SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, January 10, 2017
(Approved January 24, 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 3:00 PM.

3. Approval of the Minutes of December 13, 2016
   On Motion to approve the Minutes of December 13, 2016:
   Ayes: Moran, Kwon, and Courtney

   No public comment.

4. General Public Comments
   • Mr. Francisco DaCosta discussed water waste and the need for empirical
data on the number of water and wastewater pipes that have been replaced.
   • Mr. Eddie Ahn, Brightline Defense, provided the Commission with their
     “Sustainability Summit Report”.

5. Communications
   a) Advance Calendar
      President Moran noted outstanding questions that need response and
      requested that responses be provided, or that staff indicate a date by which
      the answer will be provided. He asked that a response to QST-10-11-16-01
      be provided before the budget update.
   b) Correspondence Log
   c) Contract Advertisement Report
   d) Comprehensive Annual Financial Report (CAFR)
   e) Popular Annual Financial Report (PAFR)
   f) O'Shaughnessy Dam Reservations Quarterly Report (Q4)
   g) San Francisco Planning Department Initiates Formal Environmental Review
      for Peninsula Watershed Bay Area Ridge Trail Improvements

      No public comment.

6. Other Commission Business
   Commissioner Courtney thanked the General Manager (GM) and staff for
   reaching out after the last meeting. He stated the first 2017 pre-apprentice
   program at Gleneagles has started. He thanked staff for their work.

   No public comment.

7. Report of the General Manager
   GM Kelly asked Assistant General Manager (AGM) Tommy Moala, Wastewater,
   to provide a storm update.

   AGM Moala noted the amount of rain received since January first. He indicated
   there has been some localized flooding, but reported no major issues. He
mentioned the “Adopt-a-Drain” program, stating 1,112 catch basins have been adopted; reported that 1,105 sandbags have been delivered; and discussed the flood barrier pilot deployment at 17th and Folsom.

No public comment.

GM Kelly stated that members of the Board of Supervisors are being briefed on flooding issues.

a) CleanPowerSF Update
Ms. Barbara Hale, AGM Power, provided a CleanPowerSF update. She stated that there are 80,000 service accounts; there is an opt-out rate of 2.5 percent; and there are 382 SuperGreen upgrades (for a total of 1,191 SuperGreen customers). She discussed future enrollment, stating 544 customers are queued with 79 percent of those upgrading.

Ms. Hale stated the California Public Utilities Commission (CPUC) will conduct a hearing the first of February regarding Community Choice Aggregation (CCA) programs, at which time regulatory issues and oversight will be discussed. She stated the SFPUC will participate in that hearing. She responded to a question from President Moran as to whether the PCIA issue will be addressed at the hearing. Brief discussion ensued.

AGM Hale discussed PG&E’s rate modifications, stating the impact on Hetch Hetchy customers will be small and the revenue impact neutral. She noted that PG&E, not the SFPUC, is increasing rates for residential Green and SuperGreen customers, as well as commercial SuperGreen customers. She outlined the percent of the increase. She stated she will return to the Commission regarding rates in April.

Public Comments
- Mr. Francisco DaCosta stated that deliberations need to be reported on the website. He requested information on the amount of energy distributed by PG&E. He discussed his experience with CCA’s.
- Mr. Jason Fried, LAFCo, discussed PG&E and CleanPowerSF rates and noted the need to look at the “big picture”. He requested those in the audience sign-up for CleanPowerSF.

b) Drought Update
Mr. Steve Ritchie, AGM Water, provided a drought update. He discussed current reservoir levels, noting water bank is full and other systems are spilling. He discussed cumulative precipitation; Upcountry 6-Station Precipitation Index; Bay Area 7-Station Precipitation Index; National precipitation forecast; Snowpack; Tuolumne River water available to the City; and total deliveries.

No public comment.
AGM Hale responded to a question from Vice President (VP) Kwon regarding PG&E’s program as compared to CleanPowerSF’s Green program.

8. **Bay Delta Water Quality Control Plan Update**

President Moran thanked everyone in the audience for attending. He provided introductory comments, emphasizing it is early in process.

AGM Ritchie began his update by describing the Bay Delta System (Sacramento River and San Joaquin Rivers and Tributaries). He indicated the Tuolumne River provides about 85 percent of the Regional Water System Supply. He briefly discussed unimpaired flows and San Francisco’s relationship with the irrigation districts, and reviewed entitlements and diversions.

AGM Ritchie continued with: (1) a review of driving factors of San Francisco water supply planning, Level of Service objectives, and challenges; (2) a summary of customers’ low water use; and (3) diversifying water supply (conservation, groundwater, recycled water, and San Francisco’s Non-Potable Ordinance).

He discussed the role of the State Water Resources Control Board (SWRCB) and their charge with setting water quality objectives. He noted their proposal to update two elements of the Bay Delta Plan (San Joaquin flow objectives to protect fish and wildlife; and Southern Delta salinity objectives). Mr. Ritchie discussed recent history of the Bay Delta Plan.

AGM Ritchie reviewed the 2016 revised proposal, indicating comments are due March 17, 2017, (extended 120 days from original November 15, 2016 due date). He stated the SWRCB is planning to consider the plan amendments in August 2017.

Mr. Ritchie discussed the 2016 revised proposal and potential impacts. He stated increased rationing would be faced: (50 percent at normal or contract level demands; 20-30 percent rationing at current demand; and the number of dry-year shortages would double or triple). He noted ramifications without major investment in uncertain water supply projects.

Mr. Ritchie outlined the SFPUC’s response to the 2016 proposal and discussed voluntary agreements vs. regulation and litigation.

**Public Comments**

- **Mr. Sean Charpentier**, Assistant City Manager, East Palo Alto, discussed East Palo Alto’s water use and supply needs. He indicated support for the SFPUC recommendation and provided a comment letter.
- **Ms. Nicole Sandkulla**, BAWSCA, distributed a document containing her comments to the SWRCB. She reviewed the average residential customer use in the BAWSCA wholesale service area.
Mr. Peter Drekmeier, Tuolumne River Trust, expressed disappointment with information being disseminated on the SFPUC fact sheet. He distributed and discussed his memo to the SFPUC and requested a response. He discussed the SWRCB proposal.

Commissioner Courtney requested that staff provide response to Mr. Drekmeier's memo. President Moran asked that the response address issues and solid facts, and address any differences in points-of-view.

Mr. Martin Gothberg discussed his personal and business use of water. He expressed support for the Bay Delta Plan and SED and provided written comments.

Mr. Les Kishler expressed the need for the Bay Delta Plan and discussed finite and infinite resources.

Ms. Sarah Qureshi, Silicon Valley Leadership Group, expressed concern with the proposed SED and potential impacts. She indicated support for the environmental goals of the SED and voluntary settlements.

Mr. Bill Martin discussed his attendance at the January SWRCB hearing.

Mr. Sidney Liebes discussed the impact of SFPUC water resource decisions; urged consideration of ecological health data, and provided written comments.

Mr. Will Derwin expressed support for the SWRCB proposal and urged Commission support.

Mr. Chris Shutes, California Sport Fishing Protection Alliance, discussed the Lower Tuolumne Settlement and CSPFA’s participation in that process. He rebutted Mr. Ritchie’s comments regarding unimpaired flow.

Ms. Charlene Woodcock expressed concern for the Delta. She discussed unimpaired flow; the Delta importance to the economy; and ecosystem support. She indicated there is an allocation problem, especially with East Palo Alto. She expressed support for a higher flow.

Mr. Tom Schwertscharf, Sierra Club, expressed support for the Plan and discussed climate change science.

Mr. Peter Mangarella, Trout Unlimited, expressed support for the SWRCB recommendations. He discussed his conservation and limited water use and expressed the need for small conservation steps. He requested the SFPUC partner with the SCRWB to increase flows.

Mr. Heinrich Albert, Sierra Club, indicated support for higher flows to restore habitat. He discussed the low per capita use of San Francisco and other customers. He presented Sierra Club Letters in support of higher flows.

Commissioner Vietor arrived at 3:00 PM.

Mr. Kenneth Gibson expressed the desire for leadership and protection of the Bay. He discussed BAWSCA service obligations and the need for tiered pricing.

Ms. Olga Mandrussow, Sierra Club, expressed support for 50 percent unimpaired flow and discussed ways to achieve that goal.
• Mr. Michael Frost stated that were incorrect assumptions developed years ago. He encouraged looking at data in a different way.
• Ms. Tali Benattar discussed the SFPUC’s Environmental Stewardship Policy. She requested 50 percent unimpaired flow.
• Mr. Dave Warner requested plausible numbers given the economy and conservation; to rely on the science of State Board; and discussed environmental issues.
• Mr. Spreck Rosencrans, Restore Hetch Hetchy, indicated they have specific recommendation for flow. He discussed the 2013 SWRCB hearing and hydrologic and economic assumptions.
• Ms. Leah Rogers expressed the need for history-matching for modeling and discussed economic benefits of water conservation.
• Mr. Doug Obegi, Natural Resources Defense Council, discussed the importance of understanding issues at staff level. He requested a meeting between staff and advocates before the March deadline.
• Mr. Arthur Feinstein, Sierra Club Conservation Committee, noted the similarities of early CCA discussions and those of the current Plan. He expressed the need for healthy ecosystems and encouraged support for the state proposal.
• Mr. Michael Warburton, Executive Director, Public Trust Alliance, discussed legal requirements to use the best available information when allocating public trust resources. He discussed reasonable use for the benefit of all.
• Ms. Rachele Trigueros, Bay Area Council, discussed water use and rationing in San Francisco and BAWSCA service areas. She urged meeting competing needs through voluntary agreements.
• Mr. Ben Eichenberg, San Francisco Baykeeper, urged support for the SED. He stated alignment with the MID/TID and San Joaquin Tributary Authority doesn’t represent SFPUC interests.
• Mr. John Pomeroy, East Bay Community Guild, stated health of environment is the first priority.
• Ms. Gail Sredanovic read a statement in support of the SWRCB Plan.
• Mr. Barry Hermanson, Sierra Club, spoke in favor of increased flows, stating environmental needs come first. He discussed his conservation efforts.
• Mr. Gary Bobker, Bay Institute & Bay.org, discussed stewardship; scientific records; flow vs. non-flow measures; adaptive management; and settlement issues.
• Ms. Christina Bertea, Graywater Action, stated more conservation can take place and reviewed conservation options. She discussed the need for high flows for sturgeon survival.
• Ms. Jeralyn Moran, PICA, discussed the condition of the Bay Delta and the need for increase flows.
• Mr. Chris Gilbert expressed disappointment with the GM’s recent op-ed. He questioned the voluntary agreement.
• Mr. Jim Lazarus, San Francisco Chamber of Commerce, discussed conservation and water limitations that would be needed for the Plan, and options for capturing excess water to assist with increased flows.
• Ms. Denise Louie urged the Commission to advocate for a 60 percent unpaired flow.
• Dr. Elizabeth Dougherty, Director, Wholly H20, discussed her personal water use and the effect of general human water use on the water cycle.
• Ms. LaVive Kiely discussed the condition of the Delta and the need to save it. She noted recent algae bloom; the need for statewide conservation; and agri-business water waste.
• Mr. Michael Barber, representing San Mateo County Supervisor Dave Pine, expressed concern with conflicting information from multiple sources, and the need for reconciliation.
• John McMannis, Golden Gate Salmon Association, requested a meeting between staff and stakeholders. He discussed unimpaired flows from February through June to assist young salmon. He discussed economic possibilities for the fishing industry in San Francisco.
• Mr. Tim Eichenberg expressed support for previous speaker comments and those of the Tuolumne River Trust. He requested a meeting between staff and stakeholders, and at least 40 percent flow.
• Mr. Martin Kirkwood expressed concern with SED. He discussed housing issues and the supply and allocation of water in East Palo Alto. He stated balance is between supply and demand.
• Mr. Jacob Roberts, Carbon Quest, discussed the importance of protecting the Delta.
• Ms. Catherine Baker discussed concerns with the lack of water conservation in the shelters. She requested that staff come and speak to residents.

President Moran thanked everyone for their participation and provided concluding comments. He requested that staff respond to Mr. Drekmeier’s concerns, emphasizing the learning and sharing opportunity. He noted the need to work toward solutions.

VP Kwon stated he was impressed with conservation efforts in San Francisco and the Bay Area. He expressed support for staff, noting they work hard and care about what they do. He stated sensible solutions need to be achieved.

Commissioner Vietor thanked speakers for their comments. She noted the need for stakeholder input in the process and encouraged meetings as part of the process. She requested a presentation prior to submittal and requested an update on the engagement process. She indicated that the numbers are important to understand flexibility and to understand of what can be improved for health of river and meeting supply needs.

Mr. Ritchie stated a meeting will be scheduled with the Bay Area Water Stewards.

GM Kelly noted that settlement discussions are confidential but engagement will occur.
President Moran discussed how to deal with various issues via meetings, writing, and presentations, to ensure issues are fully understood. He noted the complexity of the issue and of contractual requirements.

The Commission Secretary read the Consent Calendar.

9. **Consent Calendar**
   
a) **Approve Modification No. 1 to Job Order Contract (JOC) No. 46, Electrical (C-10 License), Governor & Exciter Systems for Hydroelectric Powerhouses for Hetch Hetchy, with Tri-Technic, Inc., to perform specialty high-voltage electrical contracting tasks for all Hetch Hetchy operations and facilities, increasing the contract amount by $2,500,000, for a total contract amount of $7,500,000, and a time extension of 730 consecutive calendar days, for a total contract duration of 1,825 consecutive calendar days, as allowed for JOCs under the San Francisco Administrative Code.**
   
   (Resolution 17-0001)

d) **Approve the plans and specifications, and award Contract No. WW-632, Southeast Water Pollution Control Plant (SEP) Existing Digester Gas Handling Improvements, in the amount of $9,536,000, to the lowest, qualified, responsible and responsive bidder, Monterey Mechanical, to upgrade critical equipment at SEP in order to maintain existing digestion facilities until new facilities are available for service.**
   
   (Resolution 17-0004)

e) **Approve Modification No. 2 Contract No. WW-617, As-Needed Sewer Cleaning and Inspection, with Pipe and Plant Solutions, Inc., to adjust contract bid item quantities to match actual quantities used, increasing the contract by $155,674, for a total contract amount of $2,178,934.**
   
   (Resolution 17-0005)

On Motion to approve the Consent Calendar:
Ayes: Moran, Kwon, Vietor and Courtney
No public comment.
10. Approve the selection of Black & Veatch Corporation; Award Agreement No. PRO.0022, HHWP Power Transmission Line Clearance Mitigation - East, to provide design support to mitigate ground, wire, and structural clearance issues, for an amount not-to-exceed $12,000,000, and with a duration of 10 years, subject to Board of Supervisors approval, pursuant to Charter Section 9.118. (Resolution 17-0006) 
President Moran expressed continued concern with sole source awards.

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

No public comment.

11. Authorize the General Manager to execute a Memorandum of Understanding with the Santa Clara Valley Water District (SCVWD) to undertake a Feasibility Study to identify purified water supply alternatives for the SFPUC and the Bay Area Water Supply and Conservation Agency, for an amount not to exceed $75,000, and with a total duration of 24 months. The Feasibility Study will provide a preliminary understanding of viable options for participation in SCVWD’s Expedited Purified Water Program. (Resolution 17-0007) 
On Motion to approve Item 11:
Ayes: Moran, Kwon, Vietor and Courtney

No public comment.

12. Authorize the General Manager to request approval from the Board of Supervisors to accept and expend on behalf of the City and County of San Francisco, a Rim Fire Alternate Project grant, for the purchase of capital equipment and the upgrade of communication equipment in the amount of $377,115 from the Federal Emergency Management Agency and the California Office of Emergency Services. The Local (SFPUC) share of project costs will be $69,836. (Resolution 17-0008) 
President Moran asked that information on the original grant be provided.

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

No public comment.

Item 13 was removed from the agenda and will be rescheduled.

13. Approve the Water Supply Assessment for the proposed 10 South Van Ness Project, pursuant to the State of California Water Code Section 10910 et seq.; California Environmental Quality Act (CEQA) Section 21151.9; and CEQA Guidelines Section 15155.

14. Approve the Revised Water Supply Assessment for the proposed Seawall Lot 337 and Pier 48 Mixed-Use Project, pursuant to the State of California Water
15. Public Hearing: Discussion and Possible Action to authorize the General Manager to establish a 500 gallon-a-day residential household water use threshold for customers in single-family homes and individually metered multi-family units, that would be effective during designated drought periods and would result in a $150 excess use fine for each 30-day period a customer’s average daily water use exceeds the threshold. (Resolution 17-0010) AGM Ritchie responded to a question from President Moran on when the threshold would be imposed and how the 500 gallon-per-day threshold was determined.

On Motion to approve Item 15:
Ayes: Moran, Kwon, Vietor and Courtney
No public comment.

16. Approve the plans and specifications, and award Contract No. WW-614R2, North Point Outfall Rehabilitation, in the amount of $12,485,980, to the lowest, qualified, responsible and responsive bidder, The Dutra Group, to rehabilitate the aging North Point Outfall System. (Resolution 17-0011) On Motion to approve Item 16:
Ayes: Moran, Kwon, Vietor and Courtney
No public comment.

President Moran stated that there would be no Closed Session (items 17-24).

17. Public Comments on matters to be discussed in Closed Session.

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

19. 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 Plaintiff

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)

26. Announcement following Closed Session

SFPUC Minutes
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27. Motion regarding whether to disclose the discussions during Closed Session

28. Other New Business
   Commissioner Courtney stated has been contacted regarding concerns with the Graywater System Ordinance and requested a briefing regarding and the SFPUC’s performance pursuant to the Ordinance.

29. Adjournment
   President Moran adjourned the meeting at 4:53 PM.