



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**  
Mayor

**REGULAR MEETING DRAFT MINUTES**  
**Tuesday, March 26, 2024**  
**1:30 PM**  
**(Approved April 9, 2024)**

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

**Commissioners**

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

Dennis J. Herrera  
General Manager

Donna Hood  
Commission Secretary

1. Call to Order

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

2. Roll Call

*Present: Paulson, Rivera, Ajami, Maxwell, and Stacy*

3. Approval of the Minutes of March 12, 2024

*No public comment.*

*On motion to approve the Minutes of March 12, 2024:*

*Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

4. General Public Comment

- *Francisco DaCosta discussed community benefits and said there has been none for the community. He asked that he and others be allowed to use the Contractors' Assistance Center to assist the community. He requested that the Commission read Chapter 54 of the San Francisco Administrative Code.*
- *Gary Welch stated the Contractors' Assistance Center is underutilized and can be used to provide employment and career training for the benefit of the community.*
- *Barklee Sanders, SFPUC Citizens' Advisory Committee (CAC) discussed the March 14, 2024 CAC letter and resolution sent to the Commission regarding "Emergency Authorizations and Power Outages on Treasure Island". He discussed the number of outages on the Island and asked that an emergency be declared.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, discussed the March 15<sup>th</sup> judge's ruling on lawsuits over Phase One of the Bay Delta Water Quality Control Plan. He asked that the decision not be appealed.*
- *Jennifer Vataru, Marina resident discussed the closing of the Pierce Street Outfall. She stated she has not received the data as requested. She described her personal experiences.*

5. Report of the General Manager

a) San Francisco Public Utilities Commission Employee Retirement Recognitions

*Dennis Herrera, General Manager (GM) recognized the service and dedication of recent retirees with more than 25 years of service to the SFPUC: Wastewater Enterprise: Ella Empleo (26 years), and Maurice Hayes (26 years); and Water Enterprise: Thomas Murray (38 years), John Femenia (34 years), Sanford Lee (33 years), Paul Bouc (31 years), Corodon Norton (31 years), Julie McDonald (25 years), and Richard Sherman (25 years).*

*Angela Cheun stated that Water Supply and Treatment owes a debt of gratitude to Paul Bouc who went above and beyond in performing his duties while juggled multiple jobs, with unending dedication. She noted his love of finding solutions to difficult problems and thanked him for his service and for setting a gold standard for plumbing. She wished Paul a wonderful and well-deserved retirement.*

*Mr. Bouc expressed his thanks for the opportunity to work for the SFPUC and with his talented and devoted coworkers.*

*Sergio Ramirez, Sanford Lee's supervisor spoke on behalf of Mr. Lee, who was unable to attend. He stated that Sanford continually showed the spirit of San Francisco's employees and community. He noted Sanford's desire to look after the ratepayers and San Francisco,*

*ensuring services were provided.*

*The Commissioners each thanked the retirees for their service and wished them well in their well-earned retirement.*

*No public comment.*

b) Hetch Hetchy Capital Improvement Program Quarterly Report

*Katie Miller, Director, Water Capital Programs reviewed the Hetch Hetchy Capital Improvement Program (HCIP) status as of December 2023, indicating expenditures for the quarter are \$290 million, with \$43 million remaining. There was \$25.8 million expended during the second quarter, with two contracts advertised for construction bid.*

*Director Miller reviewed the HCIP cost summary budget noting an overall cost variance in the second quarter of \$455 million (\$22 million water infrastructure, \$13 million power infrastructure, and \$420 million joint infrastructure).*

*She indicated projects' scope, schedule and budget forecasts were updated to match the proposed FY 2025-26 10-year Capital Improvement Program (CIP). Fourteen of 17 projects are forecasting schedule variances, with 11 schedule increases between three months to seven years, and three schedule decreases; and 17 of 17 projects are forecasting cost variance with 12 cost increases and five cost decreases. Director Miller indicated the Hetch Hetchy Water 10-Year CIP includes these changes.*

*Director Miller provided updates for the San Joaquin Pipeline Valve and Safe Entry Improvements, Moccasin Powerhouse and Generator Set-Up Transformer Rehabilitation, O'Shaughnessy Dam Outlet Works Phase I, and Mountain Tunnel Improvements, with significant work at Priest Reservoir. The Mountain Tunnel shut-down No.3 occurred from December 5, 2023, to March 8, 2024, with tunnel lining and grout repair completed.*

*Director Miller thanked the construction team and staff for their work during the shutdown.*

*Director Miller responded to a question from President Paulson as to whether there have been any surprises, indicating it was a surprise that costs for the Moccasin Dam went down from \$300M to \$150M, indicating it will continue to meet operational needs.*

*Director Miller responded to a question from Commissioner Maxwell as to the meaning of "progressive Design Build" discussing the process and its use in the industry; and to a follow-up question regarding what will happen to the penstocks, stating they are considered a historic landmark and what will happen to them is yet to be determined.*

*Commissioner Stacy thanked staff for the thorough and transparent reports that were easy to read and answered all her questions.*

*No public comment.*

c) FY 23-24 Second Quarter Budget Status Report

*Laura Busch, Deputy Chief Financial Officer (CFO) stated there were positive operating results projected for Wastewater, Power, and CleanPowerSF, and a shortfall for Water.*

*Deputy CFO Busch discussed: (1) Water and Wastewater: Revenues are projected to be below budget mainly due to removal of the drought surcharge, offset by revenues from state grant funding for arrearages and discount programs; (2) Power: Revenues projected to exceed budget due to higher wholesale sales and generation. Large savings are projected for power purchases due to higher generation. Additionally, there are savings from distribution costs due to calculation errors made by PG&E discovered by Power staff, and savings from transmission costs; (3) CleanPowerSF: Revenues are projected to exceed budget due to increased wholesale sales, offset by slightly lower retail sales. In addition, power purchase prices have lowered since quarter one resulting in a slight surplus in the power purchase budget; and (4) Year-end financial results are projected to meet-or-exceed policy targets.*

*Director Busch reviewed FY 2023-24 budget variances (sources and uses) for (1) Water: Net operating results down (\$14.9) million with total sources down (\$18.0 million), and \$3.1 million in cost savings; (2) Wastewater: Net operating results up \$10.0 million with total sources down (\$24.0 million), and \$30.4 million in cost savings; (3) Power: Net operating result up \$63.3 million and total sources up \$10.3 million, and \$53.1 million in cost savings; and (4) CleanPowerSF: Net operating result up \$46.0 million with total sources up \$9.9 million, and \$36.1 million in cost savings. Director Busch discussed key financial ratios for Water, Wastewater, Hetchy, and CleanPowerSF.*

*Commissioner Rivera thanked staff for their due diligence and finding PG&E's calculation errors.*

*No public comment.*

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

*Bessie Tam, Wastewater Capital Programs Director, Infrastructure provided construction updates for the Folsom Area Stormwater Improvements, Channel Force Main Intertie, and New Treasure Island Resource Recovery Project.*

*Director Tam reviewed the Sewer System Improvement Program (SSIP) Phase I status as of December 2023 indicating the project count for Phase I is at 70, with 9 projects in construction, project at 66.1% complete, and with \$3,589 million expended. She reviewed the SSIP status cost summary, and the facilities and infrastructure status cost summary.*

*Director Tam reviewed capital program milestones and then provided progress and status updates for the Southeast Plant Digester Facilities Project (Project cost \$2,373 million); and the Southeast Plant New Headworks Facilities Project (Project cost \$689 million).*

*Commissioner Stacy thanked Director Tam for the transparent and thorough presentation and report.*

Public Comment

- *Francisco DaCosta questioned what was happening with the Force Main at Marin Street. He discussed the condition of the sea wall and stated the assistance of the Corps of Engineers is needed. He stated there is toxicity in the Bay that needs attention.*

- *Unidentified caller, Friends of Mission Creek, discussed kayaking on the creek and surrounding areas, and expressed concern with the condition of the sewer outfall at Mission Creek when the gates are open, especially at low tide. He asked that a solution on the gate opening be explored.*

*In response to a question from Commissioner Maxwell about project safety, Algyon Collymore, Contract Management Bureau stated the safety program record is good, especially when compared to the industry.*

- e) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements  
*None.*

## 6. CONSENT CALENDAR

- a) Approve competitive-solicitation waiver; and award Grant No. CS-1251(G) to the Filoli Center under the Large Landscape Grant Program for water-saving irrigation improvements to historic public gardens in Woodside, California in the amount not to exceed \$105,503 with a term duration of two years. ([Resolution 24-0070](#))
- b) Approve Modification No. 1 to Job Order Contract No. JOC-94, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy with Big Valley Electric to increase the contract duration by three years for a total contract duration of five years and to increase the contract amount by \$2,500,000 for a revised not-to-exceed contract amount of \$7,500,000, for additional time and capacity for facility and asset improvements. ([Resolution 24-0071](#))
- c) Approve Modification No. 1 to Job Order Contract No. JOC-96, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy with Njirich & Sons, Inc. to increase the contract duration by three years for a total contract duration of five years and to increase the contract amount by \$2,500,000 for a revised not-to-exceed contract amount of \$7,500,000, for additional time and capacity for facility and asset improvements. ([Resolution 24-0072](#))
- d) Approve an increase of 115 calendar days to the contract duration contingency for Contract No. WW-684, 45th, 46th, 47th Aves, Vicente and, Wawona Streets, and Sloat Blvd Sewer Replacement, with Precision Engineering, Inc., for a new contract duration limit of up to 527 calendar days due to additional time needed for Staff to complete review and approval of contract submittals, obtain permits, and for unforeseen site conditions, with no change to the contract amount. ([Resolution 24-0073](#))
- e) Approve an increase of 185 calendar days to the contract duration contingency for Contract No. WW-705, Various Locations Sewer Replacement No. 10, with Mitchell Engineering, for a new contract duration limit of up to 570 consecutive calendar days due to delays caused by unforeseen private utility conflicts and pothole coordination resulting in a work scope change on O'Farrell Street and Golden Gate Avenue from open cut pipeline replacement to trenchless installation method, with no change to the contract amount. ([Resolution 24-0074](#))  
*Commissioner Ajami, in reference to item 6a, indicated she was happy to see improvements in water efficiency and with efforts to save water.*

*No public comment.*

*On motion to approve items 6a through 6e:  
Ayes: Paulson, Rivera, Ajami, and Stacy*

7. Approve the expansion of California Water Service Company's (Cal Water) Bear Gulch District service area due to the acquisition of Kings Mountain Park Mutual Water Company; and approve the Third Amendment of the Individual Water Sales Contract between the City and County of San Francisco and Cal Water, in accordance with section 3.03.B of the 2021 Amended and Restated Water Supply Agreement. ([Resolution 24-0075](#))

*Alison Kastama discussed the request for the expansion of Cal Water's service area under the 2021 Water Supply Agreement, based on their acquisition of Kings Mountain Park Mutual Water Company, noting this is the third contract amendment. She indicated that Kings Mountain is a small rural water supplier with 24 connections in unincorporated San Mateo County.*

*Commissioner Ajami asked that staff work with Cal Water to assist Kings Mountain with water efficiency. Ms. Kastama stated she would discuss the request with Cal Water.*

*No public comment.*

*On motion to approve item 7:  
Ayes: Paulson, Rivera, Ajami, and Stacy*

8. Public hearing to consider and possible action to adopt the Rules and Regulations for Users Receiving Recycled Water Service in the City and County of San Francisco in conformance with the requirements of Charter Section 4.104; and authorize the General Manager, in consultation with the City Attorney, to approve future non-material modifications to the Rules and Regulations that are necessary or appropriate to facilitate implementation of the Recycled Water Program. ([Resolution 24-0076](#))

*Annahita Fallah, Recycled Water Program Manager, discussed "OneWaterSF" which promotes conservation, groundwater, recycled water, onsite water reuse, and innovations. She reviewed the Westside Enhanced Water Recycling Project, indicating in 2026 the SFPUC will produce and distribute advanced recycled water, with an average of 1.6 million gallons per day, for use at Golden Gate Park, Panhandle, Lincoln Park, San Francisco Zoo, Lower Great Highway, and the Sunset Boulevard Median for outdoor non-potable purposes.*

*She reviewed the purpose of and authority for the Rules and Regulations, which is to issue recycled water use permits and ensure compliance with all applicable laws, rules, and regulations per the State Water Resources Control Board Order WQ 2016-0068-DDW and San Francisco Charter, Article VIIB, Section 8B.121(a). The rules and regulations are intended to ensure the safe and efficient distribution and use of recycled water in the City and are applicable for landscape irrigation and non-potable outdoor uses like impoundments and decorative fountains.*

*Project Manager Fallah presented a brief description of the Proposed Rules and Regulations which outline the process for users to obtain Recycled Water Use Permits and recycled water service from the Westside Enhanced Water Treatment Facility.*

*Project Manager Fallah responded to a question from President Paulson as to the work impact*

*of implementation on the rule change for the staff of the SFPUC.*

*Commissioners Stacy and Ajami noted the opportunity to expand the use of recycled water and to ensure it is used efficiently.*

*No public comment.*

*On motion to approve item 8:*

*Ayes: Paulson, Rivera, Ajami, and Stacy*

9. Award Contract Nos. PRO.0278 A and B, As-Needed Water Resources, to Brown and Caldwell/Lotus Consultants Joint Venture (PRO.0278.A) and Woodard & Curran/SRT Consultants Joint Venture (PRO.0278.B), for specialized as-needed engineering services, each for an amount not to exceed \$4,000,000 and each with a duration of five years. ([Resolution 24-0077](#))

*Julie Ortiz, Water Conservation Manager, introduced the item and noted the need for the contract work which will be issued via an as-needed, task order process. She indicated current contracts are expiring soon.*

*Conservation Manager Ortiz responded to a question from Commissioner Ajami as to why funds are not being used to build internal capacity and data sources, stating that there is internal capacity, but the specialized, as-needed work is required to develop and expand the conservation and recycled water on-use programs. Brief discussion ensued on work to be performed under the contract.*

*No public comment.*

*On motion to approve item 9:*

*Ayes: Paulson, Rivera, Ajami, and Stacy*

10. Approve Amendment No. 6 to Contract No. WW-628 Southeast Water Pollution Control Plant New Headworks Facility with Sundt-Walsh Joint Venture (Construction Manager/General Contractor or CM/GC), increasing the contract amount by \$7,158,234 for a total contract amount not-to-exceed \$555,982,050; and approve increasing the contract cost contingency by \$7,841,766, and increasing the contract duration contingency by 257 calendar days, resulting in a contract cost limit of \$570,380,175 and a revised contract duration limit of 3,304 consecutive calendar days due to unforeseen conditions associated with structural strengthening required for existing influent channel, additional shutdown constraints, supply chain challenges with odor control systems and major electrical and process equipment, as well as impacts related to electrical service delays. ([Resolution 24-0078](#))

*Jignesh Desai, Senior Project Manager, reviewed objectives of the Southeast Water Pollution Control Plant (SEP) New Headworks Facility Project, which is to remove debris and grit to protect downstream processes; improve odor, noise and visual quality; provide reliability and operational flexibility; improve seismic reliability; and meet the permitted capacity of 250 million gallons per day. Project Manager Desai reviewed the scope of work (Scope I, Scope II.A, and Scope III).*

*He indicated Scopes I and II are completed. He provided the status of Scope III (Headworks),*

*stating the new Headworks building is complete with the contractor in the process of installing roofing, windows, elevators, doors and other architectural finishes; the majority of the project equipment has been delivered and installed; electrical installations and wire testing are on-going; art wall work is complete; sixty-six of 70 bid packages have been awarded; and there is limited start-up/testing with generators on-going.*

*Project Manager Desai outlined the proposed amendment that will increase the contract amount and increase the cost and duration contingency. He discussed various reasons for the proposed amendment and indicated it is aligned with the Commission-adopted 10-Year Capital Plan. He thanked staff for their dedicated work.*

*No public comment.*

*Project Manager Desai responded to a question from Commissioner Ajami as to how the art wall is maintained, stating artworks contain anti-graffiti coating and that maintenance is done in collaboration with the Arts Commission.*

*On motion to approve item 10:*

*Ayes: Paulson, Rivera, Ajami, and Stacy*

#### 11. Communications

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) 2009 Water Supply Agreement Update
- e) CleanPowerSF Draft Load Management Standards Plan
- f) Resolution Adopted by the San Francisco Public Utilities Commission Citizens' Advisory Committee
- g) San Francisco Public Utilities Commission FY 2023-24 Overtime Supplemental
- h) Water Supply Conditions Update

*Commissioner Stacy thanked the CAC for providing item 11f and for their concerns.*

*Commissioners Maxwell, Paulson, and Ajami each concurred with Commissioner Stacy's comments and stated the Board of Supervisors and Mayor's Office should listen to the CAC's concerns.*

#### 12. Items initiated by Commissioners

*President Paulson noted the upcoming retirement of the Commission Secretary. He asked that the GM start the search process and schedule the matter for discussion at the April 9<sup>th</sup> Commission meeting.*

*Commissioner Ajami noted Women's' History month, acknowledging the women who work at the SFPUC. She wished everyone a happy Spring and Spring equinox.*

*Commissioner Maxwell discussed a public comment made at the March 12<sup>th</sup> meeting regarding the Customer Assistance Program (CAP) and difficulty the caller indicated her parents had with the application process. She asked that an update be provided on the CAP. General Manager Herrera stated that staff try to be as accessible and accommodating as possible. He stated an update will be scheduled.*



*Nancy Hom, Chief Financial Officer and Assistant General Manager of Business Services stated that the caller did not provide any personal information and that staff were unable to follow-up with this individual.*

*Commissioner Ajami noted comments made during public comment regarding the Pierce Street Outfall and asked for an update. General Manager Herrera discussed the efforts of staff to discuss the issue with the individual.*

*No public comment.*

13. Adjournment

*President Paulson adjourned the meeting at 3:27 pm.*