MINUTES
Tuesday, September 10, 2013
As Approved on September 24, 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
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 Torres called the meeting to order at 1:38 PM.

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

3. **Approval of Minutes of the August 13, 2013**
   
   *On Motion to approve the Minutes of August 13, 2013:*
   
   **AYES:** Torres, Vietor and Moran

4. **Public Comments**
   
   *None.*

5. **Communications**
   
   a) Advance Calendar
   
   b) Letter Summary
   
   c) 2012 Energy Benchmarking Report for San Francisco Municipal Buildings
   
   d) Hetch Hetchy Capital Improvement Quarterly Report
   
   e) Quarterly Audit and Performance Review Reports
      
      - Evaluation of the Water System Improvement Program Project
      - Alameda Siphon No. 4 Construction Management – The Change Management Process Audit
      - Harry Tracy Water Treatment Plant Short-term Improvement Project Audit
      - FY 2012-13 Post Audit and Continuous Monitoring Program
      - Performance Measurement Validation: Round 2
   
   f) Update on Contaminants of Emerging Concern in Drinking Water
   
   g) Water Supply Improvement Program Annual Report
   
   h) Wastewater Enterprise Capital Improvement Quarterly Report

   Commissioner Moran asked that the draft water strategy, which was postponed due to the Rim Fire, be placed on the next agenda.

   Commissioner Moran provided his thoughts on the Hetch Hetchy Capital Improvement Program (CIP) Quarterly Report, noting the report is useful for projects that have a defined scope and ending cost, but not for continuing projects. He asked that staff revise the report for the next reporting period.

   He also requested that staff provide the Commission with details on the challenges and lessons learned from the green infrastructure projects, as detailed in the Wastewater Enterprise CIP.
Commission Secretary Hood noted an addition to the letter summary, which was a September 5, 2013 Board of Supervisors Inquiry asking for response, by October 5, 2013, to questions related to CleanPowerSF.

General Manager Kelly, Jr., stated that the request was being reviewed, and that a draft response was being prepared for Commission review. President Torres expressed concern with questions asking what the Commissions “intent” is. He stated that no discussions have taken place, and intentions could be misinterpreted.

Commissioner Vietor asked the General Manager to seek clarification from the Clerk of the Board on how the Board would like the Commission to respond to the questions. She made note of the Board resolution up for consideration, which urges the SFPUC to adopt the not-to-exceed rates, and asked what the response should be. President Torres stated what the Commission’s past action was regarding rates. Commissioner Vietor asked that the Resolution be part of the letter summary, and that staff keep the Commission informed as to the status of the Resolution.

President Torres asked Deputy City Attorney Ambrose what the Commission’s responsibility is to respond. Ms. Ambrose stated that since the item wasn’t calendared on the agenda, substantive discussions could not take place, but that could take place on future calendaring of the item.

**Public Comments**

*None.*

6. **Other Commission Business**

*None.*

7. **Report of the General Manager**

a) **Rim Fire Update**

General Manager Kelly, Jr., provided a brief update on the Rim Fire, and thanked staff for their tireless work. He introduced Deputy General Manager Michael Carlin, who provided a status update on the fire. He noted that as of September 10th, the fire was within one percent of the Hetch Hetchy watershed, that it had burned 254,000 acres, and that it was 80 percent contained. Mr. Carlin discussed the current status, noting that high quality water and power continues to be provided, and that all City-owned structures are secure. He stated that they are in the assessment, restoration and recovery phases; he reviewed the emergency response timeline, the incident command structure, and the SFPUC/City response. Mr. Carlin then reviewed a map which showed the progression of the fire and provided photos of the damage to the Holm Powerhouse roof, Camp Mather, and various locations within the National Park surrounding Hetch Hetchy. Mr. Carlin noted that throughout the event, water quality was maintained and that water quality testing continues.

Commissioner Moran stated that in messages to the public, it needs to be noted if water quality is compromised, that plans are in place to mitigate. Mr. Carlin
noted that the message had been relayed and confirmed that plans that are in place for delivery of water.

President Torres asked about the recoup of funds. Mr. Carlin stated that paperwork is being prepared for FEMA cost recovery; possibly recovery via US Forest Service Acts, and through SFPUC insurance. Mr. Rydstrom provided additional detail on cost recovery options.

President Torres stated that he visited the DOC and was impressed by staff and their 24/7 work, and thanked everyone on behalf of the Commission.

Mr. Carlin indicated that in the future, slope stabilization and erosion control will be of concern. In response to a question from Commissioner Vietor, Mr. Carlin stated that the large transmission lines were undamaged, but that 300 to 400 smaller power poles were damaged and that generators are being used.

Mr. Carlin indicated the financial outlook for water remains strong and stable, with no change to bond ratings. He stated that no rate increases are anticipated and that the debt service coverage remains healthy due to the fund balance.

Mr. Carlin stated that the SFPUC had to purchase $900K of power with additional short term cash in order to fund emergency restoration activities. He indicated that this could affect power bonding ability. He discussed power funding options over the next 12+ months.

Commissioner Vietor asked if the Commission will have to make decisions on the Power funding options. Mr. Carlin stated that funding decisions will need to be made soon and that the capital projects are being reviewed to see what can be deferred. He expects that the issue will be brought before the Commission in the next several weeks.

Commissioner Moran clarified that via the reserve policy, funds are available, and that the decision will be from where the money should be taken. He thanked staff, the Forest Service, the National Park Service and Cal Fire for their work.

b) Sewer System Improvement Program (SSIP) Update
Ms. Karen Kubick, Director, SSIP, provided an update of the SSIP. She reviewed the program-wide status; Current construction projects, including the Southeast Oxygen Generation Plant, and the North Shore Force Main, which has many complications given the location and existing infrastructure; and the Southeast Plant Digester Roof Repairs.

She discussed planning and design projects, including the Southeast Treatment Plant Biosolids Digester Facility; Central Bayside System Improvements; Phase I projects status; and Early Implementation Projects. She touched on green
infrastructure monitoring technology, and discussed stakeholder engagements that have taken place and concluded by noting upcoming events.

c) Water System Improvement Program (WSIP) Update

Ms. Julie Labonte, WSIP Director, gave an update of various construction projects of the WSIP. She stated that on the Calaveras Dam Observation Hill, there are concerns over sloping stability which requires additional reinforcements. She stated that cost and schedule impacts should be known within the month, but additional costs should be covered via funding contingencies.

Ms. Labonte stated that the New Irvington Tunnel conditions are under control and that progress is being made with only 600 feet left to mine, and hole-through expected in October. She discussed additional work that is being done to stabilize the tunnel.

She noted that the Sunol Valley Water Treatment Plant will soon have final completion and that $2M will go back into funding pot.

She indicated that insulation of the Bay Tunnel inner pipeline is going well and that the entire tunnel is laid, with grouting to begin between the inner and outer lining soon.

Ms. Labonte stated that work was progressing well on the Bay Division Pipeline 3 and 4 until geologic features were discovered, but noted that the impact doesn’t appear to be as severe as initially thought. She stated that best case, there will be no redesign necessary, and worst case, a five to six month delay with significant impact. She noted that the impact will be confirmed in the next month or so.

Commissioner Vietor asked about the redundancy and resiliency of the power system and asked that the topic be calendared for future discussion.

Ms. Labonte discussed the Crystal Springs Upgrade Project and the differing site conditions, which will result in additional costs. She indicated that the Lower Culvert is being rebuilt and is the last component of the project.

She stated that progress is being made on the Harry Tracy Water Treatment Plant and that the Plant remains operational.

To conclude his report, General Manager Kelly, Jr. noted that Mr. Art Jensen, BAWSCA, will be retiring at the end of September. He recognized Ms. Nicole Sandkulla, who will succeed Mr. Jensen.
Public Comments

- Art Jensen, BAWSCA, thanked staff for their work during the fire. He noted that BAWSCA had been kept well-informed throughout the event.

8. Consent Calendar

a) Approve the terms and conditions and authorize the General Manager to execute a five-year revocable license to the First Morning Light Chinese Christian Church to use approximately 30,928 square feet of SFPUC property at 531 East Weddell Drive in Sunnyvale, California as a parking lot, for a Use Fee of $3,118.50 per month, with four percent annual increases. (Resolution 13-0131)

b) Approve the selection of and award Agreement Nos. CS-315A-C, As-needed Geotechnical Engineering Services, to Geotechnical Consultants, Inc., (GTC) (CS-315A), AGS, Inc., (AGS) (CS-315B), and ARUP/Terra JV (CS-315C) to provide specialized geotechnical engineering services; and authorize the General Manager to negotiate and execute three professional services agreements for amounts not-to-exceed $1,500,000 each, for a cumulative total amount of $4,500,000, and with a duration of five years per agreement or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer. (Resolution 13-0132)

c) Approve Water Enterprise, Bay Area Integrated Regional Water Management Grant Consultant first amendment to the Memorandum of Understanding between the San Francisco Public Utilities Commission and the Association of Bay Area Governments (ABAG); and authorize the General Manager to execute this amendment, to pay ABAG an additional $3,455 for its share of the Grant Consultant’s costs in an amount not-to-exceed $11,167. (Resolution 13-0133)

d) Accept work performed by Delta Construction for Contract No. HH-925 Three-Year Hetch Hetchy As-Needed Paving, for a total contract amount of $1,066,767, and with a total contract duration of 1095 consecutive calendar days; and authorize final payment to the contractor. (Resolution 13-0134)

e) Approve and award JOC-44, Micro-LBE Set-Aside, General Building (B-License) for San Francisco/Peninsula/East Bay, for a not-to-exceed amount of $1,000,000 to the lowest, qualified, responsible and responsive bidder, GECMS, Inc. dba Giron Construction, to perform general building and construction tasks for all San Francisco Public Utilities Commission Enterprise Operations and Bureaus. (Resolution 13-0135)

f) Accept work performed by NTK Construction Inc., for Contract No. WD-2606, Forest Hill Pump Station Upgrade; Approve Modification No. 5 (Final) to reconcile final payment items to reflect actual quantities used under unit price and allowance bid items, decreasing the contract by $258,310, for a total contract
amount of $3,537,205; and authorize final payment to the contractor. (Resolution 13-0136)

g) Accept work performed by CDX Builders for Contract No. WW-446, Southeast Community Center Facility Disability Access Work and Deck Improvements; Approve Modification No. 4 (Final), decreasing the contract by $75,000, for a total contract amount of $1,616,733, and with a time extension of 422 consecutive calendar days for a total contract duration of 632 consecutive calendar days; and authorize final payment to the contractor. (Resolution 13-0137)

Commissioner Moran asked that Item 8b be removed from calendar.

**On Motion to approve items 8a, c, d, e, f, and g:**
**AYES: Torres, Vietor and Moran**

Commissioner Moran asked for clarification on the CMD bonus as noted in Item 8, which General Manager Kelly, Jr., provided.

**On Motion to approve items 8b:**
**AYES: Torres, Vietor and Moran**

Public Comments
None.

9. Authorize the General Manager to execute a Memorandum of Understanding between the Treasure Island Development Authority (TIDA) and the SFPUC to contract for provision of certain utility services on Naval Station Treasure Island during the remaining term of the Base Caretaker Cooperative Agreement between TIDA and the U.S. Navy through October 1, 2013, and through the extended term to September 30, 2014, if approved by the Board of Supervisors. (Resolution 13-0138)

Deputy General Manager Carlin introduced the item and provided a brief history of the Agreement. He discussed the Base Caretaker Cooperative Agreement, noting responsibilities outlined under the Agreement.

Commissioner Vietor asked for clarification on the terms of the Agreement, including liability, which Mr. Carlin provided.

**On Motion to approve item 9**
**AYES: Torres, Vietor and Moran**

Public Comments
None.
10. **Public Hearing on the 2013 Public Health Goal Report for the San Francisco Water System. Direct the Water Quality Division Director to submit a letter to the California Department of Public Health documenting that such a hearing has been held.** (Resolution 13-0139)

   Mr. Andrew DaGraca, Water Quality Division Director, stated the Public Health Goal (PHG) Report Hearing is required every three years. He discussed the PHG Rule Summary; SFPUC monitoring results overview; Discussed Contaminants exceeding PHGs/MCLs; Described typical sources in drinking water; Discussed mitigation and follow-up recommendations; and provided final recommendations.

   **On Motion to approve item 10**
   **AYES: Torres, Vietor and Moran**

Public Comments
None.

11. **Public Comments on matters to be discussed in Closed Session.**
   None.

12. **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, Vietor and Moran.**

**Closed Session**
*The Commission entered Closed Session at 3:17 PM.*

13. **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:**
   *Walsh v. City and County of San Francisco*
   Alameda County Superior Court No. RG 1160618
   City Attorney File Number: 120833
   Date filed: November 29, 2011

14. **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:**
   *Mark Pear and Matt Pear v. City and County of San Francisco*
   Santa Clara Superior Court Case No. 1-12-CVC-227801
   City Attorney File Number: 130094
   Date Filed: July 5, 2012
15. **Proposed Settlement of Existing Claim**
   
   *Simonian*
   
   City Attorney Claim No. 14-00297
   
   Filed: August 6, 2013
   
   Material terms of the proposed settlement of the claim arising from a water main break in the vicinity of 15th Avenue and Wawona are as follows:
   
   Payment of $301,136.45 in exchange for a full and final release of all liability.

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:**
   
   *City and County of San Francisco v. Pacific Gas & Electric Company*
   
   San Francisco Superior Court Case No.: CGC-13-529309
   
   City Attorney File No. 0000657/Date Filed March 6, 2013: Served June 6, 2013

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:**
   
   *City and County of San Francisco v. Pacific Gas & Electric Company*
   
   San Francisco Superior Court Case No. CGC-13-529310
   
   City Attorney File No. 0000657/Date Filed June 6, 2013

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 Company, v. City and County of San Francisco*
   
   Court of Appeal of the State of California, First Appellate District, Division Five
   
   Case No.: A127554/Date Filed: January 29, 2010

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code 67.10(a). (Barrett)

   Consultation with Agency Chief of Security concerning security of SFPUC Water and Power Systems.

   *The Commission returned from Closed Session at 4:01 PM.*

20. **Announcement following Closed Session.**

   *City Attorney Ambrose stated that there was unanimous approval on the settlement of item 15.*

21. **Motion regarding whether to disclose the discussions during Closed Session.**

   *On Motion NOT TO DISCLOSE*

   **AYES:** Torres, Vietor and Moran

22. **Other new business.**

   *None.*
President Torres adjourned the meeting at 4:02 PM.