



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, May 22, 2018

(Approved June 12, 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

President Kwon called the meeting to order at 1:37 PM.

2. Roll Call

Present: Kwon, Courtney, Caen, and Moran

Excused: Vietor

President Kwon announced that Closed Session items 16 through 21 would not be heard.

3. Approval of the Minutes of May 8, 2018

On Motion to approve the Minutes of May 8, 2018:

Ayes: Kwon, Courtney, Caen, and Moran

No public comment.

4. General Public Comment

- *Chris Shutes, California Sport Fishing Protection Alliance, discussed an amendment to the Appropriations Bill as offered by Mr. Valadao of California, restricting funds as related to sections 10 and 18 of the Federal Power Act as related to the Don Pedro and La Grange hydroelectric projects along the Tuolumne River. He stated a letter in opposition was submitted to the subcommittee. Copies of the amendment and letter were provided to the Commission Secretary. He asked that the Commission prepare a resolution in opposition to the amendment and the item be agendaize.*
- *Peter Drekmeier, Tuolumne River Trust, discussed the proposed amendment. He reviewed a study regarding San Franciscans' opinion of the environment and their support for water diversification for environmental support. He asked that the Commission prepare a resolution in opposition to the amendment and the item be agendaize.*
- *Cindy Charles, Golden West Women Fly Fishers, discussed her participation in the Don Pedro and LaGrange relicensing and the proposed amendment. She expressed opposition to the proposed amendment and asked that the Commission prepare a resolution in opposition to the amendment and the item be agendaize.*
- *Ann Clark, Friends of Camp Mather, thanked Commission for their work related to Camp Mather. She expressed appreciation for the opportunity to have John O'Connell students at the Camp. She stated the Camp Mather friends and family event will be held on September 26th. She complemented SFPUC water inspector Matthew J. Brady for his professionalism during a visit to her home to inspect for leaks.*

Ms. Clark responded to a question from Commissioner Caen regarding the opening date for Camp Mather.

- *Barry Nelson, Golden Gate Salmon Association, discussed the proposed amendment. He reviewed the Salmon Association's role and noted the importance of the Bay Delta for the salmon industry and the need for salmon protection and management. He asked that the Commission prepare a resolution in opposition to the amendment and the item be agendaize.*

5. Communications

- a) Advance Calendar
- b) Correspondence Log
- c) Contract Advertisement Report
- d) Water Supply Conditions Update

Steve Ritchie, Assistant General Manager (AGM) Water, responded to a question from Commissioner Caen regarding the snow pack levels, indicating the system will fill with the run-off and that the water bank is full.

No public comment.

6. Other Commission Business

Commissioner Caen read from an April 17, 2018 San Francisco Chronicle article regarding the 1958 Giants debut. The article noted the Commission covered 29 items in less than an hour so Commissioners could attend the game.

Vice President (VP) Courtney thanked staff and all involved with the Golden Pride Award ceremony and he complemented the good quality of the video production.

No public comment.

7. Report of the General Manager (GM)

- a) CleanPowerSF (CPSF) Update

Barbara Hale, Assistant General Manager (AGM) Power, provided a CPSF update: (1) Enrollment: Serving 81,000 accounts; 3.2% opt-out rate; 4.2% SuperGreen upgrade rate; July enrollment notices being mailed which will increase the customer count to approximately 105,000, with the addition of mostly commercial accounts; (2) Regulatory: Exit Fee hearings at the California PUC (CPUC) have concluded and SFPUC is working with the City Attorney and trade association on the preparation of a brief which is due in June. Proposed decision to be published for comment is anticipated in August; and (3) Customer Choice Report: Report (Green Book) has been published. SFPUC staff will meet with CPUC staff to discuss the report.

No public comment.

- b) Hetch Hetchy Capital Improvement Program (CIP) Quarterly Report

Dan Wade, Director, Water Capital Projects and Programs, provided the Hetch Hetchy Water Enterprise CIP quarterly report: (1) March 22, 2018 storm event at Moccasin with review of post-event actions; (2) Next steps; (3) Mountain Tunnel interim repairs; (4) Mountain Tunnel rehabilitation; (5) New shops and office at Moccasin; and (6) Moccasin Penstock rehabilitation cancelled due to the Moccasin emergency.

Director Wade responded to a question from Commissioner Moran as to the meaning of "interim" repairs at Mountain Tunnel. GM Kelly provided additional response.

No public comment.

c) Quarterly Audit and Performance Review Report

- i. City & County of San Francisco Basic Financial Statements and Single Audit Report, FY 2016-17
- ii. NERC CIP Compliance Monitoring, Self-Certification
- iii. Sewer System Improvement Program Planning & Pre-construction Activities Audit
- iv. Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2016-17

Nancy Hom, Deputy Chief Financial Officer (CFO), presented the quarterly Audit and Performance Review Report. She indicated there have been 37 audits and assessments year-to-date, with 16 completed, 12 in-progress, and nine upcoming. She noted the four audits listed above have been completed. Deputy CFO Hom reviewed the Sewer System Improvement Program (SSIP) planning and pre-construction activities audit highlights, audit objectives, recommendation summary, and conclusions.

She discussed the completed performance audits (Citywide Fleet Management Audit and the Annual Physical Inventory Count, FY 2016-17), and upcoming audits. Ms. Hom concluded with a review of prior years open City Services audits and recommendations (15 total with three open and 12 closed, for a completion rate of 80%).

Commissioner Moran questioned the reasons for prior year audits still being open. Ms. Hom explained that other agencies are determined by the lead and are responsible for the of audit recommendations and resolution. She explained the SFPUC's specific responsibility for response for those audits.

Commissioner Moran reminded Ms. Hom of the Commission's request that open audits should be closed within six months, and if that was unlikely, a schedule of objectives and a timeline for response should be established and brought to the Commission for approval. He noted the current reporting is good, but follow-up needs to be implemented to ensure closure.

Deputy CFO Hom responded to a question from Commissioner Moran regarding the status of previously reported Inventory Count/Control Audit which indicated the need for a subsequent review of residual issues and the need for the development and implementation of information system tracking in Maximo. Ms. Hom indicated she will look at the recommendations and report back.

Commissioner Moran discussed the importance of the SSIP audit so that customers know the program is properly managed. He mentioned the Wholesale Revenue Requirement report, specifically the review of analysis report and the inadvertent charge to water for power items. Ms. Hom briefly discussed the review analysis.

No public comment.

d) Quarterly Budget Status Report

Eric Sandler, AGM Business Services and CFO, stated there are positive net results projected for all operations. He reviewed the following: (1)

Observations: Water and Wastewater, and CleanPowerSF higher revenues; Power lower revenues as compared to budget; Financial results meet policy targets for coverage and reserves; (2) FY 2018 Water budgetary variances increased water sales revenues and cost savings: Sources \$51.2M or 10.2% higher revenues due to increased water sales; Uses \$1.6M or 0.3% savings from general reserves; (3) FY 2018 Wastewater budgetary variances increased wastewater revenues and cost savings: Sources \$10.3M or 3.4% higher revenues due to billed volumes; Uses \$46.5M or 15.1% savings from general reserves and reduced expenses; (4) FY 2018 Power budgetary variances reduced power sales revenue offset by cost savings: Sources \$(19.3M) or 9.8% lower than budget due to lower power sales; Uses \$26.0M or 12.85% savings from reduced expenses; (5) FY 2018 CleanPowerSF budgetary variances sales revenues above budget and use cost savings; Sources \$0.5M or 1.2% higher; Uses: \$1.0M savings from reduced expenses; and (6) Key Financial Ratios: fund balance reserve (25%-68% of annual operating uses); debt service coverage reserve; and CleanPowerSF reserve target is projected to be met.

Commissioner Moran noted the retail water revenue surplus. He asked if there are any funding opportunities available for water conservation capital and/or incentive programs. CFO Sandler stated staff will review opportunities and report back via memo on findings.

No public comment.

e) New Employee Orientation Procedures

GM Kelly mentioned Assembly Bill (AB) 119 which impacts new employee orientation (NEO) and union access. GM Kelly introduced Cindy Charan, Director of SFPUC Human Resources, who provided context on AB 119, discussed the outcome of citywide negotiations, and reviewed enhancements to the SFPUC NEO. She noted unions will now be allowed 30 minutes access during NEO (expanded from 10 minutes). She discussed two changes included in AB 119: (1) 10 business day notice to the unions of the NEO; and (2) Providing the union with employee name, job title, department, work location information, home, work and personal cell phone information, and personal email.

Director Charan outlined additional steps the SFPUC will take with union partners regarding NEO: (1) NEO calendar invitations sent to union representatives, with relative information and documents included; and (2) Creation of form for employees identifying employee's union organization, union representative contact information, and weblink to union's homepage.

VP Courtney thanked Director Charan, her staff, and the City Attorney for their work. He provided comments regarding AB 119, the importance of the NEO improved practices, and the need to share SFPUC practices with other city departments.

No public comment.

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

GM Kelly thanked staff for the organization of the Golden Pride Award event. He asked the Commission for feedback for possible improvement.

No public comment.

8. Bay Area Water Supply and Conservation Agency (BAWSCA) Update
Nicole Sandkulla, BAWSCA CEO, provided her monthly update: (1) Making conservation a way of life: AB 1668 and SB 606 companion bills for long term water use targets for water suppliers; (2) Strategic Plan Goals: Access capabilities, state policy, and inform BAWSCA work plan; (3) Elements of Key Concern: Outdoor water use, commercial and industrial water use, and water loss; and (4) BAWSCA FY 2018-19 Work Plan: Actions to support compliance with legislative requirements

CEO Sandkulla indicated BAWSCA's March 2018 total potable water use was 21% less than during March 2013.

No public comment.

9. Consent Calendar:

- a) Approve the terms and conditions and authorize the General Manager to execute a no-fee five-year revocable license to Pangea Environmental Services, Inc., to use approximately 2,000 square feet of SFPUC Parcel No. 29 at 1000 El Camino Real in Millbrae, California to: (a) install four groundwater monitoring wells; (b) drill eight geotechnical borings for soil sample collection; and (c) operate and maintain five existing groundwater monitoring wells to assess potential residual contamination from a former leaking underground storage tank located at a gas station at 1009 El Camino Real, Millbrae, California. ([Resolution 18-0085](#))
- b) Approve the plans and specifications, and award Contract No. WD-2692, 16-Inch and 8-Inch Ductile Iron Water Main Installation, Sewer Replacement on Geary Boulevard From 32nd to 48th Avenues, in the amount of \$9,245,821, to the lowest, qualified, responsible and responsive bidder, M Squared Construction, Inc. This action constitutes the Approval Action for the project for the purposes of California Environmental Quality Act, pursuant to Section 31.04 (h) of the San Francisco Administrative Code. ([Resolution 18-0086](#))
- c) Accept work performed by Azul Works, Inc., for Contract No. WD-2747, Auxiliary Water Supply System - New Cisterns F; and approve Modification No. 4 (Final), decreasing the contract amount by \$215,323 and increasing

the contract duration by 180 consecutive calendar days, to reconcile final payment items to reflect actual quantities used under unit price and allowance bid items and to reflect actual contract time, for a total contract amount of \$3,487,382, and a total contract duration of 610 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 18-0087](#))

- d) Approve an increase to the existing construction contract duration contingency in the amount of 60 consecutive calendar days for Contract No. WW-622, Haight-Ashbury/Tenderloin/ Diamond Heights Districts Sewer Replacement and Pavement Renovation; and authorize the General Manager to approve future modifications to the contract duration of up to a total of 745 consecutive calendar days, with no change to contract amount. ([Resolution 18-0088](#))
- e) Approve an increase to the construction contract duration contingency of 150 consecutive calendar days to Contract No. WW-653, Marin Street Sewer Replacement; and authorize the General Manager to approve future modifications to the contract, for a total revised contract duration up to 491 consecutive calendar days, with no change to the contract amount. ([Resolution 18-0089](#))

No public comment.

*On Motion to approve the Consent Calendar:
Ayes: Kwon, Courtney, Caen, and Moran*

- 10. Approve Amendment No. 1 to Agreement No. CS-247[R], Customer and Administrative Services for Community Choice Aggregation Program with Calpine Energy Solutions LLC, for continued support of the CleanPowerSF program; and authorize the General Manager to execute this amendment, increasing the agreement amount by \$14,030,000, for a total not-to-exceed agreement amount of \$19,630,000, and extending the term of the agreement by three years, for a total agreement duration of six years, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 18-0090](#))

No public comment.

*On Motion to approve Item 10:
Ayes: Kwon, Courtney, Caen, and Moran*

- 11. Public Hearing: Approve correction of an error in Schedule B of Wastewater Service Rates for FYE 2019 through FYE 2022, adopted by the Commission on April 10, 2018 by Resolution No. 18-0054, to include a monthly service charge for nonresidential customers of the Wastewater Enterprise. The Approval Action of Wastewater Service Rates for FYE 2019 through FYE 2022 for the purposes of California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code, occurred on April 10, 2018. ([Resolution 18-0091](#))

No public comment.

*On Motion to approve Item 11:
Ayes: Kwon, Courtney, Caen, and Moran*

The Commission Secretary read Closed Session items 14 and 15, and stated items 16 through 21 would not be heard.

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

13. 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, and Moran*

No public comment.

The Commission entered Closed Session at 2:59 PM.

14. Conference with Legal Counsel – Pursuant to California Government Code Sections 54956.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1)
Existing Litigation
David Alfaro, et al v. City and County of San Francisco
San Francisco Superior Court Case No.: CGC-15-547492
Date Filed: August 20, 2017
Claim of Malcom Davis
Proposed settlement of action as to property claim of one of numerous plaintiffs; several co-plaintiffs remaining in litigation.
Proposed Settlement amount: \$28,000
(Resolution 18-0092)
15. Conference with Legal Counsel – Pursuant to California Government Code Sections 54956.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1)
Existing Litigation
John H. Aspelin, et al v. City and County of San Francisco
San Francisco Superior Court Case No.: CGC-16-556207
Date Filed: December 29, 2016
Proposed Settlement amount: \$199,535
(Resolution 18-0093)
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) (discussion only)
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

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) (discussion only)
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
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) (discussion only)
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
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) (discussion only)
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
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) (discussion only)
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
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) (discussion only)
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.
Case No.: EL15-3-000/Date Filed: October 9, 2014

The Commission exited Closed Session at 3:02 PM.

22. Announcement following Closed Session

None.

23. 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:

Ayes: Kwon, Courtney, Caen, and Moran

No public comment.

24. Other New Business

None.

25. Adjournment

President Kwon adjourned the meeting at 3:02 PM.