San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Meeting Minutes
Tuesday, May 8, 2012
(Approved as amended May 22, 2012)

1:30 P.M.
City Hall, Room 400
San Francisco, CA 94102

Commissioners
Anson B. Moran, President
Art Torres, Vice President
Ann Moller Caen
Francesca Vietor
Vince Courtney

Ed Harrington
General Manager

Donna Hood
Secretary

For information, contact the Commission Secretary at 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/MediaPlayer.php?view_id=22&clip_id=14928

Disability Access

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Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
   President Moran called the meeting to order at 1:35 PM.

2. Roll Call
   Present: Anson Moran, Art Torres, Anne Caen, Francesca Vietor, and Vince Courtney

3. Approval of Minutes of the April 24, 2012
   On motion to approve the minutes of April 24, 2012:
   ADOPTED: AYES: Moran, Torres, Caen Vietor and Courtney

4. Public Comments
   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

   - *No public comment.*

5. Communications
   a) Letter Summary
   b) Advance Calendar
   c) Staff Reports (*written reports sent to the Commission*)
      i. Quarterly Audit and Performance Review
         Commissioner Caen asked if the PUC was moving forward with the suggestions of the KPMG Audit regarding internal controls. Ms. Nancy Hom stated they are working to ensure the internal controls are implemented.
      ii. Street Light Update
         In response to a question posed by Commissioner Vietor, Ms. Black confirmed that the SFPUC is not purchasing PG&E streetlights. She indicated that PG&E has an upgrade and repair plan which will be presented to the Board of Supervisors. Commissioner Vietor requested an update once PG&E presents their plan to the Board.

Commissioner Courtney departed the meeting at 1:39 PM

      iii. Departmental Climate Action Plan
      iv. Water Enterprise CIP Local Quarterly Report
      v. Water Enterprise CIP Regional Quarterly Report

6. Other Commission Business
   President Moran introduced Mr. Samuel Sandoval Soliz, from the Leadership Class of the Water Education Foundation, who was in attendance.

7. Report of the General Manager
   a) Community Benefits Update
      Ms. Juliet Ellis provided a brief update on the progress of the Community Benefits Program. Commissioner Vietor commended staff for their efforts in implementing the Community Benefits Policy.
   b) Auxiliary Water Supply System Update
   c) Mr. Steve Ritchie gave an update on the Auxiliary Water Supply System, which was transferred from the SFFD to the SFPUC in 2010.
   d) WSIP Quarterly Reports
      Ms. Julie Labonte gave a status update of WSIP Local and Regional Projects, summarized the progress made on the Program during the reporting quarter, and touched on challenges and achievements.

Public Comment

- *Mr. Dick Morton stated he was a strong advocate of the AWSS. He indicated that many of the major water sources near the AWSS remain untapped and should be part of the System. He also noted he would like to see an acceleration of the cistern program.*
- *Mr. Eric Brooks, representing San Francisco Green Party and local grassroots organization, Our City noted that as Community Choice Aggregation gets closer that it should become a focus of the Community Benefits Program.*

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

   a) Approve Modification No. 1 to Job Order Contract-22, Micro-LBE Set Aside, General Building, San Francisco/Peninsula/East Bay, with Gold Spring Construction Company, to accomplish general building construction work for all San Francisco Public Utilities Commission Enterprise Operations and Bureaus;

Increasing the contract by $500,000, for a total contract amount of $1,500,000, and with a time extension of three years, for a total contract duration of five years.
(Resolution 12-0070)

b) Approve Modification No. 1 to Job Order Contract-28, General Engineering (A-License), San Francisco/Peninsula/East Bay/Hetch Hetchy, with Cal State Constructors, to accomplish general engineering construction work for all SFPUC Enterprise Operations and Bureaus; Increasing the contract by $2,500,000, for a total contract amount of $7,500,000, and with a time extension of two years, for a total contract duration of five years.
(Resolution 12-0071)

c) Accept work performed by Shaw Pipeline, Inc. for Water Enterprise, Repair and Replacement Program-funded Contract No. WD-2583, Cement Mortar Line, and Install Cathodic Protection for 60-Inch Steel Water Main on 28th Avenue and Kirkham Street; Approve Modification No. 2 (Final), decreasing the contract by $39,737, for a total contract amount of $2,446,692, and with a total contract duration of 180 consecutive calendar days; and authorize final payment to the Contractor.
(Resolution 12-0072)

d) Approve the plans and specifications, and award Water Enterprise, Local Conveyance/Distribution System Project Funded and Operating Budget Funded Contract No. WD-2673R, City Distribution Division As-Needed 2012 Annual Paving Contract, in the amount of $4,089,800, to the lowest, qualified, responsible and responsive bidder, M Squared Construction.
(Resolution 12-0073)

e) Approve the plans and specifications, and award Local Water Capital Improvement Program-funded Contract No. WD-2446, 8-inch Ductile Iron Pipe Main Installation on Hartford, 18th, 19th and Noe Streets, in the amount of $1,381,000 to the lowest, qualified, responsible and responsive bidder, M Squared Construction Inc.
(Resolution 12-0074)

f) Approve Amendment No. 2 to Agreement No. CS-877, biology consulting, with Susan McCormick, Taxonomy Consultant, to continue processing of Southwest Ocean Outfall Regional Monitoring Program and authorize the General Manager to execute this amendment, increasing the agreement by $8,600, for a total not-to-exceed agreement amount of $83,600, and with a time extension of six months, for a total agreement duration of five years and seven months.
(Resolution 12-0075)

g) Approve the Assignment and Novation Agreement for No. CS-910, San Francisco Region/Local Construction Management Services, for the Water System Improvement Program; and authorize the General Manager to execute the existing SFPUC Contract from ARA Engineering Group to C2PM. **(Resolution 12-0076)**

Public Comment:

- *No public comment.*

On Motion to approve item 8:
ADOPTED: AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney

REGULAR BUSINESS

9. Authorize the General Manager to execute a Memorandum of Understanding by and between the SFPUC and San Francisco Recreation and Parks Commission regarding management of the Lake Merced Tract; and to accept the Lake Merced Watershed Report.

Mr. Steve Ritchie presented an overview of the Lake Merced property and the activities surrounding the Lake. He noted that in 1950 the SFPUC delegated all the recreational responsibilities to the Recreation and Park Department and stated that the MOU before the Commission updates, and does not replace the 1950 Resolution. He stated the MOU defines SFPUC and Recreation and Park responsibilities and that, as the property owners, the ultimate authority for the management of the Lake Merced Tract rests with the SFPUC.

Mr. Ritchie detailed specifics of the MOU and three leases/agreements of note (1) Harding Park Golf Course; (2) Harding Boathouse; and (3) Pacific Rod and Gun Club. He mentioned that the MOU stipulates that management of the Pacific Rod and Gun Club be transferred to the SFPUC.

Additionally, he requested the Commission to accept the Lake Merced Watershed Report.

Public Comment:

- *Mr. Dan Murphy, representing the Golden Gate Audubon Society, recommended that the Commission approve the Lake Merced Watershed Report and reject the MOU. He would like to for the SFPUC to assume full management control of Lake Merced.*
- *Mr. Jerry Cadigan, representing the Committee to Save Lake Merced, referred to a letter he wrote to the Commission which addressed his main points. He encouraged the Commission to reject the MOU.*

- *Mr. Tim Colen, founding member and past-president of the Lake Merced Task Force, described what he sees as flaws of the MOU. He suggested a Lake Merced manager be hired. He urged the Commission to adopt the Lake Merced Watershed Report.*
- *Mr. Dick Morten discussed the 2012 bond and noted that the bond will contain $2M for the Lake. He indicated that the language in the bond language states that Lake Merced is under the jurisdiction of Recreation and Park and recommended conversations with Supervisor Elsbernd and/or Recreation and Park regarding that issue. He stated that the changes in the MOU are insignificant and non-responsive to stakeholder concerns. He would like to see a Lake Merced manager hired. He encouraged the Commission to accept the Lake Merced Watershed Report.*
- *Mr. Dick Allen, an active rower on the Lake, expressed his concerns with the activities on the Lake and management of the Lake. He urged the Commission to reject the MOU.*
- *Mr. Eric Brooks, representing San Francisco Green Party and local grassroots organization, Our City, indicated that he was there to concur with the other speakers and that the MOU should be rejected. He feels the SFPUC should have oversight of the watershed area.*
- *Written comments received from: Tim Colen, Mondy Lairz, and Craig McGahey.*

Ms. Katie Petrucione, Director of Administration and Finance, Recreation and Park, thanked the Commission for the opportunity to speak. She stated that the agreement is a step forward in the management of Lake Merced and clearly delineates responsibilities for each agency. She noted it will allow each agency to focus on core responsibilities of watershed management and water quality (SFPUC) and recreational programming and maintenance of the Lake (RPD). She asked Mr. James Wheeler, Leisure Services and Aquatics Waterfront Manager, to provide an outline of recreational opportunities at the Lake.

Mr. Wheeler noted that he uses the Watershed Report and site visits as a road map and he wants to improve existing user experiences, establish new programs and increase environmental awareness about the Lake. He described current recreational uses of the Lake. Commissioner Torres asked what the current budget is for programming to which Mr. Wheeler noted it was $17,000 for staffing costs as equipment has been donated.

On motion to reject the MOU. No second.

Commissioner Vietor expressed her frustration with the amount of time that the SFPUC has been in discussions regarding the management of Lake Merced and the MOU, and doesn't feel the MOU is significantly different that was presented in November. She would like to see an MOU with a tight timeline, a plan that outlines recreational activities, budget numbers, staffing, and details how the

relationship between the SFPUC and Recreation and Park will work. Commissioner Vietor stated that the Lake Merced Watershed Report was an excellent document.

Previous motion to reject MOU withdrawn.

Clarifying discussion ensued regarding the specifics of the MOU if approved as written, rejected, or approved with amendments as presented.

Public Comment:

- *Mr. Jerry Cadigan discussed the 1950 Resolution and outlined the specifics of the resolution related to the Pacific Rod and Gun Club.*

City Attorney Ambrose indicated that she read the files from 1935 through the present, and that, after the Commission adopted the 1950 Resolution, the management of the Rod and Gun Club Lease transferred to the Recreation and Park Department. She noted that SFPUC owns the land and can retake responsibility to manage the lease, but it requires Commission action to do so, as per MOU language.

Public Comment:

- *Mr. Eric Brooks, representing San Francisco Green Party and local grassroots organization, Our City, stated that the process is being rushed. He encouraged the Commission to adopt the Watershed Management Report and have SFPUC staff take the lead in developing a master plan for the watershed area.*

On Motion to approve item 9 AS AMENDED: Remove *the Rod and Gun Club lease from the MOU and authorize the General Manager to assume management and administration of the Pacific Rod and Gun Club Lease; and accept the Watershed Management Report.*

ADOPTED: AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney
(Resolution 12-0077)

Commissioner Vietor requested that the Recreation and Park Department come back to the Commission with a long-term recreational management and financial plan regarding the Boat House. Ms. Petrucione asked if the ongoing recreational management and maintenance activities which are currently performed by the Recreation and Park Department should be continued to be performed by RPD or by the SFPUC? Commissioner Vietor asked SFPUC staff to bring back a recommendation regarding those activities.

10. Consider and adopt the contract rate schedule to recover the projected Wholesale Revenue Requirement from 27 wholesale customers during FY 2012-13, as applied to meter readings on or after July 1, 2012, under the terms of the 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers.

Mr. Charles Perl, Deputy CFO, introduced the topic and noted that no additional comments on the rates have been received since the last meeting.

Public Comment:

- *Mr. Art Jensen, BAWSCA, stated that they support the recommendation.*
- *Mr. Patrick Sweetland, City of Daly City stated that they support the recommendation.*

On Motion to approve item 10:
ADOPTED: AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney
(Resolution 12-0078)

11. Approve an increase of $2,500,000 to the previously approved contract cost contingency for Construction Contact No. WD-2552, Alameda Siphon No. 4, for a total cost contingency of $7,293,370; and authorize the General Manager to approve modifications to the contract, for a total contract amount up to $39,227,065.

Public Comment:

- *No public Comment.*

On Motion to approve item 11:
ADOPTED: AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney
(Resolution 12-0079)

CLOSED SESSION

12. Public comments on matters to be discussed in Closed Session.

Public Comment:

- *No public comment.*

13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

On Motion to Assert Attorney Client Privilege:
AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney

THE PUBLIC UTILITIES WILL GO INTO CLOSEDS SESSSION TO DISCUSS THE FOLLOWING ITEMS:

14. Conference with Real Property Negotiator – Pursuant to California Government Code Section 54956.8 and San Francisco San Francisco Administrative Code Section 67.8 (a) (2) (Mueller)

Property:

Mountain View, portion of BDPL 3 and 4, parcels 189, 190, 191 and 19s, located between Whisman Road and Tyrella Avenue.

Parties Negotiating:

SFPUC – Russell
KMJ Urban Communities, LLC

Under negotiation: Price and Terms of Payment

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10 (d) (1) (Mueller)

Existing Litigation: *Pacific Gas and Electric Company v. City and County of San Francisco*
San Francisco Superior Court Case No. CGC-07-470086
Date filed: December 14, 2007.

16. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(c) and San Francisco Administrative Code Section 67.10 (d) (2).

Anticipated Litigation - As Plaintiff (Mueller)

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION

17. Announcement following closed session

President Moran indicated that no action was taken in Closed Session.

18. Motion regarding whether to disclose the discussions during Closed Session

On Motion to NOT TO DISCLOSE:
AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney

19. **Authorize** the General Manager to negotiate and execute a **Memorandum of Understanding with the Port of San Francisco** for the SFPUC to continue providing clean, green municipal **power at Pier 70** and to provide the Port $1.5 million if the new shoreside power system at Pier 70 increases electric use by 65,625,000 kilowatt-hours (kWh) by 2017.
(Resolution 12-0080)

Public Comment:

- *Steven Krefting, representing the Environmental Council, strongly supports the Pier 70 Shoreside Power Project and urges the Commission to approve the MOU.*
- *Written comments received from: Tim Colen, Mondy Lairz, and Craig McGahey.*
- *Written comments received by Steve Lawrence and Teri Shore*

On Motion to Approve Item 19:
AYES: Moran, Torres, Caen and Vietor
ABSENT: Courtney

20. Other new business.
None

ADJOURNMENT: 4:10 PM