



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed
Mayor

REGULAR MEETING MINUTES
Tuesday, June 25, 2024
1:30 PM

1 Dr. Carlton B. Goodlett Place
City Hall, Room 400

Commissioners

Tim Paulson, President
Anthony Rivera, Vice President
Newsha Ajami
Kate H. Stacy

Dennis J. Herrera
General Manager

Cirilo Espinoza
Acting Commission Secretary

1. Call to Order

President Paulson called the meeting to order at 1:30pm.

2. Roll Call

Present: Paulson, Rivera and Stacy

3. Approval of Commission Meeting Minutes

a) May 14, 2024 Meeting

No public comment.

On motion to approve the Minutes of May 14, 2024:

Ayes: Paulson, Rivera and Stacy

b) May 28, 2024 Meeting

No public comment.

On motion to approve the Minutes of May 28, 2024:

Ayes: Paulson, Rivera and Stacy

c) June 11, 2024 Meeting

No public comment.

On motion to approve the Minutes of June 11, 2024:

Ayes: Paulson, Rivera and Stacy

4. General Public Comment

Francisco DaCosta recounted multiple instances where he has asked for the Commission's attention and assistance with the quality of life and funding in the Bayview District.

Unidentified caller provided remote public comment on South Ocean Beach and the Ocean Beach Master Plan.

Peter Drekmeier, Tuolumne River Trust, provided remote public comment on the long-term vulnerability assessment and his concerns about the alternative water supply plan.

Gregg David provided remote public comment on the fiscal sustainability of the district and urged the Commission to undertake an audit.

5. Report of the General Manager (discussion only)

Dennis Herrera, General Manager, noted Agenda Item #7 is being pulled.

a) San Francisco Public Utilities Commission Retirement Recognition

Raymond Jackson was honored for his 25 years of service. Anthony Arrechea (his most recent supervisor) and Joel Prather, Assistant General Manager (AGM) - Wastewater, provided comments about Mr. Jackson and the precedent he set as a plumber in the Wastewater Enterprise.

President Paulson and Commissioner Stacy thanked Mr. Jackson for his years of service and dedication.

Mr. Jackson thanked the Commission for their statements and comments.

Vice President Rivera also thanked Mr. Jackson for his service.

b) Quarterly Budget Status Report

Laura Busch, Deputy Chief Financial Officer, presented the report.

President Paulson and Commissioner Stacy thanked CFO Busch for the report.

Commissioner Stacy noted the water budgetary variances.

President Paulson requested clarification on labor savings, how the SFPUC budgets for the number of positions to be filled and hiring delays. CFO Busch stated the PUC is improving and accounting for salary savings through the next budget report.

No public or remote comment.

c) Wastewater Enterprise Quarterly Report Including Southeast Area Major Projects Update including Biosolids and Headworks

Bessie Tam, Director of Wastewater Capital Programs, presented the report.

President Paulson thanked Director Tam for her report and the reminder of the tremendous work occurring at the Southeast Treatment Plant (SEP).

Commissioner Stacy requested clarification on why there are issues and challenges. Director Tam stated it is due to a mixture of a lack of resources and staff and issues/delays with contractors themselves.

No public or remote comment.

d) Racial Equity Progress Report

dr. christian bijoux, Chief Diversity Officer (CDO), presented the report.

President Paulson thanked CDO bijoux for the report. He questioned how well-received this

is in every department of the SFPUC and commented on diversity still being an issue. CDO bijoux stated we should be promoting more from within (as opposed to pulling external candidates) and that there should be more individuals working on retention and mentorship.

Commissioner Stacy acknowledged the resources and focus CDO bijoux's team has brought to the PUC. She also commented on the ethic of mentoring and echoed President Paulson's comments. CDO bijoux stated his team does receive support from the Office of Racial Equity.

Vice President Rivera commented on the mentorship program and how he agrees with CDO bijoux on the importance of promoting from within.

No public or remote comment.

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

None.

6. **CONSENT CALENDAR**

- a) Award **Contract No. WW-752R**, Various Locations Main Sewer Inspection No. 2, to the responsible bidder that submitted the lowest responsive bid, Pipe and Plant Solutions, Inc., in the amount of \$3,544,000 with a duration of 425 consecutive calendar days (approximately one year and two months), to inspect existing sewers at various locations within the City and County of San Francisco. This action constitutes the Approval Action for the Project for the purposes of the California Environmental Quality Act (CEQA), pursuant to San Francisco Administrative Code section 31.04(h). The Planning Department has determined that the Project is exempt from the CEQA. The Commission will rely on that determination to make its decision on this action. ([Resolution 24-0141](#))
- b) Award Job Order **Contract No. JOC-105**, General Building (B License) Construction, San Francisco, San Mateo, Santa Clara, and Alameda Counties, in the amount not-to-exceed \$5,000,000, with a guaranteed minimum task order opportunity amount of \$50,000, and a duration of two years, to the responsible bidder that submitted the lowest responsive bid, Rubecon General Contracting, Inc., to perform B licensed general building construction work on San Francisco Public Utilities Commission systems and operations around the Bay Area. ([Resolution 24-0142](#))
- c) Award Job Order **Contract No. JOC-106**, Landscape (C-27 License), Micro-LBE Set-Aside, San Francisco, San Mateo, Santa Clara, and Alameda Counties, in the amount not-to-exceed \$2,000,000, with a guaranteed minimum task order opportunity amount of \$50,000, and a duration of two years, to the sole responsible bidder that submitted a responsive bid, Korotkin Associates, to perform C-27 licensed landscape construction work on San Francisco Public Utilities Commission systems and operations around the Bay Area. ([Resolution 24-0143](#))
- d) Approve an increase of 150 calendar days to the duration contingency for **Contract No. WD-2840**, Southern Skyline Boulevard Ridge Trail Extension, with Gordon Ball, Inc., for a revised contract duration limit (including contingency) of up to 747 consecutive calendar

days (approximately two years and one month), for additional time to complete the associated work approved under Resolution No. 24-0006 and for potential delays due to differing site conditions, with no change to the contract amount. ([Resolution 24-0144](#))

- e) Approve an increase to the not-to-exceed contract amount of \$3,963,881 and an increase to the contract duration of 79 calendar days to **Contract No. WD-2868R**, San Francisco Local Water As-Needed Paving (21-24) with A. Ruiz Construction Co & Assoc., Inc., for a revised not-to-exceed contract amount of up to \$19,206,581 and a revised contract duration limit of up to 1,283 consecutive calendar days due to the ongoing need for as-needed paving services. ([Resolution 24-0145](#))
- f) Approve an increase of 90 calendar days to the duration contingency and increase of \$200,000 to the amount contingency for **Contract No. WW-705**, Various Locations Sewer Replacement No. 10, with Mitchell Engineering, for a revised construction duration limit of up to 660 consecutive calendar days (approximately one year and ten months) and a revised contract amount up to \$5,413,494, due to differing site conditions resulting in a scope change from open cut pipeline replacement to trenchless construction method on Golden Gate Avenue. ([Resolution 24-0146](#))
- g) Approve an increase of 324 calendar days to the duration contingency for **Contract No. WW-709R**, Various Locations Sewer Replacement No. 13, with M. Hernandez Construction, Inc., for a revised contract duration limit (including contingency) of up to 830 consecutive calendar days (approximately two years and four months), due to supply chain procurement delays of high-density polyethylene pipeline materials and to address differing site conditions encountered on Beach Street, Larkin Street and Jefferson Street, with no change to the contract amount or amount contingency. ([Resolution 24-0147](#))
- h) Accept work performed by A&B Construction, under **Contract No. DB-128R2**, Bay Corridor Transmission and Distribution – Phase 1; approve Modification No. 19 (Final) increasing the contract amount by \$516,446 (within the approved contingency amount) for a total contract amount of \$20,915,514, and increasing the contract duration by 1,132 calendar days (which includes 65 days from the duration contingency that the Commission approved in April of 2019) for a total contract duration of 2,103 consecutive calendar days (approximately five years and nine months), to cover an extended claims resolution process and additional work contractor agreed to perform as part of the claims resolution process, and contractor’s completion of closeout punch-list items and documentation; and authorize final payment to the contractor. ([Resolution 24-0148](#))
- i) Accept work performed by Fontenoy Engineering, Inc., under **Contract No. WD-2852R**, San Francisco Westside Recycled Water Irrigation System Retrofits; approve Modification No. 5 (Final) increasing the contract amount by \$325,118 for a total contract amount of \$3,026,722, and increasing the contract duration by 451 consecutive calendar days for a total contract duration of 1,018 consecutive calendar days (approximately two years and ten months), to complete contract work that was delayed due to supply chain procurement issues, to complete punch list items, and to finalize closeout documentation; and authorize final payment to the contractor. ([Resolution 24-0149](#))
- j) Accept work performed by D’Arcy & Harty Construction, Inc., under **Contract No. WW-713**, As-Needed Main Sewer Replacement No. 9; approve Modification No. 2 (Final)

decreasing the contract amount by \$2,202,281 for a total contract amount of \$4,925,459, with no change to contract duration, for a total contract duration of 730 consecutive calendar days (approximately two years), to adjust the final contract amount to the value of actual contract quantities completed; and authorize final payment to the contractor. ([Resolution 24-0150](#))

- k) Approve **novation agreement assigning the Onsite Water Reuse Grant** from NRG Energy Center San Francisco to Energy Center San Francisco. ([Resolution 24-0151](#))

No Commission comment or public/remote comment.

On the Motion to approve Agenda Item #6 – Consent Calendar:

Ayes: Paulson, Rivera and Stacy

REGULAR CALENDAR

7. Adopt policy (1) **delegating authority to the General Manager** to award and amend certain types of contracts, grants, leases, and other agreements and (2) establishing instructions for which types of Commission actions on contracts, grants, leases, and other agreements will be heard on the Commission’s consent calendar or the regular calendar, which policy shall supersede and replace in full earlier delegations and instructions.

Agenda Item #7 was removed from the agenda calendar at the request of General Manager Herrera.

8. Approve the terms and conditions and authorize the General Manager to execute a **three-year lease, with a two-year option to extend the term, with Bayview Plaza, LLC**, as landlord, for the San Francisco Public Utilities Commission Wastewater Enterprise use of office space located at 3801 3rd Street in San Francisco at an initial annual Base Rent of \$386,640 with three percent annual increases. ([Resolution 24-0152](#))

Rosanna Russell, Real Estate Director, presented the report.

Vice President Rivera questioned where staff will reside during the construction; AGM Prather provided a response.

No public/remote comment.

On the Motion to approve Agenda Item #8:

Ayes: Paulson, Rivera and Stacy

9. Approve the terms and conditions and authorize the General Manager to execute a **five-year lease, with two 2-year options to extend the term, with Lolita Lodhia, Hershla Lodhia Miller and Sharmila Lodhia, as Co-Trustees of the Lodhia Living Trust** dated 11/21/1994, as landlord (Landlord), for the San Francisco Public Utilities Commission Wastewater Enterprise (WWE) warehouse and office use of 1900 Oakdale Avenue, San Francisco at an initial annual Base Rent of \$706,722 with no annual increases. This action constitutes the Approval Action for the Project for the purposes of the California Environmental Quality Act (CEQA), pursuant to

San Francisco Administrative Code section 31.04(h). The Planning Department has determined that the Project is exempt from the CEQA. The Commission will rely on that determination to make its decision on this action. ([Resolution 24-0153](#))

Rosanna Russell presented the report.

President Paulson questioned a facility down the street from this location; Director Russell stated she could find out and respond appropriately.

No public/remote comment.

On the Motion to approve Agenda Item #9:

Ayes: Paulson, Rivera and Stacy

10. Award **Contract No. WW-720**, As-Needed Main Sewer Replacement No. 10, to the responsible bidder that submitted the lowest responsive bid, Mitchell Engineering, in the amount of \$16,028,745, with a duration of 730 consecutive calendar days (two years), to perform as-needed manhole-to-manhole segment main sewer replacement on short notice throughout the City and County of San Francisco. ([Resolution 24-0154](#))

Aileen Caylao, Project Manager, presented the report.

No Commission comment or public/remote comment.

On the Motion to approve Agenda Item #10:

Ayes: Paulson, Rivera and Stacy

11. Award **Contract No. WW-743**, Geary Boulevard Sewer and Water Improvements Phase 2, to the responsible bidder that submitted the lowest responsive bid, Cratus, Inc., in the amount of \$45,957,035, and with a duration of 1,034 consecutive calendar days, to replace, rehabilitate and relocate existing aging sewer and water facilities and install traffic control conduits on Geary Boulevard between 32nd Avenue and Stanyan Street. Approval of the sewer and water components of the Project constitutes the Approval Action for the purposes of the California Environmental Quality Act (CEQA), pursuant to San Francisco Administrative Code section 31.04(h). The Planning Department has determined that the Project is exempt from the CEQA. The Commission will rely on that determination to make its decision on this action. ([Resolution 24-0155](#))

Derek Adams, Project Manager, presented the report.

Commissioner Stacy questioned if the surface improvements would be installed by the Geary BRT. Project Manager Adams stated the installation is coordinated with the Geary BRT.

No public/remote comment.

On the Motion to approve Agenda Item #11:

Ayes: Paulson, Rivera and Stacy

12. Approve **Amendment No. 2 to Contract No. PRO.0164**, Engineering Services for the Lower Alemany Area Stormwater Improvement Project with McMillen Jacobs Associates (dba Delve Underground), increasing the contract amount by \$8,300,000, for a total not-to-exceed contract amount of \$17,800,000, and extending the contract duration by three years, for a total contract duration of nine years, due to additional engineering support needed to perform analyses and refine the design for the project's Caltrans encroachment permit, and to provide engineering support during construction, subject to Board of Supervisors approval under Charter Section 9.118. ([Resolution 24-0156](#))

Casey Chen, Project Engineer, presented the report.

Commissioner Stacy commented on the continuous increases and how this item has been brought before the Commission previously. She continued, requesting clarification on why there seems to be such difficulty in dealing with Caltrans; she also requested to know what was unforeseen at the time the contract was originally entered. Project Engineer Chen stated the team did not foresee the external details in dealing with Caltrans requirements.

Vice President Rivera just requested clarification on the use of the new 1.2-mile-long tunnel and if it would be an overflow holding area for flooding or more of an increasing the diameter for drainage. Project Engineer Chen stated the new auxiliary tunnel is primary for stormwater; the existing box sewer that passes that area cannot handle large storm flows, so they built an auxiliary sewer primarily for stormwater and increasing capacity.

President Paulson questioned if there was a possibility this item would be brought before the Commission again to request more funding. Project Engineer Chen stated they are at 95% design build, and he does not want to return to request more funding from the Commission.

No public/remote comment.

On the Motion to approve Agenda Item #12:

Ayes: Paulson, Rivera and Stacy

13. **Public Hearing to approve a Commercial Equipment Rebate Program and adopt Rules and Regulations** to allow the San Francisco Public Utilities Commission to issue two types of water-saving commercial equipment rebates to promote water and energy conservation in its retail service area: (1) a Metered Water Savings Equipment Rebate that would provide up to \$7 for every 748 gallons (100 cubic feet) of water saved over a 10-year required project lifespan up to 100 percent of documented equipment costs with a maximum cap of \$750,000 dollars for each rebate based on metered water savings and (2) an Estimated Water Savings Equipment Rebate that provides up to \$1 for every 100 cubic feet of water saved over a 10-year required project lifespan up to 50 percent of documented equipment costs with a maximum cap of \$750,000 based on water savings estimates. ([Resolution 24-0157](#))

Julie Ortiz, Water Conservation Manager, presented the report.

Commissioner Stacy stated she is happy to endorse the program; specifically, how the SFPUC is

seeking alternative ways to conserve water and implementing some of the Pacific Institute's recommendations.

No public/remote comment.

On the Motion to approve Agenda Item #13:

Ayes: Paulson, Rivera and Stacy

14. Approve **three credit facility agreements for the Wastewater Enterprise Interim Funding Program** in the principal total amount of \$275,000,000 in the form of (1) First Amendment to the Revolving Credit and Term Loan Agreement with TD Bank and Amended and Restated Fee Agreement and (2) Revolving Credit and Term Loan Agreement and Fee Agreement with Bank of America, and (3) Amended and Restated Revolving Credit Agreement and Fee Letter Agreement with US Bank. ([Resolution 24-0158](#))
15. Approve **two credit facility agreements for the Water Interim Funding Program** in the principal amount of \$200,000,000 total in the form of (1) Second Amendment to the Reimbursement Agreement with Barclays Bank and Second Amended and Restated Fee Agreement and (2) Amended and Restated Revolving Credit Agreement and Amended and Restated Fee Agreement with US Bank. ([Resolution 24-0159](#))

Nikolai Sklaroff, Capital Finance Director, presented both reports.

President Paulson thanked Director Sklaroff for the reports.

Commissioner Stacy thanked Director Sklaroff for the clear reports and having her questions fully answered.

No public/remote comment.

On the Motion to approve Agenda Item #14:

Ayes: Paulson, Rivera and Stacy

On the Motion to approve Agenda Item #15:

Ayes: Paulson, Rivera and Stacy

16. Authorize the **issuance of up to \$480 million of taxable 2024 Series A Bonds** for new money, the issuance of up to \$125 million of taxable 2024 Series B Bonds to re-finance prior expenditures and fund new money, and the issuance of up to \$700 million of tax-exempt 2024 Series C Bonds and 2024 Series D Bonds for new money and to retire tax-exempt commercial paper. ([Resolution 24-0160](#))

Nikolai Sklaroff presented the report.

Commissioner Stacy endorsed the pursuit and use of green bonds. She requested examples of tax-exempt bonds and unmitigated bonds and questioned if Series A bonds could be used to fund

capitalized interest to mitigate short-term budget impacts. In addition, Commissioner Stacy stated due to the uncertainty whether their use would be taxable or tax exempt, would it be possible to wait on approving or issuing those bonds. Director Sklaroff stated that because spending is ongoing and we have incurred commercial paper and have these costs in this year, we need to make sure they are funded or else we would be pausing that construction project.

No public/remote comment.

On the Motion to approve Agenda Item #16:

Ayes: Paulson, Rivera and Stacy

17. Authorize General Manager to seek **Board of Supervisors approval for payments from the General Fund** to customer Oliver De Silva for \$101,825, to customer Sunol AgPark for \$340, and to Alameda County for \$651,976. ([Resolution 24-0161](#))

Nancy Hom, Chief Financial Officer (CFO) & AGM - Business Services, presented the report.

President Paulson questioned if the Commission would be approving something that is not fully resolved. CFO Hom stated this is the first step in resolving an unintended oversight and trusts the resolution is moving in the correct direction.

No public/remote comment.

On the Motion to approve Agenda Item #17:

Ayes: Paulson, Rivera and Stacy

18. Public Hearing to consider adopting a Resolution, which grants the General Manager the **discretion to delay the implementation of the discount consolidation** for Hetch Hetchy Power customers on rate schedules A-1UP and A10-US from July 1, 2024, to January 2025. ([Resolution 24-0162](#))

Matthew Freiberg, Rates Manager, presented the report.

Commissioner Stacy stated she was pleased the team identified the concerns prior to implementation. She also questioned how they were able to come across the changes; Rates Manager Freiberg stated a lot of the work and subsequent discovery of concerns stemmed from the rate study that was produced in FY 2022.

No public/remote comment.

On the Motion to approve Agenda Item #18:

Ayes: Paulson, Rivera and Stacy

19. Discussion and possible action to appoint a Commission Secretary. ([Resolution 24-0163](#))

President Paulson spoke about the search, interview process and eventual selection of a

candidate to fill the vacant Commission Secretary position. After interviewing many qualified individuals, the Commission has identified Tiffany Lennear as the new Director of Commission Affairs (fka Commission Secretary). A recommendation was made and a subsequent vote in favor of appointing Ms. Lennear as the new Director of Commission Affairs was conducted.

President Paulson continued, stating due to a gap in time from when Commission Secretary Donna Hood retired to when Ms. Lennear will begin her duties as the new Director of Commission Affairs, the General Manager would be able to assign temporary staff to cover the duties of the Commission Secretary until Ms. Lennear is fully onboarded.

Before a motion was made, the Commission paused to thank the interview committee (which included Deputy General Manager Ron Flynn and Chief People and Workplace Officer Wendy Macy) and the Human Resources Department for their services. In addition, the Commission expressed their appreciation to Cirilo Espinoza, Executive Assistant, for his double-duty service as Acting Commission Secretary since Commission Secretary Hood's retirement.

No public/remote comment.

On the Motion to approve Agenda Item #19:

Ayes: Paulson, Rivera and Stacy

20. Communications (information only)

- a) Advance Calendar
- b) Annual Street Light Program Update
- c) Contract Advertisement Report
- d) Correspondence Log
- e) Water Supply Conditions Update

21. Items initiated by Commissioners (discussion only)

None.

22. Adjournment

President Paulson adjourned the meeting at 4:06pm.

