SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
City and County of San Francisco  

Edwin M. Lee  
MAYOR

MINUTES  
Tuesday, March 22, 2016  
(Approved April. 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 1:39 PM.

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

3. Approval of the Minutes of March 8, 2016
   On Motion to Approve the Minutes:
   Aye: Vietor, Courtney and Kwon

   No Public Comments.

4. General Public Comments
   • Mr. Francisco DaCosta stated the Commission must have due diligence with quality of life issues. He emphasized infrastructure needs to be in place.
   • Mr. David Hooper, Solutions Not Sandbags, spoke to excursions, discharges and outflows that occur during major storms. He discussed issues that need to be addressed by staff.

5. Communications
   a) Advance Calendar
   b) Contract Advertisement Report
   c) Letter Summary
      The Commission Secretary stated that the Letter Summary was updated to include letters received from Mr. Brooks regarding AB1110, and Ms. Hetchinger, and Ms. Karis regarding Ingleside Terrace.
   d) Comparison between the San Francisco Public Utilities Headquarters and the Bullitt Center in Seattle
   e) Ordinance to Update San Francisco’s Cross-Connection Control Code
   f) CalEnviroScreen 2.0
      President Vietor stated the supporting document for this item was not included in her electronic book. She requested a copy the document, which was provided.
   g) Water Pipeline Assessment
   h) Water Supply Agreement Update

   Public Comments
   • Mr. Francisco DaCosta spoke to the Water Pipeline Assessment and provided a letter regarding water pipes.

6. Other Commission Business
   None.

7. Report of the General Manager
   a) Drought Update
Mr. Steve Ritchie, Assistant General Manager (AGM) Water, provided a drought update. He began with a review of the status of statewide reservoir levels. He discussed SFPUC reservoir storage levels, noting that the water bank is at 99.7 percent of maximum storage. He discussed cumulative precipitation; Snowpack; Upcountry 6-Station Precipitation Index; Bay Area 7-Station Precipitation Index; Tuolumne River water available to the City; and total deliveries.

AGM Ritchie responded to a question from Commissioner Kwon regarding five-year storms; and to a question from President Vietor as to when the drought will be declared over.

Public Comments  
- Mr. Francisco DaCosta discussed the status of the watershed and water storage levels.

b) CleanPowerSF Update  
Ms. Barbara Hale, AGM Power, stated that the SFPUC is on-track for serving customers beginning May 1st. She indicated that opt-outs are low and stable, with 0.3 percent opting out. AGM Hale discussed the August 1st enrollment deadline. She stated that there are currently 134 enrolled, with 101 of those enrolled in the Super Green option.

AGM Hale provided an update on the California Public Utilities Commission’s (CPUC) workshop and their position on the PCIA. She stated that the SFPUC participated in the workshop along with other CCAs to vet the methodology and discuss potential changes. She noted the outcomes do not provide optimism for change in methodology, and indicated that talks continue on methodology and impacts.

Ms. Hale provided a Net Energy Metering (NEM) proposal. She discussed what NEM Metering is and how it could work with CleanPowerSF; provided a snapshot of NEM customers in San Francisco; discussed program design objectives; discussed how other NEM Programs work; reviewed how it would work (residential); outlined proposed applicability and eligibility; and outlined next steps.

Public Comments  
- Mr. Eric Brooks, SF Green Party/Our City San Francisco/SF Clean Energy Advocates, expressed concern with 1MWh or less constraint, and stated larger projects need to be incentivized.

At the request of President Vietor, AGM Hale responded to Mr. Brook’s concern.

- Mr. Jed Holtzman, 350 SF, expressed excitement with the low opt-out rate and discussed challenges with advance enrollment. He thanked the SFPUC for attending the PCIA workshop. He discussed Net Metering.
Mr. Jason Fried, LAFCo, stated that staff did an excellent job at the PCIA workshop. He discussed Net Metering and noted the need for fast implementation.

Commissioner Courtney complemented staff for their exemplary work.

The Commission Secretary read the Consent Calendar items.

8. Consent Calendar
   a) Approve Amendment No. 1 to Agreement Nos. CS-273 A-E, Financial Advisory Services, with Public Resources Advisory Group (CS-273A); Backstrom McCarley Berry & Co., LLC (CS-273B); Kitahata & Company (CS-273C); Montague DeRose and Associates, LLC (CS-273D); and Public Financial Management, Inc., (CS-273E), for continued participation on an as-needed basis to support on-going financing needs related to the capital programs of the Water, Wastewater, and Power Enterprises; and authorize the General Manager to execute this amendment, extending the contract duration for each agreement by one year and six months, with no change to the agreement amounts. (Resolution 16-0051)

   b) Accept work performed by Trinet Construction, Inc., for Contract No. HH-978, San Joaquin Pipeline No. 1 Replacement at Cashman Creek, for a total contract amount of $550,835, and with a total contract duration of 113 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0052)

   c) Accept work performed by Cal State Constructors, Inc., for Contract No. WW-513, North Shore and Mariposa Pump Station Improvements, for a total contract amount of $5,073,521, and with a total contract duration of 720 consecutive calendar days; Approve Modification No. 6 (Final), decreasing the contract amount by (-$224,613) for reconciliation of remaining bid items; and authorize final payment to the contractor. (Resolution 16-0053)

   d) Approve the terms and conditions and authorize the General Manager to execute the Second Amendment to Lease, providing for a nine-month lease term extension to Sustainable Agriculture Education to use approximately 18 acres of SFPUC Parcel 65, located between the Water Temple and the SFPUC Corporate Yard in Sunol, California, for the purpose of operating the Sunol Water Temple Agricultural Park (AgPark), and to assist in the transition to a new AgPark operator, for no rent. (Resolution 16-0054)

President Vietor requested that item 8d be removed.

No Public Comments on items 8a through 8c.

On Motion to approve Consent items 8a through 8c:
Ayes: Vietor, Courtney and Kwon

With regard to item 8d, President Vietor asked why SAGE will no longer be involved in the operation of the Sunol Water Temple Agricultural Park. Mr. Tim Ramirez, Water Natural Resources Lands Manager, provided explanation. He indicated SAGE wished to transition out and go in a different direction. Mr. Ramirez noted that SAGE will be part of the transition and discussed next steps.

President Vietor stated this change provides the opportunity to think about the future of the site and requested an update be provided on what the change will look like.

Commissioner Courtney stated that he would like data on benefits provided to the new operator’s employees.

On Motion to approve Consent item 8d:
Ayes: Vietor, Courtney and Kwon

Public Comments on item 8d:
- Mr. Eric Brooks, SF Green Party, stated that the climate crisis and impact needs to be considered with the program. He discussed options.

9. Approve Amendment No. 6 to Agreement No. CS-820, New Irvington Tunnel Project Engineering Services, with URS Corporation, to continue as design engineer-of-record for the construction of the tunnel; and authorize the General Manager to execute this amendment, increasing the agreement duration by six months, with no change to the contract amount. (Resolution 16-0055)

The Commission Secretary read item 9, noting a change to the last sentence in the Resolution’s Resolved Clause, striking “subject to the Board of Supervisors approval pursuant to Charter Section 9.118”. She stated that amended copies were provided to the Commission and the public.

Ms. Kathy How, AGM Infrastructure, introduced the item.

On Motion to approve item 9 as amended:
Ayes: Vietor, Courtney and Kwon

No public comments.

10. Workshop: Presentation, discussion and possible action to endorse the Wastewater Enterprise, Sewer System Improvement Program (SSIP) updated Goals, Levels of Service, and Program & Phase 1 Strategies; 2016 Baseline Scope, Schedule, and Budget for proposed Phase 1 projects; and the overall proposed SSIP, totaling $6.9 billion. (Resolution 16-0056)
AGM How introduced the item, and Ms. Ms. Karen Kubick, SSIP Program Director. Ms. Kubick began with a discussion of the actions being requested (goals and objectives): (1) Endorsement of updated Levels of Service; (2) Endorsement of the updated overall SSIP; and (3) Endorsement of the baseline scope, budget and schedule for Phase 1 projects. She provided a brief Program update, noting accomplishments during the past three years. She reviewed the Commission-endorsed Program goals.

Ms. Kubick introduced Mr. Dan Donahue, Pre-Construction Technical Advisor, who discussed the Project prioritization and refinement process: (1) Prioritization of Project scope and cost; (2) Refinement of Process; and (3) Phased implementation and schedule update.

Mr. Donahue provided a review of the Project Phases 1, 2, and 3 (Commission-endorsed – August 2012), and discussed 2016 Project updates to Phases 1 and 2. He stated no updates are being recommended for Phase 3.

Mr. Donahue continued with a presentation of the August 28, 2012 Commission-endorsed budget (Phases 1, 2 and 3). He reviewed the 2012 and 2016 budget comparison between the 2012 Commission-endorsed budget and the 2016 Baseline Budget.

Mr. Donahue began a review of the 2012 Program schedule. At the request of GM Kelly, Mr. Donahue continued with the budget review, and will then move onto the Program schedule.

Mr. Donahue responded to a question from President Vietor on savings, and then continued with the budget summary presentation. Brief discussion ensued.

He continued with a review the current baseline budget (Phases 1, 2 and 3) and discussed the shifting of some projects. He spoke specifically to the Biosolids Digester Facilities Project, and the Southeast Plant Improvements re-categorization. He discussed subprograms and the 2016 Baseline structure of: Treatment Plants; Collection System; Land Reuse; and Program Management.

Mr. Donahue reviewed the 2012 Phases 1, 2 and 3 Program schedules and discussed the 2016 Phases 1, 2 and 3 Program schedules (noting no changes are being made to Phase 3). He summarized revised the 2016 Program schedule.

GM Kelly provided a brief summary of the budget and schedule. He recognized staff for their work on the changes, and discussed work to be completed in the different phases.

GM Kelly responded to a question from President Vietor regarding the timing of work in Phase 2. Brief discussion ensued.
Mr. Donahue noted additional needs and opportunities that have arisen since the 2012 Commission endorsement (Northshore Force Main; Interdepartmental Projects; and Flood Resilience Projects), and discussed costs associated with each.

Mr. Donahue reviewed the total 2016 Program Baseline, noting the total SSIP and additional projects for Phases 1, 2, and 3 total $6.976M. He discussed the 2012 vs 2016 budget comparison, and affirmed the Level of Service. He concluded by reviewing the actions being requested and asked for Commission approval.

GM Kelly responded to a question from President Vietor on the determination was made on the selection of additional projects. Ms. Kubick provided additional comment.

On Motion to approve item 10:
  Ayes: Vietor, Courtney and Kwon

Public Comments
- Linda Sanders (on behalf of Pastor Bryant Sanders), read a letter of support and requested approval.
- Mr. Rodney Hampton, H & H Real Role Models, expressed support for the re-baseline. He discussed the negative impact of the current facility on the Hunters Point Community, and requested approval.
- Mr. Karey Fenderson, Urban Education Academy, expressed support for the item and requested approval.
- Ms. Ellouise Patton discussed a 2009 Mayor’s report on the out-migration of African American San Franciscans due to affordability and jobs. She discussed the importance of the SSIP for job opportunities. She requested approval.
- Ms. Jackie Flin, Executive Director, A. Philip Randolph Institute, expressed support for the SSIP and a sustainable facility. She requested approval.
- Dr. Churchwell, African American Chamber of Commerce, expressed support for the project. He noted job opportunities associated with the SSIP and requested approval.
- Mr. Eric Brooks, San Francisco Green Party/Our City San Francisco, stated the SSIP needs to stay on-track. He noted Dr. Espanola Jackson’s work. He discussed sea level rise.
- Mr. David Hooper, Solutions Not Sandbags, discussed flood resilience projects. He stated that funds allocated to flood resilience are inadequate.

11. Discussion and possible action to authorize the issuance in one or more series of up to $621,000,000 aggregate principal amount of Wastewater Revenue Bonds (Bonds) under Proposition E. Proceeds of the Bonds will be used to finance the costs of authorized Wastewater Enterprise (WWE) capital projects and refund $135,000,000 of outstanding WWE Commercial Paper Notes. The Commission resolution will approve the issuance of the Bonds, and approve the form of, and authorize the execution and delivery of, related documents; Authorize the General
Manager to sell the Bonds in one or more series of bonds on either a competitive or negotiated basis, as the General Manager determines is in the best financial interest of the San Francisco Public Utilities Commission; Delegate to the General Manager authorization to award each series of bonds to the highest bidder (lowest cost); and authorize the General Manager to submit a resolution to the Board of Supervisors authorizing the issuance of the Bonds. (Resolution 16-0057)

Mr. Eric Sandler, AGM Business Services and CFO, gave a presentation on the issuance of Wastewater Revenue Bonds under Proposition E. He provided a transaction description; discussed sources and uses of funds; discussed authorizations included the resolution before the Commission for consideration; reviewed the Form of Transaction Documents: (1) Preliminary Official Statement; (2) Fourth Supplemental Indenture; (3) Notice of Intention to Sell; (4) Official Notice of Sale; (5) Bond Purchase Contract; and (6) Continuing Disclosure Certificate.

CFO Sandler discussed disclosure questions and answers that the Commission should consider (purpose of issuance; structure of bonds; method of sale; bond repayment; how much debt does the Wastewater Enterprise have; how will the bonds impact rates; and what will be the impact of the bonds be on SFPUC credit ratings?). Mr. Sandler noted the transaction schedule for the bond sale, if approved.

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

Public Comments
• Ms. Sylvia Johnson provided inaudible comments.

12. Support the City and County of San Francisco’s Oppose Unless Amended position for Assembly Bill (AB) 1110. (Resolution 16-0058)

AGM Hale introduced the item and requested Commission approval.

AGM Hale responded to a question from President Vietor on the possible impact of AB 1110 on CleanPowerSF.

Public Comments
• Mr. Eric Brooks, San Francisco Clean Energy Advocates/Californian’s for Energy Choice, discussed concerns with the proposed legislation, and requested approval.

Commissioner Courtney requested a fact sheet on AB 1110.

• Mr. Jed Holtzman, 350 San Francisco, discussed the proposed legislation and expressed concerns with it as written. He requested Commission approval.
• Mr. Jason Fried, LAFCo, indicated that LAFCo has already taken an oppose 
  unless amended position. He suggested the addition of a “Whereas” Clause to 
  the resolution which addresses the importance of CCAs.

Ms. Noreen Ambrose, Deputy City Attorney, noted that the Resolution is to support 
the City’s position and that only the Board of Supervisors can speak on behalf of 
the City and County.

• Ms. Sylvia Johnson provided inaudible comments.

President Vietor asked that the following language be added to the end of the first 
Whereas Clause: …and “Community Choice Aggregation (CleanPowerSF)”.

On Motion to approve the proposed amendment:
Ayes: Vietor, Courtney and Kwon

On Motion to approve item 9:
Ayes: Vietor, Courtney and Kwon

The Commission Secretary read Closed Session items 15 and 17. She stated that 
item 16, and items 18 through 25 would not be heard.

13. Public Comments on matters to be discussed in Closed Session.
  • Ms. Sylvia Johnson provided inaudible comments.
  • Mr. Eric Brooks provided comments on items not related to Closed Session.

14. 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, Courtney and Kwon

The Commission entered Closed Session at 4:21 PM.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 
54956.9(d)(3) and San Francisco Administrative Code Section 67.10 (d)(2) 
Anticipated Litigation as Plaintiff

16. 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 
Matt Pear et al v City and County of San Francisco, Court of Appeals, Sixth 
Appellate District 
Date Filed: July 5, 2012 
City Attorney File No.: 130094
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) 

Unligated Claim
700 Cabrillo Street HOA v. City and County of San Francisco
Date Filed: December 21, 2015
City Attorney File No.: 16-01712
(Resolution 16-0059)

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
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

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:
City and County of San Francisco v. Pacific Gas & Electric
Federal Energy Regulatory Commission
Case No.: EL15-3-000/Date Filed: October 10, 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 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

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
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

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
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

§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

24. **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

25. **Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code 67.10 (a) (Carroll)**

Consultation with Agency Chief of Security concerning security of SFPUC Water and Power Systems.

The Commission exited Session at 4:45 PM.

26. **Announcement following Closed Session**

President Vietor announced that a settlement was reached on item 17 and that no other action was taken.

27. **Motion regarding whether to disclose the discussions during Closed Session**

**On Motion not to disclose:**

Ayes: Vietor, Courtney and Kwon

28. **Other New Business**

President Vietor announced that the meeting of April 12, 2016 has been cancelled.

29. **Adjournment**

President Vietor adjourned the meeting in memory of Mr. H. Welton Flynn, first African American appointed to the SFPUC, at 4:47 PM.