SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, July 11, 2017
(Approved July 25, 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 1:38 PM.

2. Roll Call
   Present: Moran, Caen, and Courtney
   Excused: Kwon
   Commissioner Vietor arrived at 1:53 PM.

   President Moran introduced Francesca Gessner, Deputy City Attorney, who replaced Deputy City Attorney Noreen Ambrose upon her retirement.

3. Approval of the Minutes
   a) June 13, 2017 Regular Meeting
   b) June 23, 2017 Special Meeting

   On Motion to approve the Minutes of June 13, and 23, 2017
   Ayes: Moran, Caen, and Courtney

   No Public Comment.

4. General Public Comments
   • Ruben Abrica, Vice Mayor, City of East Palo Alto, discussed the history of East Palo Alto. He thanked all involved for the agreement to transfer of 1 MGD per day from the City of Mountain View to the City of East Palo Alto.
   • Francisco DaCosta discussed the Sewer System Improvement Program. He requested a hearing regarding the native remains found at Sunol.
   • Eric Brooks discussed the SFPUC newsletter and biosolids disposal.

5. Communications
   a) Advance Calendar
   b) Correspondence Log
   c) Contract Advertisement Report
   d) Citizens’ Advisory Committee Resolution in Support of Equitable Green Infrastructure Implementation throughout the Southeast Sector of San Francisco and throughout the City
   e) Water Supply Conditions Update
   f) Status of Large Development Projects in the Water Service Area
   g) Status of Record Retention Policy
   h) Street Light Program Update
   i) Water Supply Agreement Update

   Public Comment
   • Anietie Ekanem, SFPUC Citizens’ Advisory Committee (CAC), spoke to item 5d and discussed green infrastructure. He asked that there is equal distribution of infrastructure projects throughout the City, and that money go toward education and infrastructure programs. He invited the Commission to attend the joint CAC/SEFC joint meeting on August 9.
Ms. Barbara Hale, Assistant General Manager (AGM) Power, responded to a question from President Moran regarding the Street Light Program update.

Commissioner Vietor requested that the SFPUC provide response to the issues raised in the CAC resolution.

Public Comments

- Francisco DaCosta spoke to item 5g. He discussed the need for the retention of records and documents and asked what standards are being implemented.
- Eric Brooks discussed the LED street lamps that have been installed.

6. Other Commission Business

None.

7. Report of the General Manager

a) CleanPowerSF Update

Ms. Hale provided a CleanPowerSF update: (1) Enrollment: 81,000 active accounts; 3.3% opt-out rate; 3.6% SuperGreen upgrade rate; Waitlist for service increased by 105. (2) Contracting: Program is preparing for growth and bids for renewable power are out, with a due date of July 29; Marketing and outreach efforts continue (Item #20 on agenda to assist with those efforts); (3) LAFCo Activities: Board of Supervisor (BOS) Committee did not take action on the MOU with LAFCo; Budget Committee removed LAFCo positions from the budget; LAFCo considering issuing RFP to support their activities; (4) Regulatory Activities: California Public Utilities Commission (CPUC) issued rule-making to review, revise, and consider alternatives to PCIA; CPUC dismissed without prejudice the investor owned utilities application to replace the PCIA with their preferred portfolio mechanism.

GM Kelly responded to a question from Commissioner Courtney regarding the BOS’s decision on LAFCo. He stated he expressed support for continuing the MOU and the relationship with LAFCo.

Commissioner Courtney expressed concern with staffing and noted work with LAFCo isn’t complete and needs to continue.

AGM Hale responded to a question from Commissioner Vietor regarding the ability of the Commission to share a voice in CPUC proceedings related to the PCIA.

Public Comment

- Jason Fried, LAFCo, stated the LAFCo MOU was reintroduced by Supervisor Fewer in an effort to clear up misconceptions, and believes the Board will take action on the MOU. He commended staff for their work.
- Jed Holtzman, 350 Bay Area, concurred with Commissioner Vietor’s comments on the PCIA. He expressed surprise with the Budget
Committee’s decision on the LAFCo MOU and indicated the Commission should advocate for keeping LAFCo.

- Eric Brooks, multiple organizations, spoke to the PCIA and LAFCo MOU.

8. San Francisco Groundwater Program Update
Mr. Steve Ritchie, AGM Water, provided an update on the San Francisco (SF) Groundwater Project. His presentation covered: (1) The need to diversify our water supplies; (2) The need to diversify our water supplies: OneWaterSF; (3) The need to diversify now; (4) Annual expected progress; (5) SF Groundwater Project History (early and recent); (6) Status of the SF Groundwater Project; (7) Operation of the SF Groundwater Project; (8) Groundwater blend distribution; (9) Addressing water quality concerns; (10) Nitrate levels in blended water supply; (11) Manganese levels in blended water supply; (12) Hexavalent Chromium levels in blended water supply; (13) A decade of groundwater outreach; and (14) Conclusion.

Mr. Ritchie responded to a question from Commissioner Vietor regarding the “Actual Expected Progress” slide. She requested that staff do all possible to achieve acceleration of supply diversification and that water quality continue to be closely monitored.

Public Comment
- Bill Martin, Sierra Club, read a letter submitted for the record on behalf of Alameda Creek Alliance, California Sportfishing Protection Alliance; Clean Water Action; Golden West Women Flyfishers; Restore Hetch Hetchy; San Francisco Baykeeper; Sierra Club; and Tuolumne River Trust, in support of the Program.
- Adrian Covert, Bay Area Council, expressed support for the Program and the need for diversification of supply to meet demand.
- Tom Francis, Water Resources Manager, BAWSCA, provide PowerPoint Slides: (1) How BAWSCA member agencies rely on groundwater for 11% of supply; (2) Provide significant portion of supplies for some agencies; and (3) Groundwater is projected to be 12% of BAWSCA agencies supply in 2040. He stated safe and reliable resources are necessary and that BAWSCA supports the Program.
- Amy Zock, SFPUC CAC, District 4 Representative and Wastewater Chair, expressed support for the Program and the need for planning. She stated the CAC is committed to the Program and will assist with outreach efforts.
- Zarine Kakalia, Tuolumne River Trust, expressed support for the Program. She discussed the Raker Act and stated the water saved should be released.
- Wendy Aragon, Chair, SFPUC CAC, District 1, discussed the CAC’s involvement with groundwater; the importance of diversification of water supply; and the CAC’s support for the Program; and desire for continued partnership with outreach efforts.

Commissioner Courtney thanked Ms. Aragon and the CAC for their work.
• Becky Evans stated San Francisco is fortunate to have good water resources. She expressed support for the Program and noted the length of time necessary to plan for such large projects.
• Chris Bowman, Coalition for San Francisco Neighborhoods, indicated the organization is opposed to the Program. He distributed documents in support of their position. He discussed conservation efforts that have been taken.
• John Rizzo expressed support for the Program; Stated diversification of supply is needed; and discussed the normal use of groundwater by other jurisdictions.
• Francisco DaCosta discussed the Raker Act. He stated graywater should be used to flush toilets, and expressed opposition to the Program.
• Eric Brooks, multiple organizations, discussed the need for groundwater. He expressed concern with pesticides/herbicides and the need to filter water.
• Tom Gilberti discussed Mr. Ritchie’s presentation and expressed concerns with water quality, health concerns, and trust of the EPA.
• Mr. Jed Holtzman expressed support for supply diversification. He noted due diligence is necessary to make the public feel safe.
• Lisa (inaudible) discussed water quality and skepticism over using EPA as regulatory agency, and that staff not accept regulatory standards.

President Moran stated that the presentation was for informational purpose only and to present the history and logic of Program as it stands today. He thanked all for their attendance and comments.

9. Consent Calendar
   a) Approve Amendment No. 2 to Agreement No. CS-167.A, Comprehensive Technical Services for Renewable & Advanced Energy Generation Systems, with AEPC Group, LLC, to provide continued assistance with the evaluation, project development, permitting, project implementation, and construction of renewable and advanced energy technologies and projects; and authorize the General Manager to execute this amendment, extending the term by one year, for a total agreement duration of six years, with no change to the agreement amount. (Resolution 17-0147)

   b) Approve Amendment No. 2 to Agreement No. CS-167.B, Comprehensive Technical Services for Renewable & Advanced Energy Generation Systems with Black & Veatch Corporation, to provide continued assistance with the evaluation, project development, permitting, project implementation, and construction of renewable and advanced energy technologies and projects; and authorize the General Manager to execute this amendment, extending the term by one year, for a total agreement duration of six years, with no change to the agreement amount. (Resolution 17-0148)

   c) Accept work performed by Shimmick Construction Company, Inc., for Contract No. WD-2651R, Peninsula 2011 Watershed Compensation, Sherwood Point; Adobe Gulch Creek; Skyline Quarry; Skyline Boulevard Point; and Upper San Mateo Creek Project; Approve Modification No. 7 (Final), decreasing the contract amount by $239,151, for a total contract
amount of $4,440,428; and authorize final payment to the contractor. *(Resolution 17-0149)*

d) **Accept work performed by Azul Works, Inc., for Contract No. WD-2745, Auxiliary Water Supply System – New Cisterns D; Approve Modification No. 6 (Final), decreasing the contract amount by $74,714, to reconcile final payment items to reflect actual quantities used under unit price and allowance bid items, for a total contract amount of $4,234,620, and with a time extension of 114 consecutive calendar days, for a total contract duration of 569 consecutive calendar days; and authorize final payment to the contractor. *(Resolution 17-0150)*

e) **Accept work performed by Shaw Pipeline, Inc., for Contract No. WW-590, Bryant Street Sewer Replacement and Pavement Renovation; Approve Modification No. 2 (Final), decreasing the contract by $116,560, for a total contract amount of $1,734,718, and with a time extension of 139 consecutive calendar days, for a total contract duration of 326 consecutive calendar days; and authorize final payment to the contractor. *(Resolution 17-0151)*

f) **Approve the plans and specifications, and award Contract No. WW-651, Griffith Pump Station Improvements, in the amount of $10,941,000, to the lowest, qualified, responsible and responsive bidder, Western Water Contractors, Inc., to replace or refurbish the aging mechanical, electrical, and instrumentation & controls systems of the entire pump station. This proposed action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. *(Resolution 17-0152)*

g) **Approve the plans and specifications, and award Contract No. WW-661, As-Needed Sewer Cleaning and Inspection (FY18), for a total contract amount not-to-exceed $1,288,745, to the lowest, qualified, responsible and responsive bidder, Pipe and Plant Solutions, Inc., to clean and inspect existing sewers, on an as-needed basis, at locations to be determined throughout San Francisco. The proposed action is the Approval Action as defined in the San Francisco Administrative Code, Chapter 31. *(Resolution 17-0153)*

h) **Authorize the General Manager to amend FY 2018 Capital Plan Bond Authorization (Commission Resolution 16-0035), to include the costs to finance the Rollins Road Property purchase, for an amount not-to-exceed $9,132,962. *(Resolution 17-0154)*

*On Motion to approve the Consent Calendar:*

*Ayes: Moran, Caen, Vietor and Courtney*

*No Public Comment.*

*At the request of President Moran, the Commission Secretary read items 10 through 15 together.*
10. Discussion and possible action to authorize the General Manager to execute an Installment Sale Agreement and Grant and future amendments to secure a State Revolving Fund loan and grant for the Water Enterprise San Francisco Westside Recycled Water Project, in a combined amount not-to-exceed $186,220,000. (Resolution 17-0155)

11. Discussion and possible action to authorize the General Manager to execute an Installment Sale Agreement and related future amendments to secure a State Revolving Fund Loan for the Wastewater Enterprise North Point Facility Outfall System Rehabilitation Project, in an amount not-to-exceed $20,199,435. (Resolution 17-0156)

12. Discussion and possible action to authorize the General Manager to execute an Installment Sale Agreement and related future amendments to secure a State Revolving Fund Loan for the Wastewater Enterprise Southeast Water Pollution Control Plant Primary/Secondary Clarifier Upgrades Project, in an amount not to exceed $34,445,778. (Resolution 17-0157)

13. Discussion and possible action to authorize the General Manager to execute an Installment Sale Agreement and related future amendments to secure a State Revolving Fund Loan for the Wastewater Enterprise Southeast Water Pollution Control Plant 521/522 and Disinfection Upgrades Project, in an amount not-to-exceed $40,006,740. (Resolution 17-0158)

14. Discussion and possible action to authorize the General Manager to execute the Water Enterprise 24th Supplemental Indenture as it relates to entering into a State Revolving Fund Loan for the San Francisco Westside Recycled Water Project. (Resolution 17-0159)

15. Discussion and possible action to authorize the General Manager to execute the Wastewater Enterprise 5th Supplemental Indenture as it relates to entering into a State Revolving Fund Loans for Sewer System Improvement Program Projects. (Resolution 17-0160)

Mr. Eric Sandler, AGM Business Services discussed: (1) State Revolving Fund (SRF) Program background; (2) Proposed grants and loans; (3) Rate Supplemental Indentures; and (4) Requested Commission action.

AGM Sandler responded to a question from Commissioner Caen regarding SFR bond loan reimbursement and history on how soon will be reimbursed.

On Motion to approve items 10 through 15:
Ayes: Moran, Caen, Vietor and Courtney

No Public Comment.

At the request of President Moran, the Commission Secretary read items 16 and 17 together.
16. Approve forms of credit facility agreements in the principal amounts not to exceed $100 Million with Bank of America, NA, $100 Million with Barclays Bank PLC, and $100 Million with US Bank National Association, to replace expiring agreements of the Water Commercial Paper Program, and that provides interim funding of the Water Enterprise Capital Program; and authorize the General Manager to enter into agreements with Bank of America, Barclays, and US Bank. (Resolution 17-0161)

17. Approve a form of credit facility agreement with US Bank National Association in the principal amount not to exceed $75 million, that replaces an expiring agreement of the Wastewater Commercial Paper Program, and that provides interim funding of the Wastewater Enterprise Capital Program; and Authorize the General Manager to enter into an agreement with US Bank. (Resolution 17-0162)

Mr. Sandler discussed: (1) Current status of interim funding of Water and Wastewater Capital Programs; (2) Proposed replacement credit facilities; (3) Direct Loan; (4) Proposed Agreement terms: Water interim funding (Bank of America, Barclays, and US Bank direct loan); (4) Proposed agreement terms: Wastewater interim funding (US Bank direct loan); (5) Forms of documents: Water interim funding program; (6) Forms of documents: Wastewater interim program; (7) Disclosures; and (8) Requested action summary.

On Motion to approve items 16 and 17:
Ayes: Moran, Caen, Vietor and Courtney

Public Comment
• Mr. Francis, BAWSCA, indicated support for item 16.

Commissioner Caen expressed appreciation to AGM Sandler for the clarity of his presentation.

18. Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding between the San Francisco Public Utilities Commission, the San Mateo County Resource Conservation District, Coastside County Water District, and Sewer Authority Mid-Coastside, for the continued operation and maintenance of the Pilarcitos Creek at Half Moon Bay Gauging Station USGS# 11162630, for an amount not to exceed $11,588, and with a duration of 29 months. (Resolution 17-0163)

AGM Ritchie introduced the item and noted a correction on the Fourth Whereas clause, stating it should read “surface water” not groundwater.

On Motion to approve item 18 with correction to fourth Whereas clause:
Ayes: Moran, Caen, Vietor and Courtney

No Public Comment.

19. Authorize the General Manager to execute a Memorandum of Understanding with War Memorial Board of Trustees for the SFPUC Power Enterprise to install and operate an onsite solar electric system at the War Memorial Opera House,
located at 301 Van Ness Avenue, San Francisco, CA. This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 17-0166](#))

AGM Hale responded to Commissioner Courtney’s questions and concerns regarding the work performed and on-going maintenance, as per the MOU. GM Kelly provided additional response on work performed.

Commissioner Courtney requested that a motion and vote on the item be deferred until after Closed Session. President Moran agreed to delay the item.

20. **Approve Amendment No. 1 to Agreement No. CS-227, Marketing Outreach for CleanPowerSF, with Davis and Associates Communications, to provide public education, community engagement, marketing, and advertising services for CleanPowerSF; and authorize the General Manager to execute this amendment, increasing the agreement by $1,400,000, for a total not-to-exceed agreement amount of $2,800,000, and with a time extension of four years, for a total agreement duration of nine years and 20 days. ([Resolution 17-0164](#))**

AGM Hale introduced the item and requested approval.

On Motion to approve item 20
Ayes: Moran, Caen, Vietor and Courtney

*Public Comment*
- Jason Fried, LAFCo, expressed support for the item.

21. **Approve the plans and specifications, and award Contract No. WW-646, As-Needed Spot Sewer Replacement No. 36, for a total contract amount not-to-exceed $7,796,038, to the lowest, qualified, responsible and responsive bidder, J. Flores Construction, Inc., to replace sections of existing sewer piping, on an as-needed basis, at locations to be determined throughout San Francisco. The proposed action is the Approval Action as defined in Chapter 31 of the San Francisco Administrative Code. ([Resolution 17-0165](#))**

Ms. Kathy How, AGM Infrastructure, noted only one bid was received due to the excessive construction in San Francisco, and limited bidding on jobs under $10M. She requested Commission approval.

On Motion to approve item 21
Ayes: Moran, Caen, Vietor and Courtney

*No Public Comment.*

The Commission Secretary read Closed Session items 24 through 27, and noted items 28 through 33 would not be heard.

22. **Public Comments on matters to be discussed in Closed Session.**

None.
23. 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, Caen, Vietor and Courtney

   The Commission entered Closed Session at 3:51 PM.

24. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 76.10 (d) (1)
   Existing Litigation
   Restore Hetch Hetchy v City and County of San Francisco
   California Court of Appeal, Fifth Appellate District Court, Case No.: F074107
   City Law No.: 151139 / Date Filed July 12, 2016

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

26. Pursuant to Government Code Section 54957 (b) (1) and San Francisco Administrative Code Section 67.10(b), Public Employee Performance Evaluation of Harlan L. Kelly, Jr., General Manager of the San Francisco Public Utilities Commission

27. Pursuant to Government Code Section 54957 (b) (1) and San Francisco Administrative Code Section 67.10(b), and Charter Section 8B.126(a), Terms of Employment for Harlan L. Kelly, Jr., as General Manager of the San Francisco Public Utilities Commission

28. 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

29. 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.
30. 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.: ER15-703-000/Date Filed: December 23, 2014

31. 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.: ER15-705-000/Date Filed: December 23, 2014

32. 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

33. 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 5:18 PM.

34. Announcement following Closed Session
President Moran announced that no action was taken during Closed Session.

35. Motion regarding whether to disclose the discussions during Closed Session
On Motion not to disclose:
Ayes: Moran, Caen, Vietor and Courtney
Commissioner Cortney returned to item 19, and stated he is comfortable with the services of the MOU, and moved the item.
On Motion to approve item 19
Ayes: Moran, Caen, Vietor and Courtney

No Public Comment.

36. Other New Business
None.

37. Adjournment
President Moran adjourned the meeting at 5:20 PM.