SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
City and County of San Francisco

Edwin M. Lee  
MAYOR

MINUTES  
Tuesday, October 8, 2013  
(Approved October 22, 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 1:32 PM.

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

3. **Approval of Minutes of September 24, 2013**  
   Commissioner Vietor noted two minor errors on the draft minutes, which the Commission Secretary will correct.  

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

4. **Public Comments**  
   • Francisco DaCosta requested information on the number of borings that were done before work proceeded on the Calaveras Dam project.  
   • Espanola Jackson requested that discussion of grant funding to arts groups in the Bayview be placed on the agenda and that Arts Commission representatives be invited. She expressed concern with the status of the City College Southeast Campus.  
   • Angela Armstrong, Hunter’s Point Art Gallery and Cultural Center, requested that funding for art in the Bayview be placed on the October 22 agenda. She expressed concern with the Arts Commission determination of who received grant funding.  

   Commissioner Courtney requested that an Arts Commission representative be invited to attend a subsequent meeting to report on arts funding.

   Deputy General Manager Michael Carlin stated that a request will be made to have a representative attend a meeting to discuss funding. He indicated that it may not be the October 22 meeting, but that interested parties would be notified as to when it will be on the agenda.

   • Eddie Ahn, Brightline Defense Project, expressed support for Southeast Community College and requested relief on rent paid.

5. **Communications**  
   a) Advance Calendar  
   b) Letter Summary  
   c) Economic Opportunity and Benefits of the Urban Watershed Management Program  
   d) Economic Impacts of the Wastewater Green Infrastructure Programs
e) **Response to Board of Supervisor Inquiry Reference No.: 20130903-002, by Supervisor Avalos, requesting a response from the SFPUC regarding CleanPowerSF Program.**

Commissioner Moran questioned the methodology of how the economic benefits for green projects were determined and requested that staff provide a memo with explanation.

Mr. Carlin stated he will request that the Controller’s office provide a detailed memo on methodology.

Commissioner Vietor asked for additional detail on the quantification of specific benefits, such as jobs. She asked that during the budget review process, staffing levels for the Stormwater Program are reviewed to ensure they are adequate.

**Public Comments**

- Francisco DaCosta stated that outreach materials show no understanding of the Southeast sector. He discussed green project funding for the Sewer System Improvement Program.

6. **Other Commission Business**

   a) **Motion to Suspend Rule 6 of the Rules of Order, to allow for the election of officers at the October 22, 2013 meeting, instead of the first meeting in October as provided in Rule 6.**

   President Torres stated that Commissioner Caen requested that the election of officers be postponed until the October 22nd meeting.

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

   Commissioner Vietor asked that the Clean Energy Bond issuance be placed on the agenda for discussion at an upcoming meeting.

7. **Report of the General Manager**

   a) **Rim Fire Update**

   Michael Carlin, Deputy General Manager, provided an update on the Rim Fire. He noted that the fire is contained and that recovery work is in progress. He indicated that state and federal agencies are finishing assessments, and that insurance adjusters are returning. He stated that the federal government shutdown is having an impact, as the roads between Mather and O’Shaughnessy are closed.

   He continued by discussing the three phases of rehabilitation: Fire suppression repair; Emergency stabilization – Burned Area Emergency Response (BAER); and Long-Term Recovery and Restoration. He reiterated that the government
shutdown is having an effect on communications and recovery efforts. He briefly described recovery and assessment activities.

Mr. Todd Rydstrom, Assistant General Manager and CFO, provided information on the long-and-short term financial options that are available. He noted that the estimated damages are lower than previously estimated. He stated that the work has been separated into emergency work, estimated at $3.5M, and permanent work, estimated at $36.4M. He noted that all paperwork for reimbursements has been submitted, and that claims adjustors have completed one round of assessment.

Mr. Rydstrom discussed funding alternatives, including short term options: Temporary or permanent use of project appropriation; Temporary or permanent use of reserves (contingency, program and fund balance); and insurance recovery advance/partial payment. In response to a question by Commissioner Vietor, Mr. Rydstrom explained the difference between spendable and non-spendable funds. Mr. Rydstrom discussed long-term options including insurance recoveries; Federal fire management assistance; and federal and state disaster assistance. Mr. Rydstrom discussed temporary appropriation use tracking costs, noting $30.9M is available for immediate temporary use.

Mr. Rydstrom noted other power considerations, indicating that 75 percent of damage is power related; However, Power has healthy fund balance reserve of 19 percent. He discussed the Power bond sale and discussed next steps.

Commissioner Moran thanked staff for their work on looking at available resources prior to reserves.

President Torres asked about tribes or sacred sites on SFPUC property. Mr. Rydstrom stated that there were some damaged sites as a result of the fire, and as part of the work, extensive ecosystems valuation and impact assessment is taking place.

Public Comments
- Francisco DaCosta thanked Mr. Rydstrom for giving an upfront and stellar report on the fiscal situation of the Rim Fire. Mr. DaCosta discussed sacred sites lost in the Rim Fire and suggested people read the Native American Graves Protection Act.

b) Draft Outline of Water Supply Strategy
Steve Ritchie, Assistant General Manager, presented on the Water Supply Level of Service Goal (LOS) and Objectives. He reviewed the Goal, which is to meet customer water needs in non-drought and drought periods, and briefly discussed objectives to meet the Goal. Mr. Ritchie noted the ways to achieve the LOS Goal and Objectives: Completing WSIP projects providing supply; and to implement necessary action(s) to make up the shortfall created by the new Bay Area...
instream flow obligations, up to 12.8 MGD. He discussed issues that needed to be determined beyond the LOS Goals and Objectives.

Brief discussion ensued on water supply and demand. Mr. Ritchie indicated that the new water year starts on July 1st, and by February 1st a determination needs to be made if mandatory rationing will be required.

Commissioner Moran stated that even with historical records, the water supply can’t be predicted. He stated that contingency plans must be in place for effective response.

Mr. Ritchie discussed water supply for Wholesale Customers, including engineering and non-engineering solutions. He concluded by presenting actions moving forward.

Commissioner Vietor noted that if demand decisions need to be made by 2018, the review of options and discussions need to begin soon.

Commissioner Moran concurred with Commissioner Vietor. He provided additional comments on meeting demand obligations. He requested that staff develop program for next budget cycle to allow for adequate response. He addressed the four steps outlined in the staff memo, noting that the last two steps should be completed as part of an EIR.

Commissioner Vietor stated the Triple Bottom Line should be included discussions.

Mr. Carlin stated that most of the water supply options will require partnering. He indicated staff has been working with other water districts and comprehensive program options will be presented.

Public Comments

- Espanola Jackson presented a letter denying her lifeline application. Mr. Carlin reviewed the letter and informed her it was a CPUC denial, not SFPUC. President Torres suggested she contact Assembly member Tom Ammiano or Senator Leno for assistance.
- Peter Drekmeier, Tuolumne River Trust (TRT), stated he believes the Oakdale Irrigation District water transfer will not happen. He indicated TRT is working with San Mateo County and Santa Clara Valley Water District on their groundwater basin.
- Nicole Sandkulla, BAWSCA, was pleased that the discussion on water supply demands and LOS Goal is beginning. She stated that their agencies need certainty.

Commissioner Vietor stated that the groundwater issue provides opportunities, and asked that staff look at it when presenting options to the Commission.
8. **Consent Calendar**

a) Accept work performed by Bass Electric for Contract No. DB-117 Solar Photovoltaic Renewable Energy Plants: Chinatown Public Health Center & MUNI Woods Motor Coach Facility, for a total contract amount of $1,397,749, and with a total contract duration of 365 consecutive calendar days; and authorize final payment to the contractor.

b) Accept work performed by Harty Pipelines for Contract No. WW-502, Laurel Heights/Haight Districts Sewer Replacement and Pavement Renovation, for a total contract amount of $2,401,683 (of which $1,643,824 is funded by the WWE R&R Program, and $757,859 is funded by the DPW Paving Program); and with a total contract duration of 276 consecutive calendar days; and authorize final payment to the contractor. (Resolution 13-0150)

c) Approve an increase in the construction contract cost contingency for Contract No. WW-554, Various Locations Sewer Replacement and Pavement Renovation, in the amount of $90,000; Authorize a potential increase in the contract duration of up to 155 consecutive calendar days; and Authorize the General Manager to approve future modifications to the contract for a total revised contract amount not to exceed $2,970,518, and to the contract duration not to exceed 337 consecutive calendar days. The increased cost contingency and duration are needed to perform sewer replacement and pavement renovation work on an additional block requested by the Department of Public Works. (Resolution 13-0152) (Resolution 13-0151)

Commissioner Courtney requested that item 8a be removed from the calendar.

**On Motion – Items 8b and 8c**

**AYES: Torres, Courtney, Vietor, and Moran**

Commissioner Courtney stated that he was uncomfortable moving the item forward until he received additional information on the length of delay; the contractor’s failure to meet the LBE subcontracting compliance; and who performed the work. Ms. Hale stated staff will provide response to his question.

Public Comments
- *Espanola Jackson indicated that non-electricians installed solar panels on her house.*

In response to Dr. Jackson’s comments, Commissioner Courtney clarified the reasoning behind his concerns.

9. **Public Comments on matters to be discussed in Closed Session**

None.
10. 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

CLOSED SESSION

The Commission entered closed session at 2:42 PM.

11. 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

12. 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

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:
   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

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:
   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

15. 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

The Commission returned from Closed Session at 2:57 PM.

17. Announcement following Closed Session
City Attorney Ambrose stated that no action was taken during closed session.

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

19. Other new business
None.

President Torres adjourned the meeting at 2:58 PM.