being done to get their response. AGM Norby indicated that there is proactive communication with applicants. Sarah Bloom, Project Manager, stated that there is a switch from an open to a competitive cycle and that there will be ranking on all co-benefits, with a minimum of two co-benefits required.

No public comment.

On motion to approve item 12:

Ayes: Moran, Ajami, Maxwell and Paulson

13. Authorize the General Manager to execute an Installment Sale Agreement to secure a Drinking Water State Revolving Fund Loan (RFL) for the Water Enterprise Mountain Tunnel Improvements Project in an amount not-to-exceed \$238,218,951; and authorize the General Manager to execute a cost sharing agreement with the Power Enterprise. ([Resolution 22-0059](#))

Deputy CFO Perl introduced the item noting the RFL will fund a portion of the Mountain Tunnel Improvements Project. He provided a brief background on the SFPUC's efforts to secure RFL loan funding for capital needs, dating back to 2014. He stated the loan provides for a 30-year term with an interest rate of 1.1%. He stated there will be an approximate \$130M of ratepayer savings over the term. He indicated the loan has an early interest repayment to commencement one year after funds are drawn, which will be in late 2023.

Deputy CFO Perl responded to questions from Commissioner Maxwell regarding the interest repayment and clarification that interest will be paid only on the drawn amount .

No public comment.

On motion to approve item 13:

Ayes: Moran, Ajami, Maxwell and Paulson

14. Authorize the General Manager to negotiate with qualified contractors for Contract No. PW-009R, As-Needed Electrical Distribution Installation and Construction Support, in accordance with San Francisco Administrative Code Section 6.23(c)(1). The contract

will provide for augmentation of Power Enterprise Field Services staff to improve the San Francisco Public Utilities Commission's capacity to respond to emergency outages and to improve system reliability. Upon successfully completing negotiations, the General Manager will return to the Commission to recommend award of the contract. ([Resolution 22-0060](#))

Barbara Hale, AGM Power, stated the workforce shortage for journey line workers is resulting in difficulty recruiting and hiring qualified applicants to fill nine vacancies. She stated two attempts to go out to bid for services to augment staff capabilities were unsuccessful, with no bids received. She stated that San Francisco Administrative Code Section 6.23(c)(1) allows that when bidding is unsuccessful and no changes would result in bids, the department head, with approval of the Commission, may negotiate with any qualified contractor. She indicated the item before the Commission would approve such negotiations by the General Manager.

AGM Hale addressed Commissioner Maxwell's question as to why there were no bids received, stating that the Power Enterprise worked with the Infrastructure Bureau and the Contracts Division on outreach. As a result of that outreach, the general conditions were revised. She indicated other conditions for the lack of bids can be attributed to contractors work capacity being tapped-out, and that the work with the City is new and different. She stated after the revisions were made there were still no bids. Acting AGM Johanson further discussed the revision of the general conditions. Brief discussion ensued on the process.

Commissioner Paulson discussed the challenges with filling vacancies and securing contractors. He expressed concern with approving the item outside of the normal bidding procedures. AGM Hale noted that the item will be brought before the Commission prior to award of any contract.

No public comment.

*On motion to approve item 14:
Ayes: Moran, Ajami, and Maxwell
No: Paulson*

15. Public comment on matters to be addressed during Closed Session
None.

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

*On motion to approve to assert the attorney-client privilege:
Ayes: Moran, Ajami, Maxwell and Paulson*

The Commission entered Closed Session at 3:40 PM.

Present in Closed Session Present in Closed Session: Commissioners Moran, Ajami, Maxwell, and Paulson; Dennis Herrera, General Manager, Michael Carlin, Deputy

General Manager, Ron Flynn, Chief-of-Staff, Sheryl Bregman, Deputy City Attorney, Steve Ritchie, Assistant General Manager, Water Enterprise, and Donna Hood, Commission Secretary.

17. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation as plaintiff/petitioner (Government Code §54956.9, Administrative Code §67.10(d)(1)): *In the Matter of Initial Orders Imposing Water Right Curtailment and Reporting Requirements in the Sacramento-San Joaquin Delta Watershed on Water Right Nos. S002635, S002636, S002638, S002637, S014379, S015858, S018734, and S018735* (State Water Resources Control Board Administrative Proceeding); *San Joaquin Tributaries Authority v. State Water Resources Control Board* (Fresno County Superior Court Case No. 21CECG02632), filed September 2, 2021; *City and County of San Francisco v. California State Water Resources Control Board, et al.* (Tuolumne County Superior Court Case No. CV 63828), date filed May 14, 2021; *San Joaquin Tributaries Authority, et al. v. California State Water Resources Control Board* (Tuolumne County Superior Court Case No. CV 62094), date filed January 10, 2019, coordinated as State Water Board Cases by order filed May 13, 2019 in Sacramento Superior Court, Judicial Counsel Coordinated Proceeding No. 5013.

The Commission exited Closed Session at 4:55 PM.

18. Announcement following Closed Session
President Moran announced that no action was taken during Closed Session.
19. 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 discussions during Closed Session:
Ayes: Moran, Ajami, Maxwell and Paulson*

20. Adjournment
President Moran adjourned the meeting at 4:56 PM.