SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Tuesday, September 23, 2014
As Approved October 14, 2014

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
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
1. **Call to Order**  
   *Vice President Caen called the meeting to order at 1:37 PM.*

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

3. **Approval of the Minutes of August 26, 2014**  
   **On Motion:**  
   **Ayes: Caen, Moran and Torres**
   
   *Public Comments: None*

4. **Public Comments**  
   - Ms. Yolanda Lewis discussed issues with sea level rise and water contamination and stated that strategies need to be developed to address those issues.  
   - Mr. Francisco DaCosta asked that a hearing be held regarding sea level rise.  
   - Ms. Iris Fluellen, Alive and Free Omega Boys Club, discussed the mission of the organization and distributed their annual report.

5. **Communications**  
   a) **Advance Calendar**  
   b) **Letter Summary**  
   c) **Annual Water System Improvement Program Report**  
   d) **Hetch Hetchy Water and Power Enterprise Capital Improvement Program Quarterly Reports**  
   e) **Rim Fire Update**  
   f) **Wastewater Enterprise Capital Improvement Program Quarterly Report**  
      *Vice President (VP) Caen asked for clarification regarding the completion figures for the overall WSIP, indicating the numbers in the report (5c) were not the same. Mr. Dan Wade, WSIP Director, provided preliminary response, stating he would report back.*  

   **Public Comments**  
   *None.*

6. **Other Commission Business**  
   *Commissioner Moran moved to have an off-calendar commendatory item to recognize Commissioner Torres.*

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

   *VP Caen presented a plaque to Commissioner Torres on behalf of the Commission. Commissioner Torres expressed his gratitude for the opportunity to serve, and thanked the Commission, the City Attorney, and the General Manager (GM) for their assistance.*
Commissioner Vietor arrived at 1:53 PM.

Public Comments
- Mr. Francisco DaCosta thanked Commissioner Torres for his service and contributions.
- Mr. Peter Drukmeier, Tuolumne River Trust, thanked Commissioner Torres for his service and wished him well.
- Nicole Sandkulla, BAWSCA, thanked Commissioner for his service and for his ability to focus on policy decisions.

7. Report of the General Manager
GM Kelly provided response to VP Caen’s question regarding Item 5c.

a) Drought Update
Mr. Steve Ritchie, Assistant General Manager (AGM), Water, discussed reservoir storage and water bank levels, stating that total storage levels are at 59 percent. He discussed cumulative precipitation and snowpack levels, and touched on total deliveries, stating it is steadily going down due to reduction in water use. He indicated total system water savings, noting conservation is ahead of pace.

AGM Ritchie discussed the water current situation, stating it is the driest three-year period in the 97-year hydrologic record. He discussed statewide reservoir storage levels and possible situations for next year, depending on precipitation.

Mr. Ritchie indicated how customers will be notified about excess water use and how individuals can report water waste. Mr. Ritchie concluded by presenting a summary of water waste activity, noting as of September 19th, 414 reports of waste were received and 182 first notices were issued.

AGM Ritchie responded to a question from VP Caen regarding Los Angeles water storage.

In response to VP Caen’s question regarding desalination efforts, Mr. Ritchie indicated that staff has been working with other Bay Area agencies to determine next steps.

Public Comments
- Mr. Francisco DaCosta stated that staff needs to be forward-thinking and utilize technology to deal with the drought.
- Ms. Yolanda Lewis discussed reverse osmosis and technology.

b) New Irvington Tunnel Update
Mr. Wade provided a status update for the New Irvington Tunnel. He noted despite difficult construction conditions, construction is progressing, and that overall construction is 90 percent complete. He indicated that the tunnel is on-track to be put in-service in the fall.
Mr. Wade continued, noting a recently discovered problem that will impact the construction schedule, and informed the Commission that a 65-foot length of the tunnel buckled, where in-flows and pressure are very high. He noted that they are removing the damaged section and inspecting the tunnel; are investigating why the tunnel buckled; and are developing a detailed repair plan. He indicated the current delay estimate is two-to-four months. He stated that there is an independent third party consultant investigating the cause of the buckling. Brief discussion ensued.

Public Comments
- Mr. Francisco DaCosta thanked Mr. Wade for divulging the problem and the measures being taken to address it.

8. Citizens’ Advisory Committee (CAC) Update
Ms. Wendy Aragon, CAC Chair, provided an update on the make-up of the CAC, stating they have three long-standing and 13 new appointees. She noted recent CAC activities and stated she looks forward to providing quarterly reports. She indicated President Courtney attended a recent CAC meeting and invited other Commissioners to attend.

Vice President Caen thanked Ms. Aragon for her update and the CAC for their work.

Public Comments
None.

9. Sewer System Improvement Program (SSIP) Update
Ms. Karen Kubick, SSIP Director, provided a SSIP update. She discussed the program-wide status for Phase I, noting that 37 projects are in planning or design and three are in construction. She stated the Phase I budget is $2.7B, and that $88M has been expended.

She continued, providing program level updates and noting the work being done at the Southeast Plant. She touched on climate change adaption; the updated contracting plan; alternative delivery approaches; alternative funding; and the SSIP Annual Report for close of 2014. She gave a pre-construction update on the Biosolids Digester Facilities Project; North Point Facility; Southeast Headworks; Southeast Plant Integration; Green Infrastructure Early Implementation Projects; and Urban Watershed Assessment. She touched on tools for efficient delivery of the Implementation Plan; Triple Bottom Line criteria; and showed photos of several construction sites.

Ms. Kubick updated the Commission on stakeholder engagement efforts including the Southeast Working Group; the Wastewater Citizens’ Advisory Committee; and on Workforce Development.
Ms. Kubick responded to a question from Commissioner Torres regarding long-term career opportunities for youth in the Workforce Development Program. Ms. Juliet Ellis, AGM External Affairs, provided additional response. Brief discussion ensued.

Commissioner Vietor asked for a breakdown of the expenditure on the SSIP. GM Kelly noted those figures are contained in the quarterly SSIP report, which is forthcoming. Commissioner Vietor asked that staff provide her with additional information on the Central Bay Tunnel.

Public Comments
• Mr. Francisco DaCosta discussed the Contractors’ Assistance Center and community benefits, along with thoughts on siting of the digesters.
• Ms. Yolanda Lewis discussed technology used for the Digester project.

10. BAWSCA Update
Ms. Nicole Sandkulla, BAWSCA, discussed key elements of a report presented to the BAWSCA Board on water supply strategy for their wholesale customers. She indicated they have initiated their long-term reliable water strategy, noting what it provides. She stated that the reliability assessment includes projections on both demands and supplies.

Ms. Sandkulla continued, noting that water demand and conservation projections are complete. She stated that the projected water demands are 20 percent lower than the 2008 Demand Study. She reviewed those projections. Ms. Sandkulla then discussed supply, noting there is sufficient supply projected to meet normal year demands through 2040, and that agencies project an increase in local supplies and conservation. Ms. Sandkulla stated that the takeaway of the study is that new local supplies and slowing demands are changing the reliability outlook. Discussion ensued, and next strategy steps were reviewed.

In response to a question from Commissioner Moran, Ms. Sandkulla stated that the supply and demand projections are final and are published on the BAWSCA website. Brief discussion ensued on projections, supply and demand, and contractual obligations.

Public Comments
• Ms. Yolanda Lewis stated that the use of recycled water needs to be considered.

11. Consent Calendar:
   a) Approve the selection of APX, Inc.; Award Agreement No. CS-344, Power Scheduling Coordination and Related Support Services, to perform the functions of SFPUC’s scheduling coordination with California Independent System Operator (CAISO), including submitting schedules, bids, energy trades, managing communications between CAISO and SFPUC schedulers and operators, handling settlements, and other related services; and authorize the General Manager to negotiate and execute a professional services agreement with APX, Inc., for an
amount not-to-exceed $2,100,000, and with a duration of five years. (Resolution 14-0141)

b) Approve the plans and specifications, and award Contract No. HH-976, Coast Range Tunnel Inspection Access Work, in the amount of $765,651, and with a contract duration of 92 consecutive calendar days (three months), to the lowest, qualified, responsible and responsive bidder, Trinet Construction, to remove security structures and tunnel entry dished heads; install tunnel access ramps and a bridge at Tesla Portal and Alameda East Portal (AEP), and a temporary access door at AEP; and provide portable generators to run the ventilation system at AEP for the inspection of the Coast Range Tunnel. (Resolution 14-0142)

c) Approve and award Contract No. JOC-49, General Engineering (A-License) for Hetch Hetchy, for a not-to-exceed amount of $5,000,000 to the lowest, qualified, responsible and responsive bidder, Sierra Mountain Construction, Inc., to perform general engineering construction tasks for Hetch Hetchy Operations. This item was continued to the meeting of October 14, 2014.

d) Accept work performed by Webcor Construction, LP for Contract No. WD-2559R New SFPUC Administration Building: Approve Modification Nos. 4 through 6 (final) for a total contract amount of $150,227,206, and a total contract duration of 1,163 consecutive calendar days (approximately three years, two months); and authorize final payment to the contractor. (Resolution 14-0149)

e) Accept work performed by Shimmick Construction Company for Contract No. WD-2582, Sunol Valley Water Treatment Plant Expansion and Treated Water Reservoir for a total contract amount of $102,718,272; and authorize final payment to the contractor. (Resolution 14-0143)

f) Accept work performed by Monterey Mechanical Co., for Contract No. WW-522, Southeast Water Pollution Control Plant Dewatering Facility Corrosion Repairs; Approve Modification No. 13 (Final) to add sampling hatch and perform electrical work at the motor control center, increasing the contract by $34,661, for a total contract amount of $10,331,296, and a total contract duration of 690 consecutive calendar days (approximately one year and 11 months); and authorize final payment to the contractor. (Resolution 14-0144)

g) Approve Modification No. 8 to Contract No. WW-525, Southeast Water Pollution Control Plant Northside Facility Reliability Upgrades, Phase II, with NTK Construction, Inc., to complete the remaining work for Return Activated Sludge pumps, motors and related control and monitoring systems, increasing the contract by $310,000, for a total contract amount of $13,033,686, and with a time extension of 150 consecutive calendar days (approximately five months) for a total contract duration of 856 consecutive calendar days (approximately two years, four months). (Resolution 14-0145)
h) Approve the plans and specifications, and award Contract No. WW-593R, As-Needed Sewer Cleaning and Inspection, for a total contract amount not-to-exceed $1,594,150, and with a contract duration of 18 months (one year, six months), to the lowest, qualified, responsible and responsive bidder, A. Ruiz Construction, to clean and inspect existing sewers, on an as-needed basis, at locations to be determined within the City of San Francisco. (Resolution 14-0146)

i) Approve the recommendations of the SFPUC report: Analysis and Recommendations Regarding Energy Storage Procurement Policy which concludes: (1) it is not cost-effective for the SFPUC to procure energy storage to meet its electricity needs at this time; (2) the General Manager report back to the Commission at least annually regarding the further evaluation of electric storage technology and its potential for meeting the SFPUC’s energy procurement needs; and (3) the SFPUC should identify opportunities to develop a pilot energy storage system in San Francisco. (Resolution 14-0147)

j) Approve the terms and conditions and authorize the General Manager to execute a seven year revocable license to the City of Palo Alto to use approximately 80 linear feet of SFPUC Parcel 245-B on Page Mill Road at Foothill Expressway in Palo Alto, California, for installing, operating, and maintaining one eight-inch natural gas pipeline, for no annual use fee. (Resolution 14-0148)

Commission Secretary Hood stated that staff requested that item 11i be removed due to an error on the Notice-to-Proceed and work completion date.

Commissioner Moran requested that 11c be removed.

On Motion to approve Items 11a, b, d, e, f, g, h, and j:
Ayes: Caen, Vietor, Moran and Torres

Commissioner Moran expressed concern with awarding the contract for Item 11c, given there was only one bidder. Brief discussion ensued on the details of the contract, the scope of work and, other contract options. Commissioner Moran requested that staff investigate why there was only one bidder and identify what outreach is being done to engage contractors, in an effort to attract additional bidders. He requested a motion to continue the item to October 14, 2014.

On Motion to continue Item 11c to October 14, 2014:
Ayes: Caen, Vietor, Moran and Torres

Ms. Shelby Campbell, Project Manager, stated that the Notice-to-Proceed date in the resolution for Item 11i was incorrect and should read May 27, 2010; and that the contract work completion date should read August 2, 2013.

On Motion to approve the amendment (11c):
Ayes: Caen, Vietor, Moran and Torres
On Motion to approve item as amended (11c):
Ayes: Caen, Vietor, Moran and Torres

Public Comments
None.

12. Approve the Warnerville Substation Upgrades Project and authorize the General Manager to request the release of $3,143,000 in mitigation funds currently on reserve with the Board of Supervisors. The project is necessary to mitigate the impacts to the City’s electric system caused by the interconnection of North Star Solar, LLC’s solar project to the electric grid. (Resolution 14-0150)

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

Public Comments
None.

13. Authorize the General Manager to modify and renew the Memorandum of Understanding (MOU) between the Treasure Island Development Authority and the SFPUC to contract for the provision of certain utility services at former Naval Station Treasure Island, for the term of October 1, 2014 through September 30, 2015. (Resolution 14-0151)

Mr. Ritchie, responded to a question from VP Caen regarding the MOU.

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

Public Comments
None.

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: Caen, Vietor, Moran and Torres

Closed Session

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)

(Resolution 14-0152)
Existing Litigation:
*Michael Walsh v. City and County of San Francisco*
Alameda Superior Court Case No.: RG11606118
City Attorney File No.: 120833 / Date Filed: November 29, 2011

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:
*Brian Hill v. City and County of San Francisco*
San Francisco Superior Court Case No.: 14-538953
City Attorney File No.: 140688 / Date Filed: March 5, 2009

18. **Conference with Legal Counsel – Pursuant to California Government Code Section 54956.0 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1).**

Existing Claim
*Jean O’Connell*
City Attorney Unlitigated Claim No.: 14-01867
Date Filed: February 25, 2014
Material terms of the proposed settlement of the unlitigated claim arising from a water main break in the vicinity of 15th and Wawona are as follows: Payment of $106,355.93 in exchange for a full and final release of liability.

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

Anticipated Litigation as Defendant

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-13-529309
City Attorney File No.: 0000657 / Date Filed: March 6, 2013: Served 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:
*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
22. 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

23. 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.

Vice President Caen announced that settlements were reached on items 16, 17, and 18, and that no other action was taken.

25. Motion regarding whether to disclose the discussions during Closed Session.
On Motion NOT to disclose:
Ayes: Caen, Vietor, Moran and Torres

26. Other new business.
None.

Vice President Caen adjourned the meeting at 4:13 PM.