SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, October 25, 2016
(Approved November 8, 2016)

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

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

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 Moran called the meeting to order at 1:38 PM.

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

3. **Approval of the Minutes of October 11, 2016**  
   On Motion to approve the Minutes of October 11, 2016:  
   Ayes: Moran, Kwon, and Courtney
   No public comment.

4. **General Public Comments**  
   - Mr. Francisco DaCosta discussed the role of the Bayview Community on the Southeast Sector and at 1800 Oakdale. He discussed the “economic bubble”.
   - Mr. Peter Drekmeier, Tuolumne River Trust, discussed the SFPUC’s Socio-economic study, distributed an analysis of the study, and discussed concerns with the study.
   - Mr. Eddie Ahn, Brightline, provided and update on CalEnviroScreen, and distributed copies of letters regarding CalEnviroScreen.

5. **Communications**  
   a) Advance Calendar  
   b) Implementation of Electric Resource Plan
   No public comment.

6. **Other Commission Business**  
   Commissioner Courtney announced that the Glen Eagles Academy will be graduating its ninth class. He requested an item be placed on the agenda which addresses workforce development, examines current practices, career pathways, social justice, and transparency. President Moran concurred and asked that the item be agenized in the near future.
   No public comment.

7. **Report of the General Manager**  
   a) **CleanPowerSF Update**  
      Ms. Barbara Hale, Assistant General Manager (AGM) Power, provided a CleanPowerSF update. She stated there are 8,000 customer locations (7,400 active). She noted the May opt-out rate is two percent; the fall opt-out rate is 1.2 percent, with 367 SuperGreen upgrades; and future enrollment is at 292, with 74 percent of those upgrading to SuperGreen.
      AGM Hale stated procurement efforts are underway to meet regulatory requirements. She discussed progress made to meet long-term contracting
requirements of the State Renewable Portfolio Standard. She discussed procurement requirements and stated that the best method to meet the requirement is to procure from Hetch Hetchy Power (Sunset solar generating facility). She indicated the transaction will be brought before the Commission for approval.

Public Comment
- Mr. Eric Brooks, multiple organizations, discussed the low opt-out rate. He noted the need for local build-out, and discussed the plan to draw on Hetch Hetchy Power.

b) Drought Update
Mr. Steve Ritchie, AGM Water, provided a drought update. He indicated storage at Hetch Hetchy is at 77 percent; water bank is at 86 percent; and total system storage is at 78 percent.

He reviewed other California reservoir levels; discussed cumulative precipitation; snowpack (no measurable snowpack); Upcountry 6-station precipitation index (twice normal October level); Bay Area 7-station precipitation index (twice normal October level); and total deliveries.

No public comment.

c) Water Revenue Refunding Bond Sale Results
Mr. Eric Sandler, CFO and AGM Business Services, discussed results of the October 6, 2016 Water Revenue Refunding Bond sale. He stated the sale amount was $893.8M, with an average borrowing term of 13.3 years. He noted outstanding WSIP and non-WSIP bonds were refunded.

CFO Sandler stated the S&P credit rating of AA-, and Moody’s credit rating of Aa3 was affirmed. Reasons cited were strong and competent operational and financial management; prudent rate-setting; and effective long-range fiscal planning. He indicated low debt service coverage was cited as credit weakness.

AGM Sandler discussed the marketing of the bonds, which included a local media campaign and institutional investor outreach. He noted rates are historically low; discussed bond pricing; and indicated a (gross) debt service savings of $136M.

He congratulated the finance team for their outstanding work and thanked the other enterprise and bureau staff involved.

Public Comment
- Ms. Nicole Sandkulla, BAWSCA, thanked Mr. Sandler and his team for their work to reduce overall costs.

d) Sewer System Improvement Program (SSIP) Communications Update
Mr. Charles Sheehan, Acting Director of Communications, introduced Mr. Chris Colwick, SSIP Communications Manager, who provided a SSIP Communications Update.

Mr. Colwick discussed his professional background. He began his presentation with a review of the SSIP Communications Goals: (1) Engage and empower stakeholders to help implement the SSIP; and (2) Be a good neighbor.

Mr. Colwick reviewed strategies for the SSIP Communication activities: (1) Engage at point of delivery; (2) Community-based participatory planning; (3) Innovative communication tools; (4) Arts and education components; and (5) Utilize community benefits activities.

He discussed opportunities: (1) Transition from planning to construction to build on collaborative planning process, and (2) Integrate SSIP and other SFPUC programs and activities. He reviewed upcoming milestones and outlined the program-wide status.

No public comment.

e) OneWaterSF
AGM Ritchie discussed OneWaterSF, “…an integrated planning and implementation approach to managing finite water resources for long-term resiliency and reliability, meeting bot community and ecosystem needs.” (Water Research Foundation, 2016).

Mr. Ritchie discussed: (1) Benefits of One Water; (2) One Water in San Francisco; (3) Phases of OneWaterSF (Phase 1 – vision and guiding principles; and Phase 2 – implementation roadmap); and (4) OneWaterSF Vision.

He noted eight OneWaterSF guiding principles, calling out four: (1) Matching the right resource with the right use; (2) Look holistically at our water, wastewater, and power systems to develop programs, policies, and projects that provide multiple benefits; (3) Work across traditional boundaries within our organization to foster collaboration that results in the efficient use of water, wastewater, energy and financial resources; and (4) Pilot state-of-the-art technologies, and test new approaches to develop new business practices.

He discussed OneWaterSF through the water system; discussed viewing SFPUC work within OneWaterSF; and expanding OneWaterSF.

Public Comment
• Mr. Eric Brooks, multiple organizations, stated he likes the integrated approach. He discussed the issue of sewers needing water, and the need for urban composting toilets. He requested a pilot project.
8. BAWSCA Update
Ms. Nicole Sandkulla, BAWSCA, discussed BAWSCA agencies’ savings. She indicated agencies achieved 26 percent overall savings from June 2015 through August 2016; and 24 percent savings from June 2016 through August 2016, (since SWRCB conservation standards took effect). She stated agencies achieved 3,634 percent of savings required under new SWRCB standards; and that nine agencies used less than 55 gallons per person per day in FY 2015-16.

No public comment.

The Commission Secretary read the Consent Calendar.

9. a) Approve the selection of Black & Veatch Corporation (B&V); Award Agreement No. PRO.0017, O’Shaughnessy Outlet Works, to provide engineering services for access and drainage improvements, drum and slide gates rehabilitation, new bulkhead system rehabilitation, and new diversion pipe isolation valve installation for the O’Shaughnessy Dam; and authorize the General Manager to negotiate and execute a professional services agreement with B&V for an amount not to exceed $2,500,000, and with a duration of four years. (Resolution 16-0219)

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

No public comment.

10. Authorize the General Manager to implement changes to GoSolarSF, the City’s solar incentive program; and authorize the General Manager to submit to the Board of Supervisors an ordinance making changes to Chapter 18 of the Environment Code. The program will continue to offer higher incentives for low-income customers, customers living in Environmental Justice Districts, and companies having their principal place of business in San Francisco, and will combine GoSolarSF marketing with marketing for the CleanPowerSF SuperGreen option. (Resolution 16-0220)

AGM Hale introduced the item and discussed the proposed amendment to Chapter 18 of the Environment Code.

Ms. Hale responded to a question from President Moran regarding the community outreach process for the proposed changes.

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

Public Comment
• Mr. Eric Brooks, multiple organizations, expressed a desire to prioritize customers of CleanPowerSF. He stated the diversification of the portfolio should include incentives for efficiency, wind, and battery storage.
• Mr. Jason Fried, LAFCo, requested Commission approval. He agreed with Mr. Brooks that other incentive programs should be integrated.
Commissioner Courtney expressed disappointment that there was no discussion of workforce issues and stated key workforce programs need to be incorporated. GM Kelly stated staff has worked with MOEWD and YCD on hiring. He discussed current workforce efforts and noted future opportunities.

11. Authorize the General Manager to execute a Memorandum of Understanding between the Treasure Island Development Authority and the SFPUC regarding Naval Station Treasure Island utility services. (Resolution 16-0221) Mr. Michael Carlin, Deputy General Manager, introduced the item and requested approval.

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

Public Comment
• Mr. Eric Brooks, multiple organizations, discussed radiation and toxic testing at Treasure Island and Bayview Hunters Point.

Mr. Brooks responded to a question from Commissioner Kwon regarding testing.

12. Authorize the General Manager to execute a Memorandum of Understanding by and between the SFPUC and the Aquatic Science Center, to provide technical support for watershed management and interpretation for the San Mateo and Pilarcitos Watersheds, for an amount not-to-exceed $773,679, and with a total duration of 60 months. (Resolution 16-0222). Mr. Ritchie introduced the item and requested approval.

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

No public comment.

13. Approve an amendment to the existing revenue-generating program to license San Francisco Public Utilities Commission street light poles for use in the installation of outdoor distributed antenna systems by telecommunications carriers using licensed spectrum and third-party hosts certified by the California Public Utilities Commission. Approve the terms and conditions and authorize the General Manager to execute Master License for Concrete Poles agreements, between the City and County of San Francisco as master licensor, and as yet to be determined telecommunications carriers, as master licensees; and approve the form of the Master License including the form of Pole License, subject to Board of Supervisors approval of each Master License, pursuant to Charter Section 9.118. (Resolution 16-0223) AGM Hale discussed the item and requested approval.

On Motion to approve item 13:
Ayes: Moran, Kwon, and Courtney
14. Approve the conditional termination of certain water and sewer easements encumbering San Francisco Blocks 7303A, 7315, 7316, 7321, 7322, 7326, 7330, 7331, 7333E, 7335, 7344, 7345, 7345B and 7366, located within Parkmerced near 19th Avenue and Holloway Avenue; Approve the terms and conditions of and authorize the General Manager to execute the Easement Agreement. Approve the terms and conditions of and authorize the General Manager to execute certain quitclaim deeds, transferring the City and County of San Francisco’s interests in the easements to Parkmerced Owner LLC. (Resolution 16-0224) President Moran announced that a corrected resolution was provided to the Commission for consideration, and that copies were made available to the public.

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

No public comment.

15. Approve Amendment No. 1 to Agreement No. CS-389, Planning and Engineering Services Southeast Plant New 250 MGD Headworks Facility, with Carollo Engineers, Inc., for specialized wastewater process facility engineering design and engineering services during construction for the Southeast Plant New 250 MGD Headworks Facility; and authorize the General Manager to execute this amendment, increasing the agreement up to $19,500,000, for a total not-to-exceed agreement amount of $33,500,000, and with a time extension up to three years, for a total agreement duration of nine years, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (Resolution 16-0225) Ms. Kathy How, AGM Infrastructure, discussed the amendment and requested approval.

President Moran requested that implementation actions for contracts the Commission previously approved be appropriately identified so it is understood the item is not new business, but rather tied to an approved program/project baseline that the Commission already approved.

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

No public comment.

16. Approve Amendment No. 4 to Agreement No. CS-918, Construction Management Services, New Irvington Tunnel (NIT) Project, with Hatch Mott MacDonald, to provide ongoing construction management services for the construction of the NIT; and authorize the General Manager to execute this amendment, increasing the agreement up to $250,000, for a total not-to-exceed agreement amount of $20,750,000, and with a time extension up to
five and one-half months, for a total agreement duration of seven years and eight and one-half months. (Resolution 16-0226) AGM How introduced the item and requested approval.

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

No public comment.

17. Adopt findings pursuant to the California Environmental Quality Act; Approve an increase in the construction cost contingency in the amount of $68,793,429, and a corresponding increase to the existing contract duration contingency of up to 134 consecutive calendar days, for Contract No. WD-2551, Calaveras Dam Replacement Project; and authorize the General Manager to approve future modifications to the contract, for a total revised contract amount up to $598,018,737, and for a total revised contract duration up to 2,794 consecutive calendar days. (Resolution 16-0227) AGM How introduced the item and requested approval.

On Motion to approve item 17:
Ayes: Moran, Kwon, and Courtney

No public comment.

18. Adopt a finding declaring that a 59,132 square-foot portion of larger property located at Napoleon Street near Evans Avenue and Cesar Chavez Street, under San Francisco Public Utilities Commission jurisdiction in San Francisco, is surplus to the needs of any SFPUC utility; Authorize the General Manager to negotiate and execute a Memorandum of Understanding with the San Francisco Public Works Department for a jurisdictional transfer of the Napoleon Site to Public Works in exchange for the jurisdictional transfer by Public Works to the SFPUC of the 64,340 square-foot property under its jurisdiction, located at 1801 Jerrold Avenue in San Francisco, based on substantially equivalent fair market value appraisals of the two properties; and Authorize a request to the Board of Supervisors and the Mayor to approve the jurisdictional transfers subject to the terms of the MOU. (Resolution 16-0228) On Motion to approve item 18:
Ayes: Moran, Kwon, and Courtney

No public comment.

The Commission Secretary read the Closed Session items 20 through 24, and stated items 25 through 30 would not be heard.

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

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

Ayes: Moran, Kwon, and Courtney
The Commission entered Closed Session at 3:15 PM.

21. Pursuant to Government Code Section 54957 and Administrative Code Section 67.8(a) (4), and San Francisco Charter Section 8B.126(a)
Public Employee – Personnel Evaluation
Title of Position: Assistant General Manager for Infrastructure of the San Francisco Public Utilities Commission

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 Claim:
Ron Martell
City Attorney Claim No: 16-02314/Date Filed: February 25, 2016

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:
San Francisco Superior Court Case No.: CPF-01-319549 and CGC-03-421249/Date Filed: September 12, 2000 and June 10, 2003, respectively
City Attorney File No.: 110172
(Resolution 16-0229)

24. 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

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:
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 6/30/15.
Case No.: ER15-702-000/Date Filed: December 23, 2014

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:
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective 6/30/15. Case No.: ER15-703-000/Date Filed December 23, 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
   §205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective 7/1/15 Case No.: ER15-705-000/Date Filed: December 23, 2014

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
   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 7/1/15 Case No.: ER15-704-000/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
   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

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

   The Commission exited Closed Session at 3:52 PM.

   President Moran called items 32 and 33 prior to item 31.

31. Adopt a Resolution authorizing the General Manager to execute an amendment to an employment contract for the position of Assistant General Manager for Infrastructure, with Kathryn How, pursuant to Charter Section 8b.126 (b).
   (Resolution 16-0230).
   On Motion to approve item 31:
   Ayes: Moran, Kwon, and Courtney
32. Announcement following Closed Session
   President Moran stated that a settlement was reached on item 23 and that no other action was taken.

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

34. Other New Business
    President Moran asked that staff look into the possibility of replacing the screens at the dais. AGM Ritchie also noted a problem with the close captioning cutting off presentations on the large screens.

35. Adjournment
    President Moran adjourned the meeting at 3:54PM.