1. **Call to Order**
   Vice President Courtney called the meeting to order at 1:46 PM.

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

3. **Approval of Minutes of September 10, 2013**
   
   **On Motion:**
   **AYES:** Courtney, Caen and Moran

4. **Public Comments**
   - Ann Clark, Tuolumne River Trust and Friends of Camp Mather, provided information on a fundraiser for Tuolumne River Trust’s River Restoration and Rim Fire Recovery. She noted that Friends of Camp Mather will be holding a fundraiser in January to assist with fire damage costs. She thanked SFPUC staff and the fire fighters for their work. She provided a list of upcoming environment and natural resources forums at the Commonwealth Club.

5. **Communications**
   a) **Advance Calendar**
   b) **Letter Summary**
   c) **Draft Outline of Water Supply Strategy**
   d) **Biosolids and Grit Hauling Contract Extension Update**

   Commissioner Moran asked that Item 5c, Water Supply Strategy, be placed on the October 8, 2013 meeting agenda as a discussion item.

   **Public Comments**
   None.

6. **Other Commission Business**
   None.

7. **Report of the General Manager**
   a) **Rim Fire Update**
      
      General Manager Kelly, Jr., stated that staff will continue to provide Rim Fire updates. He indicated that the SFPUC is working with other agencies to coordinate recovery efforts.

      Deputy General Manager Michael Carlin provided a status update on the Rim Fire. He reviewed a summary of the fire, indicating that 257,000 have been burned and that the fire is 84 percent contained, with full containment expected by November 1st. He stated that there is continued delivery of high quality water and power to all customers; that assessment, restoration and recovery phases continue; that staff is coordinating with the Burn Area Emergency Response team (BAER); and that a consultant has been hired to conduct a natural
resources impact assessment. Mr. Carlin provided photos of and briefly discussed of affected areas: Hetch Hetchy Reservoir; O’Shaughnessy Dam; Hetch Hetchy Road; Holm Powerhouse; Mather Main Line Pole (repair); Holm Powerhouse; and Cherry Ridge line tree felling and clearing.

Mr. Carlin discussed three phases of the BAER/SFPUC rehabilitation efforts: fire suppression repair; emergency stabilization-burned area emergency response; and long-term recovery and restoration. Mr. Carlin briefly discussed assessment recovery activities.

Commissioner Moran asked what facilities in early intake were impacted. Mr. Carlin replied that two houses and the distribution lines within early intake were lost, that there could be issues slope stabilization issues behind the intake switchyard, and that contractors lost equipment.

Mr. Todd Rydstrom, Assistant General Manager and CFO, provided a summary of the recovery activities, noting some losses will be covered through property insurance coverage. He stated that costs are being tracked to ensure maximization of State and FEMA Disaster Assisting funding. He noted that the timing of fall rains and winter snowfall create continued emergency. He stated that state/federal reimbursement and processes can take more than one year; with insurance reimbursements taking about 30 days.

Mr. Rydstrom provided current estimated damage costs, which total around $40M, some of which could be eligible for insurance reimbursement. Mr. Rydstrom reviewed the emergency and permanent work to be done.

Mr. Rydstrom stated that updates still to come before the Commission will be on BAER team report with SFPUC implementation plans; assessment and cost recovery; consolidated assessment plan and project schedule; and funding options.

Commissioner Moran asked if there was economic value from salvaged timber. Mr. Carlin stated that the SFPUC has signed an agreement with the U.S. Forest Service and will provide an estimate when it is available.

In response to a question from Commissioner Caen as to where the funds for the $40M damage costs would come from, Mr. Rydstrom stated that first funds would come from insurance, followed by utilizing existing reserves and appropriations, and temporary borrowing from them, without delaying or adding cost escalation to other projects.

Commissioner Caen asked what could be done to avoid erosion. Mr. Carlin stated that slope stabilization will take place to protect roads, but that there is concern over burnt soil, which the Federal assessment team will be evaluating.
b) **Quarterly Budget Status Report**

Mr. Rydstrom provided a FY 2012-13 Year-End Budget Report (Pre-Audit). He stated that water use and sales were higher than was assumed in the budget, with retail sales five percent higher, and wholesale sales 6.7 percent higher. He discussed key budgetary variances in the Water, Wastewater and Power Enterprises, stating each ended the year in good condition, with reserves exceeding $313M in Water, $80M in Wastewater and $52M in Hetch Hetchy.

Mr. Rydstrom discussed key reserve ratios, noting that debt service coverage exceeds 1.25x the requirement. In response to a question from Commissioner Caen, Mr. Rydstrom stated that the debt service ratio for Water is 3.9x; Wastewater is 3.4x, and Power is 61x, this due to outstanding clean renewable energy bonds.

**Public Comments**

None.

8. **BAWSCA Update**

a) **Introduction of Nicole Sandkulla**

Mr. Art Jensen, BAWSCA GM, upon his pending retirement, thanked the Commission for the opportunity to work with them, past and present. He thanked past SFPUC general managers with whom he worked. He stated that he began working with SFPUC staff in 1976 and recalled his career path. He stated he was enjoyed working with BAWSCA staff, board, and the wholesale customers.

Mr. Jensen then introduced Ms. Nicole Sandkulla who will replace him as General Manager. He indicated she has been with BAWSCA for the past 14 years, and provided a brief summary of her background.

Ms. Sandkulla stated she is thankful for the opportunity and looks forward to her new role. She stated she enjoys working with the SFPUC and staff and is excited to begin her new working relationship with the SFPUC.

b) **Presentation of Resolution Honoring Art Jensen**

GM Kelly congratulated Ms. Sandkulla and proceeded to read Mr. Jensen’s Resolution aloud. The Commission formally presented the resolution to Mr. Jensen.

Commissioner Caen provided her thought on 16 years of working with Mr. Jensen and said he will be missed.

Commissioner Moran stated he has been a professional colleague and friend for many years. He stated that Art created a great organization and that he got the job done.
Public Comments
None.

CONSENT CALENDAR

9. **Consent Calendar**
   a) Approve the Water Supply Assessment for the proposed 5M Project, pursuant to the State of California Water Code Section 10910 *et seq.* and California Environmental Quality Act (CEQA) Section 21151.9 and CEQA Guidelines Section 15155. ([Resolution 13-0149](#))
   b) Approve the selection of Invensys Systems, Inc., and award Agreement No. CS-318, Software and Equipment Maintenance for Wastewater Enterprise’s Distributed Control Systems (DCS), to provide emergency technical support, system maintenance and monitoring, and software and equipment upgrades for Wastewater Enterprise’s DCS; and authorize the General Manager to negotiate and execute a professional services agreement with Invensys Systems, Inc., for an amount not-to-exceed $1,421,422, and with a duration of five years. ([Resolution 13-0142](#))
   c) Approve Modification No. 1 to JOC-41, General Engineering (A-License) for San Francisco/Peninsula/East Bay to Hetch Hetchy, with Yerba Buena Engineering and Construction, Inc., to perform general engineering and construction tasks for all SFPUC Enterprise Operations and Bureaus, increasing the contract by $2,500,000, for a total contract amount of $7,500,000, and with a time extension of 730 consecutive calendar days for a total contract duration of 1825 consecutive calendar days, as allowed for JOC contracts under the San Francisco Administrative Code. ([Resolution 13-0143](#))
   d) Adopt Findings pursuant to the California Environmental Quality Act; Approve the plans and specifications, and award Contract No. WD-2685, Auxiliary Water Supply System Reservoir and Tanks Improvement, in the amount of $8,469,000, to the lowest, qualified, responsible and responsive bidder, Cal State Constructors, Inc., to construct various structural, architectural, mechanical, electrical and Instrumentation and Control system improvements at Jones Street Tank, Ashbury Heights Tank, and Twin Peaks Reservoir facilities. ([Resolution 13-0144](#))
   e) Approve the plans and specifications, and award Contract No. WD-2696, Auxiliary Water Supply System – New Cisterns B, in the amount of $3,973,300, to the lowest, qualified, responsible and responsive bidder, Azul Works, Inc., to construct five new Auxiliary Water Supply System buried concrete cisterns at the following locations: Cashmere Street and Hudson Avenue, Colby Street and Silver Avenue, Holyoke Street and Silliman Street, Geneva Avenue and Paris Street, and Geneva Avenue and Moscow Street. ([Resolution 13-0145](#))
10. **Authorize the General Manager to enter into agreements with Commercial Paper Dealers for the Water Enterprise Commercial Paper Program with a combined authorization of $500 million.** The respondents, Barclays Capital Inc., J.P. Morgan Securities LLC, U.S. Bancorp Investments Inc. and Merrill Lynch Pierce, Fenner & Smith Incorporated, were the lowest cost, responsive and responsible bidders to the SFPUC’s competitive Request for Proposal process. The proposed agreements, which reflect 29% in cost savings compared to the current agreements, include combined annual costs not-to-exceed $250,000 and for a duration of 3 years, with two additional extension periods of one year each. The General Manager is further authorized to select the next lowest cost, responsive and responsible bidder should the selected firm(s) be unable to meet City contracting requirements or if negotiations are otherwise not successful. (Resolution 13-0146)

*Mr. Rydstrom thanked Mr. Charles Perl, Deputy CFO, for his work on the Renewal Program and provided a brief summary of the Program.*

Public Comments
None.

**On Motion:**
**AYES: Courtney, Caen and Moran**

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: AYES: Courtney, Caen and Moran**

**CLOSED SESSION**

*The Commission entered closed session at 2:33 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
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

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15. **Proposed Settlement of Existing Claim**

*Duffy*
City Attorney Claim No. 14-00449
Filed: August 22, 2013

Material terms of the proposed settlement of the claim arising from a water main break in the vicinity of 15th Ave and Wawona are as follows:
Payment of $43,021.05 in exchange for a full and final release of all liability.
(Resolution 13-0147)

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16. **Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(d)(4) and San Francisco Administrative Code Section 67.10(d)(2)**

Anticipated Litigation as Plaintiff

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17. **Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(d)(4) and San Francisco Administrative Code section 67.10(d)(2)**

Anticipated litigation as Plaintiff

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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:
*Zeno Zimmerman v. City and County of San Francisco*
San Francisco Superior Court Case No.: CGC-11-516360
City Attorney File No. 120697
Date Filed December 6, 2011
(Resolution 13-0148)

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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:
*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

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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 Company
San Francisco Superior Court Case No. CGC-13-529310
City Attorney File No. 0000657/Date Filed June 6, 2013

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 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

22. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code 67.10(a).
Consultation with Agency Chief of Security concerning security of SFPUC Water and Power Systems.

The Commission returned from Closed Session at 3:11 PM.

23. Announcement following Closed Session.
Vice President Courtney announced that the Commission reached settlement on items 15 (Duffy) and 18 (Zimmerman).

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

On Motion NOT TO DISCLOSE:
AYES: Courtney, Caen and Moran

25. Other new business
None.

Vice President Courtney adjourned the meeting at 3:13 PM.