SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, October 24, 2017
(Approved November 14, 2017)

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

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

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 Kwon called the meeting to order at 1:35 PM.

2. Roll Call
   Present: Kwon, Courtney, and Vietor
   Excused: Caen and Moran

   President Kwon stated item 12 was removed from the agenda and will be
   rescheduled to the regular meeting of November 14, 2017.

3. Approval of the Minutes of October 10, 2017
   On Motion to approve the Minutes of October 10, 2017:
   Ayes: Kwon, Courtney, and Vietor

   No public comment.

4. General Public Comment
   • Demetrious Cutino expressed concern with SFPUC Human Resources/EEO
     practices regarding his complaint and provided comment on his case.
     Vice President (VP) Courtney responded, noting the length of time it can take to
     resolve such cases. He encouraged Mr. Cutino to work with his labor union
     representative on the matter.
   • Christine Hanson provided comment on the public outreach campaign
     related to the Balboa Reservoir Project and the overall process. She will
     provide a letter on the matter.
   • Michael Adams discussed City College projects and parking needs at the
     College, which would be impacted by the Balboa project.
   • Peter Drekmeier, Tuolumne River Trust (TRT), discussed the Bay Delta
     Water Quality Control Plan. He provided a handout and discussed the TRT
     six-year drought model; SFPUC design drought rationing scenario; Job
     losses; and economic losses.
   • Peter Alexander discussed issues not related to the SFPUC’s jurisdiction.

5. Communications
   a) Advance Calendar
   b) Correspondence Log
   c) Contract Advertisement Report
   d) Annual Real Estate Update
   e) Dam Safety Activities Update
   f) Declaration of Emergency: CS-1091(E) Tesla Treatment Facility Flywheel
      UPS
   g) Water Supply Conditions Update
   h) Water Supply Agreement Update
Public Comment

- Alvin Ja expressed concerns with item 5d, Annual Real Estate Update, specifically regarding the Balboa Reservoir Project. He provided written comments.
- Christine Hanson discussed the Balboa Reservoir project as discussed in the Annual Real Estate Update.

6. Other Commission Business
Commissioner Vietor requested that a Bay Delta Plan update and design drought scenario be scheduled.

7. Report of the General Manager
   a) CleanPowerSF Update
   Michael Hyams, Director, CleanPowerSF, provided a CleanPowerSF update: (1) Renewable Energy Request for Offers (RFO) issued on June 22nd seeking bids for renewable energy and Resource Adequacy (RA) capacity; (2) RFP response summary; (3) New vs. Operating Renewable Projects and Capacity; (4) Project locations and fuel types (multi-state and in California); (5) Shaped Energy RFO issued on September 12 seeking bids for shaped energy, renewable energy, carbon-free energy and RA capacity to complement Renewable Energy RFO; (6) Shaped Energy RFO response summary; (7) Power Supply Targets (2018 – 2030); (8) Energy bids can support citywide service; (9) Potential job creation (Commissioner Vietor requested that future updates include SFPUC jobs created); (10) Illustrative portfolio cost structure (2018-2037); (11) Key issues/uncertainties; and (12) Review of proposed schedule.

Public Comment
- Michael Adams discussed the need for local hire and local suppliers and a commitment to both.

   Commissioner Vietor requested additional details on local hire/projects. GM Kelly provided comment. Director Hyams indicated there will be a focus to local hire and projects as the project moves forward.

b) Proposed Modifications to the Water Level of Service Goals and Objectives
Steve Ritchie, AGM Water, provided a presentation which reviewed Level of Service (LOS) Goals and Objectives and outlined proposed modifications. He briefly reviewed LOS categories, indicating “In-City Seismic Reliability” is a new category. He touched on new items that were added to existing categories. He stated “Environmental Stewardship” was removed from “Sustainability” and is now a stand-alone category. AGM Ritchie noted it is a working document.

   Commissioner Vietor requested that “maximizing water and energy efficiency” be included in the document.

   AGM Ritchie responded to a question from VP Courtney as to whether there is staff responsible for education and outreach regarding maximizing water and energy efficiency. VP Courtney asked to review outreach materials. GM
Kelly indicated a presentation regarding outreach efforts related to maximizing water and energy efficiency will be scheduled.

Public Comment

- Ms. Nicole Sandkulla, BAWSCA CEO, stated LOS goals need to be current for today’s needs. She indicated the Water Supply Reliability Goal should stand as-is; and 2018 decisions will require update and consistent with plans into 2040.

c) Federal Energy Regulatory Commission (FERC) Relicensing of Don Pedro Hydroelectric Project and Licensing of La Grange Hydroelectric Project

Ellen Levin, Deputy AGM Water, provided an update on the FERC relicensing of Don Pedro and licensing of LaGrange Hydroelectric Project. Potential changes were described.

No public comment.

d) Policy and Government Affairs Annual Update

Emily Lam, Director of Policy and Government Affairs provided the Annual Policy and Government Affairs Update. She began with an introduction of the Policy and Government Affairs team, thanking them for their work. She reviewed notable achievements during the year and discussed policy priorities for the upcoming year for: (1) Local and regional policies; (2) State policies; and (3) Federal policies. She highlighted one bill for each enterprise and for CleanPowerSF.

No public comment.

e) Report on Recent SFPUC Activities, Events, and Announcements

None.

8. Bay Area Water Supply and Conservation Agency (BAWSCA) Update

Nicole Sandkulla, BAWSCA CEO, discussed the Deputy GM’s presentation to the BAWSCA Board regarding the SFPUC’s 10-Year Capital Planning development process and budget planning cycle. She thanked the SFPUC for their desire to work closely with BAWSCA.

Ms. Sandkulla reviewed BAWSCA’s total water use in the service area compared to past use, noting August 2017 total potable water use was 18% less than August 2013.

No public comment.

9. Consent Calendar

a) Approve the plans and specifications, and award Contract No. WD-2742, 16-Inch Ductile Iron Water Main Replacement on 7th Street from Townsend to 16th Street, in the amount of $1,986,746, to the lowest, qualified, responsible and responsive bidder, P & J Utility Co. 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 17-0216)

On Motion to approve Consent Calendar item 9a:
Ayes: Kwon, Courtney, and Vietor

No public comment.

10. Approve an increase to the funding allocation for the San Francisco Public Utilities Commission’s Floodwater Management Grant Program for Fiscal Year FY 2017-18 from $250,000 to up to $1,750,000, to be made available at the time of execution of grant agreements from the existing Wastewater Enterprise budget; and direct the General Manager to include in his recommended biennial budget for the Fiscal Years 2018-19 and 2019-20, a Grant Program budget of $2,000,000 per year for consideration by the Commission. (Resolution 17-0217)

Mr. Brian Henderson, Acting AGM Wastewater, introduced Stefani Harrison, Project Manager, who discussed the expanded Floodwater Management Program. She provided details of and reasons for the increased grant program funding request. She requested Commission approval.

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

No public comment.

11. Authorize the General Manager to designate a specific brand of grit separator system, HeadCell® Vortex system by Hydro International, and a specific brand of grit dewatering/washing, Huber Technology’s COANDA, as necessary items only available from one source in the contract specifications for Contract WW-628, Southeast Plant New Headworks Facility, pursuant to San Francisco Administrative Code Section 6.73(e)(1). (Resolution 14-0218)

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

No public comment.

12. Approve the terms and conditions and authorize the General Manager to negotiate and execute an Exclusive Negotiation Agreement (ENA) with Reservoir Community Partners, LLC, a Delaware limited liability company representing a joint venture comprised of AvalonBay Communities and Bridge Housing Corporation (collectively, Developer), to develop mixed-income housing, parks and open space on approximately 17 acres of property located at Ocean and Phelan Avenues in San Francisco, commonly known as the Balboa Reservoir. The ENA states the process and the terms and conditions upon which the City and County of San Francisco and the Developer will negotiate and seek to complete a purchase and sale agreement, quitclaim deed with reservation of certain easements, development agreement, declaration of use restrictions, and such other documents as are necessary to effectuate an
approved development project for the Balboa Reservoir, subject to further approval by the SFPUC.
This item was removed from calendar and will be placed on the November 14, 2017 agenda.

13. **Authorize the General Manager to execute, on behalf of the City and County of San Francisco, as the encroaching party, an Encroachment Permit with the Groveland Community Services District (GCSD), in an amount not to exceed $10,000, and with a duration of three years, with an automatic renewal of two successive additional terms of three years, to install adit monitoring stations on GCSD facilities within the Second Garrotte and Big Creek Shafts of the Mountain Tunnel in Groveland, California.** (Resolution 17-0219)

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

No public comment.

14. **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 San Francisco Public Utilities Commission Enterprise Operations and Bureaus in San Joaquin, Stanislaus and Tuolumne Counties.** (Resolution 17-0220)

VP Courtney thanked Ivy Fine for providing clarification on the item as he requested. He provided comments on his request to delay the item, expressed satisfaction with staff response, and moved the item for approval.

On Motion to approve item 14:
Ayes: Kwon, Courtney, and Vietor

Public Comment
- Dyon Zyrodian expressed concerns for the bid process, indicating a single bid was received.

GM Kelly explained the bid process and stated there were two competitive bids received, with one being ineligible.

Deputy City Attorney Gessner and VP Courtney provided additional comments on the competitive bid process, indicating two bids were received.

The Commission Secretary read Closed Session item 17 and stated items 18 through 24 would not be heard.

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

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

The Commission entered Closed Session at 3:11 PM.

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (2) and San Francisco Administrative Code Section 67.10 (d) (2) (Action)
Unlitigated Claim
Robin Paul Roderick v. City and County of San Francisco
DFEH Complaint No.: 825366-256185
EEOC Complaint No.: 37A-2017-01114-C/Date Filed: February 10, 2017
Proposed Settlement Amount: $50,000 with release of claim
(Resolution 17-0221)

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
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

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
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

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
§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

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
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

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
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

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:
*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.
Case No.: EL15-3-000/Date Filed: October 9, 2014

24. 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 3:18 PM.*

25. Announcement following Closed Session,
*President Kwon announced that a settlement was reached on item 17.*

26. 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: Kwon, Courtney, and Vietor*

27. Other New Business
*Brief discussion ensued on the possible cancellation of the November 28 and December 26 meetings. The Commission Secretary will reach out to the Commission for their thoughts on cancelling.*

28. Adjournment
*President Kwon adjourned the meeting at 3:26 PM.*