SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, March 14, 2017
(Approved March 28, 2017)

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

Commissioners
Anson Moran, President
Ike Kwon, Vice President
Ann Moller Caen
Francesca Vietor
Vince Courtney

Harlan L. Kelly, Jr.
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
1. Call to Order
   President Moran called the meeting to order at 1:33 PM.

2. Roll Call
   Present: Moran, Kwon and Courtney
   Commissioner Vietor arrived at 1:37 PM
   Commissioner Caen arrived at 1:39 PM

3. Approval of the Minutes of February 28, 2017
   On Motion to approve the Minutes of February 28, 2017:
   Ayes: Moran, Kwon and Courtney
   No public comment.

4. General Public Comments
   • Mr. Bill Martin expressed concern with SFPUC’s potential response to the
     State Water Board regarding the Bay Delta Plan.
     Commissioner Vietor arrived at 1:37 PM
     • Mr. David Pilpel gave thanks to SFPUC employees for their work on the
       Headworks Project. He expressed condolences to the General Manager.
     Commissioner Caen arrived at 1:39 PM

5. Communications
   a) Advance Calendar
   b) Correspondence Log
   c) Contract Advertisement Report
   d) Annual Energy Storage Procurement Policy
   e) Sewer Inspection and Replacement Update
     Commissioner Caen expressed concern with the low number of sewer pipes
     inspected. Assistant General Manager (AGM) Kathy How, Infrastructure,
     provided response. Commissioner Caen requested that Mr. Tommy Moala,
     AGM Wastewater, provide a detailed response regarding the low number
     of sewer pipes inspected, as compared to previous reporting periods.
   f) Alameda Creek Watershed Center Update
     No public comment.

6. Other Commission Business
   None.

   GM Kelly thanked everyone for their expression of sympathy.
   a) CleanPowerSF Update
      Ms. Barbara Hale, AGM Power, provided a CleanPowerSF update. She
      stated there are currently 80,000 customers being served; an opt-out rate of
She indicated approximately 1,000 new customers will begin service in May. She stated the an annual rates proposal will be brought before the Commission in April, with options for: (1) no rate change; (2) change rates to achieve bill parity with PG&E; or (3) reset rates to achieve same discount that commission adopted before discount.

No public comment.

b) Quarterly Audit and Performance Review Report
   i. California Independent System Operator, Scheduling Coordinators Self-Audit
   ii. Pacific Gas and Electric Franchise Fee Audit
   iii. NRG Energy Center Franchise Fee Audit
   iv. Sales and Use Tax Audit
   v. Community Benefits, Phase II: Commitments in Contracts

Ms. Nancy Hom, Director, Assurance and Internal Controls, provided a Q2 Quarterly Audit and Performance Review Report. She noted 40 audits and assessments YTD (15 completed, 13 in-progress, and 12 upcoming). She reviewed the nine completed audits and the reports issued. She discussed the current outlook and reviewed prior years open audits and recommendations.

No public comment.

c) Hetch Hetchy Water and Power Enterprise Capital Improvement Program (CIP) Quarterly Report

Mr. Dan Wade, Director, Water Capital Projects and Programs, provided a Hetch Hetchy Water and Power Enterprise CIP Quarterly Report update. He reviewed highlights of the reporting period: (1) Mountain Tunnel Bypass; (2) Mountain Tunnel Adit and Access; (3) Mountain Tunnel Inspection and Repairs; and (4) Moccasin Facilities Upgrade. He thanked his staff for their work.

Mr. Wade responded to a question from Commissioner Vietor regarding the Mountain Tunnel lining.

Director Wade touched on the timeline for Mountain Tunnel improvements and discussed: (1) San Joaquin Pipelines rehabilitation; (2) Moccasin Penstock; (3) Installation of survey monuments at Kirkwood Penstock; (4) Eleanor Dam Bridge and Hetch Hetchy Adit Access Bridge; and (5) Moccasin Reservoir security fences.

Mr. Wade responded to Commissioner Caen’s request for additional detail on the “red dots” (San Joaquin Pipeline rehabilitation; Lower Cherry Aqueduct; Holm and Kirkwood Powerhouse projects; and Warnerville Substation).

No public comment.
GM Kelly called items 7d and 7e together.

d) Wastewater Enterprise CIP Quarterly Report
e) Sewer System Improvement Program Update (SSIP)

Ms. Karen Kubick, Wastewater CIP Director, began with a review of the “red dots” (Southeast Digester gas handling project; Northpoint outfall rebid; Kansas and Marin sewer improvements; Central Subway sewer replacement; and land reuse of asphalt plants).

She provided a quarterly update of the CIP quarterly report: (1) Program status; (2) Current construction projects: SEP primary and secondary clarifier upgrades; SEP 521/522 disinfection upgrades; and Westside Pump Station reliability improvements. She then reviewed current construction projects (EIPs): Mission and Valencia Green Gateway; Holloway Green Street; and Sunset Boulevard Greenway.

Ms. Kubick reviewed Phase I Project updates for the Headworks and Biosolids projects, noting achievements. She provided a SSIP Phase I jobs report (apprenticeships and Local Hire Ordinance achievement); Jobs and Contracts Report; and stakeholder outreach to-date. Ms. Kubick discussed the timeline for upcoming topics to be heard before the Commission and the Board of Supervisors.

Ms. Kubick responded to a question from Commissioner Caen regarding the Biosolids Design Contract modification. GM Kelly provided additional comment.

Commissioner Courtney acknowledged the work of staff and discussed the Local Hire Ordinance achievement rate.

Public Comments

- Mr. David Pilpel expressed support for the SSIP, noting the critical nature of efforts and the importance of project delivery. He requested upcoming reports provide information on challenges, obstacles, and opportunities.

8. Central Bayside Tunnel

Ms. Kubick introduced Mr. Dan Donahue, Pre-Construction Technical Advisor, who provided an update on optimizing Channel Tunnel

Mr. Donahue began with and update on the CBSIP and the recommendation of a 24’ Channel Tunnel. He reviewed the San Francisco collection system and described the Channel Force Main and Channel Force Main vulnerabilities. He continued with: (1) Review of the Central Bayside Improvement Project; (3) Regulatory drivers; (4) Rationale for design frequency; (5) Recreational uses at Mission and Islas Creek; (6) Model duration of impact; (7) CSD activations vs. tunnel size; (8) Alternatives evaluated to augment a 17’ tunnel for future regulations; (9) 17’ tunnel + 200 ac. of GI vs. 24’ tunnel; (10) Performance achieved by only implementing GI (bayside); and (11) Maximum Bayside Green Infrastructure vs. Channel Tunnel.
Mr. Donahue summarized his presentation and indicated the team is proceeding with 35 percent design based on 24’ tunnel. He responded to a question from Commissioner Vietor regarding Green Infrastructure analysis.

GM Kelly stated that Central Bayside is up to 35 percent in Phase I of design and that staff will strategically return to the Commission for funding the remainder of design.

Public Comments
- Mr. Pilpel expressed support for the 24’ tunnel stating the volume of discharge should be included, and that the 24’ tunnel is needed to achieve all benefits. He discussed alignment options.

9. *Consent Calendar:*

   a) Approve an additional time extension to the previously approved construction contract duration contingency for Contract No. WD-2548, Lake Merced Pump Station Essential Upgrades Project, with Western Water Constructors, Inc., of up to 639 consecutive calendar days; and authorize the General Manager to approve future modifications to the contract for a total revised contract duration up to 3,044 consecutive calendar days. The requested time extension is needed to continue investigation and monitoring of the electrical reliability of the station’s pump starter equipment and to coordinate with the equipment vendor to make any necessary modifications and/or repairs. (*Resolution 17-0045*)

   b) Accept work performed by Cal State Constructors, Inc., for Contract No. WD-2685, Auxiliary Water Supply System Reservoir and Tanks Improvement (2013); Approve Modification No. 24 (Final), decreasing the contract by $1,340, for a total contract amount of $9,505,582; and authorize final payment to the contractor. (*Resolution 17-0046*)

   c) Approve the plans and specifications, and award Contract No. WW-650, Foerster Street Auxiliary and Mangels/Hearst/Detroit Sewer Replacement, in the amount of $3,112,150, to the lowest, qualified, responsible and responsive bidder, Precision Engineering, to perform sewer capacity improvements, paving work, and traffic routing along the subject streets. (*Resolution 17-0048*)

   d) Ratify correction of the contract award amount associated with Resolution No. 17-0037, adopted by the Commission on February 28, 2017, which awarded Contract No. WW-653, Marin Street Sewer Replacement, from $4,762,200 to $4,860,250. The agenda item referenced the correct contract award amount of $4,860,250, however, the Resolution incorrectly referenced a contract amount of $4,762,200. (*Resolution 17-0047*)

   *President Moran requested the removal of item 9c.*

   On Motion to approve Consent Calendar items 9a, b, and d:
   
   Ayes: Moran, Kwon, Caen, Vietor and Courtney
President Moran noted item 9c is a positive example of the power of competitive bidding which results in cost savings.

On Motion to approve Consent Calendar item 9c:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

10. Approve the Water Supply Assessment for the proposed Biosolids Digester Facilities Project, pursuant to the State of California Water Code Section 10910 et seq. and California Environmental Quality Act Section 21151.9 and CEQA Guidelines Section 15155. (Resolution 17-0049)
Mr. Steve Ritchie, AGM Water, introduced the item stating it is a routing Water Supply Assessment.

On Motion to approve item 10:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

Public Comments
• Mr. Pilpel stated the assessment is another step in making biosolids facility happen.

11. Authorize the General Manager to execute a Memorandum of Understanding with the Solano County Water Agency to implement a High-Efficiency Clothes Washer Rebate Initiative to provide SFPUC customers with rebates for the purchase and installation of qualifying high-efficiency clothes washers, for an amount not to exceed $175,000, and with a total duration of 24 months. (Resolution 17-0050)
AGM Ritchie stated the item is a continuation of the current program and requested approval.

On Motion to approve item 11:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

12. Approve the plans and specifications, and award Contract No. PW-006R, Tenderloin Pedestrian Lighting Improvement Project, in the amount of $2,430,260, to the lowest, qualified, responsible and responsive bidder, Bay Area Lightworks, to install street light infrastructure on Larkin, Hyde, Leavenworth, Jones and Eddy Streets in San Francisco. (Resolution 17-0051)
AGM Hale introduced the item and requested approval.

On Motion to approve item 12:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

13. Award As-Needed Power Operations Support agreements to Siemens
Industry, Inc., (PRO.0018.A), and Utilicast, LLC (PRO.0018.B), to perform short-term, highly specialized work for the Power Enterprise; and authorize the General Manager to negotiate and execute two professional services agreements, each for an amount not to exceed $4,000,000, and with a duration of five years, (Resolution 17-0052)

AGM Hale introduced the item and requested approval. She responded to Commissioner Courtney’s request for further explanation regarding the scope of work. Discussion on consulting services versus staffing, and the staffing timeline ensued.

Commissioner Courtney expressed the need for caution as the program expands. Commissioner Vietor concurred with Commissioner Courtney and expressed concern with the budget, given program cuts that have been made. GM Kelly provided comment on difficult decisions that have been made and balance needed.

On Motion to approve item 13:
Ayes: Moran, Kwon, Caen, Vietor and Courtney:

No public comment.

The Commission Secretary read the Closed Session items, noting item 25 would not be heard.

14. Public Comments on matters to be discussed in Closed Session.
None.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.
On Motion to assert:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

The Commission entered Closed Session at 3:01 PM.

16. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 76.10 (d) (2)
Anticipated Litigation as Plaintiff

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (3) and San Francisco Administrative Code Section 67.10 (d) (2)
Anticipated Litigation as Defendant

18. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation
Restore Hetch Hetchy v. City and County of San Francisco
19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Claim:
Recommended Partial Final Settlement
Material Terms: Payment of $347,702 by SFPUC, for Claimant's agreement to complete Sewer Alignment Stitch Pier Repair at 266 Casitas Avenue, San Francisco.
Magzhi, Charleen
City Attorney Claim No.: 16-02226
Date Filed: February 17, 2016
(Resolution 17-0053)

20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
Pacific Gas & Electric
Federal Energy Regulatory Commission
Tariff Withdrawal per 35.15: Notice of Termination of the 1987 CCSF Interconnection Agreement – PG&E Rate Schedule FERC No. 114 to be effective 6/30/15.
Case No.: ER15-702-000/Date Filed: December 23, 2014

21. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
Pacific Gas & Electric
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective 6/30/15.
Case No.: ER15-703-000/Date Filed December 23, 2014

22. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
Pacific Gas & Electric
Federal Energy Regulatory Commission
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective 7/1/15
Case No.: ER15-705-000/Date Filed: December 23, 2014

23. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
Pacific Gas & Electric
Federal Energy Regulatory Commission
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Wholesale
Distribution Tariff Replacement Agreements to be effective 7/1/15
Case No.: ER15-704-000/Date Filed: December 23, 2014

24. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
Pacific Gas & Electric
Federal Energy Regulatory Commission
Notice of Termination of Facilities Charge Agreements between PG&E and the City and County of San Francisco
Case No.: ER15-735-000/Date Filed: December 23, 2014

25. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10 (a)

The Commission exited Closed Session at 4:11 PM.

26. Announcement following Closed Session.
President Moran announced that a settlement was reached on item 19.

27. Motion regarding whether to disclose the discussions during Closed Session.
On Motion not to disclose:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

28. Adopt a Resolution authorizing the General Manager requesting the Mayor and the Board of Supervisors approve a Supplemental Appropriation in the amount of $5,000,000 for the Wastewater Enterprise, for the purpose of paying claims, settlements, legal expenses, litigation costs, judgements and related expenses. (Resolution 17-0054)

On Motion to approve item 28:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

29. Other New Business.
None.

30. Adjournment.
President Moran adjourned the meeting at 4:13 PM.