SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, September 26, 2017
(Approved October 10, 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 1:34 PM.

2. Roll Call
   Present: Moran, Kwon, and Courtney
   Excused: Vietor
   Commissioner Caen arrived at 1:40 PM.

   President Moran stated there would be no Closed Session.

3. Approval of the Minutes of September 26, 2017
   On Motion to approve the Minutes of September 26, 2017
   Ayes: Moran, Kwon, and Courtney

   No public comment.

4. General Public Comment
   • Bill McLaughlin, Surfrider Foundation, San Francisco Chapter, discussed the
     Ocean Beach Master Plan Design and the option of a buried seawall. He
     stated the Foundation prefers the relocation of the Lake Merced Tunnel as
     the best option for attaining long-term project goal. He indicated he would
     provide his presentation to the Commission Secretary for distribution to the
     Commission.

5. Communications
   a) Advance Calendar
   b) Correspondence Log
   c) Contract Advertisement Report
   d) Water Supply Conditions Update

   Public Comment
   No public comment.

6. Other Commission Business
   Commissioner Courtney thanked Ivy Fine for responding to his questions and
   concerns regarding JOC-65.

   No public comment.

   Commissioner Caen arrived at 1:40 PM.

7. Citizens’ Advisory Committee (CAC) Quarterly Report
   Wendy Aragon, CAC Chair, provided the CAC Quarterly Report, discussing: (1)
   Annual CAC Leadership retreat, which identified the top FY 2017-18 priorities
   for the full CAC and subcommittees; (2) Current appointments and vacancies;
   and review of three CAC resolutions; and (4) Collaboration on public meetings,
   including a joint meeting with the Southeast Facility Commission. She thanked
   Vice President Kwon and General Manager (GM) Kelly for attending their
   meetings, and SFPUC staff for their work with the CAC.
President Moran thanked Chair Aragon for her service.

No public comment.

   a) CleanPowerSF Update
      Mike Hyams, CleanPowerSF Director, provided the following updates: (1) Enrollment: No significant change in enrollment or opt-out rate; SuperGreen upgrade steady at 3.7%; October enrollment set to begin; Accepting sign-ups for January enrollment, with 144 on list; Goal of complete citywide enrollment no-later than July 2019. Director Hyams provided an update on RFO’s and RFP’s; (2) Regulatory and Legislative: Tracking of relevant legislation continues. AB728, AB813, and SB100 have been put on a two-year track with no action this year; Review of California PUC’s new proceedings to reform the exit fee; and review of CCA Bond proceeding.

   No public comment.

b) Quarterly Audit and Performance Review Report
   i. Citywide Construction Management Safety Audit
   ii. Citywide Cash Disbursements and Contract Compliance Audit
   iii. Political Activity Fund Compliance Assessment: Townsend Management, LLC
   iv. Wastewater Enterprise Divisional Performance Audit
      Nancy Hom, Interim Deputy Chief Financial Officer, gave the Quarterly Audit and Performance Review Report. She stated year-to-date, of the 48 audits and assessments scheduled, 23 have been completed, 16 are in progress, and nine are upcoming. She noted two projects will be completed in the next quarter.

      Ms. Hom touched on the four audits and reports that were completed in the fourth quarter, highlighting the Wastewater Enterprise Divisional Performance Audit (enterprise summary, audit objectives, recommendations summary, and management response).

      She then reviewed completed and upcoming audits, reports for the first quarter of FY 2017-18, and provided a status update on prior years open audits and recommendations.

      Director Hom responded to a question from President Moran regarding the closed audits and at his request, provided the definition of an open audit. He asked about the process of closing recommendations. President Moran discussed the GM’s performance goals which require the completion of all corrective action within six months of a Controller audit. He expressed concern with the inability to track responses. He recommended that, without duplicating efforts, items be tracked more effectively and if corrective action is expected to take more than six months, that the Commission sign off on the work plan. He stated he will
work with the GM and staff to create a tracking mechanism for timely response.

GM Kelly discussed challenges with difficult audits and stated he will work with President Moran on the development of audit recommendation work plans, where required.

Ms. Hom responded to a question from President Moran regarding which departments will take the lead on audits when a citywide effort is required. He requested confirmation of a functioning working group on such audits.

Commissioner Caen stated she had not seen the Wastewater Audit until the Commission materials were published. She expressed concern with the lack of oversight and requested a report detailing how audit items have been addressed/corrected.

GM Kelly stated staff felt the Wastewater audit mischaracterized and was exaggerated. He stated staff will provide the Commission with the response to recommendations.

Ms. Hom discussed the recommendation for and interpretation of additional oversight for sick leave pay as addressed in the audit. She will provide the Commission with the SFPUC response letter.

President Moran stated there are issues are raised by the audit and that the Commission needs to assess when there are disagreements and provide comment. He wants to ensure the Commission is involved in effective oversight, which includes a work plan review for issues raised.

No public comment.

c) Sewer System Improvement Program (SSIP) Quarterly Update
Karen Kubick, Capital Program Director, SSIP, began with a program status update. She reviewed the project and timeline update for the Biosolids Digester Facilities Project, stating the project was selected for Water Infrastructure and Financing Innovation Act funding of $625M. She discussed the Southeast Plant (SEP) New Headworks Facilities Project (three scopes scheduled with construction on Scope I to start October 2017). Ms. Kubick reviewed the status of other Phase I Projects (planning through bid and award, construction, and close-out). She provided a brief update on the Oceanside Plant Condition Assessment Repairs; Southeast Plant Building 522 Construction; North Point Outfall System Rehabilitation; Holloway Green Street; and Mission and Valencia Streets Green Gateway.

She continued with a review of: (1) SSIP Phase I Jobs Report (apprenticeships and Local Hire Ordinance achievement); (2) Stakeholder Outreach; (3) Upcoming topics; and (4) Recognition of 2017 CityWorks intern class.
Ms. Kubick discussed the SSIP Tech Woman Program and welcomed two participants in this year’s program.

Director Kubick responded to a question from President Moran regarding the reasoning for two upcoming sole source contract awards. GM Kelly provided additional comment.

Vice President Kwon departed the room at 2:28 PM.

Ms. Kubick responded to a question from Commission Caen regarding the reason for project delays as detailed in item 8d, section five.

No public comment.

d) Wastewater Enterprise Capital Improvement Program (CIP) Quarterly Report
Ms. Kubick briefly reviewed the “red dots” or projects with a delay in schedule more than six months, or a cost increase of more than 10% over approved budget: (1) Cayuga Avenue Stormwater Project; (2) Folsom area stormwater improvement; (3) 17th and Folsom barriers.

No public comment.

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

Nicole Sandkulla, BAWSCA CEO, provided a BAWSCA update. She indicated BAWSCA’s July 2017 total potable water use was 18% less than in July 2013. She stated BAWSCA’s Drought Report was completed in August (reference report for future drought response), and that it provides a timeline of state and local drought actions and the interactions of events. She stated the report documents water use and savings achieved over time.

No public comment.

The Commission Secretary read the Closed Session calendar summary.

10. Consent Calendar
a) Accept work performed by Shimmick Construction Company, Inc., for Contract No. HH-981, Mountain Tunnel Access & Adit Improvement, with a total contract duration of 559 consecutive calendar days (approximately one year and six months); Approve Modification No. 7 (Final), decreasing the contract amount by $150,069, with no change to contract duration, for a total contract amount of $5,247,451; and authorize final payment to the contractor. (Resolution 17-0202)

b) Approve the plans and specifications, and award Contract No. WD-2711, 8-inch Ductile Iron Water Main Replacement on Fell Street from Baker Street...
to Stanyan Street, in the amount of $2,460,630, to the lowest, qualified, responsible and responsive bidder, M Squared Construction, Inc. This action constitutes the Approval Action for the project for the purposes of the California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 17-0203](#))

c) Accept work performed by Shaw Pipeline for Contract No. WW-602, 17th/33rd/37th/Julian/Revere Avenues & Anderson/Ellsworth/Ingalls/Maple/Moultrie Streets Sewer Replacement, for a total contract amount of $3,660,520, and with a total contract duration of 430 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 17-0204](#))

d) Accept work performed by Pipe and Plant Solutions, Inc., for Contract No. WW-617, As-Needed Sewer Cleaning and Inspection (FY16), for a total contract not-to-exceed amount of $2,178,934, and with a total contract duration of 366 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 17-0205](#))

e) Approve an increase to the existing 36-day construction contract duration contingency by an additional 20 consecutive calendar days, for a total contingency of 56 days, for Contract No. WW-623, SOMA/Bernal Heights/Excelsior Districts Sewer Replacement and Pavement Renovation, with Precision Engineering, Inc.; and authorize the General Manager to approve future modifications to the contract for a total revised contract duration from 360 consecutive calendar days, up to 416 consecutive calendar days, with no change to the contract cost. ([Resolution 17-0206](#))

f) Approve the plans and specifications, and award Contract No. WW-663, Ocean Beach Coastal Erosion and Wastewater Infrastructure Protection, in the amount of $2,861,550, to the lowest, qualified, responsible, and responsive bidder, Azul Works Inc., to selectively transport and relocate sand from North Ocean Beach to South Ocean Beach, as well as installation of erosion mitigation measures at South Ocean Beach on an annual basis for up to three-years. 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 17-0207](#))

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

No public comment.

11. Approve the terms and conditions, and authorize the General Manager to execute a five-year revocable license, with one option to renew for an additional three years, to the Tides Center, a California non-profit public benefit corporation, to use approximately 275,473 square feet of property under the jurisdiction of the San Francisco Public Utilities Commission, near the intersection of Geneva Avenue and Moscow Street in San Francisco, California, to operate an urban demonstration farm to educate local youth and
community members, for no use fee. 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 17-0208)

Michael Carlin, Deputy General Manager (DGM), introduced the item. He stated it is the second pilot project at the Crocker Amazon site and will serve as an urban demonstration farm. He noted the pilot projects were approved by a 2011 resolution. He stated the Tides Center will organize the urban farm and keep the property in good shape.

Commissioner Courtney expressed concern with the privatization of SFPUC public land. He requested information on whether employees receive an appropriate wage rate, health care, retirement, and other agreements.

Vice President returned to the room at 2:42 PM.

DGM Carlin stated the Tides Center is a non-profit community organization and must pay prevailing wage. He indicated he was unsure about other benefits, but would check.

Commissioner Courtney noted the repetition discussions regarding approving non-profit work on SFPUC public land. He stated it isn't safe to assume non-profit employees are getting fair wages and benefits.

GM Kelly provided additional comments regarding use of available land, stating he understands Commissioner Courtney’s concerns. Brief discussion ensued.

Juliet Ellis, Chief Strategy Officer and AGM External Affairs, provided background regarding the Crocker Amazon site selection and the 2011 resolution. Commissioner Courtney offered additional comment and discussed the need for linkage between SFPUC programs and career paths.

Teresa Almaguer, PODER, discussed the benefits of the program. She provided clarification regarding the benefits offered to employees of the Tide’s Center.

Commissioner Courtney thanked Ms. Almaguer for her comments. He discussed the need for understanding the value of the work performed. Brief discussion ensued. GM Kelly noted staff can present linkage for career opportunities to those who perform the work.

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

President Moran stated that staff needs to come to terms on how to think about these types of issues so there are no surprises when presented. He asked the GM to have a discussion prior to an item coming before the Commission for approval, when non-profits are performing community work on SFPUC land to address growth paths, linkages, and opportunities.
Public Comment
- Jacqueline Gutierrez, PODER, expressed support for the item and discussed her experiences with PODER and with urban farming.

DGM Carlin responded to questions from Commissioners Caen and Kwon regarding what types of plants will be grown or if livestock is to be raised.

12. Discussion and possible action to authorize the General Manager to consent, on behalf of the SFPUC, to the Development Agreement between the City and County of San Francisco and FC Pier 70, LLC, as it relates to matters under the SFPUC’s jurisdiction; Consent to the Pier 70 Interagency Cooperation Agreement; Adopt findings, pursuant to the California Environmental Quality Act, and a Mitigation and Monitoring and Reporting Program; and authorize the General Manager to negotiate and execute a Memorandum of Understanding with the Port regarding the relocation of the SFPUC’s 20th Street Pump Station as a part of the proposed project. (Resolution 17-0209)

DGM Carlin introduced the item, discussed the development agreement, and requested approval.

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

Public Comment
- Kevin Masnda, Infrastructure Project Manager, Port of San Francisco, discussed the project planning, expressed support for the item, and requested approval. He thanked Michael Carlin and Molly Petrick for their work.

Mr. Masnda responded to a question from President Moran regarding asset ownership and construction.

President Moran repeated there was no Closed Session.

13. Public Comment on matters to be discussed during Closed Session.

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

15. 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.
16. 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.: ER15-702-000/Date Filed: December 23, 2014

17. 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

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:
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

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 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

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:
City and County of San Francisco v. Pacific Gas & Electric
Federal Energy Regulatory Commission
Complaint under Sections 206 and 306 of the Federal Power Act.
21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10 (a)

22. Announcement following Closed Session.

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

24. Other New Business
   Commissioner Courtney requested an update regarding the Golden Pride annual recognition event. He stated the event needs to be calendared and a working group needs to be established.

25. Adjournment
   President Moran adjournd the meeting at 3:10 PM.