



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Mark Farrell

Mayor

Minutes

Tuesday, February 27, 2018

(Approved March 13, 2018)

1:30 P.M.

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

Commissioners

Ike Kwon, President

Vince Courtney, Vice President

Ann Moller Caen

Francesca Vietor

Anson Moran

Harlan L. Kelly, Jr.

General Manager

Donna Hood

Secretary



For information, contact the Commission Secretary at 415-554-3165
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
Vice President (VP) Courtney called the meeting to order at 1:35 PM.
2. Roll Call
Present: Courtney, Vietor, Caen and Moran
3. Approval of the Minutes of February 13, 2018
*On Motion to approve the Minutes of February 13, 2018:
Ayes: Courtney, Vietor, Caen and Moran*

No public comment.
4. General Public Comment
 - *Peter Drekeimer, Tuolumne River Trust, discussed the Water System Improvement Program (WSIP), diversions from Tuolumne, Phased WSIP, conservation, and environmental concerns.*
5. Communications
 - a) Advance Calendar
 - b) Correspondence Log
 - c) Contract Advertisement Report
 - d) Status of Large Development Projects: Regional Water Supply Service Area
 - e) Water Supply Conditions Update
No public comment.
6. Other Commission Business
Commissioner Moran discussed the Gleneagles Mario del la Torre Training Center Apprentice Program celebration, congratulating all involved.

Vice President Courtney thanked the Commission and staff for their participation and commitment to the program.

No public comment.
7. Citizens' Advisory Committee (CAC) Quarterly Report
Wendy Aragon, outgoing CAC Chair, welcomed new members of the CAC, and stated all seats are filled. Amy Zock, incoming Chair introduced herself and discussed those CAC members who were elected to leadership positions.

VP Courtney commended Wendy on her commitment to the CAC and request that a resolution is prepared to recognize her service.

Commissioner Vietor expressed her gratitude for Wendy's service.

GM Kelly thanked Wendy for her service and noted her major accomplishments while serving as the CAC Chair.

Public Comment

- *Nicole Sandkulla, BAWSCA CEO, and CAC member, provided comments on Wendy's tenure as CAC Chair. She thanked her for her service and positive leadership.*

8. Report of the General Manager

a) CleanPowerSF (CPSF) Update

Michael Hyams, CPSF Director, provided a CPSF update: (1) Enrollment: 85,500 sites currently being served; 3.2 percent opt-out rate; 4.1 percent SuperGreen upgrade; next quarterly enrollment will occur in April; and citywide enrollment in July; (2) Legislative: Board of Supervisor approved and mayor signed the Power Supply and Bank Credit Contracting Authority; Best and final offers will be received from supplier; and potential rate action for July 1.

No public comment.

b) Hetch Hetchy Capital Improvement Program Quarterly Report

Dan Wade, Director, Water Capital Projects and Programs, Infrastructure Division, provided the quarterly report on the following: (1) Mountain Tunnel 2018 interim repairs; (2) Mountain Tunnel improvements 2020-2026; (3) Cherry Dam Outlet works rehabilitation; (4) Warnerville Substation rehabilitation; (5) Lower Cherry Aqueduct; (5) Moccasin new shops/office building and materials bins; (6) Holm Powerhouse rehabilitation and Kirkwood Powerhouse oil containment; and (7) Moccasin Penstock rehabilitation.

Director Wade responded to a question from Commissioner Caen regarding projects that are behind schedule.

No public comment.

c) Quarterly Audit and Performance Review Report

- Association of Bay Area Governments, Proposition 84 Grant Audit
- Hetch Hetchy Water and Power and CleanPowerSF Audited Financial Statement FY-17
- Wastewater Enterprise Audited Financial Statement FY-17
- Water Enterprise Audited Financial Statement FY-17
- 2016 Green-e Verification Audit
- Comprehensive Annual Financial Report FYE June 30, 2017 and 2016
- San Francisco Public Utilities Commission (SFPUC) Annual Report Year Ending June 30, 2017

Nancy Hom, Deputy Chief Financial Officer, Assurance and Internal Controls, noted 34 audits and assessments that were completed, in-progress, or are upcoming. She reviewed the highlighted audit – 2016 Green-e Verification Audit (program summary, audit objectives, and conclusions). She concluded with: (1) Review of financial and performance audits that are almost complete; and (2) Prior years, open audits and recommendations.

No public comment.

d) Quarterly Budget Status Report

Charles Perl, Deputy CFO, discussed: (1) Observations: Water and Wastewater higher revenues; Power lower revenues as compared to budget; CleanPowerSF revenues at budget; and financial reserves meet policy targets for coverage and reserves; (2) FY 2018 Water, Wastewater, Power, and CleanPowerSF budgetary variances (sources and uses); and (3) Key financial ratios.

No public comment.

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

GM Kelly commented on the Gleneagles celebration and noted opportunities that can be provided. He thanked VP Courtney for his leadership.

No public comment.

9. Bay Area Water Supply and Conservation Agency (BAWSCA) Report

Nicole Sandkulla commented on the WSIP Change Notice that will be forthcoming. She discussed BAWSCA's 2016 recommendation that financing cost be reviewed and accounted for with actual financing costs.

CEO Sandkulla reviewed BAWSCA's December 2017 total potable water use, noting it was 11 percent less than in December 2013.

No public comment.

The Commission Secretary read the Consent Calendar.

Commissioner Vietor requested that item 10c be removed.

10. Consent Calendar

a) Approve Amendment No. 2 to Agreement No. CS-1043(I), Water and Wastewater Bill Collection, with Dots Printing and Stationery; and authorize the General Manager to execute this amendment, extending the agreement duration by one year and six months, for a total agreement duration of four years, with no change in contract amount, to continue providing collection services for payment of SFPUC water and wastewater bills for customers in the Chinatown area of San Francisco. ([Resolution 18-0030](#))

b) Approve the plans and specifications, and award Contract No. WD-2799, Cathodic Protection for 24" and 36" Steel Pipe Transmission Main of College Hill System Phase III, in the amount of \$840,425, to the lowest, qualified, responsible and responsive bidder, Azul Works, Inc. This action constitutes the Approval Action for the project for the purposes of California

Environmental Quality Act (CEQA), pursuant to Section 31.04 (h) of the San Francisco Administrative Code. ([Resolution 18-0031](#))

*On motion to approve the Consent Calendar items 10a and 10b:
Ayes: Courtney, Vietor, Caen and Moran*

No public comment.

- c) Approve the plans and specifications, and award Contract No. WW-659, Greenhouse Demolition at 1150 Phelps Street, in the amount of \$1,638,000, to the lowest, qualified, responsible, and responsive bidder, Azul Works Inc., for the demolition and clearance of the greenhouse structures located at 1150 Phelps Street in San Francisco. This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04 (h) of the San Francisco Administrative Code. ([Resolution 18-0032](#))

Kathy How, AGM Infrastructure, responded to a question from Commissioner Vietor regarding the demolition and re-use of materials that are removed, noting 75 percent of the materials are being recycled. Brief discussion ensued. GM Kelly noted the state of disrepair of the greenhouses.

AGM How responded to a question from Commissioner Moran regarding the low figure of the winning bid as compared to the other bids.

*On motion to approve the Consent Calendar item 10c:
Ayes: Courtney, Vietor, Caen and Moran*

No public comment.

11. Approve the Water Supply Assessment for the proposed Flower Mart Project located in San Francisco's South of Market District on Assessor's Block 3778, which is bounded by Fifth Street to the north, Brannan Street to the east, Sixth Street to the south, and Bryant Street to the west, pursuant to the State of California Water Code Section 10910 et seq. and CEQA Section 21151.9 and CEQA Guidelines Section 15155. ([Resolution 18-0033](#))

*On motion to approve item 11:
Ayes: Courtney, Vietor, Caen and Moran*

Public Comment

- *Peter Drekmeier discussed the increase of retail space at the site (no housing), and that available water will go to development and not the river.*

12. Approve Amendment No. 2 to Agreement No. CS-357, Digital Art Wall Support and Maintenance, with Obscura Digital, Inc., to procure a system software/hardware refresh and three additional years of technical support services for the interactive digital wall located at 525 Golden Gate Avenue, San Francisco; and authorize the General Manager to execute this amendment, increasing the

agreement by up to \$1,101,612, for a total not-to-exceed amount of \$1,494,066, and extending the term by up to three years, for a total duration of seven years. ([Resolution 18-0034](#))

On motion to approve item 12:

Ayes: Courtney, Vietor, Caen and Moran

No public comment.

13. Approve Amendment No. 3 to Full Load Service Contract 04-SNR-00723 with the United States of America, acting through the Department of Energy Western Area Power Administration (WAPA), for WAPA to continue providing portfolio management services and supplemental power purchases for Treasure Island and Yerba Buena Island; and authorize the General Manager to execute this amendment, extending the term by four years and three months, for a total contract term of 19 years, 11 months, 19 days, and increasing the contract amount by \$12,360,000, for a total not-to-exceed amount of \$28,370,000, subject to Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 18-0035](#))

On motion to approve item 13:

Ayes: Courtney, Vietor, Caen and Moran

No public comment.

14. Other New Business

VP Courtney stated that Mayor Farrell will be speaking with the GM regarding topics of interest.

15. Adjournment

VP Courtney adjourned the meeting at 2:34 PM.