



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed
Mayor

REGULAR MEETING MINUTES
Tuesday, May 9, 2023
1:30 PM
(Approved May 23, 2023)

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

Commissioners

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

Dennis J. Herrera
General Manager

Donna Hood
Commission Secretary

1. Call to Order

President Ajami called the meeting to order at 1:31 PM.

2. Roll Call

Present: Ajami, Maxwell, Paulson, and Rivera

Excused: Stacy

3. Approval of the Minutes of April 25, 2023

No public comment.

On motion to approve the Minutes of April 25, 2023:

Ayes: Ajami, Maxwell, Paulson, and Rivera

4. San Francisco Public Utilities Commission Employee Retirement Recognition of Constance “Connie” Smith in recognition for her 32 years and nine months of exemplary service to the City and County of San Francisco.

General Manager (GM) Herrera recognized Connie Smith for her more than 32 years of service to the City and County of San Francisco and to the SFPUC Business Services Division. GM Herrera read the resolution presented to Connie.

Nancy Hom, Assistant General Manager (AGM) Business Services and Chief Financial Officer introduced Connie and expressed appreciation for Connie’s dedication to internal customers and external suppliers and wished her a joyful retirement.

Connie thanked the Commission for the recognition. She recounted her career which began at the San Francisco Public Utilities Commission’s Mason Street location.

The Commission thanked Connie for her service, talent, and for her dedicated work, including that as a labor organizer. They wished her well on her retirement and expressed excitement for the adventures that await her.

No public comment.

5. Report of the General Manager

a) Quarterly Audit and Performance Review Report

Irella Blackwood, Audit Director, indicated that for FY 2022-23 there have been 29 audits and assessments with 15 completed (52%), eight in progress (27%), and six upcoming (21%). She noted audits completed and reports issued. Director Blackwood discussed the 2023 SFPUC Public Integrity Update stating that since early 2020 the City and County of San Francisco has embarked on a series of investigations, audits, reviews, and department-specific assessments as part of the public integrity services. She indicated that contracting and procurement has been a particular focus of SFPUC’s ongoing public integrity efforts.

Director Blackwood indicated there are 23 open City Services Auditor audits and

recommendations. She informed the Commission of audits that are in the process of completion and those that are upcoming.

President Ajami requested that information on the 2022 SuperGreen and SuperGreen Savers audits be provided.

No public comment.

b) Community Contractor Update

Ben Poole, Acting Director of Workforce and Economic Program Services, stated the presentation was a follow-up to the April 11, 2023 Commission meeting where community contractors expressed concerns with SFPUC contracts and Micro-Local Business Enterprise (LBE) participation. He discussed City law 14B that created the LBE Program and is administered by the Contract Monitoring Division, a separate city agency. He discussed specifications of the law including that each SFPUC contract procurement must contain a LEB subcontracting participation requirement, and it also established economic thresholds or sizes for LBEs which are based on the company's annual gross receipts. He indicated there are three categories of LBEs (1) SBA-LBEs; (2) Small LBEs; and (3) Micro-LBEs. He stated in November 2021, 14B was updated by the Board of Supervisors and the Mayor to apply to new and future contracts advertised after July 1, 2022 to allow subcontractor requirements for Micro-LBEs, neighborhood preferences, and defined trucking participation requirements. He noted the SFPUC is the first and only city agency to voluntarily adopt these programs and are currently used on two SFPUC projects (1) New City Distribution Division Headquarters, and (2) Wastewater Treatment Plant on Treasure Island.

Acting Director Poole presented data on the Biosolids Digester Project Biosolids Micro-Local Business Enterprise participation (1) Current LBE requirement on the Biosolids project is 12%, with a current LBE participation of 17%; (2) Seventy-seven Micro LBE contractors have been awarded 186 Biosolids project contracts for \$194.1 million; and (3) District 10 – 55 District 10 Micro LBEs have been awarded 120 Biosolids project contracts for \$111.8 million.

Stephen Robinson, AGM Infrastructure Bureau, thanked everyone for their partnership and noted the need for expertise from national, global, and local partners. He indicated that staff regularly meet with local contractors and Micro-LBE contractors to discuss their needs and concerns. He stated contractors want to reinstitute the “liaison role” on large capital projects and he discussed the Contractor Assistance Center. AGM Robinson thanked those who participated in the April 11th Commission meeting for expressing their concerns and providing input throughout the process.

Commissioner Paulson thank staff for their follow-up and continued monitoring.

AGM Robinson responded to a request from VP Maxwell for clarification as to the “liaison” role, stating it serves as a collaborator to bridge the work to be perform from the contractor's team.

President Ajami expressed appreciation for the information and noted the importance of focusing on process and data tracking.

No public comment.

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

GM Herrera stated that the 100-year celebration of the Hetch Hetchy was a success and he thanked staff for their work.

President Ajami and VP Maxwell thanked staff for their work and hailed the event's success. They discussed the original vision of Hetch Hetchy and emphasized the need to continually look forward.

No public comment.

6. CONSENT CALENDAR

a) Approve Amendment No. 4 to Contract No. CS-318, Equipment and Software Maintenance, with Schneider Electric Systems USA, Inc., to provide 24/7 manufacturer emergency technical support for the Oceanside and Southeast Wastewater Treatment Plants Distributed Control Systems software and hardware, extending the contract duration by five months, for a total duration of nine years and 11 months, with no change to the contract amount. ([Resolution 23-0090](#))

b) Modify Contract Nos. PRO.0137.A, PRO.0137.B, PRO.0137.C, PRO.0137.D, and PRO.0137.E with Doctor Mole Incorporated/Dr. Gary Brierley (PRO.0137.A), Dr. Youssef Hashash (PRO.0137.B), Frank L. Rollo (PRO.0137.C), Dr. Michael C. Johnson PRO.0137(D), and Kilduff Underground Engineering, Inc./Todd M. Kilduff (PRO.0137.E) respectively, to provide independent and conflict-free advice and authoritative reviews of tunnel designs for ongoing San Francisco Public Utilities Commission tunnel projects as follows: (1) PRO.0137.A: increase \$200,000 original contract amount by \$120,000 for a new contract amount of \$320,000 and increase the original four-year duration by two years for a total duration of six years; (2) PRO.0137.B: increase \$250,000 original contract amount by \$120,000 for a new contract amount of \$370,000 and increase the original four-year duration by two years for a total duration of six years; (3) PRO.0137.C: increase \$200,000 original contract amount by \$120,000 for a new contract amount of \$320,000 and increase the original four-year duration by two years for a total duration of six years; (4) PRO.0137.D: increase the original three-year, 10-month duration by two years, two months for a total duration of six years; and (5) PRO.0137.E: increase \$100,000 original contract amount by \$100,000 for a new contract amount of \$200,000 and increase the original four-year duration by two years for a total duration of six years. ([Resolution 23-0091](#))

c) Award Contract No. PRO.0196, Right-of-Way Services to Associated Right-of-Way Services, Inc., in an amount not-to-exceed \$3,000,000, and with a duration of five years to provide specialized right-of-way services in the implementation of capital projects. ([Resolution 23-0092](#))

- d) Accept materials provided by Pilot Construction Management Inc., under Contract No. WD-2854B, 525 Golden Gate Avenue Tower Access and Fall Protection; Approve Modification No. 1 (Final), decreasing the contract amount by \$793,250 and eliminating contract scope for installation of these materials to resolve all disputed claims, for a total final contract amount of \$686,775; and authorize final payment to the contractor. ([Resolution 23-0093](#))
- e) Accept work performed by Galleria Inc., DBA Trico Construction, under Contract No. WD-2880R, Warehouse Office Suite Renovation, 1990 Newcomb Avenue, San Francisco, for a total contract amount of \$1,441,165, and with a total contract duration of 396 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0094](#))
- f) Accept work performed by D’Arcy & Harty Construction, Inc for Contract No. WW-712, New Montgomery, Jessie, Minna, and Mission Street Brick Sewer Rehabilitation, for a total contract amount of \$6,891,778, and with a total contract duration of 570 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0095](#))
- g) Award Contract No. WW-719A, Folsom Area Stormwater Improvements – SOMA and Mission Districts Sewer Replacement, to the responsible bidder that submitted the lowest responsive bid, Mitchell Engineering, in the amount of \$7,522,041, and with a term of 365 consecutive calendar days, to upsize existing sewers and associated appurtenances on various streets in the SOMA and Mission neighborhoods of San Francisco, including Folsom, 11th, Harrison, Alabama, and Mistral Streets. ([Resolution 23-0096](#))
- h) Award Contract No. WW-736, Castro and Mission Districts Sewer Improvements, in the amount of \$7,272,320, and with a duration of 425 consecutive calendar days (approximately one year and two months), to the responsible bidder submitting the lowest responsive bid, Precision Engineering, Inc., to rehabilitate large diameter sewers and rehabilitate or replace sewer laterals on specific streets 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 this action is exempt from the CEQA. If the item is approved, the Commission will rely on that determination to make its decision. ([Resolution 23-0097](#))

AGM Robinson responded to a question from President Ajami as to how it happens that several projects are similar on size and scope but are at different locations; and to a question from VP Maxwell as to the difference between “tunnel” and “pipe” and their uses.

No public comment.

On motion to approve the Consent Calendar:

Ayes: Ajami, Maxwell, Paulson, and Rivera

- 7. Adopt the proposed Wholesale Water Rates for Fiscal Year 2023-2024, which will become effective for meter readings on or after July 1, 2023. The San Francisco Public Utilities Commission developed the proposed rates in accordance with the terms of the Water Supply Agreement between the City and County of San Francisco and its Wholesale Customers. 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 this action is exempt from the CEQA. If the item is approved, the Commission will rely on that determination to make its decision. (Resolution 23-0098)

Erin Corvinova, Financial Planning Director, presented the item and discussed (1) Drivers of Wholesale Rate Increases: Water sales volume is still low due to drought impact and COVID-19 recovery; and the Balancing Account which will be fully repaid by the end of FYE 2023; (2) Water Sales actuals and 10-Year Financial Plan projections: City and wholesale usage. Recovery and change are expected, but not to pre-drought levels; (3) Balancing Account Impact: Balancing account owed to wholesale was high in recent years allowing for lower rates as SFPUC paid it back. Projecting full pay-back and money owed to retail by the end of this fiscal year. No balancing account limits ability to smooth rate increases; (4) FY 2023-24 Rate Increase – 9.7%: Continued wholesale sales volumes low and assumed meeting water conservation budgets (122.6 MGD). Use of Balancing Account and projected to be repaid in FY 2022-23; and (5) Historic and Projected Wholesale Water Rates: FY2013 through FYE 2028. Estimate of wholesale water rate range is provided to Wholesale Customers in January.

VP Maxwell thanked Director Corvinova for her clear and succinct report.

Public Comment

- *Nicole Sandkulla, CEO, Bay Area Water Supply and Conservation Agency expressed support for the item.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust expressed appreciation for the presentation. He discussed the Urban Watershed Management Plan, and the Alternative Water Supply Plan.*

On motion to approve item 7:

Ayes: Ajami, Maxwell, Paulson, and Rivera

8. Approve the terms and conditions and recommend to the Board of Supervisors the authorization of the General Manager to sign the First Amendment to Secured Carry-Back Promissory Note and the First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing securing payment of the Balboa Reservoir purchase price. (Resolution 23-0099)

Ron Flynn, Deputy GM, discussed the terms and conditions of amendments to the loan documents related to the sale of the Balboa Reservoir. He indicated changing market conditions are affecting market rate housing as well as the development of affordable housing. He noted the amendment will not change the payment price, interest, or the December 2028 maturity date but would change the schedule of payments, with next payment on or before December 31, 2026. He stated that the SFPUC will obtain payment of the full purchase price, with interest, and that the amendment will allow for fast-track development of affordable housing, indicating the amendment will require Board of Supervisors approval.

Commissioner Paulson expressed surprised at the change of terms and financing.

In response to a question by President Ajami, Deputy GM Flynn discussed the original maturity date, the updated payment schedule, and timing for release of the deed of trust. President Ajami expressed the need for a stop-gap to ensure protection of SFPUC's assets.

No public comment.

On motion to approve item 8:

Ayes: Ajami, Maxwell, Paulson, and Rivera

9. Authorize the General Manager to consent, on behalf of the San Francisco Public Utilities Commission, to an Interagency Cooperation Agreement between the Transbay Joint Powers Authority and the City and County of San Francisco; and adopt findings, pursuant to the California Environmental Quality Act, and a Mitigation and Monitoring and Reporting Program. ([Resolution 23-0100](#))

Deputy GM Flynn stated the Transbay Joint Powers Authority has completed Phase I of the project which includes the construction of the Salesforce Transit Center and is working on Phase II, which consists of the Downtown Rail Extension that requires collaboration with many City departments. He noted there will need to be permanent and/or temporary relocation, protection-in-place, and replacement and/or repair of City assets and stated that each SFPUC enterprise will have assets impacted by the project. The San Francisco Office of Economic and Workforce Development negotiated a citywide Interagency Cooperation Agreement that will allow for coordination of work and reimbursement for all work performed by the San Francisco Public Utilities Commission in support of the project. The Interagency Agreement is set-up so each General Manager is delegated the authority to enter into the annual scope and budget appendix.

Commissioner Paulson expressed support indicating anything to facilitate high-speed rail is important and is necessary.

President Ajami discussed the Civil Grand Jury's report for the Van Ness Project and their recommendations regarding asset management. She expressed the need for a strategic collaborative approach and for digital mapping. Deputy GM Flynn stated this is a different type of project that will ultimately be built by the Transbay Joint Powers Authority, not the City. He indicated underground assets are crowded and the SFPUC is making attempts to locate SFPUC's assets to determine what needs to be moved, and if so, to where. He indicated he will look into the possibility of digital mapping at the site.

No public comment.

On motion to approve item 9:

Ayes: Ajami, Maxwell, Paulson, and Rivera

10. Public Hearing to consider (1) adopting schedules of rates of the San Francisco Public Utilities Commission Power Enterprise for CleanPowerSF power service in San Francisco to be effective July 1, 2023; and (2) adopt a mechanism to set temporary rates for new rate schedules to be applied when the California Public Utilities Commission approves one for Pacific Gas and Electric Company (PG&E), and to use a new rate schedule methodology for the initial rate based

on ratios to the CleanPowerSF default rate schedule in the applicable customer class until the next CleanPowerSF rate setting process. This action constitutes the Approval Action for the project for the purposes of the California Environmental Quality Act (CEQA) pursuant to Section 31.04(h) of the San Francisco Administrative Code. The Planning Department has determined that this action is exempt from the CEQA. If the item is approved, the Commission will rely on that determination to make its decision. (<https://sfpuc.sharefile.com/d-s7a4a429920bc4a52bd5a5072ea3f8b72>Resolution 23-0101)

Ma Yee Yap, Principal Revenue/Rates Analyst reviewed (1) CleanPowerSF Rates Landscape: San Francisco Charter requirement for rates study at least every five years by independent consultant; 2022 Power Rates Study adopted FY 2022-23 cost-of-service rates in May 2022; key outcomes to ensure financial stability, prioritize customer needs, support the City's climate action goals, and decreased CleanPowerSF FY 2022-23 rates from FY 2021-22 rates.

Commissioner Paulson departed the meeting room at 2:54 pm.

(2) FY 2023-24 Rates Setting: Revenue requirement, Cost Functionalization, Classification, and Allocation, and Rate design; (3) Revenue Requirement: Power supply is the biggest driver. Total retail revenue requirement in FY2023-24, after excluding other revenues is \$369 million; (4) Cost of Service Rates: Fifteen percent rate increase for CleanPowerSF generation rates proposed in the Commission-adopted 10-Year Financial Plan; (5) Proposed CleanPowerSF Generation (Green) Rates: All average CleanPowerSF customers (except streetlights) are projected to have lower total bills than comparable current (effective March 2023) PG&E rates; (6) Bill Impact: Residential (E-Time-of-Use (TOU)-C)- proposed, assuming 270 kWh monthly usage on default E-TOU-C rate: CleanPowerSF FYE 2023 bill \$87 and for FYE 2024 \$92 – PG&E current \$95; and Small Commercial (B-1) assuming 1304 kWh monthly usage: CleanPowerSF FYE 2023 bill \$149 and for FYE 2024 \$436 – PG&E current \$465;

Commissioner Paulson returned to the meeting room at 2:58 pm.

(7) Temporary Rates for New Rate Schedule: CleanPowerSF suite of rate schedules matches PG&E. The proposal allows get GM to implement a new rate schedule and set temporary rates using a formulaic “new rate schedule methodology” until next comprehensive rate-setting process when PG&E offers a new rate schedule, in an effort to use staff, Commission, and public time efficiently, to provide alternative power supply with cleaner energy, to support the City's climate action goal, and to prevent potential opt-outs; (8) New Rate Schedule Methodology: Set temporary rates of the new rate schedule to CleanPowerSF's applicable customer class rate via two steps (1) calculate ratios of PG&E's generation rates of the new rate schedule to PG&E's default rate schedule in the applicable customer class; and (2) apply resulting ratios in step one to CleanPowerSF's comparable default rate schedule in the same customer class to set CleanPowerSF new rate schedule's generation rates. An example of a new rates schedule methodology for a prior use was provided.

Analyst Yap responded to a question from VP Maxwell regarding the “default rate setting” noting it is the default rate schedule each customer class is placed into unless they specifically choose a different rate schedule, which can be done at any time by the customer. She indicated it is the most common class.

VP Maxwell discussed the proposed authority of the GM to implement a new temporary rate schedule until the next rate setting process. Analyst Yap discussed the rate setting process and stated that the desire is to have annual rate setting. VP Maxwell questioned PG&E's ability to raise rates that may negatively impact SFPUC's rates. Brief discussion ensued.

In response to a question from President Ajami, Analyst Yap indicated the largest customer class in base is residential customers, with commercial customers being largest in load.

President Ajami expressed concern with losing the competitive edge and requested that the Commission be informed when the GM changes rates.

No public comment.

On motion to approve item 10:

Ayes: Ajami, Maxwell, Paulson, and Rivera

11. Approve Amendment No. 4 to Full Load Service Contract 22-SNR-02770 and Scheduling Coordinator Contract 22-SNR-02771 with the United States of America, acting through the Department of Energy Western Area Power Administration (WAPA), for WAPA to continue providing portfolio management services and supplemental power purchases for Treasure Island and Yerba Buena Island; and authorize the General Manager to execute the amendments, extending the term by five years to December 31, 2029 for a total contract term of 25 years, and increasing the contract amount by \$13,130,000, for a total not-to-exceed amount of \$41,500,000, subject to Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 23-0102](#))

Barbara Hale, AGM Power Enterprise, introduced the item and noted the contracts that are required for support of electric service to Yerba Buena Island and Treasure Island (1) base resource energy procurement agreement; (2) full load service agreement; and (3) scheduling coordinator services. She noted the contracts are with the Western Area Power Administration and through the contracts the SFPUC can access low-cost hydro and related services.

AGM Hale responded to a question from Commissioner Paulson as to how the contracts relate to on-going development, stating that as development occurs there is continued service as the load grows via these contracts, which have a duration of 25 years.

No public comment.

On motion to approve item 11:

Ayes: Ajami, Maxwell, Paulson, and Rivera

12. Communications

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Annual Municipal Energy Benchmarking Report
- d) Annual CleanPowerSF SuperGreen Multi-Year Service Agreement Update
- e) Green Infrastructure Grant Program Board of Supervisors Update

- f) San Francisco Public Utilities Commission’s Quarterly Report to the Board of Supervisors on the Status of Applications to PG&E for Electric Service
- g) Water Supply Conditions Update

13. General Public Comment

- *Theresa Wallace, Founder, I am that I am Bereavement, Crisis, and Trauma Center, advocated for space for community healing, education, empowerment, and inspiration. She noted the lack of a trauma center for mental or behavioral health in San Francisco and the need for such services. She requested sponsorship.*
- *Asale Chandler, CEO, Yalani Chinyamurindi Charities, discussed Bayview Hunters Point and indicated that Black women are suffering through the murder of children and family. She noted the need to revitalize the Bayview. She discussed the 4101 Third Street location.*

14. Items initiated by Commissioners

None.

18. Adjournment

President Ajami adjourned the meeting at 3:35 PM.