SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, February 9, 2016
(Approved March 8, 2016)

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

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

Harlan L. Kelly, Jr.
General Manager

Donna Hood
Secretary

For information, contact the Commission Secretary at 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 Vietor called the meeting to order at 1:38 PM.

2. Roll Call  
Present: Vietor, Moran, Caen, Courtney and Kwon

3. Approval of the Minutes:  
a) January 22, 2016 Special Meeting  
b) January 26, 2016 Regular Meeting  
c) January 29, 2016 Special Meeting

On Motion to approve the minutes of January 22, 26 and 29:  
Ayes: Vietor, Moran, Caen, Courtney and Kwon  
No public comment.

4. General Public Comments  
- Mr. Francisco DaCosta thanked the Commissioners and staff who attended the memorial services for Dr. Espanola Jackson. He stated that everyone needs to work together, and there needs to be accountability and transparency.  
- Mr. Harry Bernstein, San Francisco City College, provided thoughts on the Balboa Reservoir property. He asked if the property had been declared surplus and questioned the process.

5. Communications  
a) Advance Calendar  
b) Contract Advertisement Report  
c) Summary of Budget Hearing Questions  
d) WSIP Status of Construction Change Orders  
e) Strategic Plan Update  
f) Streetlight Program Update  
In response to a question from Vice President (VP) Moran, Ms. Barbara Hale, Assistant General Manager (AGM) Power, stated that the acquisition of LED lamps is separate from the LED control system.  
No public comment.

6. Other Commission Business  
None.

7. Report of the General Manager  
a) Drought Update  
Mr. Steve Ritchie, AGM Water, provided a drought update. He discussed current reservoir storage levels; Cumulative precipitation; Snowpack; Tuolumne River water available to the City; Tuolumne River water available to the City; Precipitation forecast; and total deliveries. He stated that on February 2, 2016 the
State Water Board approved Conservation Regulations which continue the existing regulatory structure until early November 2016; allow three adjustment mechanisms to the conservation standards; and require a proposed framework for enhanced urban water conservation, efficiency, and resilience by May 1st.

No public comment.

b) CleanPowerSF Update  
Ms. Barbara Hale, AGM Power, reviewed the schedule of key milestones. She stated that the initial batch of statutory program notification to Phase 1 customers has begun.

In response to a question from President Vietor, AGM Hale stated that discussions have taken place with customers regarding enrolling in the Super Green option.

In response to a question from VP Moran, Ms. Hale noted that the advocates are being trained to assist with outreach. VP Moran stated they are a valuable resource and should be utilized. He asked about timing for discussion of tying GoSolarSF eligibility with the CleanPowerSF Program.

Public Comment  
- Mr. Francisco DaCosta provided comments on PGE and CleanPowerSF marketing efforts.  
- Mr. Jason Fried, LAFCo, thanked the Power Enterprise staff for their work. He stated there is outreach taking place and discussion of signing-up for Super Green is happening.

President Vietor suggested a joint meeting with LAFCo after or around launch. GM Kelly indicated that staff has been working with LAFCo on a jobs report.

- Mr. Harry Bernstein, San Francisco City College, provided thoughts on the CleanPowerSF Program.

c) Water Enterprise Capital Improvement Program (CIP) Quarterly Report  
Ms. Kathy How, AGM Infrastructure, provided a Water Enterprise CIP Quarterly Report.

No public comment.

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

Mr. Dan Wade, WSIP Director, stated that the overall program is approximately 90 percent complete. He discussed recent accomplishments; WSIP cost variances;
schedule variances; Calaveras Dam Replacement; Spillway; and Borrow Area B. He concluded by discussing next steps.

No public comment.

9. Flooding Workshop: The first of a series of presentations and discussions regarding the SFPUC’s current efforts and long-term plans to reduce flood risk. GM Kelly provided opening comments and noted past efforts to help mitigate flooding. He discussed the goals and purpose of the workshop, and reviewed actions that are being taken.

GM Kelly introduced Mr. Tommy Moala, AGM, Wastewater, who reviewed San Francisco’s combined sewer system and discussed the difference between wet weather and dry weather facilities. He noted that San Francisco’s system is unique in that it is a combined sewer system. Mr. Moala discussed the effect of heavy rain on the system.

AGM Moala reviewed the collection system and noted the investments that have been made. He discussed events which led to the creation of the System Improvement Program (SSIP).

AGM Moala introduced Ms. Stefani Harrison, Project Manager, Infrastructure, who began with a review of system engineering details, including catch basins, excursions (water exiting and then re-entering the system), and backflow preventers (to stop excursions into a home). She demonstrated the process with different types of backflow preventers. She passed around two types of backflow preventers.

In response to a question from President Vietor, Ms. Harrison explained how a homeowner might know if a backflow preventer is present in a home. GM Kelly stated the SFPUC is working with homeowners and businesses that are affected by flooding to see if a backflow preventer would be appropriate.

Ms. Harrison noted how flooding can occur: (1) Large storms beyond collection system capacity; (2) Natural topography (historic waterways, drainage basin size and features); (3) Land settlement; (4) System blockage; and (5) High tides.

Ms. Harrison stated that the majority of the flooding that occurs is in the historic waterways, and illustrated this concept with maps showing historic waterways and modeled flooding in a large storm event.

Ms. Harrison noted Citywide challenges to the sewer system, including how stormwater management is being addressed as a high priority. She discussed the Level of Service (LOS) goal that guides how we prioritize our investments for stormwater management – namely, a 5-year storm. She described terminology as it relates to storm size, and discussed the probability of a storm occurring in any given year.
Ms. Harrison discussed SFPUC’s current Citywide flood resilience objectives and efforts. She stated that there is an understanding of the tremendous impact of flooding on the small percent of ratepayers who are impacted, and indicated that certain key projects are being expedited instead of waiting for study results. These projects are mainly focused on areas that flood in smaller storms. She discussed three example projects

The first was in the area of 17th and Folsom. Ms. Harrison outlined the system typography of the 17th and Folsom vicinity, and reviewed the drainage map and steep sewer main profile along 17th Street. Ms. Harrison described how discussed the preliminary evaluation of Folsom preliminary long-term capital improvements, stating dozens of projects were evaluated, and was narrowed to the top three project concepts, each of which presents unique challenges and tradeoffs.

Ms. Harrison responded to questions from Commissioner Kwon regarding the determination of storage volume; from Commissioner Caen regarding existing local storage capacity; and President Vietor regarding the rain volume of recent storms.

VP Moran asked about the nature of the LOS, and how it can be expressed in a way that can address different neighborhood characteristics (for example, low lying areas that don’t flood often but impacts are severe). Ms. Harrison indicated staff will present a risk-based framework in a couple months, and that alternate levels of protection will be presented. GM Kelly clarified that the LOS goal is currently citywide but certain low-lying areas that receive water that can't get into the system could potentially have a higher standard if the Commission so decides.

Ms. Harrison reviewed Folsom area project implementation steps that constitute a lengthy process.

She touched on the flooding that occurred at Wawona and discussed the proposed project concept for stormwater detection.

Ms. Harrison then reviewed flooding in Cayuga and described the sewer main profile. She discussed historical flooding in the Cayuga area and reviewed storm models (five, 10, and 25 year storms) to illustrate that flooding does not occur in that neighborhood unless the storm is very large. She indicated that the project concept is being evaluated for re-grading at the end of Cayuga. She discussed the benefits and limitations of the project, and emphasized that no capital improvement can be built that would eliminate flooding in all storms.

AGM Moala briefly discussed storm preparation and response: (1) Catch basins; (2) Crew deployment (by zone), treatment plant staffing, collection system staffing, and deployment of flood barriers at 17th at Folsom; (3) Sandbags; and (4) 311.
Ms. Harrison discussed what the public can do to help prepare: (1) Plan, prepare, protect; (2) Floodwater Grant Program; (4) FEMA Flood Insurance; and (5) other resources available to the public.

GM Kelly discussed future policy decisions and indicated that another flood workshop will be held in the spring.

Commissioner Courtney thanked staff for the presentation and the public for their emails and input. He questioned if there are additional projects beside those mentioned that are being considered. GM Kelly provided response, noting the Commission will determine the Level of Service Goals.

President Vietor thanked staff for their work and stated that the issue needs to be a priority.

GM Kelly and Ms. Harrison responded to questions from Commissioner Kwon about any financial plan associated with service; a timeline of service; and about the grant program. GM Kelly responded to a follow-up question about the impact of new housing on the system.

Public Comment
• Ms. Donna Marie Ponferrada showed a video of past flooding in her neighborhood, and discussed the effect of the 2014 flood on her grandmother and other seniors in the area. She provided thoughts on past studies and actions taken by the SFPUC to address flooding issues.
• Ms. Blane Bachelor stated that the presentations given were inaccurate and that the City is not in compliance with City code. She discussed annual flooding impacts, presented discrepancies, and claimed staff is not being truthful.
• Ms. Leena Morales discussed the impacts of the flooding on her and her family. She discussed her claim submission and the lengthy reimbursement process.

City Attorney Ambrose responded to a question from President Vietor regarding the timeline on claims that are filed. GM Kelly indicated there were lessons-learned with the 15th and Wawona incident and improvements to the process are being discussed.

• Mr. David Hooper, New Mission Terrace Improvement Association, discussed his experience with flooding and his opinions on the Cayuga project presented and the potential benefits of increasing impermeable surfaces. He stated there is a need to re-evaluate the LOS goals and the impact of the flooding.
• Mr. Malcom Davis expressed disappointment that water storage isn’t being considered at 17th street. He asked about the possibility of the AWSS cisterns being used for storage.

GM Kelly stated that once information is available from the flood resilience study to evaluate the LOS, conversations will take place with the impacted communities.
Commissioner Courtney acknowledged the frustration of the impacted ratepayers and expressed faith in staff and indicated that he doesn’t feel anyone is distorting the facts or being untruthful. He indicated he would like to see an expedited claims process.

President Vietor encouraged SFPUC staff to collaborate with the community members as much as possible.

GM Kelly agreed to add flooding updates into the GM Report to the Commission when there is relevant/timely information to share.

President Vietor called for a recess at 4:15 PM. The Commission returned from recess at 4:18 PM.

The Commission Secretary read the Closed Session items.

10. **Consent Calendar**
   a) Approve Amendment No. 1 to Agreement No. CS-201, System Development & Maintenance of Meter Data Management System (MDMS) with the Mountford Group, Inc., to continue providing development and maintenance of the MDMS in order to allow for completion of the project; and authorize the General Manager to execute this amendment, extending the contract duration up to one year and six months, for a total agreement duration of five years and six months, with no change to the agreement amount. (Resolution 16-0027)

   b) Approve Amendment No. 2 to Agreement No. CS-1013, Construction Inspection Services with PMA Consultants LLC, proposed to be funded by FY16/17 Water Capital Improvement Program; and authorize the General Manager to negotiate and execute this amendment, increasing the agreement up to $400,000, for a total not-to-exceed agreement amount of $750,000, and with a time extension up to two years, for a total agreement duration of three years and three months. (Resolution 16-0028)

   c) Accept work performed by Shaw Pipeline, Inc., for Contract No. WW-552R, Clay, Cherry, and Collins Streets Sewer Replacement, Water Main Installation, and Pavement Renovation; Approve Modification No. 3 (Final), increasing the contract by $94,750, for a total contract amount of $4,873,520, and with a time extension of 86 consecutive calendar days, for a total contract duration of 550 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0029)

   d) Approve an increase in the construction contract duration contingency for Contract No. WW-556, Southeast Water Pollution Control Plant (SEP) Chemical System Relocation and Facility Upgrades, with NTK Construction, Inc., for a time extension up to 180 consecutive calendar days; and authorize the General
Manager or his designee to approve future modifications to the contract, for a total revised contract duration of 840 consecutive calendar days. (Resolution 16-0030)

e) Accept work performed by J. Flores Construction Company, Inc., for Contract No. WW-591, As-Needed Spot Sewer Replacement, for a total contract amount of $6,925,225, and with a total contract duration of 365 consecutive calendar days (one year); and authorize final payment to the contractor. (Resolution 16-0031)

f) Approve the Water Supply Assessment for the proposed Seawall Lot 337 and Pier 48 Mixed-Use Project, pursuant to the State of California Water Code Section 10910 et seq. and California Environmental Quality Act (CEQA) Section 21151.9 and CEQA Guidelines Section 15155. (Resolution 16-0032)

g) Authorize the General Manager to execute, on behalf of the City and County of San Francisco (SFPUC), a Memorandum of Understanding with the San Joaquin County Office of Education to assist the SFPUC in meeting its workforce requirements for the Hetchy Capital Improvement Program through worker participation in San Joaquin, Tuolumne, Stanislaus, and Mariposa Counties, through an agreement with an initial term of three years and four months, with an option to extend for an additional two years, and not to exceed $700,000. (Resolution 16-0033)

On Motion to approve Consent Items 10a through 10g:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

No public comment.

President Vietor requested that the Commission Secretary call items 11, 12, 13 and 14 together.

11. Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission two-year Annual Operating and Programmatic Budgets for the Enterprises and Bureaus under the jurisdiction of the San Francisco Public Utilities Commission, for FY 2016-17 and FY 2017-18. (Resolution 16-0034)
Deputy General Manager (DGM) Michael Carlin reviewed the General Manager’s organizational chart, noting Human Resources Services (HRS) was moved from under Business Services to the General Manager. He stated that the San Francisco Police Liaison will no longer be utilized, and that a full time security manager will be hired. He stated HRS functions will be re-aligned, and cost reimbursement agreements with developers will be instituted.

GM Kelly discussed agency accomplishments; noted challenges faced (retirement risk, aging infrastructure; and rate-payer affordability); and reviewed agency priorities.
DGM Carlin responded to a question from Commissioner Kwon regarding the new security manager.

DGM Carlin responded to a question from Commissioner Caen regarding the organizational chart and the dotted reporting line.

AGM Ellis responded to a question from President Vietor regarding the timeline for the Strategic Plan, stating it would be presented to the Commission in March.

Mr. Eric Sandler, CFO and AGM Business Services noted a minor revision to the resolution associated with item 11 (Hetch Hetchy Power line item).

CFO Sandler reviewed the budget development calendar and budget hearing schedule. He discussed external pressures; Budget priorities; Total sources of funds; Total uses of funds; Annual budget increases; Budget changes summary; Total FTE; New position funding; Two-year capital budget request; and the 10-year Capital Plan summaries for Water, Wastewater, and Hetch Hetchy.

Mr. Sandler discussed the 10-year financial plans for Water, Wastewater and Hetch Hetchy. He reviewed historical and projected sales; Combined water and wastewater retail charges; and average monthly bill. He stated the Hetch Hetchy Water and Power 10-year financial plan assumed an average power rate.

VP Moran requested that a letter of transmittal be submitted with the budget which reflects the issues and challenges faced.

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

No public comment.

12. Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission’s two-year Capital Budget. Authorize the General Manager (GM) to seek approval for Supplemental Appropriations for the Enterprises of the San Francisco Public Utilities Commission for FY 2016-17 and FY 2017-18. Authorize and direct the GM to submit to the Board proposed Ordinances authorizing: (1) the issuance of Water Revenue Bonds and other forms of indebtedness, including commercial paper and State Revolving Fund (SRF) loans, and Wastewater Revenue Bonds and other forms of indebtedness, including commercial paper and SRF loans, under the terms of Proposition E (approved by the voters November 2002) provided, however, the issuance of such Bonds shall be subject to the terms of Proposition E; and (2) the issuance of Power Revenue Bonds and other forms of indebtedness, including commercial paper and Clean Renewable Energy Bonds, subject to the terms of Charter Section 9.107(6) and 9.107(8). (Resolution 16-0035)
On Motion to approve item 12:
Ayes: Ayes: Vietor, Moran, Caen, Courtney and Kwon

No public comment.

13. Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission 10-Year Capital Plan for FY 2016-17 through FY 2025-26. (Resolution 16-0036)

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

No public comment.

14. Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission 10-Year Financial Plan for FY 2016-17 through FY 2025-26. (Resolution 16-0037)

On Motion to approve item 14:
Ayes: Ayes: Vietor, Moran, Caen, Courtney and Kwon

No public comment.

President Vietor stated there would be no Closed Session.

15. Public Comments on matters to be discussed in Closed Session.
None.

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

17. 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
Restore Hetch Hetchy v. City and County of San Francisco
Tuolumne County Superior Court, Case No.: CV-59426
City Law Number 151139/Date Filed: April 21, 2015

18. 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
Case No.: EL15-3-000/Date Filed: October 10, 2014
19. **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*

Federal Energy Regulatory Commission

Tariff Withdrawal per 35.15: Notice of Termination of the 1987 CCSF Interconnection Agreement – PG&E Rate Schedule FERC No. 114 to be effective June 30, 2015.

Case No.: ER15-702-000/Date Filed: December 23, 2014

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 Gas & Electric*

Federal Energy Regulatory Commission

Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective June 30, 2015.

Case No.: ER15-703-000/Date Filed December 23, 2014

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:**

*Pacific Gas & Electric*

Federal Energy Regulatory Commission

§205(d) rate filing per 35.13 (a) (2) (iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective July 1, 2015

Case No.: ER15-705-000/Date Filed: December 23, 2014

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*

Federal Energy Regulatory Commission

§205(d) rate filing per 35.13 (a) (2) (iii): City and County of San Francisco Wholesale Distribution Tariff Replacement Agreements to be effective July 1, 2015

Case No.: ER15-704-000/Date Filed: December 23, 2014

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:**

*Pacific Gas & Electric*

Federal Energy Regulatory Commission

Notice of Termination of Facilities Charge Agreements between PG&E and the City and County of San Francisco

Case No.: ER15-735-000/Date Filed: December 23, 2014
24. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code 67.10 (a)
   Consultation with Agency Chief of Security concerning security of SFPUC Water and Power Systems.

25. Announcement following Closed Session

26. Motion regarding whether to disclose the discussions during Closed Session

27. Other new business
   None.

28. Adjournment
   President Vietor adjourned the meeting at 5:00 PM