



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

Minutes

Tuesday, May 28, 2019

1:30 P.M.

(Approved June 11, 2019)

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

Commissioners

Ann Moller Caen, President
Francesca Vietor, Vice President
Anson Moran
Sophie Maxwell
Tim Paulson

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 Caen called the meeting to order at 1:33 PM.

2. Roll Call
Present: Caen, Vietor and Moran

President Caen announced that the Commission will call Closed Session out of order, after General Public Comment.

3. Approval of the Minutes of May 14, 2019
On Motion to approve the Minutes of May 14, 2019:
Aye: Caen, Vietor, and Moran

No public comment.

4. General Public Comment
 - *Francisco DaCosta discussed "career jobs", the Sewer System Improvement (SSIP) Project, SSIP Task Force, and the Community Benefits Program.*
 - *Ann Clark provided comments regarding the proposed Balboa Reservoir project. She distributed those comments in writing.*
 - *Harry Bernstein endorsed the comments made by Ms. Clark. He discussed the proposed Balboa Reservoir project.*
Commissioner Paulson arrived at 1:41 PM.

The Commission Secretary read Closed Session Item No. 22.

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

21. On Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel
On motion to assert:
Ayes: Caen, Vietor, Moran, and Paulson

The Commission entered Closed Session at 1:44 PM.

Commissioner Maxwell arrived at 1:49 PM.

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 Corporation
Case No. 19-30088/Date Filed: January 29, 2019
Case No. 19-30089/Date Filed: January 29, 2019

United States Bankruptcy Court, Northern District of California

The Commission exited Closed Session at 3:09 PM.

23. Announcement following Closed Session

None.

24. 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: Caen, Vietor, Moran, Maxwell and Paulson

The Commission reconvened in open session.

5. Communications

- a) Advance Calendar
- b) Correspondence Log
- c) Water Supply Conditions Update

No public comment.

6. Report of the General Manager (GM)

- a) CleanPowerSF (CPSF) Update and Rates Implementation Proposal Presentation

Mike Hyams, CPSF Director, began the update noting there are more than 400,000 active customer accounts. He stated the opt-out rate is at 3.1%, and the SuperGreen upgrade rate is at 1.6%.

Director Hyams presented the Rates Implementation Proposal: (1) Background; (2) Rate implementation will be consistent with Commission rate objectives; (3) Rates implementation proposal - Adjust CPSF Green rates to realign with PG&E rates to ensure consistent margin of savings within customer class; and set PCIA credit to zero in rate formula; (4) Residential average bill comparison between PG&E default vs. CPSF "Green"; (5) Financial impact of proposed rate adjustment – increases projected FYE 2020 revenue from \$212.9M in budget to \$225.5M, and improves progress towards program reserve target; and (6) Schedule.

No public comment.

- b) Hetch Hetchy Capital Improvement Program Quarterly Report

Dan Wade, Director Water Capital Programs, provided highlights of the reporting period: (1) Mountain Tunnel Interim Repairs Phase 2; (2) Mountain Tunnel Improvements; (3) Warnerville Substation Rehabilitation; and (4) 2018 March storm damage emergency repairs and interim improvements.

Public Comment

- *Tom Francis, Bay Area Water Supply Conservation Agency (BAWSCA), thanked Mr. Wade for including financial information.*

- c) Quarterly Audit and Performance Review Report
 - i. Audited Financial Statements, FY 2017-18: Water Enterprise, Wastewater Enterprise, Hetch Hetchy Water and Power and CleanPowerSF
 - ii. Comprehensive Annual Financial Report
 - iii. Popular Annual Financial Report
 - iv. 2014 Transportation and Road Improvement Bond Audit
Charles Perl, Deputy CFO, presented a summary of 38 audits and assessments conducted year-to-date, with 45% completed, 34 in-progress, and 21 scheduled. He noted those scheduled for the fourth quarter and reviewed open audits and recommendations.

No public comment.

- d) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements
GM Kelly stated the annual SFPUC Golden Pride Award ceremony will begin at 6 PM.

- 7. Other Commission Business
None.

- 8. Consent Calendar
Susan Karasoff, California Native Plant Society, requested item 8b be removed for discussion.

- a) Accept work performed by Big Valley Electric for Contract No. HH-988R, Kirkwood Penstock Short Term Risk Reduction Measures; approve Modification No. 4 (Final), decreasing the contract amount by \$175,027, for a total contract amount of \$1,157,750, and increasing the contract duration by 165 consecutive calendar days, for a total contract duration of 530 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0095](#))
- b) Approve Modification No. 1 to Job Order Contract, JOC-68, Micro-LBE, Landscaping (C-27 License) for San Francisco, San Mateo, Santa Clara and Alameda Counties with Korotkin Associates, to construct, maintain, repair and install landscaping systems on San Francisco Public Utilities Commission watersheds and other City-owned property, increasing the contract duration by three years, for a total contract duration of five years, with no change to the contract amount, as allowed under the San Francisco Administrative Code 6.62. ([Resolution 19-0098](#))
- c) Approve the plans and specifications, and award Contract No. WD-2614, 8-Inch Ductile Iron Water Main Replacement on Green Street from Gough

Street to Broderick Street, in the amount of \$3,099,469, with a duration of 495 consecutive calendar days, to the qualified and responsible bidder with the lowest responsive bid, Cratus, Inc. This action constitutes the Approval Action for the project for the purposes of the California Environmental Quality Act, pursuant to Section 31.04 (h) of the San Francisco Administrative Code. ([Resolution 19-0096](#))

- d) Approve an increase of \$819,475 to the existing contract cost contingency for Contract No. WW-656, As-Needed Spot Sewer Replacement No. 37; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$9,837,557, with no change to the contract duration. ([Resolution 19-0097](#))

No public comment on items 8a, 8c, and 8d:

*On Motion to approve Consent Calendar items 8a, 8c, and 8d:
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

Public Comment – Item 8b

- *Susan Karasoff, California Native Plant Society, requested that native plants be mandated rather than just drought tolerant plants.*

*On Motion to approve Consent Calendar item 8b:
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

9. Approve the terms and conditions of, and authorize the General Manager to seek approval from the Board of Supervisors and Mayor to execute a Memorandum of Agreement with the City of Mountain View, with a term of up to 20 years, providing for the SFPUC's issuance to Mountain View of eight revocable licenses for use of SFPUC lands for public recreational purposes in exchange for Mountain View's grant to the SFPUC of nine easements and Mountain View's agreement to maintain SFPUC Parcel 199-A in Mountain View and remove 29 trees on certain other SFPUC parcels in Mountain View, subject to Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 19-0099](#))

Tony Bardo, Assistant Real Estate Director, introduced the item and requested approval.

No public comment.

*On Motion to approve Item 9:
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

10. Adopt a finding of surplus property for an easement reserved to the San Francisco Public Utilities Commission for a fire hydrant and waterline encumbering San Francisco Assessor's Block 8719 Lot 006, located in the Mission Rock Project site presently under the jurisdiction of the Port of San Francisco; and authorize the General Manager to execute any documents

terminating the SFPUC's interests in the easement, subject to the Board of Supervisors' approval. ([Resolution 19-0100](#))

No public comment.

On Motion to approve Item 10:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

11. Approve Amendment No. 4 to Agreement No. CS-991, Preliminary Design and Environmental Services, Power Transmission Project, with URS Corporation Americas, to continue providing design and technical support services for the Bay Corridor Transmission and Distribution Project; and authorize the General Manager to execute this amendment increasing the agreement amount by \$4,000,000 and extend the agreement duration by two years and eight months, for a total agreement amount of \$11,500,000 and a total agreement duration of 11 years and eight months; and to execute a name change from URS Corporation Americas to URS Corporation, subject to Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 19-0101](#))

No public comment.

On Motion to approve Item 11:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

12. Adopt the proposed Wholesale Revenue Requirement and rate schedule for FYE 2020, as applied to meter readings on or after July 1, 2019, in accordance with the terms of the 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers, which was approved on April 28, 2009 by Commission Resolution No. 09-0069, and amended and restated on December 11, 2018 by Commission Resolution No. 18-0212. ([Resolution 19-0102](#))

Deputy CFO Perl discussed: (1) rate setting schedule; (2) proposed wholesale rate components; (3) calculation of volumetric charges for water delivered (based on three variables); (4) wholesale water sales projections; and (5) historic and projected rate increases.

Public Comment

- *Tom Francis, BAWSCA, expressed support the resolution.*

On Motion to approve Item 12:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

The Commission Secretary read items 13 through 17 together and noted correspondence received from Alvin Ja, and Jean Barish regarding item #15.

13. Approve the Water Supply Assessment (WSA) for the proposed 655 4th Street Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act (CEQA) Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 19-0103](#))

14. Approve the Water Supply Assessment for the proposed 88 Bluxome Street Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 19-0104](#))
15. Approve the Water Supply Assessment for the proposed Balboa Reservoir Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 19-0105](#))
16. Approve the Revised Water Supply Assessment for the proposed 598 Brannan Street Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 19-0106](#))
17. Approve the Revised Water Supply Assessment for the proposed 630-698 Brannan Street (Flower Mart) Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155. ([Resolution 19-0107](#))

Steve Ritchie, Assistant General Manager (AGM), Water Enterprise, introduced the items. He noted four items were carried-over from the May 28th agenda and one is new. He discussed the requirement for the WSAs and reviewed the specific approval actions being requested.

AGM Ritchie presented minor changes to the WSAs to ensure consistency. Copies of the changes were distributed to the Commission and made available to the public.

Commissioner Moran indicated the changes he requested at the last meeting have been implemented and he is satisfied.

AGM Ritchie responded to a question from President Caen and a follow-up question from Vice President (VP) Vietor as to the presentation of the three scenarios to the Planning Commission.

VP Vietor questioned AGM Ritchie as to the timing of resolution for the voluntary agreement.

AGM Ritchie responded to a request from Commissioner Maxwell regarding the Bay Delta Plan and voluntary agreement.

Public Comment item 13:

- *Peter Drekmeier, Tuolumne River Trust (TRT), offered to meet with Commissioner Maxwell. He thanked the Commission for taking time to look at the WSAs and for the staff response to TRT's concerns. He questioned*

the approval of WSAs with the possibility of rationing. He presented a historical graph of the Tuolumne River Flow.

VP Vietor requested a briefing on the design drought. GM Kelly discussed previous conversations and briefings held on the design drought. Brief discussion ensued.

Public Comment item 14:

- *Peter Drekeimer, TRT, discussed the Delta Reform Act and the subsequent update to the Bay Delta Water Quality Control Plan. He presented his opinions on flaws in the design drought.*
- *Madeline Mueller asked if the project sizes are equal.*

Public Comment item 15:

- *Madeline Mueller discussed the projected water supply for the Balboa Reservoir project. She requested postponement of the item.*
- *Tomasita Medál requested postponement of the item so the needs of all other large project water assessments can be completed.*

AGM Ritchie responded to a question from VP Vietor as to whether there is aggregated tracking of the WSAs. AGM Ritchie responded to a follow-up question from Commissioner Maxwell regarding housing and supply availability.

- *Harry Bernstein thanked Commissioner Maxwell for her comments. He stated understanding the design drought is critical. He noted the need for healthy river flows.*

No public comment on items 16 and 17.

VP Vietor proposed the following amendment to the ninth “Whereas” clause in the resolutions for items 13 through 17: Whereas, On March 26, 2019 by Resolution No. 19-0057, this Commission endorsed the SFPUC’s continued participation in the voluntary agreement negotiation process and stated its intent that the terms of any final voluntary agreement would ~~allow SFPUC~~ improve the health of the fisheries and maintain the reliability of its water supply including to maintain including maintenance of its level of service (LOS) goal of no more than 20% system-wide rationing; and

At the request of Commissioner Maxwell, AGM Ritchie summarized the action being requested. GM Kelly, Jr. provided additional comment.

No public comment on proposed amendments.

On Motion to approve item 13 as amended (ninth Whereas clause and staff modifications to the WSAs):

Aye: Caen, Vietor, Moran, Maxwell and Paulson

On Motion to approve item 14 as amended (ninth Whereas clause and staff modifications to the WSAs):

Aye: Caen, Vietor, Moran, Maxwell and Paulson

On Motion to approve item 15 as amended (ninth Whereas clause and staff modifications to the WSAs):

Aye: Caen, Vietor, Moran, Maxwell and Paulson

On Motion to approve item 16 as amended (ninth Whereas clause and staff modifications to the WSAs):

Aye: Caen, Vietor, Moran, Maxwell and Paulson

On Motion to approve item 17 as amended (ninth Whereas clause and staff modifications to the WSAs):

Aye: Caen, Vietor, Moran, Maxwell and Paulson

President Caen requested that item 18 be continued to June 11, 2019.

18. Workshop: Overview of the Sewer System Improvement Program (SSIP) including environmental justice analysis and workforce development strategies.

19. Authorize the General Manager to designate: (1) a specific brand of thermal hydrolysis system, from Cambi®; and (2) a specific brand of gas turbine from Solar Turbines, as necessary items only available from one source in the contract specifications for Contract No. WW-647R, Southeast Water Pollution Control Plant Biosolids Digester Facilities Project, pursuant to San Francisco Administrative Code Section 6.73(e)(1); and authorize the General Manager to seek approval from the purchaser to negotiate and execute sole source service agreements with Cambi and Solar Turbines pursuant to San Francisco Administrative Code Section 21.5(b). ([Resolution 19-0108](#))

Carolyn Chiu, Project Manager, presented the item and requested Commission approval.

No public comment.

On Motion to approve Item 19:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

25. Other New Business

None.

26. Adjournment

President Caen adjourned the meeting at 4:53 PM.