Minutes
Tuesday, September 12, 2017
(Approved September 26, 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, Kwon, Caen, Vietor, and Courtney

   President Moran stated item 17 was removed from calendar.

3. Approval of the Minutes of August 8, 2017
   On Motion to approve the Minutes of August 8, 2017
   Ayes: Moran, Kwon, Caen, Vietor, and Courtney

   No public comment.

4. General Public Comment
   None.

5. Communications
   a) Advance Calendar
   b) Correspondence Log
   c) Contract Advertisement Report
   d) Annual Water System Improvement Program Report
   e) Environmental Justice and Community Benefits Policies Update
      President Moran discussed the two policies, noting how the report serves the
      Commission and adequately assesses performance. He indicated he would
      like policy reviews during off-budget years. He stated performance measures
      for the GM, as related to apprentice programs, are not reflected in the
      policies and need to be added. He emphasized the volume of work and
      money that is being spent on the policies and is pleased with measurement
      and oversight. He suggested combining the two policies into one for ease of
      tracking.

      Commissioner Vietor stated her understanding of difference between the
      policies and the need for two separate policies. GM Kelly and David Gray,
      Equity and Inclusion Manager, provided additional information regarding the
      background and distinct purposes of the two policies.

      Commissioner Courtney expressed concern about deliverables and would
      like to see a roster of participating organizations and desired outcomes. He
      indicated more accountability is needed.

      GM Kelly stated a Workforce Policy is being developed and will help address
      Commissioner Courtney’s concerns.

      President Moran clarified his comments about the combining of the policies,
      noting that it was merely a suggestion. He stated policy reviews should
      indicate if necessary resources are available to achieve goals.

   f) Sewer Inspection and Replacement Program Update
g) Water Supply Conditions Update

Public Comment
No public comment.

6. Other Commission Business
Commissioner Courtney requested a summary memo regarding the June 30, 2017 memorandum from the City Attorney which restricts the awarding of contracts and travel to cities that have discriminatory practices. General Manager (GM) stated he will provide response.

No Public Comment.

7. Report of the General Manager
a) CleanPowerSF Update
Barbara Hale, Assistant General Manager (AGM) Power, provided a CleanPowerSF update on the following: (1) Enrollment: Serving 81,000 sites with a 3.3% opt-out rate; SuperGreen upgrades are at 3.7%; Currently enrolling 5,024 accounts through October, including net-metering; Next enrollment period is January 2018, with 117 on waitlist and 52% requesting SuperGreen upgrade; (2) Contracting: Citywide enrolment goal by July 2019, with supply procurement and financial support. Request For Offer (RFO) response was good with 78 bids, short list posted with 44 projects; Expansion consistent with growth plan; Request For Proposal for bank credit facilities with bid evaluation is taking place; and (3) Legislative: Staff is tracking bills related to CCA’s: AB726, AB813; and SB100. Ms. Hale thanked Emily Lam, Policy and Government Affairs Director, for her work.

Public Comment
• Mr. Jed Holtzman, 350 Bay Area, discussed pending state legislation.

b) Proposed FY 2017-18 Capital Financing Plan
Eric Sandler, CFO and AGM Business Services, reviewed the proposed FY2017-18 Capital Financing Plan: (1) Debt management and administration; (2) Summary of enterprise debt programs; (3) Three types of activities: (market opportunities; administration of existing debt portfolio; and new money/credit needs); and (4) Annual Capital Financing Plan.

No Public Comment.

c) FY 2016-17 Year End Budgetary Report
CFO Sandler provided a FY 2016-17 Year End Budgetary Report. Presenting the following observations: Water and Wastewater high revenues; Power and CleanPowerSF lower revenues as compared to budget. He noted financial results meet policy targets for coverage and reserves.

He reviewed FY 2017 budget variances: Increased water sales revenues uses and cost savings (sources and uses); Increased wastewater revenues
and uses cost savings (sources and uses); Reduced power sales revenues offset by cost savings (sources and uses); and CleanPowerSF sales revenues below budget offset by uses cost savings (sources and uses). He concluded by noting key financial ratios.

No Public Comment.

d) Budget Kick-Off Update
CFO Sandler discussed the development of the FY-2018-19 and FY-2019-20 budget cycle: (1) Prior budget development cycle; (2) Deliverables for upcoming cycle; (3) Budget schedule; (4) Budget context (external considerations: economic and political considerations and regulatory challenges); (5) Budget context (internal considerations: 2020 Strategic Plan, Commission policies, and key organizational challenges); and budget process goals.

President Moran stated regulatory challenges are severe and hard to predict. He expressed concern with challenges associated with to power-related activities. He indicated the need for intensive thought and urgency with assets, and expressed the need for overall risk management activities.

No Public Comment.

e) Hetch Hetchy Water & Power Capital Improvement Program (CIP) Quarterly Report
Kathy How, AGM Infrastructure, Provided the Hetch Hetchy Water & Power CIP quarterly report, beginning with Mountain Tunnel Highlights: (1) Inspection and repairs; (2) Adit and access; and (3) Alternatives. She then touched on the Cherry Dam outlet works rehabilitation; Warnerville Substation rehabilitation (design/build contract awarded); Moccasin Penstock (final design completed and reviewed); Kirkwood Penstock (construction contract awarded May 9, 2017); and Moccasin facilities new construction (50% complete).

No Public Comment.

f) Report on Recent SFPUC Activities, Events, and Announcements
None.

8. Flood Resilience Programmatic Strategies
GM Kelly introduced the presentation intended to outline non-engineering possibilities to address flooding issues.

Stefani Harrison, Project Manager, began with a brief discussion of programmatic strategies (non-capital) and moved onto a review of core flooding in various design storms (deep and contiguous) for five, 25 and 100-year design storms. She touched on how capital projects are addressed with risk for very high, high, medium, and low risk of property damage.
Ms. Harrison continued her presentation with discussion of: (1) History of the collection system design from the 1840’s through 2016; (2) Review of the SFPUC’s Level of Service (LOS) Goal for stormwater management; and (3) Flood Resilience Study: Policy Alternates and Ratepayer Impacts.

She discussed capital projects vs. programmatic strategies: SFPUC’s responsibility /LOS (funded by SFPUC wastewater rates); and proposed City programmatic strategies (various funding sources).

Ms. Harrison responded to a question from Commissioner Vietor regarding areas with greatest flood risk during five, 25 and 100-year storms.

Ms. Harrison discussed programmatic strategies for flood resilience: Core Flood Risk Area (25-year storm):
(1) **Grant assistance for property owners** (four broad project areas): plumbing modifications; dry flood proofing; wet flood proofing; and elevate structure. She offered an example of the eligibility process for grant assistance.
(2) **Mandatory requirements** for flood resilience over time: Building Code modifications; and other City permit process.
(3) **Repurpose land use**: Repurposed for stormwater management; repurpose for park; and repurpose for housing/mixed use.

Ms. Harrison responded to a question from Commissioner Vietor regarding the proposed building code modifications; Grant assistance program guidelines, including if there will be approved vendors; and budget implications. GM Kelly provided additional comments. Brief discussion ensued.

Ms. Harrison continued with a discussion of programmatic strategies for flood resilience: Core Flood Risk Area (100-year storm):
(1) **Mandatory requirement**: Disclosure at point-of-sale.

Ms. Harrison discussed programmatic strategies for flood resilience: (Citywide):
(1) **Mandatory requirements**: Backwater valve installation; and sewer lateral inspection/repair.

Ms. Harrison concluded with a review of next steps: Implementation of plan development; (2) On-going coordination with departments; (3) Outreach to community groups; (4) Board committee hearing; and (5) Strive to have plumbing modifications and dry flood proofing available to property owners by the end of the calendar year.

President Moran stated the discussion needs to get beyond LOS and into resiliency and mitigation.

Commissioner Vietor urged speed in conversations with the community and City family.

No public comment.
The Commission Secretary read the Consent Calendar summary.

9. **Consent Calendar**
   a) Approve Amendment No. 1 to Agreement No. CS-229D, Specialized and Technical Services, Water Enterprise, with MWH-Lee, Inc., Joint Venture, to provide continued assistance with specialized and technical services to the Water Enterprise; and authorize the General Manager to execute this amendment, extending the term by one year and six months, for a total agreement duration of six years, six months, with no change to the agreement amount.  
   (Resolution 17-0185)

   b) Award Job Order Contract No. JOC-71R, Electrical (C-10 License), Governor & Exciter Systems for Hydroelectric Powerhouses, San Joaquin, Stanislaus and Tuolumne Counties, Hetch Hetchy, for a not-to-exceed amount of $5,000,000 to the lowest, qualified, responsible and responsive bidder, Big Valley Electric, to place, install, erect or connect any specialty high-voltage electrical work for Hetch Hetchy Operations.  
   (Resolution 17-0186)

   c) Approve the plans and specifications, and award Contract No. WD-2713, 48-inch Diameter Water Main Replacement on Putnam Street from Peralta Avenue to Cortland Avenue, in the amount of $4,822,675, to the lowest, qualified, responsible and responsive bidder, Anvil Builders Inc. This action constitutes the Approval Action for the project for the purposes of California Environmental Quality Act, pursuant to Section 31.04 (h) of the San Francisco Administrative Code.  
   (Resolution 17-0187)

   d) Approve Modification No. 1 to Contract No. WD-2737, 12-Inch Ductile Iron Water Main Replacement on 6th Street from Market to Howard streets and on Taylor Street from Market to Pine streets, with M Squared Construction, Inc., increasing contract amount by $172,204, for a revised total contract amount of $4,356,929, and extending the contract duration by 203 consecutive calendar days, for a total contract duration of 594 consecutive calendar days.  
   (Resolution 17-0188)

   e) Approve an extension to the construction contract duration contingency up to 130 consecutive calendar days, for Contract No. WD-2760, 12-Inch and 8-Inch Ductile Iron Water Main Replacement, Sewer Replacement and Pavement Renovation on Waller Street and Various Side Streets, with M. Hernandez Construction, Inc.; and authorize the General Manager to approve future modifications to this contract for a total revised contract duration of up to 505 consecutive calendar day, with no change to the contract cost.  
   (Resolution 17-0189)

   f) Approve an increase in the construction duration contingency up to 164 consecutive calendar days, for Contract No. WW-622, Haight-Ashbury/Tenderloin/Diamond Heights Districts Sewer Replacement and Pavement Renovation; and authorize the General Manager or his designee to approve future modifications to the contract for a total revised contract
duration up to 560 consecutive calendar days, with no change to the contract cost. (Resolution 17-0190)

g) Approve the plans and specifications, and award Contract No. WW-634, Various Locations Sewer Replacement and Pavement Renovation No. 3, in the amount of $6,814,819, to the lowest, qualified, responsible and responsive bidder, Shaw Pipeline, Inc., to replace the existing sewers and street pavement on the subject streets in the City and County of San Francisco. This action constitutes the Approval Action for the project for the purposes of California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code. (Resolution 17-0191)

h) Approve the terms and conditions and authorize the General Manager to execute an eight-year revocable license to 4445 Stevenson Property, LLC, a California limited liability company, to use approximately 56,533 square feet of SFPUC Parcel No. 1211 adjacent to 4445 Stevenson Boulevard in Fremont, California, for purposes of ingress and egress across existing asphalt-paved parking areas, and maintenance of such parking areas and existing landscaping on the Premises. Licensee will pay an annual use fee of $20,496, subject to four percent annual increases. (Resolution 17-0192)

i) Approve the terms and conditions and authorize the General Manager to execute a seven-year revocable license to 554 San Antonio LLC, to use approximately 12,937 square feet of SFPUC Parcel Nos. 222 and 223 adjacent to 554 San Antonio Road in Mountain View, California, for purposes of ingress and egress across existing asphalt-paved parking areas, and maintenance of such parking areas and existing landscaping on the Premises. Licensee will pay an annual use fee of $58,800, subject to four percent annual increases. (Resolution 17-0193)

On Motion to approve the Consent Calendar:
Ayes: Moran, Kwon, Caen Vietor, and Courtney

No public comment.

10. Approve Amendment No. 1 to Agreement No. CS-375, Scheduled Inspections and Maintenance for 525 Golden Gate, with Tractel, Inc., Swingstage Division West, for continued inspections and maintenance on the Tractel unit used for window washing and exterior building repairs; and authorize the General Manager to execute this amendment, increasing the agreement by $125,000, for a total not-to-exceed agreement amount of $210,000, and with a time extension of four years, for a total agreement duration of eight years. (Resolution 17-0194)

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

No public comment.
11. **Authorize the General Manager to negotiate and execute Agreement No. CS-1074 with Motorola Solutions Inc., for the design and installation of a new Water Enterprise land mobile radio system in the amount of $10,906,297, and with a duration of up to nine years, two months, and 28 days, subject to Board of Supervisors approval pursuant to Charter Section 9.118; Approve a supplemental appropriation in the amount of $6,814,850 in capital project funding, subject to Board of Supervisors approval pursuant to Charter Section 9.103. (Resolution 17-0195)**

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

No public comment.

12. **Authorize the General Manager to request that the Mayor recommend to the Board of Supervisors: (1) the approval of a supplemental appropriation ordinance in the amount of $12,600,000 for FY 2018 implementation of CUW286 Long Term Monitoring Permit Program (LTMPP) for the Vegetation Restoration of Water System Improvement Program (WSIP) Construction Sites and the Bioregional Habitat Restoration program, as required by federal and state regulatory permits related to the WSIP projects; and (2) the approval of an amending ordinance to increase by $12,600,000 the authorization for the issuance of Water Enterprise Revenue Bonds and other forms of indebtedness to finance the LTMPP projects. (Resolution 17-0196)**

Steve Ritchie, AGM Water, stated the item corrects an error that occurred in the budget process and is necessary for completion of the WSIP mitigation process.

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

No public comment.

13. **Award Job Order Contract No. JOC-65R, General Engineering (A – License) for a not-to-exceed amount of $5,000,000 and with a five-year term, to the lowest, qualified, responsible, and responsive bidder, Robert E. Boyer Construction, Inc., to perform general engineering construction tasks for all SFPUC Enterprise Operations and Bureaus in San Joaquin, Stanislaus and Tuolumne Counties.**

Commissioner Courtney requested that this item be removed until he can get additional information on the bid process. President Moran approved and stated the item will be rescheduled.

14. **Approve the plans and specifications, and award Contract WD-2687R, Auxiliary Water Supply System (AWSS) Pumping Station No. 2 Improvements, in the amount of $17,949,125, to the lowest responsible and responsive bidder, Rubecon Builders, Inc., to construct various structural, architectural, mechanical and electrical system improvements at the AWSS Pumping Station No. 2 facility. (Resolution 17-0197)**
On Motion to approve item 14:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

15. Adopt revisions to the Ratepayer Assurance Policy as a combination of the Ratepayer Assurance Policy and Rates Policy of the San Francisco Public Utilities Commission. (Resolution 17-0198)
CFO Sander presented on the Rates and Ratepayer Assurance Policies, beginning with a timeline of policy review. He discussed the background and goals of the Rates Policy (approved February 2012), and the Ratepayer Assurance Policy (approved October 2012), noting much review has occurred as to the effectiveness of the policies.

Mr. Sandler introduced and reviewed proposed revisions to the policies: (1) Combine both policies into one Ratepayer Assurance Policy with three sections: (i) Prudent use of ratepayer funds; (ii) Establishment of rates and charges; and (iii) Transparency.

On Motion to approve item 15:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

16. Authorize the General Manager to execute a Memorandum of Understanding (MOU) with the San Francisco Municipal Transportation Agency to establish a process to identify individual and shared agency responsibilities which will allow the City and County of San Francisco to comply with the California Air Resources Board’s Low Carbon Fuel Standard program, for a term of five years, with an option to renew for an additional five years, for a total MOU term of 10 years. (Resolution 17-0199)

On Motion to approve item 16:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

President Moran stated item 17 was removed from calendar and will be rescheduled.

17. Approve the terms and conditions, and authorize the General Manager to execute, a five-year lease to Bakeworks, LLC, a California limited liability company, to use a portion of the lobby and portions of the basement of 525 Golden Gate Avenue, San Francisco as a café and food preparation and storage space for an initial annual rent of $42,900, with four percent (4%) annual rent increases. The Lease provides Bakeworks with one option to extend the Lease term for three additional years, for a potential cumulative total term of eight years.
18. Adopt a finding declaring that the improved property at 7484 Sheridan Road in Sunol, unincorporated Alameda County, California, is surplus to the San Francisco Public Utilities Commission’s current and future utility needs; Authorize the General Manager to negotiate and execute an Agreement to sell the Property for $3,305,000 to the Buddhi Dharma Lien Guo Foundation; Authorize a request to the Board of Supervisors and the Mayor to approve the Property sale, subject to the terms of the Agreement. (Resolution 17-0200)

On Motion to approve item 18:
Ayes: Moran, Kwon, Caen, Vietor and Courtney

No public comment.

The Commission Secretary read Closed Session items 21 through 27, and stated item 28 would not be heard.

19. Public Comment on matters to be discussed during Closed Session. None.

20. 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 3:43 PM.

Commissioner Vietor departed the room at 3:43 PM.

21. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (2) and San Francisco Administrative Code Section 67.10 (d) (2)
Unlitigated Claim
Kacey Christie v City and County of San Francisco
City Attorney Claim No.: 17-02281/Date Filed May 31, 2017
Proposed Settlement Amount: $62,500 with release of claim (Resolution 17-0201)

Commissioner Vietor returned to the room at 3:47 PM.
Commissioner Kwon was excused from the meeting at 3:51 PM.

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
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

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
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

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
§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

25. 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

26. 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

27. 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:
City and County of San Francisco v. Pacific Gas & Electric
28. 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 4:13 PM.

29. Announcement following Closed Session. President Moran announced that a settlement was reached on item 21 and no other action was taken.

30. Motion regarding whether to disclose the discussions during Closed Session pursuant to S.F. Administrative Code Section 67.12(a).

On Motion not to disclose:
Ayes: Moran, Caen, Vietor and Courtney

31. Other New Business
None.

32. Adjournment
President Moran adjourned the meeting at 4:15 PM.