

SAN FRANCISCO PUBLIC UTILITIES COMMISSION City and County of San Francisco

Edwin M. Lee

MINUTES Tuesday, July 24, 2012 (Approved August 14, 2012)

12:00 P.M.
1 Dr. Carlton B. Goodlett Place
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/ViewPublisher.php?view_id=22

ORDER OF BUSINESS:

Call to Order

President Moran called the meeting to order at 12:08 PM

2. Roll Call

Present: Moran, Torres, Caen, Vietor and Courtney

3. Approval of Minutes of July 10, 2012

On motion to approve the minutes of July 10, 2012 ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

- 4. Public Comments
 - Mr. Francisco DaCosta reminded the Commission of his comments from the July 24, 2012 meeting. He asked when new digesters would be placed.
 - Ms. Sala Chandler expressed concern over the digesters and the associated odor and presented the Commission with written comments.
 - Ms. Espanola Jackson agreed with the comments of Ms. Chandler. She requested that new digesters be a priority.
 - Mr. Bryant stated that he was hosting a group of youth from Hunters Point who were attending the meeting to see how government worked.
 - Ms. Smith discussed the digesters and their odor and requested that new digesters be installed.

Mr. Harrington indicated that a schedule would be presented at the August 28, 2012 meeting which would include a proposed timeline for the digester project.

Commissioner Courtney requested that the staff provide written response to the two questions on the written comments submitted by Ms. Sala. Mr. Harrington noted that staff would respond to the factual nature of the questions.

- 5. Communications
 - a) Advance Calendar
 - b) Real Estate Update
 - c) Water Supply Agreement Update
 - d) Sewer Inspection and Replacement Update
 - e) Update on North Shore Force Main Emergencies
 - f) WSIP Construction Bid Summary Report
 - a) Letter Summarv

Commissioner Caen asked for more information on the value of SFPUC properties, particularly the five listed as "unknown". She requested a tight response timeline on how the properties will be handled. Mr. Michael Carlin, Deputy General Manager, stated that appraisals are pending on several properties. He noted he would present a proposed disposal and retention schedule with detailed information on each property in September and will follow-up with a firm schedule in October.

President Moran made note of a letter received from BAWSCA commending Mr. Harrington for his service as the SFPUC General Manager.

6. Other Commission Business

None

7. Report of the General Manager

- a) Southeast Community Facility Update: Ms. Juliet Ellis, Assistant General Manager, External Affairs, provided a brief update on improvements to the Southeast Community Facility, noting that preliminary design for Phase I of construction (second floor) has begun. She stated continuous conversations with members of the Southeast Facility Commission, community leaders and City Hall are taking place.
- b) WSIP Update: Ms. Julie Labonte, WSIP Director, updated the Commission on the on-going geological issues with the Calaveras Dam. She also provided and update on the San Joaquin Pipeline Project and three related contracts.
- c) <u>Bond Sales Results and Update</u>: *Mr. Todd Rydstrom, CFO, updated the Commission on the recent Series 2012D Water Refunding Bond sale of \$24.4M. He noted that \$1.4M in ratepayer savings was achieved via the sale.*
- d) Community Choice Aggregation (CCA) Update: Mr. Harrington provided an update on CCA program and discussed timing of the item before the Board of Supervisors. He stated that at the request of the Mayor's Office, discussions on CCA will be postponed until mid-September, when it will be scheduled before the Board. He also noted that at the request of Mayor's staff, and with approval of the Commission, he would remain as General Manager through mid-September.

Public Comments

- Mr. Francisco DaCosta expressed his concerns on items: (7a0 requested that the Commission pay attention to the needs of seniors; (7b) – requested that youth from the Southeast Sector be hired for SFPUC projects; and (7c) – expressed his thoughts on clean energy and adverse impact of on the Southeast Community.
- Mr. Eric Brooks, representing Green Party of San Francisco and "Our City", thanked Mr. Harrington for his leadership and work on CCA. He expressed his thoughts and concerns with Clean Power.

8. BAWSCA Report

Mr. Art Jensen, on behalf of BAWSCA, thanked Mr. Harrington for his service. He stated that the BAWSCA Board is investigating the issuance of Bonds and have approved the appointment of bond underwriters.

Consent Calendar

a) Award Wastewater Enterprise Agreement No. CS-27 - Ocean Beach Master Plan Phase 2 Coastal Management Agreement, to San Francisco Planning and Urban Research, for Planning, Design, Engineering and Outreach Services; and authorize the General Manager to negotiate and execute a professional services

- agreement for an amount not-to-exceed \$750,000, and with a duration of two years. (Resolution 12-0125)
- b) Accept work performed by Precision Engineering for Wastewater Enterprise, Contract No. WW-434, Baker/Blake/Cook/ Broderick/Washington/Francisco Streets Sewer Replacement; Approve Modification No. 1, to account for actual labor and materials required to complete the work under bid item allowances, decreasing the contract by \$277 for a total contract amount of \$1,447,943 and with a time extension of 51 consecutive calendar days for a total contract duration of 214 consecutive calendar days; and authorize final payment to the contractor. (Resolution 12-0126)
- c) Approve the plans and specifications, and award Wastewater Enterprise Contract WW-442, Mason and Powell Street Sewer System Improvement and Pavement Renovation, in the amount of \$4,920,357 (of which \$504,223 is funded by WWE/CIP, \$3,570,114 is funded by WWE/R&R and \$846,020 is funded by DPW), to the lowest, qualified, responsible and responsive bidder, Shaw Pipeline, to replace or rehabilitate existing sewers and construct associated appurtenances and perform pavement renovation on Mason, Powell and Bay Streets. (Resolution 12-0127)
- d) Approve the plans and specifications, and award Wastewater Enterprise Contract No. WW-490, Oceanside Water Pollution Control Plant Digesters and Facility Improvements, in the amount of \$15,373,000, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Company Inc., to repair corroded digester infrastructure and perform necessary improvements to the existing digestion process to achieve Class A biosolids at the Oceanside Plant. (Resolution 12-0131)
- e) Approve the plans and specifications, and award Wastewater Enterprise Contract WW-535R, Wastewater Enterprise Facility Security Improvement Contract No. 1, in the amount of \$6,378,218, to the lowest, qualified, responsible and responsive bidder, Azul Works, Inc., to install security features at three critical wastewater operating facilities.
- f) Authorize the General Manager, on behalf of the City of San Francisco, to enter into a Memorandum of Understanding with the City of Daly City for an amount not to exceed \$205,500, and with a duration of 24 months. SFPUC funding will be used by Daly City to hire consultants to complete pre-project planning, design and environmental review work for the Vista Grande Drainage Basin Improvement Project. The proposed Project would be designed to alleviate flooding on SFPUC owned lands within the Lake Merced Tract by routing a portion of stormwater currently flowing to the Pacific Ocean into Lake Merced, thereby providing a sustainable supply of water for the augmentation and management of Lake Merced water levels. (Resolution 12-0128)
- g) Approve Modification No. 1 to JOC-34, General Engineering, San Francisco/Peninsula/East Bay, with Power Engineering Construction Company,

- 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 12-0129)
- h) Approve the terms and conditions and authorize the General Manager to execute a Lease with Communications & Control, Inc., for use of land located on Mt. Allison, on a portion of Alameda County Assessor's Parcel No. 96-090-5-7, for a SFPUC radio communications services facility and for other general telecommunications uses, for a term of approximately two years and two months, at an initial annual rental rate of \$10,382.40, with four percent annual increases. (Resolution 12-0130)
- i) Authorize the General Manager to approve an agreement for the sale of an interest in real property to Tenth and Market, LLC, for an amount not to exceed \$77,000, subject to approval by the Board of Supervisors pursuant to Charter Section 9.118, the SFPUC intends to sell its interest in the public service easement across this real property, located at 1407-1435 Market Street (Lot 041 in Assessor's Block 3507), in the City and County of San Francisco, and vacate the surplus sewer on this site. (Resolution 12-0132)

President Moran requested that Items 9d, 9e, and 9i be removed from the Consent Calendar.

Public Comments

 Mr. David Pilpel expressed his support for items 9d and 9e. He requested copies of environmental documents for both items. He noted that the date on the resolution on item 9i was incorrect, to which President indicated it would be corrected.

On motion to approve Items 9a, 9b, 9c, 9f, 9g, and 9h:

ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

On motion to approve Items 9d and 9i:

ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

President Moran has additional questions related to item 9e and stated it would be rescheduled to the call-of-the-Chair.

10. Approve an increase in the construction contract cost contingency for Water Enterprise Contact No. WD-2607 - Pulgas Balancing Reservoir - Modifications of Existing Dechloramination Facility, in the amount of \$186,444 and with a potential increase in the contract duration of up to 360 consecutive calendar days; and authorize the General Manager or his designee to approve future modifications to the contract for a total revised contract amount up to \$2,237,460 and for a total revised contract duration up to 765 consecutive calendar days. (Resolution 12-0133)

Public Comments

No Public Comments

On motion to approve Item 10:

ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

11. Authorize the General Manager to negotiate and execute an Agreement with the Bay Area Clean Water Agencies for the purpose of disbursing State grant funds to the SFPUC for implementation of the Harding Park Recycled Water Project in an amount not exceed \$2,114,000 (with estimated matching funds of \$5,322,000 that are available in WSIP Project CUW30204). (Resolution 12-0134)

Public Comments

No Public Comments

On motion to approve Item 11:

ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

12. Authorize the General Manager to negotiate and execute a Memorandum of Understanding with Solano County Water Agency for the administration and disbursement of State Grant funds of up to \$863,000 to be used for SFPUC high-efficiency toilet incentive programs. (Resolution 12-0135)

Public Comments

No Public Comments

On motion to approve Item 12:

ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

- 13. Informational hearing and possible adoption of a SFPUC Technology Policy, a policy statement that would guide SFPUC consideration and assessment of beneficial technologies and innovation in both operations and capital investments.
- Mr. Todd Rydstrom, CFO, presented a draft Technology Policy that was derived as a result of discussions held during budget deliberations, where the needs for multiple policies, including a Technology Policy, was addressed. He discussed economic principles and criteria; environmental principles and criteria; social principles and workforce development criteria; leadership principles and transparency criteria; and next steps.

President Moran thanked staff for their work and noted that the work on the Policy began several years ago and is an intelligent way of looking forward.

Commissioner Vietor also thanked staff for their work and suggested minor language amendments: (1) <u>Environmental principles and criteria</u>: first bullet - include the "conservation of natural resources"; and second bullet – remove the word "limited" and add "mitigation of and adaption to..."; (2) <u>Social principles and workforce development</u>

<u>criteria</u> – first bullet – remove the word "promotion" and add "...to our..."; (3) <u>Leadership</u> <u>principles and transparency criteria</u> – add bullet indicating the selection criteria.

Public Comments

- Mr. Francisco DaCosta expressed his support for quality of life and environmental justice issues.
- Mr. David Pilpel requested that the Commission forward the draft Policy to the Citizens' Advisory Committee (CAC) for their review and comments.

On motion to approve Item 13 as amended: ADOPTED: AYES: Moran, Torres, Caen, Vietor and Courtney

After brief discussion, the Commission agreed to **continue Item 13 until September 11, 2012**, after CAC review.

The Commission took a brief recess at 1:34 PM and reconvened at 1:42 PM

14. Sewer System Improvement Program, Program Validation Workshop #2.

Ms. Karen Kubick, SSIP Director, provided an overview of the second SSIP Workshop, which addressed (1) Collection system goals, levels of service and strategies; (2) Program validation overview; (3) Green infrastructure overview; (4) Collection system options; and (5) Collection system summary. She presented several questions for the Commission to consider as they listened to the presentation.

Discussion ensued on the re-wording of the Goal 2 to include "gray" and "green" infrastructure and the removal of wording on "minimizing flooding". President Moran and Commissioner Caen requested that the issue of minimization of flooding not be lost. Mr. Harrington noted that minimization can also be achieved by the management of stormwater.

Collection system goals, levels of service, and strategies

Ms. Kubick began the workshop by presenting <u>Goal 1: Provide a compliant, reliable, resilient and flexible system that can respond to catastrophic events</u>.

Ms. Kubick stated that the first Goal and Level of Service relates to reliability and regulatory compliance, combined sewer discharge, annual frequency, and volume and collection strategies. She then briefly discussed associated strategies.

Ms. Kubick began discussion on Goal 2: Manage stormwater with green and grey infrastructure. To touch on earlier discussions, she noted that the issue of flood management was included in the strategy. Ms. Kubick provided green and grey comparisons in the collection Level of Service Goals, and comparisons with other ancillary benefits.

President Moran and Commissioner Torres requested that the language used in documents and in presentations is such that lay people can understand. An example provided was what does "green" and "grey" mean, as most people do not know. Ms. Kubick indicated staff has considered and are addressing the issue. Mr. Harrington noted that communication methods will be discussed at the third workshop.

The presentation's focus turned to <u>Goal 3: Provide benefits to impacted communities</u>. Ms. Kubick noted that all projects will adhere to environmental justice and community benefits policies. She stated that green infrastructure will be placed in areas where multiple benefits can be achieved.

Finally, <u>Goal 4: Modify the System to adapt to climate change</u> and associated strategies were presented and briefly discussed.

Program Validation Overview

Ms. Kubick introduced Mr. Martin Doward, SSIP Program Management Advisor, who introduced the Program Validation Overview. Mr. Doward provided a 2010 and 2012 SSIP Validation Comparisons Chart, noting four areas to be discussed: (1) Reliability and operational improvements; (2) Green infrastructure; (3) Bayside; and (4) Westside. He indicated that by the end of the presentation, the complete 2012 Program Validation recommendation for the SSIP would be developed.

Mr. Doward touched on and discussion occurred on modeling and calibration; permit evaluation and future regulations; condition assessment; recommend reliability improvements; and operational improvements.

The 2012 Program Validation Recommendation (\$ Millions) for Reliability and Operational Improvements for the first decade is \$241; second decade is \$497; and with a total of \$738.

Green Infrastructure Overview

Mr. Martin Doward introduced Ms. Rosey Jenks, Urban Watershed Management Program, who presented on the Green Infrastructure portion of the Validation Process, including synergistic green strategies (stormwater management ordinance, incentives and grants, public and private partnerships, and coordination with City capital programs).

Ms. Jenks presented a timeline showing green infrastructure's long-term Citywide implementation, and briefly discussed urban watershed assessment, green infrastructure benefits, validation, recommendations, program benefits, early implementation project concepts, Bayside early implementation project concepts, and Westside early implementation project concepts.

The 2012 program validation recommendation (\$ Millions) for Green Infrastructure for the first decade is \$110; second decade is \$290; and with a total of \$400.

<u>Collection System Options – Bayside</u>

Mr. Dan Donahue, SSIP Pre-construction Technical Advisor, presented the Collection System Options. He noted that Bayside has five watersheds (Northshore, Channel, Islas Creek, Yosemite, and Sunnydale), which convey flows to the Southeast Plant. He discussed Bayside characteristics and existing conditions, including lack of redundancy, seismic vulnerability, operational constraints and regulatory compliance. Mr. Donahue then touched on the Bayside project drivers.

Bayside infrastructure options and level of service comparisons were discussed and Option 4 was recommended.

The 2012 program validation recommendation (\$ Millions) for Bayside for the first decade is \$1,091; second decade is \$152; and with a total of \$1,243.

<u>Collection System Options – Westside</u>

Mr. Dan Donahue continued his presentation with discussion of the Westside that has three watersheds (Richmond, Sunset and Lake Merced), which convey flows to the Oceanside Plant. He discussed Westside existing conditions including CSDs on beaches, sandy soils, Lake Merced, wide streets and uniform lots, large landowners, and regulatory challenges.

Mr. Donahue touched on the Westside characteristics and project drivers, and noted infrastructure options and level of service comparisons, recommending <u>Option 3</u>.

The 2012 program validation recommendation (\$ Millions) for Westside for the first decade is \$45; second decade is \$232; and with a total of \$277.

Collection System Summary

The 2012 total program validation recommendation (\$ Millions) for the Collection System for the first decade is \$1,487; second decade is \$1,171; and with a total of \$2,658.

The 2012 total proposed SSIP program validation recommendation (\$ Millions) for the first decade is \$4,052; second decade is \$2,946; and with a total SSIP cost of \$6,998.

Ms. Kubick expressed her appreciation to the Commission for their guidance and leadership. She stated that, as per the Commission's request, she would work on appropriate wording for Goal 3 regarding Green Infrastructure.

Public Comments

- Mr. David Pilpel expressed his appreciation for the discussion and his concerns over and the importance of green projects. He also expressed his support for staff recommendations.
- Mr. Francisco DaCosta noted that the City needs to continue to work on areas of need and to train and hire local youth.
- 15. Public comments on matters to be discussed in Closed Session.
 - No public comments.

CLOSED SESSION

The Commission entered Closed Session at 3:31 PM and reconvened open session at 4:13 PM.

- 16. Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b), to consider public employee appointment/hiring for the position of General Manager of the San Francisco Public Utilities Commission.
- 17. Announcement following closed session

President Moran announced that the Commission would transmit a list of unanimously approved candidates to the Mayor for consideration, pursuant to Charter Section 4.102. The President noted that due to the sensitive and confidential nature of the process, neither the names nor number of candidates would be disclosed.

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

On Motion to NOT TO DISCLOSE:

AYES: Moran, Torres, Caen, Vietor and Courtney

19. Other new business

ADJOURNMENT

President Moran adjourned the meeting at 4:14 PM