



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, March 27, 2018**

(Approved April 10, 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](http://www.sfwater.org)

Gavel-to-Gavel coverage available at:

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=22](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22)

1. Call to Order  
*President Kwon called the meeting to order at 1:35 PM.*
2. Roll Call  
*Present: Kwon, Caen, and Moran*  
*Commissioner Vietor arrived at 1:42 PM.*  
*Vice President (VP) Courtney arrived at 1:44 PM.*
3. Approval of the Minutes of March 27, 2018  
*On Motion to approve the Minutes of March 27, 2018:*  
*Ayes: Kwon, Caen, and Moran*
4. General Public Comment
  - *Dave Warner, Tuolumne River Trust, asked that the Commission revisit the SFPUC policy regarding the drought plan of record, and that it include water availability and environmental needs. He proposed ideas for consideration.*
  - *Peter Drekmeier, Tuolumne River Trust, distributed a handout and discussed the value of one acre-foot of water to agricultural economies.*
5. Communications
  - a) Advance Calendar
  - b) Correspondence Log
  - c) Contract Advertisement Report
  - d) Water Enterprise Environmental Stewardship Policy Implementation Report
  - e) Water Supply Conditions Update

*Commissioner Vietor arrived at 1:42 PM.*

Public Comment

- *Dave Warner commented on item 5d. He stated the report seems like a marketing document rather than a tool to assess environmental activities.*

*VP Courtney arrived at 1:44 PM*

- *Peter Drekmeier commented on item 5d. He discussed the policy section regarding releases and unimpaired flow, stating the policy applies to the upper Tuolumne, but not the lower Tuolumne, and he feels that it should. He stated the Bay Delta Plan position is not mentioned in the policy.*
- *Tim Eichenberg echoed comments of Mr. Drekmeier that the report doesn't address the Bay Delta Water Control Plan. He discussed the Bay Delta Plan.*

6. Other Commission Business  
*None.*
7. Revenue Bond Oversight Committee (RBOC) Annual Report and Audit Findings  
*Charles Perl, Deputy Chief Financial Officer (CFO), discussed the charge of the RBOC. He introduced Mr. Robert Leshner, RBOC Chair, who reviewed the*

authority of the RBOC, thanked staff for their work, and noted report highlights: (1) Annual Bond Expenditure Certification Process; (2) Review of the progress of the Water System Improvement Program (WSIP) and the Sewer System Improvement Program (SSIP), with a focus on the accuracy of budgeting and scheduling forecasting, ensuring lessons learned from WSIP are applied to SSIP; and (3) Conducted on-site visits to the Calaveras Dam Replacement Project and the Southeast Treatment Plant.

No public comment.

8. Report of the General Manager (GM)

a) CleanPowerSF (CPSF) Update

Barbara Hale, Assistant General Manager (AGM) Power, provided a CPSF update: More than 80,000 accounts served; Low-opt out rate, and high request for SuperGreen upgrades; Preparation for July enrollment continues; Supply contracts are being prepared for execution; CCA's testimony is being prepared regarding exit fee reforms; Simplified bill comparison bill calculator is being finalized for publication on website; Annual rate comparison mailer is being compiled; and Controller certification to support additional supply has been secured.

AGM Hale responded to a question from Commissioner Vietor regarding the timeline for buildout and necessary steps.

No public comment.

b) Sewer System Improvement Program (SSIP) Update

Karen Kubick, SSIP Director, reviewed the SSIP program status, indicating 22% of Phase I projects are complete. She briefly discussed the following projects: (1) Biosolids Digesters Facilities Project; (2) Southeast Plant New Headworks Facility Project; (3) Other Phase I projects (timeline); (4) Current construction (Southeast Plant and North Point Outfall); (5) Current construction projects – EIPs (Chinatown Living Alley, Wiggle Neighborhood Green Corridor, and Visitacion Valley Green Nodes); (6) Other achievements; (7) SSIP Phase I jobs report (32% local hire percentage achieved); and (8) Stakeholder outreach.

Commissioner Caen expressed excitement that the digester project was approved on March 27, 2018.

No public comment.

c) Report on Recent SFPUC Activities, Events and Announcements

GM Kelly noted the incident at the Moccasin Reservoir and Dam and asked Steve Ritchie, AGM Water, to provide an update.

AGM Ritchie recapped the events of March 22, 2018, showed a map of the area, discussed the effects of the event, and showed event photos: (1) Moccasin Reservoir and Bypass; (2) Moccasin Dam Spillway; (3) Moccasin Dam Emergency Spillway; (4) Moccasin Creek Fish Hatchery; (5) Moccasin

Creek Watershed; (6) Moccasin Creek Diversion Dam; (7) Highway 49 at Moccasin Diversion Dam; (8) Moccasin Dam seepage; (9) Emergency Spillway damage; (10) Moccasin Creek Diversion Dam clean-up, and (11) Moccasin Creek diversion restored. He reviewed 2017 overflow – 2018 overflow major differences. He concluded with a review of follow-up actions.

AGM Ritchie complemented staff for their work during the event.

AGM Ritchie responded to a question from President Kwon regarding dam leaks and how long residents were required to evacuate.

AGM Ritchie responded to question from Commissioner Caen regarding a San Francisco Chronicle article discussing a consultants' report regarding inspection of the dam and their findings.

No public comment.

9. Bay Area Water Supply and Conservation Agency (BAWSCA) Report  
*Nicole Sandkulla, BAWSCA CEO, was unable to attend. No update provided.*
  
10. 2018 Water and Wastewater Rate Study Update  
*Eric Sandler, CFO and AGM Business Services began the Rate Study update with a discussion of: (1) Rate Study (legal requirements); (2) Rate Study Timeline (18-months); (3) Policy framework (ratepayer assurance, debt service coverage, fund balance reserve and capital financing policies); (4) Rates Study process (revenue requirement analysis, cost of service analysis, and rate design); (5) Revenue requirement analysis; (6) Cost-of-service analysis; (7) Rate design - current rate structure (fixed charges, residential variable charges, and non-residential variable charges); (8) Rate Design - proposed rate structure (fixed charges, residential variable charges, and non-residential variable charges); (9) Average single family residential bill; (10) Peer-agency single family bill comparison; and (11) Temporary drought surcharge; and (12) Temporary drought surcharge implementation process.*

AGM Sandler discussed the affordability project context and existing affordability metrics.

Simone Hudson, Community Benefits Analyst, continued the presentation with a discussion of affordability. She reviewed four affordability project goals: improve assistance to customers in single family residences; reduce impact of fees and shutoff policies; early interventions for customers at risk of water shutoffs; and evaluate assistance to multi-family customers.

Ms. Hudson discussed: (1) Affordability: single family residential assistance - guiding questions: how many households are paying more than 2.5% of their household income on their water and sewer bill, and what are their characteristics; (2) Affordability: single family residential assistance - Community Assistance Program (CAP)-eligible customer base; (3) Affordability: single family residential assistance – water cost burdened customer base; (4) Affordability:

WCB vs. CAP-eligible households; (5) Affordability: key takeaways and next steps.

Ms. Hudson responded to a question from Commissioner Moran regarding income levels and at what income would someone be considered “water cost burdened”.

Ms. Hudson responded to a question from Commissioner Moran regarding the proposed partnerships (next steps) with Human Services Agency and Office of Financial Empowerment, and how those partnerships would work.

Ms. Hudson responded to a question from Commissioner Caen as to what percentage of total taxpayers are eligible for the three discount programs - CAP, Low-Income Non-Profit Housing Program and Community Housing Program. Ms. Hudson responded to a follow-up question from Commissioner Caen as to what these programs cost the SFPUC.

John Scarpulla, Policy & Government Affairs Manager, continued the presentation with a review of: (1) Affordability: fees and shutoffs – fees disproportionately impacting low-income customers; (2) Affordability: fees and shutoffs – timeline for SFPUC shutoff procedures (monthly bill process: day one through day 74 - \$55 fee at day 60 (noticing), \$55 fee at day 70-74 (shutoff), \$55 fee at bill payment, and water service turn-on); (3) Affordability: fees and shutoffs – Shut-off data FY 16-17 (9,636 48-hour notices posted, 1,189 shutoffs for non-payment, and water turned on in one day); (4) Affordability: fees and shutoffs – Staff proposal: retain fee associated with posting 48-hour notice (minor reduction recommended); eliminate fee associated with water shutoff and turn-on; monitor percentage of customers moving through shutoff process; review miscellaneous fees for potential negative impact on low-income customers; and proposed changes to shutoff fees and other miscellaneous fees to come back to the Commission in May.

Mr. Scarpulla responded to a question from Commissioner Vietor regarding data shutoff data and CAP eligibility/enrollment.

Commissioner Caen commented on the 60 day notice. Mr. Scarpulla responded to her question regarding other agencies’ noticing requirements.

VP Courtney stated that charging for turning off water is punitive, but charging for turning water back on is more appropriate.

GM Kelly provided additional comment on the revised fee proposal.

Public Comment

- Christa Brown, Financial Justice Project, Treasurer and Tax Collector’s Office, expressed support for the staff recommendations.

11. Consent Calendar

- a) Accept work performed by Yerba Buena Engineering & Construction, Inc., for Contract No. WD-2641R, Habitat Reserve Program, Homestead Pond,

San Andreas Reservoir Wetlands, Adobe Gulch Grasslands, for a total contract duration of 1,847 consecutive calendar days (approximately five years); approve Modification No. 12 (Final) decreasing the contract amount by \$146,356, for a total contract amount of \$7,103,114; and authorize final payment to the contractor. ([Resolution 18-0047](#))

- b) Approve the plans and specifications, and award Contract No. WW-672, Wastewater Enterprise Elevator Maintenance, Repair and Modernization 2018-2021, in the amount of \$1,316,300, to the lowest, qualified, responsible and responsive bidder, Kone Inc., to service and maintain all Wastewater Enterprise and Southeast Community Center elevators, for a duration of three years. ([Resolution 18-0048](#))

*On Motion to approve the Consent Calendar:*

*Ayes: Kwon, Courtney, Caen Vietor, and Moran*

*No public comment.*

12. Authorize the General Manager to negotiate and execute Amendment No. 1 to the Memorandum of Understanding for the Potable Reuse Exploratory Plan with Silicon Valley Clean Water, the Bay Area Water Supply & Conservation Agency, and the California Water Service Company to: (1) add Redwood City and the City of San Mateo as parties; (2) expand the scope of the feasibility study to include additional analysis as a second phase of work; (3) extend the term by 28 months, for a total term of 41 months; and (4) increase SFPUC's share of funding by up to \$50,000, for a total not-to-exceed amount of \$81,000. ([Resolution 18-0049](#))

*On Motion to approve item 12:*

*Ayes: Kwon, Courtney, Caen Vietor, and Moran*

*No public comment.*

13. Approve Amendment No. 1 to Agreement No. CS-211A, Specialized and Technical Services with CDM Smith/ATS, a Joint Venture; Approve Amendment No. 2 to Water Enterprise-funded Agreement No. CS-211D, Specialized and Technical Services with URS Corporation; and authorize the General Manager to negotiate and execute these amendments, increasing Agreement CS-211A by \$1,500,000, for a total not-to-exceed agreement amount of \$6,500,000; and increasing Agreement CS-211D by \$1,000,000, for a total not-to-exceed agreement amount of \$7,490,000, with no change to the contract duration, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 18-0050](#))

*Commissioner Vietor departed the room at 2:34 PM.*

*On Motion to approve item 13:*

*Ayes: Kwon, Courtney, Caen and Moran*

*No public comment.*

14. Award three Interim Greenhouse Grant Program Grants, PRO.0099(G).A-C, to Hunters Point Family (PRO.0099(G).A), Old Skool Café (PRO.0099(G).B), and San Francisco Conservation Corps (PRO.0099(G).C), to help residents from Bayview-Hunters Point develop skills and gain access to living wage jobs in the urban agriculture, horticulture, and food-related green industries; and authorize the General Manager to execute three grant agreements, each with a duration of two years, for amounts not-to-exceed \$350,000 for Hunters Point Family, \$175,000 for Old Skool Café, and \$175,000 for San Francisco Conservation Corps, with an option to extend the agreements by one year each and by a cumulative amount of not-to-exceed \$300,000. ([Resolution 18-0051](#))

*Commissioner Vietor returned to the room at 2:36 PM.*

*VP Courtney thanked staff for their work. He discussed the expertise of those who reviewed the applications and stated individuals with expertise in workforce development need to be part of the review process going forward.*

*VP Courtney proposed amendments to the fourth Whereas Clause in the resolution following “green sector industries”...*

*...and grantees must maintain a regular presence at the SECF by providing regular updates to the SEFC Commission, participating in cohort activities and pre-apprenticeships facilitated by the SFPUC and partners, and ensuring all program participants are exposed to and may participate in pre-apprenticeship programs that provide career pathways to full-time union employment; and VP Courtney requested the consistent terminology and approaches to career pathways.*

*At the request of the Deputy City Attorney, David Gray, acting Community Benefits Director confirmed that the amendments do not conflict with the language or expectations contained in the RFP. Brief discussion ensued.*

*On Motion to approve item 14:*

*Ayes: Kwon, Courtney, Caen Vietor, and Moran*

*No public comment.*

15. Workshop: Update on Power Business Plan and Affordable Access to Distribution: The Power Business Plan describes six strategies, including ensuring affordable access to the distribution grid. Staff will update the Commission on efforts to secure and maintain affordable access to the grid for the 2,500 metered and 9,000 unmetered service points currently connected, and review impacts to customers.

*AGM Hale led the workshop with a discussion of: (1) Background of Hetch Hetchy Power: (how Hetch Hetchy Power works; six priority strategies for the Power Business Plan focus on contain costs - “distribution”); (2) History of overcoming challenges (1913 to present); (3) Benefits to the City and lost*

*opportunity; (4) Projects hitting roadblocks to affordable grid access; (5) Roadblocks unnecessarily increase costs; (6) PG&E's arbitrary (primary service) requirements; (7) Examples of impacts and roadblocks to affordable grid access (roadblock delay duration, and potential loss of public benefit); and (8) Impacts to San Francisco (loss of City revenue and reinvestment, wasted City funds on staff time to remove roadblocks, greenhouse gas emissions, recreation opportunities, affordable housing, and safety and health).*

*AGM Hale responded to a question from VP Courtney regarding the Interconnection Agreement and its replacement. Brief discussion ensued.*

*GM Kelly provided additional comment on impacts of PG&E's requirements to the SFPUC, the City, and City projects. Commissioner Vietor noted there are also environmental impacts. Discussion ensued.*

*No public comment.*

*The Commission Secretary read the Closed Session items.*

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:*

*Ayes: Kwon, Courtney, Caen Vietor, and Moran*

*The Commission entered Closed Session at 4:10 PM.*

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  
*City and County of San Francisco v. County of Alameda*  
*San Francisco Superior Court Case No.: CGC-564901*  
*Date Filed: March 9, 2018*

*Commissioner Vietor was excused from the meeting at 4:15 PM.*

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:  
*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.*



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*  
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
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*  
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
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  
§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
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  
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
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:  
*City and County of San Francisco v. Pacific Gas & Electric*  
Federal Energy Regulatory Commission  
Complaint under Sections 206 and 306 of the Federal Power Act.

*The Commission exited Closed Session at 4:32 PM.*

25. Announcement following Closed Session.

*None.*

26. Motion on whether to disclose the discussions during Closed Session pursuant to San Francisco Administrative Code Section 67.12(a).

*On Motion not to disclose:*

*Ayes: Kwon, Courtney, Caen, and Moran*

27. Other New Business

*None.*

28. Adjournment

*President Kwon adjourned the meeting at 4:34 PM.*