



## **SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

**London N. Breed**

Mayor

### **REGULAR MEETING MINUTES**

**Tuesday, September 26, 2023**

**1:30 PM**

**(Approved October 10, 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 1:30 pm.*

2. Roll Call

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

*Excused: Paulson*

3. Report of the General Manager

a) San Francisco Public Utilities Commission Employee Retirement Recognitions

*General Manager (GM) Herrera recognized the service and dedication of recent retirees with more than 25 years of service to the SFPUC. Information Technology: Brian Rolley (38 years), Xenophon “Fonda” Davis (36 years); Customer Service Bureau: Maureen Randolph (34 years); Water Enterprise: Theodore “Ted” Standers (37 years), Paul del Grosso (30 years), John Teahan (39 years), Daniel Watson (37 years), John Bechelli (33 years), Carol Degraca (34 years), James Blue (36 years), Carlos Uriarte (32 years), Emrulkayes Akter (32 years), Steve Deleo (33 years), Laura Taggart (26 years), Brian Sak, (26 years), and Albert Ujcic (35 years); and Wastewater Enterprise: Joe Limon (27 years), Wesley Ng (26 years), Meei Lih Ahmad (26 years), Keven Roche (28 years), and Vincent Wong (27 years).*

*The Commissioners thanked the retirees for their service and wished them well in their retirement. Ceremonial photographs were taken.*

*Retirees Albert Ujcic, Meei Lih Ahmad, and James Blue expressed appreciation for the recognition and for their time working for the SFPUC. They thanked their colleagues for the time working together.*

*No public comment.*

b) Introduction of dr. christian bijoux, Chief Diversity, Equity, and Inclusion Officer

*GM Herrera introduced dr. christian bijoux, Chief Diversity, Equity, and Inclusion Officer, who began working at the SFPUC on July 10, 2023. GM Herrera discussed dr. bijoux’s education and work credentials and expressed gratitude that he chose to work with the SFPUC.*

*dr. bijoux stated his life and career has been dedicated to advancing racial equity and justice. He noted the work will not happen overnight and emphasized that there will be challenges, but stated with hard work and patience, the goals will be met and solutions achieved. He noted the opportunity to do something different and opportunity for engagement.*

*Vice President (VP) Maxwell requested that regular updates be provided as to the team’s on-going work. President asked that information be presented beyond simply checking boxes.*

*No public comment.*

c) FY-2024-25 and FY2025-26 Biennial Budget Update

*Nancy Hom, Assistant General Manager (AGM) Business Services and Chief Financial Officer (CFO) stated the FY2023-24 Operating Budget is \$1.8 billion (38% Water, 24%*

Wastewater, 21% CleanPowerSF, 12% Hetch Hetchy, and 5% Hetchy Water), and is almost all rate-funded. She indicated there are 2,745 funded FTE. She stated that growth in the Operating budget is driven by capital and power purchases.

CFO Hom stated the Capital Plan is the SFPUC's largest driver at \$8.8 billion for FY2023-24 to 2023 with anticipated growth for this plan for in this budget cycle.

CFO Hom discussed (1) Budget priorities of affordability, responsible management, and investing where it matters; (2) Budget policies with a goal to develop and adopt a balanced two-year (biennial) fixed operating and capital budgets, 10-Year Capital Plan, and 10-Year Financial Plan that meet the following Commission's budget policies: Affordability Policy, Ratepayer Assurance Policy, Financial and Debt Policies, Technology Policy, Asset Management Policy, and Racial Justice Resolution. CFO Hom reviewed the upcoming budget schedule and budget development process.

President Ajami asked that "racial equity" "environmental stewardship", and "resilience and climate change" be placed at the top of the priorities. She discussed rate design and possible changes to how rates are determined, the rates process, and decoupling. CFO Hom responded to follow-up questions from Commissioner Stacy and VP Maxwell. Brief discussion ensued.

#### Public Comment

- Gwen Jackson-Fagan discussed the \$8.8 million biennial budget and asked that some of the money be used to fund 1800 Oakdale improvements.
- Peter Drekeimer, Tuolumne River Trust, concurred with comments made by President Ajami for prioritizing environmental stewardship.

#### d) Hetch Hetchy Capital Improvement Program Quarterly Report

Katie Miller, Director, Water Capital Programs reviewed the Hetch Hetchy Capital Improvement Program (HCIP) status as of June 2023, indicating expenditures for the quarter are \$255 million, with the total HCIP 33% complete. Director Miller reviewed the HCIP cost summary budget stating there are no cost variances in the fourth quarter.

Director Miller provided updates for the O'Shaughnessy Dam Outlet Works Phase I; and Transmission Lines 7/8 Upgrades.

Director Miller responded to questions from VP Maxwell regarding the Moccasin Penstock Project's short-and-long term solutions, and the Moccasin Powerhouse and Warnerville Substation Projects scope and costs.

Director Miller responded to a question from President Ajami as to whether any consideration being given to early-warning systems to alert as to potential problems. Brief discussion ensued with staff noting that alternatives are being investigated.

No public comment.

#### e) Wastewater Enterprise Quarterly Report Including Southeast Area Major Projects Updates (1) Biosolids, and (2) Headworks

*Bessie Tam, Wastewater Capital Programs Director provided construction updates for the Wawona Area Stormwater Improvement Project, North Shore Pump Station Wet Weather Improvements, and the Westside Pump Station Reliability Improvements.*

*Director Tam reviewed the Sewer System Improvement Program (SSIP) Phase I status as of June 2023 indicating the project count for Phase I is at 70, with 11 in construction, at 59.7% complete, and with \$3,646 million expended, She reviewed the SSIP status cost summary and the facilities and infrastructure status cost summary.*

*Director Tam reviewed capital program milestones and reviewed projects that have been awarded construction, have completed 95% design, have completed 35% design, and have completed conceptual engineering report.*

*She provided progress and status updates for the following (1) Southeast Plant Digester Facilities Project (Project cost \$2,373 million); and (2) Southeast Plant New Headworks Facilities Project (Project cost increased from \$679 million to \$689 million).*

*Director Tam responded to a question from VP Maxwell regarding concerns expressed by a member of the Board of Supervisors regarding the Wawona Project, indicating the situation has been addressed. GM Herrera noted his on-going discussions with the Supervisor.*

*No public comment.*

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

4. Bay Area Water Supply and Conservation Agency Update

*Nicole Sandkulla, Bay Area Water Supply and Conservation Agency (BAWSCA) CEO discussed (1) Negotiation of a new Tier Two Drought Allocation Plan that is being considered by BAWSCA members that will determine how the 2026 Wholesale Customers share the available supplies from the SFPUC's system during a drought. She discussed the current Tier Two Plan which was adopted in 2009 and expired in 2018, with yearly extensions by the BAWSCA Board. She discussed details of the new Tier Two Plan and indicated that negotiations are expected to conclude by the end of this fiscal year; (2) Development of the scope for the Long-term Reliable Water Supply Strategy 2045 which will take approximately six months. She noted monthly engagement with member agencies, Board Policy Committee, and BAWSCA Board of Directors; and (3) Fall 2023 Water Efficient Landscape Education Series that will offer more than 20 free classes to the public, both virtually and in person. She indicated there is also a library of virtual classes for public viewing.*

*President Ajami thanked CEO Sandkulla for the presentation and for information on the educational classes. CEO Sandkulla discussed the success of the courses and public participation levels.*

*No public comment.*

5. CONSENT CALENDAR

- a) Approve modification of Job Order Contract No. JOC-92, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy with Sierra Mountain Construction, Inc., to increase the Contract amount by \$2,500,000 for a new total not-to-exceed Contract amount of \$7,500,000 with no increase to the contract duration, to complete ongoing facility and asset improvements. ([Resolution 23-0170](#))
- b) Award Job Order Contract No. JOC-100, HVAC Energy Efficiency (C-20 License), 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 with a duration of two years, to the responsible bidder that submitted the lowest responsive bid, Mesa Energy Systems, Inc., to perform C-20 licensed heating, ventilation, and air conditioning energy efficiency construction work on San Francisco Public Utilities Commission systems and operations around the Bay Area. ([Resolution 23-0171](#))
- c) Award Job Order Contract No. JOC-101, General Engineering (A 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 with a duration of two years, to the responsible bidder that submitted the lowest responsive bid, Fontenoy Engineering, to perform A-licensed general engineering construction work on San Francisco Public Utilities Commission systems and operations around the Bay Area. ([Resolution 23-0172](#))
- d) Approve amendment to Contract Nos. PRO.0172.A-D, As-Needed Engineering Design Services, with Kennedy/Jenks Consultants (PRO.0172.A), Water Resources Engineering, Inc. (PRO.0172.B), AECOM Technical Services, Inc. (PRO.0172.C), and Hazen-LEE Joint Venture (PRO.0172.D), to increase each contract amount by \$2,250,000, for a new total contract amount of \$6,750,000 (per contract) with no change to the contract durations, to continue providing as-needed professional engineering design services necessary for the design and construction of improvements to various SFPUC facilities. ([Resolution 23-0173](#))
- e) Award Contract Nos. PRO.0275.A-C, Hetchy Capital Improvement Projects As-Needed Construction Management and Staff Augmentation Services, to AECOM – EMS a Joint Venture (a joint venture between AECOM Technical Services, Inc. and Effective Management Services, LLC) (PRO.0275.A), Avila and Associates Consulting Engineers, Inc. (PRO.0275.B), and Hetchy CM Partners JV (a joint venture between Consor PMCM, Inc. and Joe Hill Consulting Engineers) (PRO.0275.C), each in an amount not to exceed \$4,000,000 and each with a duration of five years. ([Resolution 23-0174](#))
- f) Award Contract No. WD-2840, Southern Skyline Boulevard Ridge Trail Extension in the amount of \$20,523,445, and with a duration of 543 consecutive calendar days, to the responsible bidder submitting the lowest responsive bid, Gordon N. Ball, Inc., to construct a multi-purpose trail and parking lots on the San Francisco Public Utilities Commission Peninsula Watershed within the County of San Mateo. ([Resolution 23-0175](#))
- g) Approve an increase of \$215,000 to the contract cost contingency and an increase of 50 calendar days to the contract duration contingency for Contract No. WW-707R, Various Locations Sewer Replacement No. 11, with Basset Engineering, for a new contract amount of up to \$3,979,385 and contract duration of up to 534 consecutive calendar days due to delays with San Francisco Municipal Transportation Authority's ability to support de-energization

of overhead Muni lines, lengthy procurement time of materials for de-energization work scope, and to address unforeseen underground conditions encountered on Townsend Street. (Resolution 23-0176)

- h) Ratify correction to Resolution No. 23-0096, approved on May 9, 2023, to increase the construction duration for Contract No. WW-719A, Folsom Area Stormwater Improvements - SOMA and Mission Districts Sewer Replacement by 60 consecutive calendar days to reflect the total contract duration of 425 consecutive calendar days, with no change to contract amount. (Resolution 23-0177)
- i) Approve and adopt the finding that Milton Roy Centrac B pumps are sole source products that are necessary to match existing products used in San Francisco Public Utilities Commission facilities; and authorize the General Manager to designate Milton Roy Centrac B pumps in contract specifications as sole source products for a period of eight years in Water Supply and Treatment Division contract specifications for public work procurements in conformance with San Francisco Administrative Code Section 6.73(e)(1) and Public Contract Code Section 3400(c)(2) and (3). (<https://sfpuc.sharefile.com/d-s9ebaf56ebafe4544a2d38db3ae6dc51b>)Resolution 23-0178)

*No public comment.*

*On motion to approve the Consent Calendar  
Ayes: Ajami, Maxwell, Rivera and Stacy*

- 6. Award Contract Nos. PRO.0240.A-B, Racial Equity Consulting to AECOM Technical Services, Inc. (PRO.0240.A) and Rosales Business Partners and GCAP Services, Joint Venture (PRO.0240.B), each for an amount not-to-exceed \$9,500,000 with a term of five years, for as-needed racial equity consulting and support services to assist with implementation of the agency's Racial Equity Action Plan, Racial Justice Resolution and other racial equity priorities. (Resolution 23-0179)

*dr. bijoux noted the importance of the work to be performed under the proposed contracts. He discussed the Seven Pillars contained in the Racial Equity Action Plan, indicating the work to be performed is intricate and that internal capacity needs to be developed to perform the work in the large SFPUC organization. He stated consultants are needed to help staff conduct the necessary work to build the infrastructure required to carry out the important work.*

*GM Herrera stated this is the first major contract in this area. He recognized the importance of the work that will be performed under the direct supervision him and dr. bijoux and state the consultant's work will be task-order based and will be closely monitored.*

*In response to a question from VP Maxwell for an example of the work to be performed by AECOM, dr. bijoux responded that work would include AECOM's assistance with mapping every activity in the SFPUC, with efforts to achieve more collaboration and less isolation, and to break down existing silos.*

*Commissioner Stacy noted the amount of data collection and the extensive collaboration that will be required between the SFPUC and AECOM .*

*Commissioner Rivera reiterated that the SFPUC needs to be deeply involved and ensure that the work is tailored to the SFPUC's needs and that the decision-making is coming from the SFPUC.*

*VP Maxwell thanked the GM and dr. bijoux and his team for their work.*

*President Ajami discussed the contract amount of \$9.5 million and stated she would like to see additional funding. She discussed the Racial Equity Action Plan and indicated it is good time for a review to see what is and isn't needed. She stated that in five years the program should be run and operated by the SFPUC without consultant assistance and there should be adequate internal capacity to perform the work and own the product. dr. bijoux concurred and confirmed that the SFPUC is the driver and will retain rights to what is built.*

#### Public Comment

- *Gwen Jackson-Fagan asked about the Seven Pillars and asked if anyone from the Bayview Hunters Point community is involved.*

*On motion to approve Item 6:*

*Ayes: Ajami, Maxwell, Rivera and Stacy*

7. Public hearing to consider and possible action to adopt amendments to the San Francisco Public Utilities Commission's Social Impact Partnership Program Rules and Regulations, at Rule 1.0 and Rule 4.5. (Resolution 23-0180)

*Valerie Tulier-Laiwa, Manager, Social Impact Partnership Program (SIP) provided a brief summary of the SIP. She noted a recent citywide suspension order prohibiting several entities from applying to and receiving future city contracts, and that the Mayor directed departments to cancel contracts with those entities.*

*She stated the proposed amendment to the Rules and Regulations comply with the Mayor's directive and were drafted in partnership with the City Attorney. She discussed proposed Rule 1.0 and Rule 4.5 amendments, stating they are technical in nature to comply with the city-wide directive.*

#### Public Comment

- *Vince Courtney, Northern California Laborers touched on the history of the SIP and indicated that the materials presented are transparent. He stated the laborers are willing to engage in the workforce (apprenticeship) piece and work with the SFPUC.*

*On motion to approve Item 7:*

*Ayes: Ajami, Maxwell, Rivera and Stacy*

8. Hearing to adopt revised San Francisco Public Utilities Commission Rules of Order to incorporate changes to Rule 16 Order of Business. (Resolution 23-0181)

*President Ajami noted the proposed amendment to the Order of Business will move General Public Comment back to the front portion of the agenda.*

#### Public Comment

- *Dave Warner expressed thanks to the Commission for moving public comment forward on the agenda.*

- *Peter Drekmeier thanked the Commission for moving public comment forward on the agenda and provided his thoughts on the movement of public comment to the end of the agenda.*

*President Ajami noted the reasons for the decision to move public comment to the end of the agenda and for moving it back to the front.*

*On motion to approve Item 8:*

*Ayes: Ajami, Maxwell, Rivera and Stacy*

9. Communications (information only)

- Advance Calendar
- Contract Advertisement Report
- Correspondence Log
- Capital Planning Improvement Initiative Update
- Declaration of Emergency – Fillmore and Green 16” Water Main Break
- Water Supply Conditions Update

10. General Public Comment

- *Dave Warner discussed correspondence he provided to the Commission regarding San Diego Water rates and their investment in alternative water supplies and demand.*
- *Peter Drekmeier discussed slide nine in the Water Supply Conditions Update.*

11. Items initiated by Commissioners

*None.*

12. Public Comment on the matters to be addressed during Closed Session

*None.*

13. 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 regarding the matters listed as Conference with Legal Counsel:*

*Ayes: Ajami, Maxwell, Rivera and Stacy*

*The Commission entered Closed Session at 3:30 pm.*

*Present in Closed Session: Commissioners Ajami, Maxwell, Rivera, and Stacy; Dennis Herrera, General Manager (present for part of item 16); Nicholas Whipps, Deputy City Attorney (not present for item 16); Donna Hood, Commission Secretary (not present for item 16).*

14. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9(d)(1), San Francisco Administrative Code §67.10(d)(1)):

*Madison Cullinane v. City and County of San Francisco*

*San Francisco Superior Court No.: CGC-22-597860*

*Date Filed: January 27, 2022*

Proposed settlement of existing litigation concerning a motor vehicle accident with the City and County of San Francisco to pay Madison Cullinane \$40,000.00 in exchange for a full and final release, subject to final approval by the Board of Supervisors. (Resolution 23-0182)

15. CONFERENCE WITH LEGAL COUNSEL regarding anticipated litigation (Government Code §54956.9, San Francisco Administrative Code §67.10(d)(1)):

Sentinel Insurance Company, Ltd. v. City and County of San Francisco

Unlitigated Claim File No.: 23-01817

Date Filed: March 23, 2023

Proposed settlement of unlitigated claim for damage to property resulting from a high-pressure fire suppression water service main fail with the City and County of San Francisco to pay 99 Sentinel Insurance Company, Ltd. \$100,000.00 in exchange for a full and final release, subject to final approval by the Board of Supervisors. (Resolution 23-0183)

16. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957(b), San Francisco Administrative Code §67.10(b):

Dennis J. Herrera, General Manager

*The Commission exited Closed Session at 4:57 pm.*

17. Announcement following Closed Session

*President Ajami announced that the Commission recommended that the Board of Supervisors approve the settlements referenced in the agenda.*

*She announced that Vice President was selected by the as the Commission's representative labor negotiator.*

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

*On motion not to disclose the discussions during Closed Session:*

*Ayes: Ajami, Maxwell, Rivera and Stacy*

19. Adjournment

*President Ajami adjourned the meeting at 4:58 pm.*