SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Tuesday, December 11, 2012
(As Amended and Approved January 8, 2013)

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

Commissioners
Art Torres, President
Vince Courtney, Vice President
Ann Moller Caen
Anson Moran
Francesca Vietor

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
ORDER OF BUSINESS:

1. Call to Order
President Torres called the meeting to order at 1:32 PM.

2. Roll Call
Present: President Torres, Vice President Courtney, Commissioners Caen, and Moran.

On Motion to approve the minutes of November 13 and November 30
AYES: Torres, Courtney, Caen, and Moran

Commissioner Vietor arrived at 3:34 PM.

4. Public Comments
- Dr. Espanola Jackson stated that she would like to see how community benefit funds are distributed throughout the City, and specifically in the Bayview.
- Mr. Francisco DaCosta expressed his thoughts on the Raker Act and hydroelectricity in the City.

5. Communications
a) Advance Calendar
b) Letter Summary
c) Hetch Hetchy Water and Power Enterprise Capital Improvement Program Quarterly Report
d) Wastewater Enterprise Capital Improvement Program Quarterly Report
e) Watershed and Environmental Improvement Program 2012 Annual Report
f) 2012 Water Supply Development Report
g) Water Supply Level of Service Report
h) Street Light Program Update
i) 2011 – 2012 Water Conservation Program Annual Report
j) Results of California Resources Board Greenhouse Gas Allowance Auction

Commissioner Moran requested that staff revise and re-issue the 2012 Water Supply Development Report and the Water Supply Level of Service Report due to incomplete and/or misleading information.

Commissioner Moran requested that staff coordinate with BAWSCA on regional water supply issues.

6. Other Commission Business
Commissioner Caen requested that staff provide the public with information on the proper disposal of medicine, as she had been incorrectly advised by a healthcare professional to dispose of unused medicine in the toilet.
Commissioner Vietor requested that the Commission receive an update on the SFPUC safe medicine disposal program.

7. Report of the General Manager
   a) WSIP Update
      Ms. Julie Labonte, WSIP Director, provided an update on the Calaveras Dam Project, noting that the Planning Department signed the CEQA addendum need for soil disposal. She indicated that all required permit requests have been submitted. Ms. Labonte discussed the excavation of the Calaveras site and the risks involved, stating that $6.9M has been added to the forecasted cost for those risks. She stated that she will come back to the Commission for the first project revision approval in late January, with the second project revision to follow.
   b) CleanPowerSF Update
      Ms. Barbara Hale, Assistant General Manager, Power Enterprise, provided a CleanPowerSF Update and reviewed the project timeline. She noted that since PG&E customer rates will change in January she will provide a revised estimate of the SFPUC premium at that time. Brief discussion ensued on the PG&E program and SFPUC premium.
   c) Commission Input on Mid-Cycle Bi-Annual Budget Priorities
      Mr. Todd Rydstrom, Assistant General Manager Business Services and CFO, stated the SFPUC has a balanced budget. He indicated that in January the Commission will review the adopted budget, key assumptions, 10-year financial plan, 10-year rate impacts, and 10-year capital needs. He briefly reviewed the adopted budget, noting key changes and next steps. Commissioners Moran and Vietor provided comments on what they would like to have included in the budget process and upcoming discussions. Commissioner Moran requested regular updates and reviews of policies the Commission has adopted.
   d) Implementation of a Power Enterprise “Green Test Bed”
      Ms. Barbara Hale, Assistant General Manager, Power Enterprise, provided a brief summary of the Green Test Bed Program, which is located on the roof of the Moscone Center. Vice President Courtney requested a copy of the Work Order agreement between SFPUC and the Department of Public Works.
   e) Lake Merced Update
      Mr. Steve Ritchie, Assistant General Manager, Water Enterprise, provided an update on the activities associated with Lake Merced and surrounding land. He discussed the phases of improvement for the Harding Boathouse, discussed removal of abandoned docks, Recreation and Park programming, Proposition B funding, and the Pacific Rod and Gun Club. Mr. Ritchie indicated that moving forward the SFPUC will continue the oversight and management of Lake Merced regarding water quality and water level management issues, boathouse improvements, Pacific Rod and Gun Club soil contamination issues, and continue to build on the Watershed Report.

Discussion continued on issues regarding the Rod and Gun Club lease. Mr. Ritchie stated the Board of Supervisors approved a month-to-month lease as part of a package settlement agreement.
Public Comments

- Mr. Francisco DaCosta stated that the ratepayer needs to be treated fairly. He does not want electric meters placed in public housing.
- Mr. Eric Brooks, San Francisco Green Party and grassroots organization, “Our City”, discussed local power and proposed premium rates.
- Mr. Dick Allen addressed his concerns with what he feels is inadequate boat storage needs for rowers and dragon boaters at Lake Merced and wants a new boathouse built.
- Mr. Dick Morten expressed his thoughts on the management of Lake Merced and detailed his years of advocacy and activities associated with the Lake. He noted his intention to continue his work on water quality and water level issues.
- Mr. Tim Colen stated that SFPUC staff should receive credit for improved water quality at Lake Merced, but is concerned about resource management. He feels the SFPUC should have sole management of the Lake.
- Mr. Jerry Cadagan, Committee to Save Lake Merced, discussed his years of work on Lake Merced issues. He suggested the SFPUC should oversee the $2M Park Bond and that the Commission should hold a workshop and tour the site.

President Torres asked Deputy City Attorney Ambrose to report back as to whether the SFPUC can utilize the $2M bond funds. In response to a question as to why Recreation and Park staff were not in attendance, Mr. Kelly, Jr., General Manager, stated that he has been in communication with Mr. Ginsburg, Recreation and Park Director, who intends to come before the Commission when details of the MOU are finalized.

President Torres left the meeting at 2:58 PM and turned over the gavel to Vice President Courtney.

- Mr. Eric Brooks, San Francisco Green Party and grassroots organization, “Our City, stated that the Lake Merced property should be treated like a watershed ecosystem and the SFPUC should oversee all the funds and activities.
- Dr. Espanola Jackson expressed the need for a workshop on this issue. She does not want to see a gun club on a recreational site.
- Mr. Francisco DaCosta expressed concern over the Recreation and Park Department overseeing recreational activities on the property.

Commissioner Vietor thanked staff and the public for their work and asked staff for clarification on the status of the MOU and expressed support for a workshop.

Commissioner Moran reviewed past discussions related to the MOU, and noted that the Recreation and Park Department (RPD) has not provided information on their plans for managing the recreational use on the property. He stated they should demonstrate a commitment and capability to manage recreational use on the Lake.

Commissioner Vietor questioned who was responsible for the clean-up of the property, to which Mr. Ritchie stated that, according to the 1934 lease, the Rod
and Gun Club is liable. In response to a question by President Torres as to what responsibility the RPD holds to contribute to the clean-up, Mr. Ritchie indicated as the manager of the lease, it is the responsibility of the SFPUC.

Commissioner Courtney requested that staff provide a real estate policy update, especially as it relates related to the Lake Merced property.

Commissioner Vietor expressed disappointment that no staff from RPD was present. She questioned if the SFPUC has individual or over-arching MOU’s with RPD for the governance of each of the property parcels we own and that RPD manages. She questioned when an MOU between the RPD and SFPUC for the Lake Merced property will be forthcoming and requested that the definition of management and responsibilities be clearly defined. She expressed a desire to have a workshop or meeting near the Lake Merced property.

Mr. Ritchie indicated that it up will take between a year and a year-and-a-half to determine what clean-up at the John Muir property look like, and after that determination, discussion of what will happen at the property can take place.

Commissioner Moran stated that the SFPUC is the property owner and is responsible for the maintaining the watershed and water assets, but for public uses beyond the SFPUC’s expertise, sister agencies need to be utilized, such as the case of RPD for recreational activities at the Lake. He wants to see a clearly defined MOU with RPD, and that RPD demonstrate a commitment and capability to manage recreational activities. He noted that the MOU needs to resemble a contract with provisions to hold RPD accountable.

General Manager Kelly, Jr. stated that a workshop in the area would allow all interested groups to speak to the development of the MOU, and he proposed a timeline of hopefully two months for the workshop to take place. He noted that after the workshop a draft MOU would be presented to the Commission for consideration.

8. BAWSCA Update
   Mr. Art Jensen, BAWSCA, indicated that the BAWSCA board approved documents associated with the issuance of bonds.

9. **CONSENT CALENDAR**
   a) Accept work performed by Kiewit Infrastructure West Company, for Contract WD-2591, Lower Crystal Springs Dam Improvements. Authorize an extension of the contract duration by 110 days, and authorize final payment to the contractor. *(Resolution 12-0221)*

   b) Approve Amendment No. 1 to Agreement CS-141, Construction Support Services for Hetch Hetchy Water & Power, with Black & Veatch Corporation. Authorize the General Manager to negotiate and execute this amendment increasing the not-to-exceed agreement amount by $2,300,000, for a total not-to-exceed
agreement amount of $8,300,000, with no change to the agreement duration.  
(Resolution 12-0222)

c) Approve the selection of Baseline Environmental Consulting, ESA+Orion Joint Venture, URS Corporation, and RMC Water and Environment. Award Agreements CS-242A, CS-242B, CS-242C, and CS-242D, respectively, As-needed Environmental Services. Authorize the General Manager to negotiate and execute four professional services agreements each for an amount not-to-exceed $3,750,000, and with a duration of five years per agreement. (Resolution 12-0223)

d) Approve Amendment No. 2 to Agreement CS-873, Cooperative Research and Development Agreement with U.S. Geological Survey. Authorize the General Manager to execute this amendment to extend the agreement duration by two years and three months for a total duration of eight years, with no change to the agreement value. (Resolution 12-0224)

e) Accept work performed by J. Flores Construction for Contract WW-520, Spot Sewer Repair Contract No. 26, for a total contract amount of $3,710,274, and with total contract duration of 225 consecutive calendar days. Authorize final payment to the contractor. (Resolution 12-0225)

f) Approve the plans and specifications, and award Contract WW-541, Southeast Water Pollution Control Plant Oxygen Generation Plant Replacement, in the amount of $9,476,360, to the lowest, qualified, responsible and responsive bidder, NTK Construction Incorporated. (Resolution 12-0226)

Public Comments
  • None.

On Motion to approve Consent Items 9a through 9f:
AYES: Courtney, Caen, Vietor and Moran

10. Discussion and possible action to approve and execute a Wholesale Water Revenue Prepayment and Collection Agreement and the associated SFPUC Tax Certificate pursuant to the Bay Area Water Supply and Conservation Agency's proposed issuance of the 2013 Series A and 2013 Series B Revenue Bonds. (Resolution 12-0227)

Mr. Todd Rydstrom, Assistant General Manager Business Services and CFO, introduced and brief comments were provided by Commissioner Moran on this item which allows wholesale customers to early repay retail customers; will achieve savings for wholesale customers; and allow for the smoothing of retail customer rates.

Public Comments
• Mr. Art Jensen, BAWSCA, stated that 26 agencies have to adopt the BAWSCA Resolution, and that all but seven have signed. He expects the remaining to sign soon, resulting in 100% participation.
• Mr. Francisco DaCosta thanked Mr. Rydstrom and BAWSCA for their collaborative work.

On Motion to approve Item 10:
AYES: Courtney, Caen, Vietor and Moran

11. Authorize the issuance of task orders above the initial $100,000 allowance approved at the October 9, 2012 Commission meeting, but not-to-exceed full contract amount of $1,400,000 for Agreement CS-227, Advertising and Marketing Services for CleanPowerSF, with Davis & Associates Communications, Inc. (Resolution 12-0228)

Ms. Juliet Ellis, Assistant General Manager, External Affairs, reviewed the past approval of the $100,000 allowance and, as requested, provided additional details on the contract and the customer notification and education plan. She requested release of funding for the additional task orders. Discussion ensued on the education and outreach plans, rates, survey development and execution, and the consultant contract. The Commission expressed an interest in receiving regular updates on the progress of the program once the contract is executed.

Public Comments
• Mr. Francisco DaCosta stated that San Francisco residents need to be hired to conduct the surveys.
• Mr. Eric Brooks, San Francisco Green Party and grassroots organization, “Our City, expressed his thoughts on allocation of full funding of the consultant.
• Dr. Espanola Jackson indicated her support for hiring local residents to conduct the surveys.

Commissioner Caen left the meeting at 3:54PM.

On Motion to approve Item 11:
AYES: Courtney, Vietor and Moran

12. Approve the selection of Utility Systems Efficiencies, Inc. (USE). Award Agreement CS-246, Technical Support Services, Hetch Hetchy Water and Power North American Electrical Reliability Corporation Regulatory Standards. Authorize the General Manager to negotiate and execute a professional services agreement with USE, Inc. for an amount not-to-exceed $2,000,000, and with a duration of five years. (Resolution 12-0229)

Public Comments
• None.

On Motion to approve Item 12:
AYES: Courtney, Vietor and Moran
13. Approve Amendment No. 4 to Agreement CS-854, Engineering Services for Sutro Reservoir Seismic Upgrades and Rehabilitation, with URS/SOHA. Authorize the General Manager to execute this amendment with a time extension of two years, for total agreement duration of eight years and three months, with no change to the agreement value. (Resolution 12-0230)

Public Comments
- None.

On Motion to approve Item 13:
AYES: Courtney, Vietor and Moran

14. Accept work performed by PCL Civil Constructors Inc. for Contract DB-116, Tesla Treatment Facility. Approve Modification No. 39 (final) for ($186,850), decreasing the total contract amount to $87,582,124, and extending the contract duration by 86 consecutive calendar days, for a total contract duration of 1,340 consecutive calendar days. Authorize final payment to the contractor. (Resolution 12-0231)

Public Comments
- None.

On Motion to approve Item 14:
AYES: Courtney, Vietor and Moran

15. Public comments on matters to be discussed in 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 NOT TO ASSERT:
AYES: Courtney, Vietor and Moran

CLOSED SESSION

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(c) and San Francisco Administrative Code Section 67.10 (d)(2). Anticipated Litigation – As Plaintiff

18. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(b) and San Francisco Administrative Code Section 67.10 (d)(2). Anticipated Litigation – As Plaintiff

19. Announcement following closed session.
Vice President Courtney stated that no action was taken on items 17 and 18.

20. Motion regarding whether to disclose the discussions during Closed Session.
On Motion NOT TO DISCLOSE:
AYES: Courtney, Vietor and Moran

21. Other new business
   None.

Vice President Courtney adjourned the meeting at 4:41 PM in memory of Ms. Theresa Burke.