1. Call to Order

President Torres called the meeting to order at 1:33 PM.

2. Roll Call

Present: Torres, Courtney, and Moran

Excused: Caen

3. Approval of Minutes of January 22, 2013.

President Torres indicated that Commissioner Vietor had a change to the minutes, and deferred the item until her arrival, at which time she stated that on page seven, item 13, a correction was needed to Ms. Ambrose’s comments to reflect that “she doesn’t believe the amendment would create a risk of liability”.

On Motion to approve the minutes of January 22, 2013, AS AMENDED:

AYES: Torres, Courtney, Vietor and Moran.

4. Public Comments

- Mr. Francisco DaCosta stated there needs to be more public outreach from the Citizens’ Advisory Committee. He expressed his thoughts on the city contracting process.

Commissioner Vietor arrived at 1:37 PM.

- Mr. David Pilpel expressed his concerns with the color of the agenda cover. He provided his thoughts on recent stories regarding SFPUC employee conduct.

5. Correspondence

Commissioner Moran thanked staff for the revised Water Supply Level of Service report and commented on the current state of planning. He requested that a joint presentation between SFPUC and BAWSCA occur to address supply level issues. He stated his pleasure with and the importance of the audit reports and the transparent audit process.

Public Comments

- Mr. James Gardner, Southwest Construction, provided his thoughts on the JOC program, and stated that it provides his company with the opportunity for work, and that the program is fair, is a success, and provides adequate oversight.

- Mr. Miguel Galarza, Yerba Buena Engineering and Construction, stated he has been performing JOC work for the past 25 years and provided thoughts on the executive summary.

- Mr. Robert Garner, The Gordian Group, stated he was disturbed by the audit and expressed his concerns.

President Torres asked Mr. Todd Rydstrom, Assistant General Manager (AGM) Business Services and CFO, if staff responds to the audit reports, to which Mr.
Rydstrom stated that the SFPUC has the opportunity to respond to correct factual errors. He noted that concerns were communicated to the Controller’s office. General Manager Kelly, Jr., stated that the concerns of the speakers would be provided to the Controller.

In response to a question from Commissioner Vietor regarding the Water Supply Level of Service Report, Mr. Steve Ritchie, AGM, Water Enterprise, provided a summary of the deadlines for specific projects, noting reasons for delays. Commissioner Vietor expressed the desire for the projects to remain on deadline.

6. Other Commission Business
   None.

7. Report of the General Manager
   a) Recognition of Dr. Espanola Jackson on her 80th Birthday
      General Manager Kelly, Jr., provided an introduction for Dr. Espanola Jackson. He provided detail on her work on behalf of the Bayview Community and the people of the City and County of San Francisco, and wished her well on her 80th birthday. The Commission presented Dr. Jackson with a ceremonial resolution.

      Dr. Jackson accepted her resolution and expressed her gratitude for the honor and her excitement to continue her work.

   b) WSIP Quarterly Update
      Ms. Julie Labonte, WSIP Director, provided a WSIP update, stating the project is 75 percent complete, with 18 active projects and six in pre-construction. She stated that given some site problems, mainly with Calaveras Dam, the projected overall project cost is slightly above the approved budget. Ms. Labonte reviewed the program cost trend, program management reserves, ongoing WSIP assessment, and accomplishments.

   c) Bond Sale Update
      Mr. Rydstrom informed the Commission that $331.6M in Wastewater bonds were sold to Goldman Sachs at 3.578 percent, resulting in $150.5M in ratepayer savings over the next 30 years.

      At the request of Commissioner Moran, Mr. Art Jensen, BAWSCA, stated that on January 31, 2013, BAWSCA sold bonds at 3.14 percent, resulting in $62M in savings.

      To conclude his report, General Manager Kelly stated that former SFPUC Commissioner David Hochschild was appointed by the Governor to serve on the California Energy Commission.
Public Comments

- **Mr. David Pilpel** congratulated staff on the bond sale and Commissioner Hochschild on his appointment.
- **Mr. Francisco DaCosta** provided his thoughts on Dr. Jackson’s work and thanked the Commission for recognizing her. He stated he hopes the SFPUC brings the lessons learned on the WSIP to the SSIP. He recognized several staff and the General Manager for their work.
- **Mr. Eric Brooks**, San Francisco Green Party, and grassroots organization, “Our City”, expressed his admiration for Dr. Jackson and her work on behalf of the Bayview Community and the City.

8. Consent Calendar

a) Authorize the General Manager to apply to the United States Bureau of Reclamation WaterSMART Water and Energy Efficiency Grant Program for funding up to $300,000 for a High-Efficiency Municipal Fixture Retrofit Project, that will engage plumbers from the City’s Department of Public Works to replace high water using toilets, urinals, washing machines and other water-using devices with efficient models in a maximum of 46 municipal buildings. (Resolution 13-0023)

b) Approve the plans and specifications, and award Contract WD-2649, Geary Road Bridge Project, in the amount of $3,387,720, to the lowest, qualified, responsible and responsive bidder, Gordon N. Ball, Inc., to demolish and remove the existing bridge; construct a new bridge with abutments and piers; install new and refurbished access roads; replace culverts; upgrade storm water drainage facilities; perform site restoration and landscaping work; and maintain a 2.5 year plant establishment period. The contract work location is Sunol, California, in the Sunol Regional Wilderness area. (Resolution 13-0024)

c) Approve the selection of Mohr Engineering Division, a division of Stress Engineering Services, Inc., for Agreement CS-307, Manufacture and Testing of a Slip Joint System for the Seismic Upgrade of BDPL 3 & 4 at the Hayward Fault Project, to provide design, manufacture and testing services of a slip joint. Authorize the General Manager to negotiate and execute a combined professional services and commodities agreement with Mohr Engineering Division for an amount not-to-exceed $3,000,000, and with a duration of 16 months, subject to final approval and award by the Purchaser. (Resolution 13-0025)

Public Comments
None.

On Motion to approve Items 8a through 8c:
AYES: Torres, Courtney, Vietor and Moran.
9. Approve an increase in the contract duration contingency for Contract HH-935C, San Joaquin Pipeline System – Eastern Segment and other facilities, of up to 109 consecutive calendar days. Authorize the General Manager to approve future time extensions to the contract duration for a total revised contract duration up to 758 consecutive calendar days. The potential increase in the contract duration is due to design modifications required to meet performance criteria for Oakdale Portal, differing site conditions, and unanticipated bird migrations. (Resolution 13-0026)

Public Comments
None.

On Motion to approve Item 9:
AYES: Torres, Courtney, Vietor and Moran.

10. Budget Hearing

Mr. Rydstrom stated that the SFPUC is in the middle of the two-year budget cycle. He referenced the supporting documents provided to the Commission, and stated that there were few changes to the approved budget. Mr. Rydstrom provided a budget update, noting that the majority of the budget is for capital costs. He described the FY2013-14 Operating budget and the FY2013-14 Capital Improvement Program budget changes. Mr. Rydstrom provided a brief Capital Plan summary, noting the key changes to the 10-Year Capital Program.

Mr. Rydstrom reviewed the average monthly water bill, actual and projected, given the approved rate increases. He noted that due to savings from early repayment by BAWSCA and retail customers on the Capital Program, the projected rates are slightly lower than was projected. He discussed the average wastewater monthly bill, which is up slightly due to moving-up the digester project 18 months, as well as early implementation of green projects. He reviewed the average combined water and wastewater monthly bill. Mr. Rydstrom detailed the combined water and wastewater revenue requirement, with average bill increase scenarios with the updated Capital Plan.

Mr. Rydstrom stated the general fund department electric rate increase for the Hetch Hetchy Water and Power Enterprise was implemented as requested by the Commission.

Mr. Rydstrom touched on key updates on policy, achievements, and budget investments in the areas of sustainability, technology, environmental justice, community benefits, and land use.

Commissioner Moran thanked staff for providing the materials early for adequate review. He noted the accomplishments that have aided in a positive budget report and the issues that need additional consideration. In future budget discussions, he
would like to see a review of approved Commission policies to ensure adequate resources are being provided for their success.

Public Comments

- Mr. Eddie Ahn, Brightline Defense Project, distributed a letter in support of full funding for the GoSolarSF incentive program.

President Torres questioned the status of the GoSolarSF Program. General Manager Kelly, Jr., noted that the SFPUC is using Hetchy funds for the program. He stated that $1M has been identified for the Program and additional funds are being sought. He noted there are issues related to the Program and dialogue will take place regarding the Program status.

In response to a question by President Torres, Barbara Hale, AGM, Power Enterprise, noted that the number of applicants varies year-to-year. She indicated that the funding is broken up quarterly so it is available all year and to ensure that jobs are maintained.

Commissioner Vietor requested information on how the GoSolarSF Program can be tied and marketed to CleanPowerSF customers.

- Mr. Dick Allen expressed his thoughts regarding the costs and logistics of the Pacific and Rod and Gun Club site clean-up.

Mr. Steve Ritchie, AGM, Water Enterprise, stated that the clean-up fund referenced in the budget is ratepayer money. He noted that the SFPUC is working with the Gun Club to see if their insurance will cover cost of the clean-up, which could take time, and that action needs to take place before that is settled. He stated that SFPUC is the landowner and bears responsibility. He noted that clean-up plan details are in the works and that the ultimate use for the site will be determined after the plan is complete. He stated the Club will vacate the property as per the terms of the lease.

- Mr. Eric Brooks, San Francisco Green Party and grass roots organization, “Our City” expressed his support for full funding of the GoSolarSF Program.
- Mr. David Pilpel expressed his thoughts on the budget process and his memories of former Commissioner Sklar. He expressed his appreciation for the bond savings. He expressed his support for the budget items.

e) Public Hearing to consider and possible action to adopt the SFPUC's 10-Year Financial Plan for FY 2013-14 through FY 2022-23. (Resolution 13-0027)

President Torres proposed an amendment to item 10e to include information on the bond sale, followed by an additional amendment by Commissioner Vietor to include reference specific to fiscal years.
On Motion to approve Item 10e AS AMENDED
AYES: Torres, Courtney, Vietor and Moran

f) Public Hearing to consider and possible action to adopt the SFPUC 10-Year Capital Plan for FY 2013 through FY 2022-23; and authorize the General manager to coordinate a request for Supplemental Appropriation for the Enterprises of the SFPUC to adjust the adopted FY 2013-14 Capital Budget, based on updated capital investment needs. (Resolution 13-0028)

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

g) Discussion and possible adoption of FY 2013-14 Operating Budget Mid-Cycle Adjustments. (Resolution 13-0029)

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

11. CleanPowerSF Workshop

Ms. Barbara Hale introduced the workshop, stating the purpose was to preview the content of the customer survey, discuss the effect on program costs and Enterprise use of Hetchy generation for Phase I, and to seek Commission feedback on the monthly premium range to use on the survey. She emphasized that no Commission action was being requested.

Ms. Hale provided a brief review of the 2011 and 2012 surveys, which included customers’ willingness to pay for renewable supply at varying price points. She indicated that the 2013 survey will test 100 percent renewable supply at premium prices and enable staff to determine expected participation in the program. Ms. Hale discussed the incorporation of Hetchy Power into the CleanPowerSF Program, and reviewed Hetch Hetchy generation and service loads in average and dry water years. Brief discussion ensued on the resource mix and change in incremental costs shown on varying survey years.

Mr. Rydstrom provided information on the CleanPowerSF generation costs and monthly premiums, and showed 30MW program cost, with PG&E Green Tariff Comparison.

Discussion ensued on the options. President Torres inquired about the Marin program. Ms. Hale stated that Marin customers are opted into the “light green” program, but they can elect to move to the “dark green” program. She noted overall, Marin has a 20 percent opt-out rate. Ms. Hale stated staff is seeking the Commission’s guidance on showing the different premium ranges on the customer survey in order to determine the likely opt-out rate of the different pricing scenarios, which will enable staff to return with recommendations on program size and rates.
Commissioner Moran provided his thoughts the program costs and differences (light green or dark green) and the PG&E product. He noted that the survey needs to gauge customers’ thoughts on the options. Discussion ensued on the varying pricing options and number of customers needed to enroll to proceed in a 20MW to 30 MW Program. Commissioners Courtney and Vietor suggested the survey incorporate customer interest in the local build-out and the jobs component. General Manager Kelly, Jr., stated that the polling information will be provided to the Rate Fairness Board for their consideration and their recommendations will be brought before the Commission.

Public Comments
- Mr. Jason Fried, LAFCo staff, stated that LAFCo wants the Program to move forward quickly. He provided thoughts on the price points and the survey.

In response to a follow-up question by President Torres, Ms. Hale indicated that in addition to phone surveys, staff will convene focus groups.

- Mr. Eric Brooks, San Francisco Green Party and grass roots organization, “Our City” provided his thoughts on the Marin Program and price parody with PG&E, and he provided comments on the “light green” and “dark green” options. He expressed his thoughts on the interaction between SFPUC and LPI staff.
- Mr. Arthur Feinstein, Sierra Club, noted that they want the process to work and work quickly.
- Ms. Jess Dervin-Ackerman, Sierra Club, likes connecting jobs with the value of the build-out. She provided her thoughts on the “light green” and “dark green” options.

Commissioner Vietor expressed thoughts on use of the verbiage “light green” and “dark green” and requested that different wording be used to avoid confusion. She requested that information on Local Power mix and pricing be included in future presentations.

Discussion ensued on pricing and communication between LPI and SFPUC staff. General Manager Kelly, Jr. stated that there will be a comparison question on the survey asking potential customers if they will be willing to pay for local build-out. Commissioner Courtney requested information on the build-out.

- Mr. David Pilpel would like to see the “assumptions” expanded and expressed thoughts on the re-negotiation of the PG&E interconnection agreement and support for the Shell approach.
12. Public comments on matters to be discussed in Closed Session.
   - Mr. David Pilpel expressed his support for the appointment of Mr. Cruz to the position of Assistant General Manager, Infrastructure.
   - Mr. James Bryant expressed his support for the appointment of Mr. Cruz to the position of Assistant General Manager, Infrastructure.

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

   **On Motion TO ASSERT**
   **AYES: Torres, Courtney, Vietor and Moran**

14. 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

15. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10 (d).
   - Existing Litigation:
     - Pacific Gas & Electric Company, v. City and County of San Francisco
     - Court of Appeal of the State of California, First Appellate District, Division Five
     - Case No. A127554; Filed January 29, 2010

16. Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b), to consider public employee appointment/hiring for the position of Assistant General Manager for Infrastructure of the San Francisco Public Utilities Commission; and Pursuant to Government Code Section 54954.5(f) and Administrative Code Section 67.8(a)(5).

17. Announcement following closed session.
   - President Torres stated that no action was taken on items 14 or 15.

18. Motion regarding whether to disclose the discussions during Closed Session.

   **On Motion NOT TO DISCLOSE**
   **AYES: Torres, Courtney, Vietor and Moran**

19. Discussion and possible action to approve the terms of an employment contract, pursuant to San Francisco Charter Section 8B.126(a), between the San Francisco Public Utilities Commission and Mr. Emilio Cruz, for the position of Assistant General Manager for Infrastructure of the San Francisco Public Utilities Commission and authorize the General Manager to execute the contract. (Resolution 13-0030)
Ms. Ambrose noted that revised contracts were available for public review. Mr. Cruz thanked the Commission for the appointment and stated he looks forward to his new role.

**On Motion to approve Item 19:**
AYES: Torres, Courtney, Vietor and Moran

20. **Other new business.**
None.

President Torres adjourned the meeting at 5:05 PM.