SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, January 27, 2015
As Approved February 10, 2015

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

Commissioners
Ann Moller Caen, President
Francesca Vietor, Vice President
Vince Courtney
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 Caen called the meeting to order at 1:34 PM.

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

3. **Approval of the Minutes of January 13, 2015**  
On Motion:  
Ayes: Caen, Courtney and Moran

   **Public Comments**  
   None.

4. **General Public Comments**  
None.

5. **Communications**  
   a) Advance Calendar  
   b) 2014 State of the Regional Water System Report  
   c) Annual Watershed and Environmental Improvement Program Report  
   d) Hunters Point Development – Phase I Update  
   e) Sewer Inspection and Replacement Update  
   f) Water Supply Agreement Update

   Commissioner Moran stated that the 2014 State of the Regional Water System Report is a rational and comprehensive approach that just doesn't replace items as they break, but managing items. He asked to what degree it represents current practice rather than being an aspirational document. Assistant General Manager (AGM) Steve Ritchie provided response. He also asked if the same approach is being incorporated into Clean Water and Hetch Hetchy. General Manager (GM) Kelly stated staff would report back.

   Commissioner Moran noted that, due to economic factors, the cost of debt for the Water System Improvement Program was low. He stated economic factors are different for the Sewer System Improvement Program and the capacity of consultants ability to respond is stretched.

   Commissioner Moran asked how much of the Hunters Point development has solar built into it. Barbara Hale, AGM, Power, stated that there are areas of the development are solar ready and staff is working with developers on integrating solar into common areas. In response to a follow-up question, she stated the GoSolarProgram would be available to private owners.

   Commissioner Moran provided comment on the Sewer Inspection and Replacement report.
President Caen asked about working in tandem with the Department of Public Works on street repaving. GM Kelly discussed the process for determining repaving work. Mr. Michael Carlin, Deputy General Manager (DGM) provided additional response.

Public Comments
None.

GM Kelly mentioned the Mayor’s press release regarding the development of a Clean Power Program. He noted the Commission’s joint meeting with the Local Agency Formation Commission on January 30th.

Commissioner Courtney stated that there were initial concerns related to the organizational chart. He thanked the Mayor, the GM, Supervisor Avalos, and everyone involved for their work. He indicated that he is eager to move forward with conversations on the jobs component and affordability issue.

a) Drought Update
AGM Ritchie provided a drought update and discussed current Hetch Hetchy and water bank storage levels. He stated cumulative precipitation has flattened and snowpack is reducing. He touched on total deliveries, total system water savings, and discussed upcountry 6-station and Bay Area 7-station precipitation indexes as of January 25, 2015. He stated that January 2015 has recorded the least amount of participation since 1930, and reviewed precipitation forecasts. He discussed the water supply outlook, noting Tuolumne River water is available to San Francisco. Mr. Ritchie provided conclusion and noted that the California Water Resources Control Board has sent out notices indicating that the potential for curtailment of diversions is a possibility.

b) Commission Input on Mid-Cycle Budget Priorities
Ms. Nancy Hom, Interim AGM, Business Services, introduced the item and reviewed the two-year adopted budget, noting key changes. She clarified that no changes were requested and no action was needed. She reviewed the Strategic Sustainability Plan Goals and Key Policy Initiatives, and presented SFPUC-wide considerations.

Mr. Charles Perl, Deputy CFO, offered a year-end financial outlook. He stated that customers have responded to calls for conservation, but the reduction in use created the need to manage around the revenue variances created. He stated the Water Enterprise has a variance of approximately $41M, and the Waste Water Enterprise has a variance of approximately $23M.

Ms. Hom continued by presenting a Policy Discussion Calendar with a schedule of proposed monthly policy topics. She asked the Commission if the list of topics was correct and to clarify in what format they wished the topics to be presented.
Commissioner Moran discussed the history of the request for policy topics and the intent of the monthly presentations. He had a question on the May 2015 topic, to which Ms. Hom responded.

GM Kelly provided additional response. He expressed concern with the delay in time to respond to hooking-up water in new construction, which is due to the lack of resources. He stated that in addition to policy discussions, conversations on practices need to take place.

Commissioner Moran noted that there needs to be consideration on how to deal with revenue deficiencies when customers respond to a call for conservation. He stated that rate structures need to be reviewed. He noted the possible option of implementing a conservation charge.

Ms. Hom presented the FY 2015-16 budget and stated final budgets are due to the Controller on February 23rd. She noted that departments that are on a two-year budget cycle, and that have changes to revenues or expenses greater than five percent, will need to reopen their budget for approval by the Board of Supervisors.

In response to a question from Commissioner Moran, GM Kelly stated there may be the need for a supplemental appropriation to address the staffing issues related to meeting development needs for hooking-up water.

President Caen asked about the format for presenting the policies. Ms. Hom stated that the plan is to give a presentation on each policy, highlighting goals and objectives, and performance measures and monitoring.

Commissioner Moran stated that he did not want a detailed discussion on each policy, but rather in the course of discussion, note those that need to be revisited.

Public Comments
None.

7. Biosolids Digester Facilities Project Update
Mr. Emilio Cruz, AGM, Infrastructure, provided an update on the Biosolids Digester Facilities Project. He gave a brief summary of his previous presentation and reviewed project objectives, evaluations (biosolids process, refined unit process design, and site layout), and touched on the selection of proposed biosolids process solution. He recapped the refine unit process design; development of layout alternatives; and layout evaluation criteria.

AGM Cruz discussed the current digester placement and the plans for placement of the new digesters. He noted the possible acquisition of property at the site for placement and discussed proposed site plan layout. He noted the zoning height
limits for the digesters, stating partially burying the digesters is being considered. Mr. Cruz discussed the alternative cost summary and contingency and reviewed the project schedule. He stated he made similar informational presentations to the SFPUC CAC, the Southeast Commission, and Supervisor Cohen.

Public Comments
None.

8. BAWSCA Report
Ms. Nicole Sandkulla, BAWSCA, provided an update to their Long-term Water Supply Strategy. She stated they are done with their planning efforts and a report would be issued shortly. She stated the report determined the water supply problem and developed solutions, and that the findings provide direction for BAWSCA’s activities. She discussed updated normal year water demands and stated that the demand study confirmed the need to focus on drought. Ms. Sandkulla noted the demand study findings changed focus, evaluation and actions. She discussed three categories of findings (1) water transfers are a high priority; (2) Desalination need partner to be viable; and (3) Other projects have limited dry year benefits. She concluded by noting possible strategy implementation.

Commissioner Moran thanked Ms. Sandkulla for her presentation and asked what was needed from the Commission, to which Ms. Sandkulla provided response. Brief discussion ensued.

Public Comments
None.

The Commission Secretary read the Closed Session items.

9. Consent Calendar
a) Approve the selection of Center for Natural Lands Management and Golden State Land Conservancy; Award Agreement Nos. CS-298, Conservation Easement Planning and Conveyance Agreement for Alameda Creek Watershed, and CS-299, Conservation Easement Planning and Conveyance Agreement for Peninsula Watershed, to conduct pre-closing planning and due diligence for conservation easement sites. Authorize the General Manager to negotiate and execute the Agreements for an amount not-to-exceed $70,000 per agreement.

b) Approve the selection of McBain Associates; Award Agreement No. CS-388, River Ecosystem Science Support, to provide hydrologic, geomorphic, biological, and other related river ecosystem science support services on an as-needed basis; and authorize the General Manager to negotiate and execute a professional services agreement with McBain Associates for an amount not-to-exceed $1,500,000 and with a duration of five years. (Resolution 15-0019)
c) **Accept work performed by D'Arcy & Harty for Contract No. WW-548, Avila/Bay/Beach/Chestnut/Francisco/Jefferson/Scott Streets and Capra Way Sewer Replacement; Approve Modification No. 2 (Final), decreasing the contract by $55,685, for a total contract amount of $2,493,752 (of which $2,378,249 is funded by WWE and $115,504 is funded by DPW), and with a time extension of 92 consecutive calendar days (approximately three months), for a total contract duration of 367 consecutive calendar days (one year); and authorize final payment to the contractor.** ([Resolution 15-0020](#))

d) **Accept work performed by D'Arcy & Harty for Contract No. WW-565, 43rd Ave/46th Ave/Geary Blvd/O'Farrell/Natoma/Utah and London Streets Sewer Replacement, for a total contract amount of $2,372,039, and with a total contract duration of 503 consecutive calendar days (approximately one year, four months), and authorize final payment to the contractor.** ([Resolution 15-0021](#))

*President Caen stated item 9a was removed at the request of staff.*

**On Motion items 9b through 9d:**
- **Ayes:** Caen, Courtney and Moran

**Public Comments**
- **None.**

10. **Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a new 10-year water service contract with estimated revenue of $29,865,584 with the United States Department of Energy for continued water service to Lawrence Livermore National Laboratory, subject to Board of Supervisors approval pursuant to Charter Section 9.118.** ([Resolution 15-0022](#))

*AGM Ritchie introduced the item.*

**On Motion:**
- **Ayes:** Caen, Courtney 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:** Caen, Courtney and Moran
The Commission Secretary read item 13 and stated that items 14 through 17 would not be heard.

The Commission entered Closed Session at 3:00 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:
   In re Mountain Cascade Contract Litigation, Mountain Cascade, Inc. vs Chapman Welding, Inc. et al, and related consolidated actions and cross actions.
   San Mateo Superior Court Case No.: CIV 519255 (Consolidated Cases Nos. 519255, 519868, 520079, 522061 and 522078)
   City Attorney File No.: 131300 / Date Filed: Against San Francisco, 06/11/2013

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

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:
   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

17. 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 3:35 PM.

18. Announcement following Closed Session
   President Caen announced that no action was taken in Closed Session.

19. Motion regarding whether to disclose the discussions during Closed Session
On Motion not to disclose:
Ayes: Caen, Courtney and Moran

20. Other new business
None.

President Caen adjoumed the meeting at 3:36 PM.