



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, February 11, 2020
1:30 P.M.
(Approved February 25, 2020)

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 1:39 pm.

2. Roll Call

Present: Caen, Vietor, Moran, Maxwell and Paulson

3. Approval of the Minutes:

- a) January 23, 2020 Special Budget Hearing #3
- b) January 28, 2020 Regular Meeting
- c) January 30, 2020 Special Budget Hearing #4

*On Motion to approve the minutes of January 23, 28, and January 30
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

No public comment.

4. General Public Comment

- *Francisco DaCosta discussed his work as a Congressional liaison for the Presidio and his current work on behalf of residents of the Southeast Sector. He stated there is corruption at the SFPUC and he has reached out to elders.*
- *Peter Drekmeier, Tuolumne River Trust, displayed a 1993 SFPUC chart displaying “total system water demand” projections through 2033. He discussed unimpaired flow and demand projections and indicated decision need to be made now.*

VP Vietor asked that staff come back to the Commission with response to Mr. Drekmeier’s comments. President Caen noted the data on the report is old, going back to 1969.

5. Communications

- a) Advance Calendar
- b) Correspondence Log
- c) Contract Advertisement Report
- d) 2009 Water Supply Agreement Update
- e) Annual Report on Dry Year Supply Progress Pursuant to AB1823
- f) Summary of Commissioner Questions from the January Budget Hearings
- g) SFPUC 2020 Utility Technology Report
- h) Sewer Inspection and Replacement Program Update
- i) Water Supply Conditions Update
- j) Water System Improvement Program Status of Construction Change Orders
Greg Norby, Assistant General Manager (AGM) Wastewater, responded to a question from President Caen as to why the number of miles of sewer line inspected behind.

No public comment.

6. Report of the General Manager

- a) Bay Delta Water Quality Control Plan Update

Steve Ritchie, AGM Water, provided a presentation taken from the State Agencies February 4, 2020 presentation. He discussed (1) Refined Voluntary Agreements, (2) New Voluntary Agreement Framework, (3) Graphic displaying increased flow above baseline, (4) Graphic displaying habitat improvements above baseline, (5) Governance, Science, and Adaptive Management, (6) 15-Year implementation costs, (7) Funding source for Voluntary Agreement investment, (8) Implementation, (9) Steps to finalize Voluntary Agreements, and (10) Joint MID, TID and SFPUC statement on State Announcement.

AGM Ritchie responded to a question from Vice President (VP) Vietor as to how the new proposal differs from the SFPUC's proposal. Brief discussion ensued.

AGM Ritchie responded to a question from President Caen regarding how the increase of the floodplain would be done.

Public Comment

- *Peter Dreke, Tuolumne River Trust, indicated he hasn't seen details but he expressed concern with the process.*

b) CleanPowerSF (CPSF) Update

Mike Hyams, CPSF Director, provided the following update: (1) Enrollment and Service Statistics - more than 400,000 customer accounts citywide; 3.7 opt-out; SuperGreen upgrade rate 2%, and 4.5% of annual energy consumed is 100% California renewable power, (2) Renewable Energy Contracts - executed four long-term renewable Power Purchase Agreements: San Pablo Raceway, Blythe IV, Voyager IV expansion, and Maverick Solar 6, (3) CleanPowerSF Equity Project, (4) Rates - expecting PG&E rate changes as soon as April 2020. CleanPowerSF rate action will be brought to the Commission for consideration on February 25, 2020.

Mr. Hyams responded to a question from President Caen regarding the SFPUC's ability to challenge the proposed PCIA rate charge increase. Brief discussion ensued.

Mr. Hyams continued his presentation: (5) 2020 Integrated Resource Plan and Capital Plan.

Mr. Hyams responded to a question from Commissioner Maxwell regarding stakeholders and will provide her with a stakeholder list, as requested.

No public comment.

c) Update on PG&E's Bankruptcy and City's Acquisition Offer

Barbara Hale, AGM Power provided the following update: (1) Bankruptcy - PG&E filed additional details with the California Public Utilities Commission regarding their "preferred plan" and compliance with AB1054 requirements. She discussed general PG&E rate increase requests (not related to bankruptcy filing), (2) Regulatory

Activities - SFPUC has filed a protest with FERC to address issues with PG&E's recent compliance filing on its treatment of City Load connected to PG&E's grid under the Wholesale Distribution Tariff PG&E they have on file with FERC, (3) Legislative Activities - SB804 has been introduced by Senator Weiner. Senator Weiner has introduced another piece of legislation that would transform PG&E from a for-profit ownership model into a state-owned public utility, (4) Internal - work continues on operational readiness, legislative evaluation, bankruptcy case, and new website has launched to education people on the work of the Power Enterprise: publicpowersf.org.

AGM Hale responded to a question from VP Vietor regarding PG&E's proposed rate increases and how that will affect CleanPowerSF billing. AGM Hale noted the PG&E rate increase is on the "distribution side" not the "supply side". Brief discussion ensued.

No public comment.

- d) Water System Improvement Program (WSIP) Local and Regional Quarterly Reports Katie Miller, Acting Director, Water Capital Programs, provided the following update: (1) WSIP Program status (98% complete with \$4,522 Million expended), (2) Alameda Creek Recapture Project, (3) Regional Groundwater Storage and Recovery Project (overall progress on Phase I construction contract (B) is at 97%), (4) Fish Passage at Alameda Creek Diversion Dam (construction is 99% complete), (5) San Joaquin Region Closeout Project, (6) Sunol Valley Regional Closeout Project, (7) Bay Division Region Closeout Project, (8) Peninsula Region Closeout Project, and (9) Calaveras Dam Replacement Project.

No public comment.

- e) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements
GM Kelly provided comment on the working relationship between the SFPUC and the San Francisco Public Works. He discussed contracting and bid requirements and process transparency. He noted the GM has delegated authority from the Commission for certain contract approvals and stated that he will provide regular reports to the Commission regarding contracts he has approved via the delegation authority.

GM Kelly indicated the Controller has requested information on how departments interact with non-profit organizations.

GM Kelly responded to a question from Commissioner Maxwell as to whether Public Works has a commission.

Commissioner Moran stated that the SFPUC lives and dies on the trust of the ratepayers. He indicated that standards and procedures are in place to protect the

integrity of the SFPUC, including the SFUPUC's robust audit program, the Controllers Whistleblower Program, and the Ethics Commission. He noted the need to be aggressively transparent and to make it clear that the process is above-board and fair. Brief discussion ensued.

No public comment.

7. New Commission Business

Commissioner Maxwell requested a fire strategy update for the Peninsula Watershed.

No public comment.

8. Consent Calendar:

- a) Approve the plans and specifications, and award Contract No. WD-2854B, 525 Golden Gate Avenue Tower Access and Fall Protection in the amount of \$1,480,025, and with a duration of 180 consecutive calendar days to the responsible bidder submitting the lowest responsive bid, Pilot Construction Management Inc., to install fall protection and access improvements within the Wind Tower located in front of the San Francisco Public Utilities Commission Headquarters. ([Resolution 20-0025](#))
- b) Accept work performed by Trinet Construction, Inc. for Contract No. WW-606R2, Oceanside Water Pollution Control Plant Door and Building 930 Exterior and Awning Improvements, for a total contract amount of \$4,187,382 and a total contract duration of 932 consecutive calendar days; and authorize final payment to the Contractor. ([Resolution 20-0026](#))
- c) Accept work performed by Monterey Mechanical Co. for Contract No. WW-689(E), Oceanside Water Pollution Control Plant Facility Ventilation System Repairs; approve Modification No. 2 (Final), increasing the contract amount by \$66,186 for a total contract amount of \$2,882,303, and increasing the contract duration by 163 calendar days, for a total contract duration of 403 calendar days; and authorize final payment to the Contractor. ([Resolution 20-0027](#))

On Motion to approve Consent Calendar items 8a through 8c:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

9. Approve the plans and specifications, and award Contract No. DB-129.1 Bay Corridor Transmission & Distribution – Phase 2 (2019) North, in the amount of \$24,058,409, and with a duration of 396 consecutive calendar days, to the responsible bidder submitting the lowest responsive bid, Mitchell Engineering, to install electrical conduits, electrical vaults, and fire suppression pipelines on the Terry Francois Boulevard between Mission Rock Street and Warriors Way. 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 20-0028](#))
Kathy How, AGM Infrastructure, introduced the item and requested approval.

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

No public comment.

10. Approve the selection of GEI Consultants, Inc. (GEI); award Agreement No. PRO.0138B, Engineering Services for Dams and Reservoirs, to GEI, to provide planning and specialized engineering design services; and authorize the General Manager to negotiate and execute the professional services agreement, in an amount not-to-exceed \$11,000,000 and with a duration of 11 years, subject to Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 20-0029](#))
AGM How introduced the item and requested approval. She noted a previous protest has been resolved.

*On Motion to approve item 10:
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

No public comment.

11. Adopt a finding declaring as “exempt surplus land” portions of the unimproved property owned by the City and County of San Francisco, under the jurisdiction of the San Francisco Public Utilities Commission, in Sunnyvale, Santa Clara County, California, commonly known as a portion of Manzano Way, Assessor’s Parcel No. 104-28-069 (the Existing Street) and declaring as “surplus land” portions of Assessor’s Parcel No. 104-28-066 (Parcels 1 and 2); and recommend that, subject to and following the City’s satisfaction of applicable requirements under the State Surplus Lands Act (Cal. Gov’t Code Sec. 54220 *et seq.*), the Board of Supervisors authorize the City’s Director of Property to execute a quitclaim deed conveying the Existing Street to the City of Sunnyvale free of charge, and authorize the General Manager to execute a Purchase and Sale Agreement with Manzano Property LLC to convey Parcels 1 and 2 for \$1,100,000. ([Resolution 20-0030](#))
Michael Carlin, Deputy General Manager, introduced the item and requested approval.

*On Motion to approve item 11:
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

No public comment.

The Commission Secretary read items 13, 14, and 15 out of order and together.

No public comment.

13. Discussion and possible action to adopt the Two-Year Capital Budget of the San Francisco Public Utilities Commission consisting of \$435,699,986 for FY 2020-21 and \$835,878,748 for FY 2021-22; authorize the General Manager to seek Board of Supervisors approval for (1) de-appropriation of \$3,528,113 in Revenue Funded Water Capital Projects, (2) de-appropriation and re-appropriation of \$15,324,167 in Water Capital Projects, (3) de-appropriation and re-appropriation \$391,415,748 Wastewater Capital Projects, and (4) de-appropriation and re-appropriation of \$341,001 in Revenue Funded Power Capital Projects; and authorize the General Manager to seek Board of Supervisors approval for the issuance of (1) \$370,762,889 aggregate principal amount of Water Revenue Bonds and other forms of indebtedness, including commercial paper and State Revolving Fund (SRF) loans, (2) \$387,719,556 aggregate principal amount of Wastewater Revenue Bonds and other forms of indebtedness, including commercial paper and SRF loans, and (3) \$142,970,073 aggregate principal amount of Power Revenue Bonds and other forms of indebtedness, including commercial paper and loans, subject to the terms of Charter Sections 9.107(6) and 9.107(8). ([Resolution 20-0031](#))
14. Discussion and possible action to adopt the San Francisco Public Utilities Commission 10-Year Capital Plan for FY 2020-21 through FY 2029-30 totaling \$8,995,702,530. ([Resolution 20-0032](#))
15. Discussion and possible action to adopt the San Francisco Public Utilities Commission 10-Year Financial Plan for FY 2020-21 through FY 2029-30. ([Resolution 20-0033](#))
Eric Sandler, CFO and AGM Financial Services, thanked the budget and financial planning teams for their work on the budget. He reviewed the following:

10-Year Financial Plans – FY2020-21 through FY2029-30

- FY 2020-21 to FY2029-30 10-Year Financial Plan Development
- Water Enterprise: Key Assumptions, 10-Year Financial Plan (actuals and base case volume projections, Retail Water sales volume sensitivity, and Wholesale Water sales volume sensitivity), and 10-Year Financial Plan summary.
- Wastewater Enterprise: Key Assumptions, 10-Year Financial Plan (actuals and base case volume projections, and Wastewater sales volume sensitivity), 10-Year Financial Plan summary, combined Water and Wastewater average single family monthly bill, and utility affordability (cost as a percent of median household income).
- Hetch Hetchy Water and Power Enterprise: Key Assumptions, 10-Year Financial Plan (actuals and base case volume projections, actual and downside volume sensitivity projection, and actual and upside volume sensitivity projection), and 10-Year Financial Plan summary.
- CleanPowerSF: Key Assumptions, 10-Year Financial Plan (actuals and base case volume projections, actual and upside volume sensitivity projection), and 10-Year Financial Plan summary.

10-Year Capital Plan and Two-Year Capital Budget Recap

- 10-Year Capital Plan and Two-Year Capital Plan Development

- FY2020-21 to FY2029-30 10-Year Capital Plan: Total \$9.0 Billion: Wastewater \$5.1 Billion (57%), Water \$2.2 Billion (25%), Hetchy Water & Power \$1.6 Billion (17%) and CleanPowerSF \$0.1 Billion (1%).

Item 13: Motion to adopt the SFPUC FY2020-21 and FY2021-22 Two-Year Capital Budget

On Motion to approve item 13:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment item 13.

Item 14: Motion to adopt the SFPUC 10-Year Capital Plan update for FY2020-21 to FY2029-30

On Motion to approve item 14:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

Public Comment Item 14

- *Tom Francis, BAWSCA, read written statement in support of the SFPUC's 10-Year Capital Plan. Copies of the statement were provided to the Commission and Commission Secretary.*

Item 15: Motion to adopt the SFPUC Financial Plan Update for FY2020-21 to FY2029-30

On Motion to approve item 15:

Present: Caen, Vietor, Moran, Maxwell and Paulson

Public Comment Item 15

- *Peter Drekmeier, Tuolumne River Trust, discussed discrepancy in demand projections as discussed at the budget hearings.*

At the request of Commissioner Moan, AGM Ritchie responded to Mr. Drekmeier's comments. Commissioner Moran provided additional comment and brief discussion ensued.

12. Discussion and possible action to (1) adopt the San Francisco Public Utilities Commission Biennial Operating Budget in the amount of \$1,215,751,380 for FY 2020-21 and \$1,278,558,764 for FY 2021-22, (2) adopt the Biennial Programmatic Project Budget in the amount of \$63,906,591 for FY 2020-21 and \$54,318,280 for FY 2021-22, and (3) appropriate operating revenue funds for capital projects in the amount of \$169,563,500 for FY 2020-21 and \$182,038,390 for FY 2021-22. ([Resolution 20-0034](#))

President Caen recused herself from Item 12 and stated the following: “My daughter works for the Power Enterprise. I will not participate in the discussion or vote on the Operating Budget, Item 12. I am recusing myself in an abundance of caution, and to avoid the appearance of a conflict of interest.” She turned the gavel over to VP Vietor to preside.

President Caen departed the hearing room.

GM Kelly noted the effort involved to put the budget together. He provided a recap of the budget adoption process, and he reviewed the three budget themes presented during the budget hearings: (1) Utility of the Future, Now, (2) Resiliency, and (3) People.

CFO Sandler also reviewed the extensive budget development and Commission review process, which included 12 hours of special budget hearings. He discussed the Budget Transparency Initiative (City Ordinance No. 294-19) adopted December 2019.

Supervisor Maxwell indicated that public participation in the budget hearings could be improved.

CFO Sandler continued with a review of:

SFPUC FY2020-21 and FY2021-22 Total Uses by Enterprise:

- *Total Uses of \$1.45 Billion in FY 2020-21 and \$1.51 Billion in FY2021-22: 42% Water, 27% Wastewater, 15% CleanPowerSF, 10% Hetchy Power, and 6% Hetchy Water.*

SFPUC FY2020-21 and FY2021-22 Total Uses by Category:

- *Total Uses of \$1.45 Billion in FY 2020-21 and \$1.51 Billion in FY2021-22: 39% Capital, 25% Personnel and Bureau support, 18% Energy, 14% Non-personnel, and 4% Programmatic Projects.*

Budget Change Summary:

- *First-year increase 3% and second-year increase 5%. Largest drivers being power purchase costs, debt service and revenue funded capital, and cost of living increases for labor and non-labor.*

FY2020-21 and FY2021-22 New Position Request by Purpose:

- *63 Operating positions and 62 Project positions.*

Commissioner Moran ask that in addition to managing the increase of staff positions via numbers, that staff also provide a story to support the request.

Item 12: Motion to adopt the SFPUC FY2020-21 and FY2021-22 Two-Year Operating and Programmatic Budgets and appropriate operating revenue funds for capital projects

Aye: Vietor, Moran, Maxwell and Paulson

President Caen returned to the hearing room.

16. Authorize the General Manager to execute a Memorandum of Understanding with the Real Estate Division of the City and County of San Francisco (RED) to allow the SFPUC to install a photovoltaic solar energy system at a cost of \$500,000 at a new building RED is constructing at 49 South Van Ness Avenue, San Francisco, and set forth the terms and conditions under which SFPUC will own, operate, and maintain the solar facility for a term of 25 years. ([Resolution 20-0035](#))

On Motion to approve item 16:

Present: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

17. Public Comment on matters to be addressed during Closed Session

None.

18. 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:

Present: Caen, Vietor, Moran, Maxwell and Paulson

The Commission entered Closed Session at 4:18 pm

VP Vietor departed the hearing room at 4:18 pm

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)
Existing Unlitigated Claim

Jennifer Roldan v. City and County of San Francisco

Unlitigated File No. 20-01161

Proposed settlement of claim with claimant's release of all claims and the City to pay claimant \$47,574.99

(Resolution 20-0036)

VP Vietor returned to the hearing room at 4:21 pm.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1)

Existing Litigation

San Joaquin Tributaries Authority, et al v. California State Water Resources Control Board

Tuolumne Superior Court Case No. CU62094/Date Filed: January 10, 2019

Coordinated as State Water Board Cases by order filed May 13, 2019 in Sacramento Superior Court, JCCP No. 5013

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (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

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1)
Existing Litigation
City and County of San Francisco v. Pacific Gas & Electric Company
Docket No. EL19-38-000/Date Filed: January 28, 2019 Federal Energy Regulatory Commission

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (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.
Case No. EL15-3-000/Date Filed: October 9, 2014

The Commission exited Closed Session at 5:16 pm.

24. Announcement following Closed Session
President Caen announced that a settlement was approved for item 19. No other action was taken.

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

*On Motion to not to disclose discussions:
Present: Caen, Vietor, Moran, Maxwell and Paulson*

No public comment.

26. Adjournment
President Caen adjourned the meeting at 5:17 pm.