SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES

Tuesday, January 12, 2016
(As approved January 26, 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 1:37 P.M.

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

3. **Approval of the Minutes of December 8, 2015**  
   On Motion to approve the Minutes of December 8, 2015:  
   Ayes: Vietor, Moran, Courtney and Kwon

   **Public Comments**  
   None.

4. **General Public Comments**  
   - Mr. Francisco DaCosta stated there is a lack of experts, dialogue, transparency and accountability. He provided thoughts on property at 1800 Oakdale and the need for dialogue with the community.  
   - Mr. Paul Mazza provided thoughts on the Bay Division Pipeline 1 and 2 Dumbarton Crossing and discussed decommissioning options. He distributed a handout to the Commission. Mr. Mazza requested that the Commission ask staff to remove the pipes.

   Mr. Mazza responded to a follow-up to a question from Commissioner Kwon.

   President Vietor asked staff for additional information on the pipes and the feasibility and price for removing the pipes.

5. **Communications**  
   a) Advance Calendar  
   b) Letter Summary  
      The Commission Secretary noted a letter added to the letter summary.  
   c) 2014 Energy Benchmarking Report  
   d) Annual Comprehensive Annual Report and Popular Financial Report

   **Public Comments**  
   None.

6. **Other Commission Business**  
   Vice President (VP) Moran requested that at an upcoming meeting, staff provide information on the linkage between CleanPowerSF and the GoSolar Program, and that it be part of the roll-out to residential customers.

   President Vietor requested that the item be included in the upcoming budget discussions.
Commissioner Courtney expressed concern regarding Dr. Espanola Jackson’s health and he encouraged staff reach out to her.

Public Comments
None.

7. Revenue Bond Oversight Committee (RBOC) Annual Report
Mr. Eric Sandler, CFO and Assistant General Manager (AGM) Business Services, introduced Mr. Kevin Cheng, Co-Chair, RBOC. Mr. Cheng provided a brief summary of the highlights of the RBOC Annual Report.

Public Comments
• Mr. Francisco DaCosta discussed best practices associated with the Water System Improvement Project and the need for transparency.

8. Technology Policy Progress Report
AGM Sandler reviewed the history and key principles of the Technology Policy (Economic Impact; Environmental Impact; Contribution to Social and Workforce Development; and Promotion of Leadership and Transparency). He discussed policy governance and implementation; Coordination and collaboration; and Policy assessment and recommendations.

VP Moran thanked CFO Sandler for the information. He discussed the initial intent of the Policy and stated he would like to work with staff to look at scaling the effort up to deal with emerging technologies that affect the business of the SFPUC. He expressed an interest in exploring small scale pilot projects to test technologies, and requested a set of criteria be developed as to what pilot projects would look like.

Public Comments
• Mr. Francisco DaCosta discussed the influx of people to the City and stated that they need to be charged more.
• Mr. Eric Brooks, SF Clean Energy Advocates, requested the Commission explore technology associated with CleanPowerSF.

General Manager (GM) Harlan Kelly, Jr., stated that he visited Dr. Jackson and that her spirits were good.

a) Drought Update
Mr. Steve Ritchie, AGM, Water, provided a drought update. He discussed current reservoir storage levels, noting that total storage is at 47 percent. He reviewed cumulative precipitation; Snowpack; Tuolumne River Water available to the City; Upcountry 6-Station Precipitation Index; Bay Area 7-Station Precipitation Index; Precipitation Forecast; Total Deliveries; Emergency Conservation Regulations; SWRCB Conservation Framework; Next steps; Draft regulations for Water Diversion Measuring and Reporting; and 2016 State Legislation.
b) **Long-Term Financial Sustainability**

CFO Sandler discussed the long-term financial stability (strategic plan’s goals and objectives). He discussed long range financial plan and reviewed rates and charges. He reviewed stormwater management costs/charges and discussed runoff charge work-to-date. He outlined next steps and concluded his presentation.

CFO Sandler responded to a question from VP Moran regarding scope of the consultant’s work. VP Moran expressed thoughts on financial and public policy issues, and requested that the Commission be involved. President Vietor provided additional comments on the consultant’s work. GM Kelly stated that once the consultant is on-board a workshop will be conducted.

c) **Presentation Regarding the Upcoming Biennial Budget Hearings for FY2016-17 and FY2017-18.**

GM Kelly introduced the item. He noted the challenges faced due to reduced revenue resulting from lower water sales, a product of successful conservation efforts. He discussed overall budget efforts and outlined work being done.

CFO Sandler discussed goals for the “Strategic Plan Roadmap”. He reviewed the timeline for integrated financial planning along with the calendar for the FY 2017 and FY 2018 budget development. Mr. Sandler outlined core principals and discussed external pressures. He noted the drought impacts on the Water, Sewer and Power Enterprises; discussed drought uncertainty; and reviewed a “drought continues” scenario.

He discussed the impact of increased new development; Organizational transition (Water System Improvement Program completion; Sewer System Improvement Program (SSIP) implementation; Increased pace of R & R; Expanding Power activities; and generational change in workforce.

CFO Sandler touched on financial management efforts and budget priorities. He briefly discussed adopted and requested budgets; total operational budget; Capital Plan development; and noted 10-Year Capital Plan highlights. He provided information on rate and bill impacts (combined water/sewer retail rate increases). He reviewed the schedule for the budget hearings.

President Vietor thanked CFO Sandler for his presentation. She indicated she will request that Commissioner Caen serve as Chair for the budget hearings.

CFO Sandler responded to a question from Commissioner Kwon regarding cost-containment, and a question from VP Moran regarding the water demand projection timeline.

d) **Sewer System Improvement Program Quarterly Update**

Ms. Karen Kubick, Director, Wastewater Capital Program, provided a SSIP Update. She discussed the Program status, noting most programs are in
planning and design; Early Implementation Projects; Program status; and outlined recent achievements. Ms. Kubick provided updates on the following projects: (1) Biosolids Digester Facilities Project; (2) Southeast Plant New Headworks Facility Project; (3) Central Bayside System Improvement Project; and (4) Flood Resilience Analysis. She touched on current and upcoming construction projects.

Director Kubick reviewed SSIP Local Business Enterprise and Local Hire Ordinance Achievements. She discussed challenges and reviewed stakeholder engagement and outreach events.

GM Kelly noted concern with the Central Shops relocation. He indicated he is working with the Board of Supervisors on legislation to fast-track the move in order to minimize project delays and cost escalation.

Public Comments
• Mr. Eric Brooks, SF Green Party, expressed concern on California Independent System Operator possible actions to merge with Pacific Corp. He discussed the potential increase of fossil fuel/coal in their resource mix. He asked that staff look at how the merger might affect SFPUC operations.

President Vietor asked that staff provide a written update on how the merger might affect SFPUC operations.

The Commission recessed at 3:21 P.M; and reconvened at 3:33 PM.

10. Consent Calendar
   a) Approve the terms and conditions and authorize the General Manager to execute a five-year lease with Executive Park Properties, LLC, and the City and County of San Francisco, through the SFPUC, for the use of approximately 4,134 rentable square feet of office space at 150 Executive Park Blvd in San Francisco, at a rental rate of $9,508.20 per month. (Resolution 16-0008)
   President Vietor requested that item 10a be pulled from the agenda for further discussion.

   b) Authorize the General Manager to execute a Memorandum of Understanding with Alameda County Waste Management Authority for the administration and disbursement of State Grant funds of up to $535,000 or more, to be used by the SFPUC for implementation its high-efficiency toilet and urinal incentive programs. (Resolution 16-0001)

   c) Approve the selection of Lane Family Partnership and Westervelt Ecological Services; Award Agreement Nos. CS-174R.A, Purchase of Vernal Pool Ecosystem Preservation Credits, and CS-174R.B, Purchase of California Tiger Salamander Credits, to provide resource agency approved conservation credits for vernal pool species and California tiger salamanders as partial mitigation for
the San Joaquin Pipeline System Project; and authorize the General Manager to negotiate and execute a professional services agreement with Lane Family Partnership for an amount not to exceed $201,300 (CS-174R.A), and a professional services agreement with Westervelt Ecological Services for an amount not to exceed $744,800 (CS-174R.B), each with a duration of two years.  

(Resolution 16-0002)

d) Approve an increase to the existing construction contract cost contingency in the amount of $600,000, and an increase to the existing contract duration contingency of 72 consecutive calendar days for Contract No. WD-2686 Auxiliary Water Supply System Pumping Station No. 1 Improvements (2014); and Authorize the General Manager to approve future contract modifications for a total revised contract amount up to $9,231,700, and a total contract duration of up to 710 consecutive calendar days, if appropriate.  

(Resolution 16-0003)

e) Award Contract No. WD-2737, 12-Inch Ductile Iron Water Main Replacement on 6th Street from Market to Howard Streets, and on Taylor Street from Market to Pine Streets, in the amount of $4,184,725, to the lowest, qualified, responsible and responsive bidder, M Squared Construction, Inc.  

(Resolution 16-0004)

f) Approve the plans and specifications and award Contract No. WD-2747, Auxiliary Water Supply System (AWSS) New Cisterns F, in the amount of $3,660,225, to the lowest, qualified, responsible and responsive bidder, Azul Works, Inc., to construct four new AWSS buried concrete cisterns. The proposed action for this project is the Approval Action for purposes of the California Environmental Quality Act pursuant to Section 31.04(h) of Chapter 31 in the San Francisco Administrative Code.  

(Resolution 16-0005)

g) Accept work performed by J. Flores Construction, Inc., for Contract No. WW-584, As-Needed Spot Sewer Repair, for a total contract amount of $7,243,265; Approve Modification No. 2 (Final), for a time extension of 66 consecutive calendar days, for a total contract duration of 431 consecutive calendar days; and authorize final payment to the contractor.  

(Resolution 16-0006)

h) Approve Modification No. 1 to Contract No. WW-590, Bryant Street Sewer Replacement and Pavement Renovation, with Shaw Pipeline, Inc., to account for differing site conditions and to allow completion of a new utility connection at a current building construction project at Bryant and Dore Street, extending the contract duration by 94 consecutive calendar days, for a total contract duration of 187 consecutive calendar days.  

(Resolution 16-0007)

On Motion to approve Consent Items 10b through 10h:  
Ayes: Vietor, Moran, Courtney and Kwon

Public Comments
None.
Ms. Rosanna Russell, Real Estate Director, described minor changes to the lease and resolution for item 10a, and requested approval.

On Motion to approve Consent Item 10a:
Ayes: Vietor, Moran, Courtney and Kwon

Public Comments
• Mr. Francisco DaCosta discussed the creation of the Contractors’ Assistance Center. He indicated that the Commission needs to pay attention to what is happening in the community.

11. Approve Amendments Agreement Nos. CS-296A-E, Hetchy System Improvement Program (HSIP) Professional and Engineering Support Services to Black & Veatch Corporation (CS-296A); CH2M Hill Engineers, Inc., (CS-296B); AECOM Technical Services, Inc./AGS, Inc., Joint Venture (CS-296C); MWH Americas, Inc., (CS-296D); and PMA Consultants LLC (CS-296E), to provide the HSIP with additional technical expertise in program/project management, construction management, project controls management, contract administration and project engineering; and authorize the General Manager to execute future amendments, increasing total contract capacity by $5,000,000, to be spread across all agreements, with no single agreement exceeding $9,500,000. (Resolution 16-0009)

Ms. Kathy How, AGM Infrastructure, introduced the item and discussed the need for the amendment. She requested Commission approval.

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

Public Comments
None.

12. Approve Amendment No. 2 to Agreement No. CS-891, Security Design and Implementation Services, with Catalyst Consulting Group, Inc.; and authorize the General Manager to negotiate and execute this amendment, extending the term by one year, for a total agreement duration of nine years, with no change to the contract amount. (Resolution 16-0010)

On Motion to approve item 12:
Ayes: Vietor, Moran, Courtney and Kwon

Public Comments
None.

13. Approve Amendment No. 2 to Agreement Nos. CS-925B, C, D, E, G, H, I, and J, Assembly Of Eminent Individual Industry Experts, with Jack Moehle (CS-925B), Norman Abrahamson (CS-925C), I.M. Idriss (CS-925D), Thomas O’Rourke (CS-925E), Gregg E. Korbin (CS-925G), Michael O’Rourke (CS-925H), Douglas J. Nyman (CS-925I), and Treadwell & Rollo Inc. (CS-925J), for continued participation
in technical advisory roles and in task forces on an as-needed basis to support on-going Water System Improvement Program, and support on other San Francisco Public Utilities Commission programs and projects; and authorize the General Manager to execute this amendment extending the contract duration for each agreement by two years and six months for a total of nine years and six months per agreement; and increasing the agreement amount of CS-925J (Treadwell & Rollo Inc.) by $50,000, for a total not-to-exceed agreement amount $150,000. (Resolution 16-0011)

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

Public Comments
None.

14. Approve Agreement No. CS-1018, Project Learning Grants, and authorize the General Manager to solicit applications, negotiate and execute approximately 30 Project Learning Grant agreements with selected local community-based nonprofit organizations and/or educational institutions, to support disadvantaged youth and young adults, who will engage in project-based service learning opportunities; the grants will have a cumulative not-to-exceed amount of $400,000 and a duration of two years per agreement. (Resolution 16-0012)

Ms. Juliet Ellis, AGM External Affairs, presented a revised resolution. She indicated that the grant award should be $800,000 rather than $400,000. She described the grant program and requested approval.

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

Public Comments
None.

15. Approve the plans and specifications, and award Contract No. WD-2729, Fish Passage Facilities Within The Alameda Creek Watershed Project, a sub-project of the Calaveras Dam Replacement Project, in the amount of $28,939,300, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Company, Inc. (Resolution 16-0013)

On Motion to approve item 15:
Ayes: Vietor, Moran, Courtney and Kwon

Public Comments
None.

16. Approve the plans and specifications and award Contract No. WW-626, Southeast Water Pollution Control Plant Primary and Secondary Clarifier Upgrades, in the amount of $23,588,000, to the lowest, qualified, responsible and responsive bidder,
Monterey Mechanical Co., to replace and retrofit components of the primary and secondary clarifiers. (Resolution 16-0014)

On Motion to approve item 16:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

Public Comments
None.

17. Affirm that the conditions necessary for the General Manager to launch the CleanPowerSF program and to purchase power from existing projects have been met, and direct the General Manager to continue to take all steps necessary to commence CleanPowerSF service. (Resolution 16-0015)

Ms. Barbara Hale, AGM Power, provided a presentation on final CleanPowerSF Program performance.

AGM Hale reviewed CleanPowerSF Goals and Objectives: (1) Lead with affordable and reliable service; (2) Provide cleaner energy alternatives; (3) Invest in local renewable projects and local jobs; and (4) provide long-term rate and financial stability. Ms. Hale noted program design is fundamental and that it has not changed.

She reviewed “new information” learned since her December 8th presentation. She indicated that overall, there is an increase in margin and stronger reserves as a result of the new information/changes.

AGM Hale reviewed base case sources and uses as presented on December 8th, and compared the numbers to base case sources and uses as of January 12th, noting a positive financial scenario. AGM Hale compared the December 8th and January 12th sensitivity analysis, noting a comfortable margin in which to launch the Program.

Ms. Hale showed the primary drivers that have settled; provided an update on contract negotiations; and reviewed the schedule of key milestones, indicating that service to new customers will begin on May 1st rather than April 16th, after PG&E’s annual winter/summer rate schedule shift, which will avoid customer billing confusion. She indicated program notices will be sent out January 29th.

President Vietor thanked AGM Hale for her presentation. She read a statement as to the historic moment, and moved for approval.

GM Kelly thanked staff and Commission for their work. He provided comments on the Program.

Commissioner Courtney provided thoughts on the Program. He thanked the advocates and staff for their persistence, cooperation and work.
On Motion to approve item 17:
Ayes: Vietor, Moran, Courtney and Kwon

Public Comments
- Mr. Eric Brooks, SF Green Party, Our City, SF Clean Energy Advocates, expressed agreement with the May 1st launch date. He expressed concern with the citywide build-out timeframe of 2020.
- Mr. Jed Holtzman, 350 SF, expressed appreciation for the level of ultimate cooperation. He complemented staff; stated that the focus needs to be on implementation; that the program out needs to quickly expanded city-wide; and that he wants an expanded build-out.
- Mr. Jason Fried, LAFCO, complimented staff on their work. He expressed agreement with the May 1st launch date. He stated it is a great opportunity for the City and a faster build-out.

Commissioner Kwon provided thoughts on the process. He expressed excitement for a speedy build-out. He thanked staff for their work.

President Vietor thanked staff for their work.

At AGM Hale’s suggestion GM Kelly signed the first contract.

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

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.
On Motion to assert:
Ayes: Vietor, Moran, Courtney and Kwon

The Commission read the closed session items 20 through 25, and stated that items 26 through 32 would not be heard.

The Commission entered Closed Session at 4:13 PM.

20. Pursuant to Government Code Section 54957 and Administrative Code Section 67.8(a) (4), and San Francisco Charter Section 8B.126(a)
Public Employee Appointment/Hiring: Title of position to be filled: Assistant General Manager for Infrastructure of the San Francisco Public Utilities Commission

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Unlitigated Claim
Christopher Hickey dba City Picture Frame
Claim No.: 15-03119/Date Filed: May 27, 2015
(Resolution 16-0016)
22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Unlitigated Claim
*John Stack v. City and County of San Francisco*
Claim No.: 16-01183/Date Filed: October 20, 2015
(Resolution 16-0017)

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Unlitigated Claim
*Adam Holm*
Claim No.: 16-00255/Date Filed: July 31, 2015
(Resolution 16-0018)

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Property
Crystal Springs Golf Course, Burlingame, CA
Persons Negotiating
SFPUC: Michael Carlin
Crystal Springs Golf Course/Crystal Springs Golf Partners, LP: CourseCo
Under Discussion
Terms of Payment   Price   Both  X

25. 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

26. 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

27. 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.
28. 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
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

29. 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

30. 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

31. 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

32. 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.

The Commission exited Closed Session at 4:42 P.M.
33. **Announcement following Closed Session**
   President Vietor announced that settlements were reached on items 21, 22, and 23, and no other action was taken.

34. **Motion regarding whether to disclose the discussions during Closed Session**
   On Motion not to disclose:
   Ayes: Vietor, Moran, Courtney and Kwon

35. **Adopt a Resolution authorizing the General Manager to execute an employment contract for the position of Assistant General Manager – Infrastructure, with Kathryn How, for a term of five years, pursuant to Charter Section 8B.126(b).** (Resolution 16-0019)
   On Motion to approve item 35:
   Ayes: Vietor, Moran, Courtney and Kwon

   **Public Comments**
   None.

36. **Other new business**
   Commissioner Courtney requested that an update on the Gleneagles Job Training Academy be provided in April or May.

37. **Adjournment**
   President Vietor adjourned the meeting at 4:44 P.M.