



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

City and County of San Francisco

London N. Breed
Mayor

REGULAR MEETING MINUTES

Tuesday, April 12, 2022

1:30 PM

(Approved April 26, 2022)

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

Commissioners

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

Dennis J. Herrera
General Manager

Donna Hood
Secretary



1. Call to order

President Moran called the meeting to order at 1:31 PM.

2. Roll Call

Present: Moran, Maxwell, and Paulson

Excused: Ajami

3. Adopt renewed findings under State Urgency Legislation to allow hybrid in-person meetings during the COVID-19 Emergency and direct the Commission Secretary to agendize a similar resolution at a Commission Meeting within the next 30 days. ([Resolution 22-0061](#))

No public comment.

On motion to approve item 3:

Ayes: Moran, Maxwell, and Paulson

4. Approval of the Minutes of March 22, 2022

No public comment.

On motion to approve the minutes of March 22, 2022:

Ayes: Moran, Maxwell, and Paulson

5. General Public Comment

- *Nate Rangle, Outfitter Raft California, stated he looks forward to working with the Commission and staff on hydro issues and on ways to meet everyone's interest.*
- *Alita Dupree discussed the importance of electricity and how it can be used in an efficient and cost-effective way. She requested that the website be more streamlined.*
- *Dave Warner discussed the 2020 Urban Water Management Plan's reference to 49% overall rationing if the Bay Delta Plan is implemented. He indicated in reality, such rationing is unlikely to occur and is an overstatement of risk and asked that the figure not be used in public settings. He provided full comments in writing.*
- *Peter Drekmeier, Tuolumne River Trust, stated after the recent workshops the Commission directed staff to work on a timeline for the Design Drought, which he indicated has yet to occur. He discussed his Sunshine requests for data.*
- *Marty (inaudible), owner of a whitewater rafting business in the Stanislaus National Forest discussed rafting on the Tuolumne River and thanked the SFPUC for running a system that benefits rafters. He expressed concern with the change in power demand and supply coming from solar and night generation. He stated he is meeting with Hetch Hetchy staff to go over summer projections of water from the river.*
- *Jerry Merrill discussed flows on the Tuolumne River and asked that staff look at a flow of schedule releases for the North Fork of the American River to come up with a productive solution. He stated tribes located at Hetch Hetchy are also partners.*
- *Theresa Lorejo-Simsiman, California Stewardship Director, American Whitewater, discussed their membership and mission. She thanked the SFPUC and Hetch*

Hetchy staff for working with stakeholders and commercial outfitters to provide beneficial uses for the river. She stated that they recognize that changing energy markets are impacting the ability to provide recreational whitewater flows. She expressed their desire to work with staff for long-term solution for whitewater releases to benefit all.

- *Cindy Charles, Tuolumne River Trust Board, California Sport Fishing Protection Alliance, and Golden West Women Flyfishers, stated the Lower Tuolumne is in bad shape regarding the salmon and trout populations. She discussed water quality certification on the Tuolumne.*

6. Communications

- Advance Calendar
- Contract Advertisement Report
- Correspondence Log
- Annual Electric Reliability Compliance Program Report
- Annual Power Risk Management Plan
- CleanPowerSF (CPSF) Quarterly Report
- Quarterly Report on Contracts Awarded by the General Manager Pursuant to Delegated Authority
- Quarterly Status Report to the San Francisco Board of Supervisors per Resolution No. 227-18, Report on Connections to PG&E Grid and Related Disputes

President Moran addressed item 6a, Advance Calendar and stated that the information he requested regarding Department of Finance and Plan Bay Area population projections were provided to him. He asked that the information be distributed to the Commission.

Public Comment

- *Alita Dupree spoke to item 6f, CleanPowerSF Quarterly Report, noting the progress made on the CPSF's build-out. She asked that the SFPUC work with all parties on renewable energy projects.*

7. Report of the General Manager (GM)

a) Drought Conditions Update

Steve Ritchie, Assistant General Manager (AGM) Water, provided the Drought Conditions update with discussion of (1) April 4 Reservoir Storage, stating Hetch Hetchy is near 300,000 acre feet; (2) Other California Reservoirs, with Shasta Reservoir at 38% of capacity; (3) California Drought Monitor, indicating most of the state is in severe and persistent drought; (4) Hetch Hetchy precipitation, which is below the median for the time of year, with the recent storms bringing snow to the high country; (5) Upcountry Snowpack, which is below median for the time of year; (6) Water availability to the city; (7) Tuolumne River Water available to the city; (8) Upcountry 6-Station Precipitation Index, year-to-date (YTD) total 20.43 inches; (9) Bay Area 7-Station Precipitation Index, YTD total 21.02 inches; (10) National Precipitation Forecast; (11) Total Deliveries, with a drop in demand in late March but increasing in early April. He stated messaging for conservation will be made soon; and (12) Drought Tracker, with an 8.0% total reduction for the

period July 1, 2021 to March 31, 2022.

AGM Ritchie discussed the Governor's March 28, 2022 Executive Order (EO) directing the State Water Board to adopt emergency regulations by May 25th that would potentially impact SFPUC and its customers by (1) Requiring urban water suppliers to submit a draft annual water supply assessment and shortage report to the State by June 1; and (2) Requiring urban water suppliers to implement Level 2 shortage response actions (up to 20% shortage). AGM Ritchie indicated the EO (1) Encourages water agencies to voluntarily activate more stringent local requirements based on a shortage level of up to 30%; and (2) Requires the State Water Board to ban irrigation of non-functional turf in commercial, industrial, and institutional sectors during the emergency.

Public Comment

- Peter Drekmeier, Tuolumne River Trust, referenced the slide titled "Water Available to the City" and stated that the SFPUC is entitled to any run-off above 2400 cfs and that until mid-June the cut-off will increase to 4,000 cfs. He discussed Long Term Vulnerability Assessment runoff data. He asked that one year be removed from the Design Drought.

b) Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR)

Nancy Hom, Acting Chief Financial Officer (CFO), presented the reports.

ACFR: Issued on February 25, 2022 by KPMG, LLP with the summary of audit results (1) Consolidated SFPUC audited financial statements; (2) Unmodified opinion; (3) No material misstatements in the financial statements; and (4) No internal control deficiencies observed.

PAFR: Issued on February 25, 2022. The report was prepared by SFPUC Finance and Communications teams with contributions from enterprise and divisional management. Acting CFO Hom stated the report was prepared for the general public and those without a financial background. The report highlights the SFPUC's commitment to mission and values throughout the pandemic in support of customers, community, and the environment.

She announced that achievement awards were presented to the SFPUC by the Government Finance Officers Association Achievement for PAFR and CAFR reporting.

No public comment.

c) Upper Islas Creek Watershed Approach

Sarah Minick, Urban Watershed Planning Manager, displayed a map showing the flood extent for a five-year, three-hour storm and flooding challenges at Upper Islas Creek. She discussed feedback received from the Commission after the

green infrastructure workshop. She discussed the SFPUC's stormwater management approach, noting the Lower Alemany Area Stormwater Improvement Project and Upper Islas Creek Watershed alternatives are moving forward simultaneously. She indicated the presentation's focus would be on the Watershed Approach, which she outlined.

Ms. Minick reviewed progress to-date the formation of an interdisciplinary team, precedent studies, spatial analysis, hydrologic and hydraulic analysis, and consideration of community needs and preferences.

She discussed the land use analysis for the extent of a five-year storm flood indicating 80% of the problem to solve is that of taking water out off of the right-of-way. She stated the estimated cost to accomplish this is \$289 million. She discussed the current evaluation which can be accomplished in three ways and are being modeled (1) soak up water in the upper watershed (Protect); (2) store it in the middle of the watershed (Slow it Down); and (3) use flood resilient measures to protect people, structures, and sidewalks downstream (Soak it up). Ms. Minick reviewed preliminary findings for each.

Ms. Minnick continued with a discussion of the environmental justice burden on specific communities in the watershed area and the need to address community quality of life priorities for those in the "protect zone". She reviewed outreach efforts, including distribution of letters and in-person door-to-door surveys used to determine what residents see as pressing challenges and opportunities. She indicated noise, air quality, storm flooding, pedestrian/bike safety, and access are top concerns.

She provided several conceptual examples for watershed management on Alemany and several San Francisco Boulevards.

Stephen Robinson, Director, Infrastructure Wastewater Capital Program, discussed a parallel approach taken with the Auxiliary Sewer Tunnel, an approximately 6,000 linear foot, 10-inch diameter sewer tunnel connecting to existing sewer upstream/downstream to capture excess runoff. He reviewed next steps.

Commissioner Maxwell thanked staff for their work and for the parallel track. Ms. Minick responded to her request to identify streets that are located in Upper Alemany.

Commissioner Paulson thanked staff for their presentation. In response to his request, Ms. Minnick expanded on the methods used for community outreach.

No public comment.

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

None.

8. New Commission Business

None.

9. Consent Calendar

- a) Award Job Order Contract No. JOC-85R, General Engineering (A License) Construction, to perform work in San Joaquin, Stanislaus, and Tuolumne Counties and at Hetch Hetchy, for a total contract amount not-to-exceed \$5,000,000 with a minimum guaranteed opportunity amount of \$50,000, with a duration of two years, to the responsible bidder that submitted the lowest responsive bid, Anvil Builders, Inc. ([Resolution 22-0062](#))
- b) Approve Amendment No. 1 to Contract Nos. PRO.0018.A, with Siemens Industry Inc., and PRO.0018.B, with Utilicast, LLC, increasing each contract duration by one year for a total duration of six years, with no change to the contract amounts; and authorize the General Manager to execute this amendment. ([Resolution 22-0063](#))
- c) Accept work performed by contractor Ronan Construction, Inc. for Contract No. WD-2870(I), Millbrae Warehouse Loading Dock Repair; approve Modification No. 1 (Final), decreasing the contract by \$74,787, for a total contract amount of \$495,958; and authorize final payment to the contractor. ([Resolution 22-0064](#))
- d) Accept work performed by Azul Works Inc. for Contract No. WW-663, Ocean Beach Coastal Erosion and Wastewater Infrastructure Protection; approve Modification No. 1 (Final), decreasing the contract by \$1,252,932, for a total contract amount of \$1,608,618, with no change to the contract duration; and authorize final payment to the contractor. ([Resolution 22-0065](#))
- e) Approve an increase of 106 calendar days to the contract duration contingency for Contract No. WW-679, Various Locations Sewer Replacement No. 8, with Precision Engineering, Inc.; and authorize the General Manager to approve future modifications to the contract for a total contract duration of up to 573 consecutive calendar days, with no change to contract amount. ([Resolution 22-0066](#))

No public comment.

On motion to approve the Consent Calendar:

Ayes: Moran, Maxwell, and Paulson

10. Approve Amendment No. 1 to Contract No. CS-249, Planning and Design Services for Mountain Tunnel Improvements Project, with McMillen Jacobs Associates, increasing the contract by \$7,780,000 and increasing the contract duration by three years, for a total not-to-exceed contract amount of \$28,780,000 and a total contract duration of 13 years, to provide specialized engineering services for the Mountain Tunnel Improvements Project; and authorize the General Manager, subject to Board of Supervisors approval as required by Charter Section 9.118, to execute this

amendment. ([Resolution 22-0067](#))

Randy Anderson, Project Manager, provided an overview of the Mountain Tunnel Improvements Project site. He reviewed the project scope, including scope for roadways and discussed the project's six-year contract and budget for the project's five phases. He reviewed the construction schedule indicating it is 19% complete. He stated \$238,218,951 was approved and that \$60,427,631, or 25.4% has been spent to-date.

Joe Buitrago, Project Manager, reviewed the contract modification request and discussed the history of the contract and need for the contract modification. He stated the scope of services required for engineering support during construction has increased due to more complex and location-specific work for the tunnel rehabilitation work (Adit road improvements, tunnel rehabilitation, and addition of flow control facility at Priest Reservoir) and that budget increase and schedule extension is requested to support additional work and extend the contract duration.

Mr. Anderson responded to a question from Commissioner Maxwell regarding placement and monitoring of mechanical equipment at the bottom of the shaft. She requested that she be present at the next shutdown and thanked everyone for their work.

No public comment.

*On motion to approve item 10:
Ayes: Moran, Maxwell, and Paulson*

11. Approve an increase of \$500,000 to the contract cost contingency and an increase of 300 calendar days to the contract duration contingency, for Contract No. WD-2797, San Francisco Westside Recycled Water Pump Station and Reservoir, with JMB Construction; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$18,196,520 and a total contract duration of up to 1,334 consecutive calendar days. ([Resolution 22-0068](#))

Barbara Palacios, Project Manager, presented the item and discussed (1) Diversifying Water Supplies (conservation, local groundwater, and recycled water and non-potable supplies): SFPUC commitments through 2008 Water System Improvement Program (WSIP); water supply goal is to meet customer water needs in drought and non-drought periods; Westside Recycled Water Project is a key component to meeting commitments; and project funding is through the WSIP, Water Enterprise 10-Year Capital Improvement Project, and State Revolving fund loans and grants; and (2) Proposed customer and uses of recycled water: Project will produce an average of 1.6 million gallons per day; proposed customers at project start-up are Golden Gate Park (GGP) and Panhandle, Lake fill in GGP, and Lincoln Park Golf Course; potential customers include San Francisco Zoo, Sunset Boulevard median, Lower Great Highway median, and Presidio Golf Course.

She reviewed the Westside Recycled Water Project's construction scope and outlined

the staff request for Commission approval to the increase to the contract cost and duration contingencies. She indicated a future formal contract will be required to construct the modifications for the facility to accept primary power service.

Ms. Palacios responded to a question from President Maxwell as to how functional the system as is a whole without the pump station and stated that without the pump station the Lincoln Park Golf Course could not be served but indicated that the treatment plant will be running with the bulk of service to Golden Gate Park.

Commissioner Paulson commented on the future cost of and access to power from PG&E as related to the project. GM Herrera provided comment and noted the project is a high priority.

No public comment.

On motion to approve item 11:

Ayes: Moran, Maxwell, and Paulson

12. Approve the Project Participation and Share Agreement, the Buyer Liability Pass-Through Agreement, and the Coordinated Operations Agreement, so that CleanPowerSF may participate in California Community Power's (CC Power) long-duration energy storage project with Goal Line Battery Energy Storage System 1, LLC; and authorize the General Manager to execute the agreements on behalf of the CleanPowerSF program with total contract costs not-to-exceed \$60 million for a term of twenty (20) years; and authorize the General Manager to seek approval from the Board of Supervisors to execute the agreements. ([Resolution 22-0069](#))

The Commission Secretary stated the staff report summary incorrectly listed a total contract cost not-to-exceed \$45 million and the correct not-to-exceed amount is \$60 million. She indicated that the resolution contained the correct \$60 million amount.

Mike Hyams, Deputy Director, Power Enterprise, began with a summary of the Project and a background of CC Power. He stated CleanPowerSF became a member of CC Power in April 2021 with Commission approval by Resolution 21-0023 and Board of Supervisor approval of Ordinance No. 25-21. He noted other agencies with membership in CC Power.

Deputy Director Hyams discussed (1) CC Power Long-Duration Storage Project #2: Goal Line Project; (2) Compliance with the California Public Utilities Commission's Long-Term Storage Order; (3) Project Agreement structure, with three documents to be authorized for GM execution (Operations Agreement, Project Participation Share Agreement, and Buyer Liability Pass Through Agreements); and (4) next steps.

Commissioner Maxwell noted the importance of collective bargaining agreements and workforce agreements.

Deputy Director Hyams responded to a question from Commissioner Maxwell as to

whether there were any lessons learned from the first storage project, stating that the first project has not begun construction and that this project will be completed first due to the pace of negotiations. He noted the two projects were bid into the same solicitations. He responded to a follow-up question regarding other Community Choice Aggregation (CCA) Programs indicating they are not in most states. He noted collaboration and discussions with CCA's that do exist. He noted the SFPUC is a leader in the country with procuring projects such as the one seeking approval.

Public Comment

- *Alita Dupree expressed support for the item and hope that this is the beginning for the storage and capture of renewable energy.*
- *Peter Drekmeier, Tuolumne River Trust, stated this project provide for an opportunity for the SFPUC to look at local hydropower energy projects to help with rafting flows.*

On motion to approve item 12:

Ayes: Moran, Maxwell, and Paulson

13. Adopt findings declaring as surplus to the San Francisco Public Utilities Commission's utility needs under Charter Section 8B.121 and as "surplus land" and "exempt surplus land" under the California Surplus Land Act (Cal. Gov't Code Section 54220 et seq.), approximately 10,925 square feet of real property designated as portions of Assessor's Parcel No. 104-28-066 in the City of Sunnyvale, Santa Clara County, California (Property, identified as Parcel 3), owned by the City and County of San Francisco (City), under the jurisdiction of the SFPUC; recommend that the Board of Supervisors authorize the City's Director of Property to execute a quitclaim deed conveying Parcel 3 to Santa Clara Valley Water District ("Valley Water"); and authorize the General Manager to execute an Agreement for Sale of Real Estate upon approval from the Board of Supervisors and Mayor to convey Parcel 3 to Valley Water for \$33,000. ([Resolution 22-0070](#))

Michael Carlin, Deputy GM, introduced the item and requested approval.

No public comment.

On motion to approve item 13:

Ayes: Moran, Maxwell, and Paulson

The Commission Secretary read items 14 and 15 together.

14. Authorize the Issuance of up to \$950 million of the 2022 Series ABCD Taxable Water Revenue Bonds to refund all or a portion of the outstanding Series 2015A, 2016A, 2017A, 2017B, 2017C, 2017D, and 2020B Water Revenue Bonds to achieve debt service savings. The Commission resolution will approve the issuance of the 2022 Series ABCD Taxable Water Revenue Bonds, consisting of four separate sub-series of bonds (Sub-Series A (Refunding – Federally Taxable - WSIP, Green Bonds), Sub-Series B (Refunding – Federally Taxable – Regional Water), Sub-Series C (Refunding – Federally Taxable – Hetch Hetchy Water) and Sub-Series D (Refunding – Federally

Taxable – Local Water), 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 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 (SFPUC); and delegate to the General Manager, authorization to award each series of bonds to the highest bidder (lowest cost). ([Resolution 22-0071](#))

15. Authorize the Issuance of up to \$475 million of the 2022 Series AB Tax-Exempt Wastewater Refunding Bonds to refund all or a portion of the outstanding Series 2013A, 2013B, and the 2022 Series CD Taxable Wastewater Refunding Bonds to advance refund all or a portion of the outstanding Series 2016A and 2016B. The Commission resolution will approve the issuance of the 2022 Series AB Wastewater Refunding Bonds, consisting of two separate sub-series of bonds (Sub-Series A (Refunding - SSIP, Green Bonds), and Sub-Series B (Refunding – Non-SSIP; and 2022 Series CD, Taxable Wastewater Refunding bonds consisting of two separate sub-series of bonds (Sub-Series C (Refunding- Federally Taxable- SSIP, Green Bonds) and Sub-Series D (Refunding- Federally Taxable- Non-SSIP)), 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 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 (SFPUC); and delegate to the General Manager, authorization to award each series of bonds to the highest bidder (lowest cost). ([Resolution 22-0072](#))

Charles Perl, Deputy Chief Financial Officer, presented the item.

Series 2022 ABCD Water Revenue Bonds: Up to \$950M of advance refund, taxable bonds: Sub-Series A – WSIP (Green Bonds), Sub-Series B – Regional Water, Sub-Series C – Hetch Hetchy Water, and Sub-Series D – Local Water.

He stated under current tax laws advance refundings can only be done on a taxable basis; similar to the Water taxable refunding in December 2019; taxable interest rates currently may achieve \$22.6M debt service savings. He indicated the bonds are issued in compliance with “Debt Management Policies and Procedures”.

He discussed proposed indenture amendments (Water), stating the 43rd Supplemental Indenture contains new amendments that are designed to meet the goal of funding the Water’s CIP more effectively and cost-effectively. He stated the amendments become effective with 51% of bondholder and credit provider consent.

Series 2022 AB Wastewater Revenue Bonds: Up to \$475M of refund and advance refund, taxable bonds: Sub-Series A – Tax Exempt-Refunding SSIP (Green), Sub-Series B – Tax Exempt-Refunding Non-SSIP, Sub-Series C – Taxable Advance Refunding SSIP (Green), and Sub-Series D – Taxable Advance Refunding (Non-SSP). Under current tax laws, advance refundings can only be one on a taxable basis. Tax exempt interest rates may achieve \$32M of debt service savings. He indicated the bonds are issued in compliance with “Debt management Policies and Procedures”.

Deputy CFO Perl reviewed the plan of finance, indicating the expected sale date for the Water Revenue Refunding Bonds is the week of April 19 and in early May for the Wastewater Revenue Refunding Bonds. Mr. Perl indicated both are to be sold on a negotiated basis with a minimum 3% Net Present Value (NPV) savings. He stated the Water transaction may be on hold if the 3% NPV cannot be met due to rising interest rates.

He reviewed disclosure questions and answers and indicated they are also presented in the staff report.

Commissioner Maxwell thanked Mr. Perl for the presentation and reports.

No public comment on items 14 or 15.

*On motion to approve item 14:
Ayes: Moran, Maxwell, and Paulson*

*On motion to approve item 15:
Ayes: Moran, Maxwell, and Paulson*

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

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

On motion to assert the attorney-client privilege regarding the matters listed below as Closed Session:

Ayes: Moran, Maxwell, and Paulson

The Commission entered Closed Session at 3:28 PM.

Present in Closed Session: Items 18 and 19: Commissioners Moran, Maxwell, and Paulson; Dennis Herrera, General Manager; Michael Carlin, Deputy General Manager; Sheryl Bregman, Deputy City Attorney; and Donna Hood, Commission Secretary.

Item 18: Steve Ritchie, AGM, Water Enterprise

Item 19: Greg Norby, AGM, Wastewater Enterprise; Stephen Robinson, Director, Infrastructure Wastewater Capital Program; and Sarah Minick, Urban Watershed Planning Manager.

18. CONFERENCE WITH LEGAL COUNSEL – Pursuant to California Government Code, Section 54956.9(d)(2), and San Francisco Administrative Code, Section 67.10(d)(2) Settlement of Unlitigated Claim
USDA Forest Service v. City and County of San Francisco

Unlitigated File No. 22-10018

Proposed settlement of an unlitigated claim by the United States Department of Agriculture (USDA) Forest Service against the City and County of San Francisco, with the City to pay USDA Forest Service \$203,056.18 in exchange for a full and final release from USDA Forest Service.

(Resolution 22-0073)

19. CONFERENCE WITH LEGAL COUNSEL – Pursuant to California Government Code, Section 54956.9(d)(2), and San Francisco Administrative Code, Section 67.10(d)(2) Unlitigated Claim and Existing Litigation
San Francisco Bay Regional Water Quality Control Board v. City and County of San Francisco (unlitigated claim and stipulation); City and County of San Francisco v. U.S. Environmental Protection Agency (U.S. Court of Appeals for the Ninth Circuit, Case No. 21-70282)

The Commission exited Closed Session at 3:56 PM.

20. Announcement following Closed Session.
President Moran announced that the Commission recommends the Board of Supervisors resolve and settle the existing unlitigated claim.
21. Motion regarding whether to disclose the discussions during Closed Session pursuant to San Francisco Administrative Code Section 67.12(a).

*On motion not to disclose the discussions during Closed Session:
Ayes: Moran, Maxwell, and Paulson*

22. Adjournment
President Moran adjourned the meeting at 3:59 PM.