SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES

Special Meeting of the San Francisco Public Utilities Commission
1:30 PM
Tuesday, May 27, 2014
As Approved June 10, 2014

City Hall
1 Dr. Carlton B. Goodlett Place
Room 250
San Francisco, CA 94102

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

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**
   Present: Courtney, Caen and Torres
   Excused: Vietor

2. **Roll Call**
   President Courtney called the meeting to order at 2:00 PM.

3. **Approval of the Minutes of May 13, 2014**
   On Motion
   Ayes: Courtney, Caen and Torres

   Public Comment
   None.

4. **Public Comments**
   - Mr. Francisco DaCosta spoke on main force issues; combustion turbines; Calaveras Dam; Mountain Tunnel; the need to study GoSolar; and Community Choice Aggregation.
   - Mr. Alexi Van Gelder spoke about the need for the banning of plastic bottled water and the need for additional drinking fountains.

   Commissioner Moran arrived at 2:06 PM.

   - Mr. John Kelly spoke on the Groundwater Supply Project, stating he believes there was inadequate notice to San Francisco residents regarding the Project. Mr. Kelly submitted a letter for the record.

5. **Communications**
   a) Advance Calendar
   b) Summary of Discussion at LAFCo Meeting of January 24, 2014
   c) Progress on Achieving Water Supply Level of Service Objectives
   d) Hetch Hetchy Water and Power Enterprises Capital Improvement Program Quarterly Reports
   e) Wastewater Enterprise Capital Improvement Program Quarterly Report
   f) Franchise Compliance Reports
   g) Virtual Net Energy Metering Pilot Program

   Commissioner Moran stated that the Virtual Net Energy Metering Pilot Program did not indicate that the final Program will need Commission approval. He requested that it brought back for final approval.

   Public Comment
   None.

6. **Other Commission Business**
   President Courtney stated the joint meeting would begin at 3:00 PM.

   Public Comment
   None.
   a) **Water Supply Outlook**
   
   Mr. Steve Ritchie, Assistant General Manager (AGM), Water, gave an update on the Water Supply Outlook, noting total reservoir storage is at 66 percent of maximum; that precipitation at Hetch Hetchy is at 57 percent of normal; and that demand response has been variable since the January 31st request for a 10 percent reduction. He discussed current reservoir storage; Precipitation and snow pack levels; Deliveries; State Water Resources Control Board considerations; Water Supply Outlook; and Management Actions. He noted the new “My Account” page on the SFPUC website where customers can view their daily water use.

   In response to a question from Commissioner Caen regarding the ability to deliver water to Wholesale customers, Mr. Ritchie stated they have been asked to reduce use by 10 percent, and that the data is being examined to see if additional steps need to be taken. He noted recommendations are forthcoming.

   The GM provided an update on the budget, stating that on May 21, 2014 the Mayor’s budget was presented to the Board of Supervisors (BOS). He noted that in the Mayor’s budget, $19.5M was re-programmed with $6M going to CCA and $13.5M going to cash-fund Capital Projects. He indicated discussions regarding the Mayor’s budget have occurred with members of the BOS, and that discussions will continue. He stated that the BOS tabled the SFPUC budget, and that he is working with the Mayor, the BOS, the Budget Office and the Controller on next steps.

   In response to a question from Commissioner Torres the GM stated that the desire is to resubmit the budget by June 1st.

   Brief discussion ensued on the re-programming of the funds, communication efforts, and the budget process.

   **Public Comment**
   
   - Mr. Francisco DaCosta stated that large companies must reduce water consumption. He stated the Raker Act must be revisited. He requested that the SFPUC website show a chronological timeline of events on the GoSolar and CCA Programs.
   - Mr. John Kelly stated that the Groundwater Supply Project should be delayed and that notice be provided.
   - Dr. Espanola Jackson requested that SFPUC materials be provided in multiple languages.

8. **BAWSCA Update**

Ms. Nicole Sandkulla, BAWSCA, expressed support for the Regional Water Supply Reliability Partnership. She noted that the Hetch Hetchy CIP Quarterly (HHCIP) report needs more work. She stated that the budget dispute is concerning, and the ability to fund critically needed water supply projects cannot wait. She asked that any resolution for action taken on the Clean Power Program contain the following
provision: “funding water system rebuilding programs are the SFPUC’s first priority for water and power funds, and that nothing will prevent the commission from funding construction projects like Mountain Tunnel.”

Commissioner Moran stated that the HHCIP reports need to be transparent and that efforts to restore the yield to 265mgd be included in future reports.

President Courtney asked Ms. Sandkulla for clarification on her request for a possible resolution provision, and to re-read the language.

Commissioner Moran stated that he would be proposing additional language in the resolution for the Power Rates (item 13) to address the need to fund Hetch Hetchy Capital Programs. Ms. Sandkulla expressed support for a proposed amendment.

Public Comment
None.

9. Consent Calendar
   a) Approve Amendment No. 3 to Agreement No. CS-914, Bay Division Regional Construction Management services, with Jacobs Engineering Group, Inc. for construction closeout support services; and authorize the General Manager to negotiate execute this amendment, extending the agreement duration by 11 months, for a total agreement duration of six years and two months, with no change to the agreement amount. (Resolution 14-0081)

   b) Approve the plans and specifications, and award Contract No. WD-2622, San Francisco Groundwater Supply Pipeline, in the amount of $8,676,685, to the lowest, qualified, responsible and responsive bidder, Ranger Pipelines Inc., to construct approximately 4.8 miles of 8, 12, and 16-inch groundwater transmission pipeline from 40th Avenue and Wawona Street, and 24th Avenue and Ortega Street to Golden Gate Park, to connect the future groundwater well stations to Sunset Reservoir. (Resolution 14-0082)

   c) Accept work performed by NTK Construction, Inc., for Contract No. WW-514R Southeast Water Pollution Control Plant Medium Voltage System Reliability Upgrades, for a total contract amount of $2,357,588, and with a total contract duration of 930 consecutive calendar days; and authorize final payment to the contractor. (Resolution 14-0083)

   d) Approve the plans and specifications, and award Contract No. WW-562, Instrumentation & Backup Power Systems Improvements at the Southeast Plant, Bruce Flynn Pump Station, North Point Wet Weather Facility, and Griffith Pump Station, in the amount of $1,328,500, to the lowest qualified, responsible, and responsive bidder, Phoenix Electric Company. (Resolution 14-0084)

   e) Approve and adopt a resolution establishing the principles by which several of the Bay Area’s largest public water agencies will work collaboratively to develop regional solutions to improve water supply reliability in the region. The Bay Area Regional Water Supply Reliability Partnership would enable Bay Area agencies to
develop projects and programs to address water supply reliability concerns on a mutually beneficial and regionally focused basis.  (Resolution 14-0085)

Commissioner Moran requested that item 9e be removed.

Public Comment (9a-d)
None.

On Motion:
Ayes: Courtney, Caen, Torres and Moran

At the request of Commissioner Moran, AGM Ritchie briefly discussed the Partnership and the benefits of the Principles (Item 9e).

Public Comment (9e)
None.

On Motion:
Ayes: Courtney, Caen, Torres and Moran

10. Approve an increase in the construction contract cost contingency for Contract No. WW-483RR, North Shore to Channel Force Main Drainage Improvement, with KJ Woods Construction, in the amount of $12,726,300, for a total revised contract amount up to $45,087,100, and an increase in the contract duration contingency of 60 consecutive calendar days, for a total revised contract duration up to 1,079 consecutive calendar days. Approve a reallocation of the remaining/allocated balances from Interim WWE Capital Improvement Program to CENMSCIC52 to support the Project. Approve a transfer of funds in the amount of $10,000,000 from Project CWP11001 Treasure Island, and $11,000,000 from Project CWWSIPDP, Biosolids/Digester to Construction Contract WW-483RR, for additional project management, engineering support, environmental mitigation monitoring, construction and construction management support. Approve an increase in Project cost for Contract No. WW-483RR in the amount of $23,000,000, for a total revised Project amount of $61,317,332. Authorize the General Manager to approve future modifications to the contract. Authorize the General Manager to seek Board of Supervisor’s authorization for appropriation of funds for the project. The increase in the Project costs, which includes contract cost contingency, and the increase in construction duration contingency is needed for unforeseeable differing site conditions and additional utility conflicts encountered when constructing the pipeline in downtown San Francisco, and the subsequent schedule delays related to these issues. (Resolution 14-0086)

Public Comment
None.

On Motion:
Ayes: Courtney, Caen, Torres and Moran
11. Approve Amendment No. 4 to Agreement No. CS-716, Calaveras Dam Replacement, with URS Corporation to provide ongoing engineering support during construction, start-up, and commissioning of the project, and authorize the General Manager to negotiate and execute Amendment No. 4, increasing the agreement up to $4,500,000, for a total agreement amount of $28,500,000, and with a time extension up to two years, nine months, for a total agreement duration of 15 years, nine months, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (Resolution 14-0087)

Public Comment
None.

On Motion:
Ayes: Courtney, Caen, Torres and Moran

12. Authorize the General Manager to enter into separate agreements to provide one or more Credit Facilities authorized under 2002 Proposition E for the Water Enterprise Commercial Paper Program with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Royal Bank of Canada and U.S. Bank, NA, the lowest cost, responsive and responsible bidders to the SFPUC’s competitive Request for Proposals process. The agreements replace expiring agreements and provide $500,000,000 in available credit with total annual costs not-to-exceed $2,500,000 for a duration of up to 4 years, and provide annual savings of approximately $2,000,000 over the terms of the current facilities. The General Manager is further authorized to select the next lowest cost, responsive and responsible bidder(s) should any of the selected banks be unable to meet City contracting requirements or if negotiations are otherwise not successful. (Resolution 14-0088)

Mr. Charles Perl, Deputy CFO, provided a brief background on the item, stating the agreements will replace expiring agreements.

President Courtney noted there was a proposed amendment to the Resolution to include additional language, to be placed at the end of the second-to-last Further Resolved Clause, to read: “…and to execute any other certificate or agreement necessary to effectuate the purposes of this Resolution”.

On Motion – Amendment:
Ayes: Courtney, Caen, Torres and Moran

Public Comment
None.

On Motion – Item as amended:
Ayes: Courtney, Caen, Torres and Moran.

Public Comment
None.
13. Public Hearing before the San Francisco Public Utilities Commission to consider and possibly adopt a proposed revised schedule of rates, fees and charges for Hetch Hetchy Power Enterprise electric utility service to those municipal departments of the City and County of San Francisco and other public or governmental agencies that are currently paying for that electric service based on a rate, fee or charge of less than the cost of service, to be applied to meter readings (or equivalent) on or after July 1, 2014. Adoption of this proposed schedule also includes full cost recovery of natural gas and steam services procured on behalf of municipal customers. (Resolution 14-0089)

Mr. Perl introduced the item, provided brief historical background, and noted the impact of the proposed fees.

At the request of President Courtney, GM Kelly provided additional background and explained the need for the increase of the General Fund rate. He noted that language could be added to the Resolution for additional clarity to address concerns expressed earlier by Commissioner Moran.

Commissioner Moran discussed his concerns and the need for additional language. Discussion ensued on possible language.

President Courtney suspended the item until after Closed Session to allow time to develop additional language.

14. Public Comments on Matters to be discussed in Closed Session.
None.

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

On Motion TO Assert:
Ayes: Courtney, Caen, Torres and Moran

CLOSED SESSION
The Commission entered Closed Session at 3:02 PM.

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:
Lee Ann Crocker v. City and County of San Francisco
San Francisco Superior Court Case No.: CGC-13-531600
City Attorney File No.: 140146
Date Filed: May 21, 2013
(Resolution 14-0090)

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
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:
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

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:
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

20. 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 exited Closed Session at 3:15 PM.

21. Announcement following Closed Session.
President Courtney announced that a settlement was reached on item 16, and that no other action was taken.

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

On Motion NOT to disclose:
Ayes: Courtney, Caen, Torres and Moran

At the request of President Courtney, the Commission Secretary re-read Item 13, which was suspended prior to Closed Session.

Commissioner Moran made a motion to add a Whereas Clause to be located after the third Whereas on page two: “Whereas the proposed rates are one of many SFPUC actions, which taken as a whole, are sufficient to fund the budget adopted by the SFPUC on May 13, 2014; and”.

On Motion – Amendment:
Ayes: Courtney, Caen, Torres and Moran

Public Comment
None.
On Motion – Item as amended:
Ayes: Courtney, Caen, Torres and Moran

Public Comment
None.

23. Other new business
None.

President Courtney adjourned the meeting at 3:18 PM.