SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
City and County of San Francisco  

Edwin M. Lee  
MAYOR  

MINUTES  
Tuesday, February 10, 2015  
(As Approved on February 24, 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  
1. **Call to Order**  
   *President Caen called the meeting to order at 1:37 PM.*

2. **Roll Call**  
   *Present: Caen, Courtney and Moran*  
   *Vice President Vietor arrived at 1:50 PM*

3. **Approval of the Minutes**  
   a) **January 27, 2015 Regular Meeting**  
   b) **January 30, 2015 Special Joint SFPUC/LAFCo Meeting**

   *On Motion to approve the minutes of January 27, 2015:*
   *Ayes: Caen, Courtney and Moran*

   *On Motion to approve the minutes of January 30, 2015:*
   *Ayes: Caen, Courtney and Moran*

4. **Public Comments**  
   - Ms. Maryann Robertson provided thoughts on a sewer overflow tank at Folsom and 17th Streets and issues with flooding.

   *Deputy General Manager (DGM) Michael Carlin offered response and asked her to provide contact information to Mr. Tyrone Jue, Communications Director.*

5. **Communications**  
   a) **Advance Calendar**  
   b) **Letter Summary**  
   c) **Informational Report Presenting FY 2015-16 Schedule of Rates and Charges for Retail Residential and Commercial Electric Service**  
   d) **Quarterly Audit and Performance Review Reports**
      i. **Electric Power Reliability Compliance Program**  
      ii. **GSA: Chapter 14B Audit (BDPL 5 Reliability Upgrade)**  
      iii. **Political Activity Fund Compliance Assessment of Selected Vendors**  
      v. **FY 2013-14 Audited Financial Statements – Wastewater Enterprise**  
   e) **Water Enterprise Capital Improvement Program Quarterly Report – Regional**  
   f) **Water Enterprise Capital Improvement Program Quarterly Report – Local**  
   g) **Water System Improvement Program Quarterly Report – Local**  
   h) **Water System Improvement Program Quarterly Report – Regional**  
   i) **Water System Improvement Program Status of Construction Change Orders**  
   j) **Water System Improvement Program Safe Working Hours**

   *Commissioner Moran stated that issues with inventory management have been addressed in a spotty way. He requested a report on the status of what is being done to address those issues, noting obstacles.*
Commissioner Moran requested a report as to the resolution of outstanding issues noted in the GSA Chapter 14B Audit, specifically addressing issues of subcontractor invoicing.

Commissioner Courtney congratulated staff on the Water System Improvement Program’s (WSIP) 7 million safe working hours. He noted it is above the industry average and it was accomplished during construction of major projects.

President Caen requested that quarterly reports be removed from Communications and placed in the General Manager’s Report.

Commissioner Vietor arrived at 1:50 PM.

Public Comments
None.

a) Recognition of Mr. Carlos Berrios for 30 Years of Service
DGM Carlin introduced Mr. Carlos Berrios and summarized his distinguished 30-year career. The Commission congratulated Mr. Barrios and presented him with a certificate honoring him for his service.

b) Drought Update
Mr. Steve Ritchie, Assistant General Manager (AGM), Water, provided a drought update. He reported on current reservoir storage levels, indicating storage is at 56.1 percent. He discussed cumulative precipitation, noting the four-year flat precipitation trend for the month of January, and touched on snowpack levels. AGM Ritchie noted that Tuolumne River Water is available to the City. He discussed total deliveries; Total system water savings; Upcountry 6-station precipitation index; Bay Area 7 station precipitation index; State Water Resources Control Board actions; and provided a brief conclusion.

AGM Ritchie responded to a question from Vice President Vietor on how the system handled the recent storm.

c) Quarterly Budget Status Report
Ms. Frances Lee, Interim AGM Business Services and CFO, provided a quarterly budget status report. She discussed key budgetary variances, noting the reduction in revenue due to lower water sales as a result of conservation efforts. She presented the current financial status for each Enterprise and briefly discussed reserves ratios.

DGM Carlin discussed the drop in revenues, which is a result of conservation efforts. He indicated adjustments in the operating budget and rates may be needed if revenue reduction continues.

Ms. Lee responded to a question from President Caen on the Debt Service Ratio.
DGM Carlin responded to a question from Vice President Vietor as to when decisions on the budget and rates would be needed. Brief discussion ensued.

d) Water System Improvement Program Quarterly Update
Mr. Dan Wade, WSIP Director, provided a WSIP quarterly status update. He noted the overall program is 87 percent complete, is on-schedule, and is on-budget. He stated two projects are in pre-construction and 14 are in construction.

He discussed WSIP accomplishments, highlighting they have completed 176 of 198 system shutdowns; achieved a LOS on 22 of 44 regional projects; and have a safety record based on 7.3 million recorded hours. He touched on completed and active transmission projects, and provided a pre-construction update for the Alameda Creek Recapture and the Regional Groundwater Storage and Recovery Projects. Mr. Wade showed a time-lapse video of Calaveras Dam construction and discussed the Project. He thanked President Caen and Vice President Vietor for taking the time to tour the site.

Mr. Wade provided updates for the New Irvington Tunnel Project, San Antonio Backup Pipeline Project, Crystal Springs/San Antonio Water Release Test, Harry Tracy Long-term Improvements, and Peninsula Pipeline Seismic Upgrade.

President Caen thanked Mr. Wade for his presentation and for the site tour.

Public Comments
None.

Commission Secretary Hood read the Consent items.

7. Consent Calendar
a) Approve the selection of Center for Natural Lands Management and Golden State Land Conservancy, Award Agreement No. CS-298, Conservation Easement Planning and Conveyance Agreement for Alameda Watershed, and Agreement CS-299, Conservation Easement Planning and Conveyance Agreement for Peninsula Watershed, to conduct pre-closing planning and due diligence for conservation easement sites within the aforementioned watersheds; and authorize the General Manager to negotiate and execute the Agreements for an amount not to exceed $70,000 per agreement. (Resolution 15-0024)

b) Approve Amendment No. 1 to Agreement No. CS-943, Civil and Geotechnical Engineering Services, with URS Corp to provide condition assessments, design and construction support and general technical services related to dams, tunnels, penstocks, and other hydraulic structures for Hetch Hetchy Water & Power; and authorize the General Manager to execute this amendment with a time extension of one year, for a total agreement duration of six years. (Resolution 15-0025)

c) Accept work performed by Contri Construction for Contract No. HH-935C San Joaquin Pipeline System – Eastern Segment and Other Facilities; Approve
Modification No. 18 (Final), with a time extension of 408 consecutive calendar days, for a total contract duration of 1,158 consecutive calendar days; and authorize final payment to the contractor, subject to resolution of outstanding stop notice issues. (Resolution 15-0026)

d) Accept work performed by Communication Services Inc., for Contract No. HH-954R2, Early Intake Switchyard Refurbishment; Approve Modification No. 3 (Final), decreasing the contract by $114,345, for adjustment to final quantity summary, to complete punch list items and obtain final completion, for a total contract amount of $3,708,021, and with a time extension of 178 consecutive calendar days for a total contract duration of 502 consecutive calendar days; and authorize final payment to the contractor. (Resolution 15-0027)

e) Approve and award Contract No. JOC-52 for San Francisco, Peninsula and the East Bay, for a not-to-exceed amount of $3,000,000 to the lowest, qualified, responsible, and responsive bidder, U.S. Electric Technologies, Inc., to perform electrical contracting tasks for all SFPUC Operations and Bureaus. (Resolution 15-0028)

f) Approve and award Contract No. JOC-53, for San Francisco, Peninsula, and the East Bay, for a not-to-exceed amount of $3,000,000 to the lowest, qualified, responsible, and responsive bidder, Blocka Construction, Inc., to perform electrical contracting tasks for all SFPUC Enterprise Operations and Bureaus.

g) Approve Modification No. 1 to Contract No. WD-2503R, 8-Inch Ductile Iron Main Installation on Jackson, Washington, Sacramento, and Davis Streets, with Empire Engineering and Construction Inc., to provide additional water and paving work on Drumm Street, and minimize community impacts from multiple contractors working in the same location of City streets, increasing the contract amount by $904,554, for a total contract amount of $3,043,943, and with a time extension of 621 consecutive calendar days, for a total contract duration of 921 consecutive calendar days. (Resolution 15-0029)

h) Accept work performed by M Squared Construction, Inc., for Contract No. WD-2613, 8-Inch Ductile Iron Main Installation on 23rd Street from Church Street to Hoffman Avenue; Approve Modification No. 1 (Final), increasing the contract by $4,725 for a total contract amount of $1,088,725; and authorize final payment, to the contractor. (Resolution 15-0030)

i) Accept work performed by Hernandez Engineering for Contract No. WD-2682, 8-Inch Ductile Iron Pipe Main Installation on 25th Street, Noe Streets, Hoffman Avenue and Douglass Street; Approve Modification No. 1 (Final), decreasing the contract by $19,085 for a total contract amount of $1,359,219; and with a time extension of 86 consecutive calendar days, for a total contract duration of 326 consecutive calendar days; and authorize final payment, to the contractor. (Resolution 15-0031)
j) **Accept work performed by Shaw Pipelines, Inc. for Contract No. WW-545, 16th/21st/24th/25th Avenues and Cabrillo/California Streets Sewer Replacement and Pavement Renovation, for a total contract amount of $4,326,756 (of which $3,246,571 is funded by WWE and $1,080,185 is funded by DPW) and with a total contract duration of 340 consecutive calendar days; and authorize final payment to the contractor.** *(Resolution 15-0032)*

k) **Approve the terms and conditions and authorize the General Manager to execute a revocable license to Raintree Fair Oaks, LLC to use approximately 47,916 square feet of SFPUC Parcel No. 158 (Santa Clara County Assessor’s Parcel No. 110-14-189), adjacent to Fair Oaks Business Park at 520-592 East Weddell Drive in Sunnyvale, California, as a pedestrian walkway and landscaped area, for a use fee of $5,310 per month, for five years.** *(Resolution 15-0033)*

l) **Approve the terms and conditions and authorize the General Manager to execute a five-year revocable license to the St. Francis Center of Redwood City to use approximately 10,600 square feet of SFPUC Parcels 2066, 2102, 2103, 2104, 2105 and 2106, located adjacent to Marlborough Avenue in Redwood City, California, for a community garden and parking, for an annual use fee of $125.** *(Resolution 15-0034)*

**President Caen stated item 7f was removed from the calendar.**

**On Motion to approve 7a through 7e; and 7g through 7l.**

**Ayes: Caen, Vietor, Courtney and Moran**

**Public Comments**

*None.*

8. **Discussion and possible action to authorize the Issuance of Refunding Water Revenue Bonds of up to $450M to Refinance All of the Outstanding Water Enterprise Revenue Bonds, Series 2006 A and portions of the Series 2009 A and 2009 B Bonds to Achieve Ratepayer Savings; Approve the form and authorizing the execution and delivery of related documents; Authorize the General Manager (GM) to sell in one or more series of bonds on either a competitive or negotiated basis, as the GM determines is in the best financial interest of the SFPUC; Delegate to the GM authorization to award each series of bonds to the highest bidder (lowest cost).** *(Resolution 15-0035)*

**Mr. Charles Perl, Deputy CFO, introduced the item and discussed the approval schedule and the bond sale schedule and terms. He stated total ratepayer saving is $52.8M, and is to be shared with wholesale and retail customers. He noted the bonds to be refunded and discussed the authorizations required.**

**On Motion to authorize:**

**Ayes: Caen, Vietor, Courtney and Moran**
9. **Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission 10-Year Financial Plan for FY 2015-16 through FY 2024-25.** (Resolution 15-0036)

Mr. Perl provided a 10-Year Financial Plan update, focusing on changes from last year. He noted most of the changes are a result of the reduction in revenue from conservation.

He reviewed the key assumptions for the Water Enterprise, with a main focus on new assumptions. He reviewed the 10-year Financial Plan; discussed water sales (historical and projected); Water deliveries; 10-Year Retail Financial Plan, average monthly retail water bill; and Ten-year Wholesale Financial Plan.

Mr. Perl discussed key assumptions for the Wastewater Enterprise, with a main focus on new assumptions. He reviewed the 10-year Financial Plan; Ten-Year Retail Financial Plan, average monthly sewer bill; Combined water and wastewater revenue requirement; and combined water and wastewater average monthly bill.

Mr. Perl responded to a question from Vice President Vietor on stormwater fees, noting fees will be brought back when rates are considered.

Mr. Perl discussed utility affordability, stating rates are below the two-and-one-half percent goal. Commissioner Moran noted the median income level considered to meet the goal is more than some earn, and income level needs to be considered when determining a rate structure.

Mr. Perl discussed key assumptions for the Hetch Hetchy Enterprise, with a main focus on new assumptions. He concluded by reviewing the 10-year Financial Plan.

Mr. Perl provided response to a question from Vice President Vietor as to how the Clean Power Program fits into the Hetch Hetchy Financial Plan. DBM Carlin offered additional information.

On Motion to adopt:
Ayes: Caen, Vietor, Courtney and Moran

10. **Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission 10-Year Capital Plan for FY 2015-16 through FY 2024-25.** (Resolution 15-0037)
Ms. Lee presented the 10-Year Capital Plan. She compared the FY 2015-24 adopted and FY 2016-25 proposed Plans, noting changes between the two. She summarized the key changes in the Capital Plan for Water (increase $120M); AWSS (decrease $85.9M); Wastewater (increase $166M); Hetch Hetchy Power (decrease $12.9M), and Hetch Water – Up Country (decrease $30.2M).

On Motion to adopt:
Ayes: Caen, Vietor, Courtney and Moran

Public Comments
None.

Commissioner Courtney stepped out of the room at 2:52 PM.

11. Approve budgetary adjustments to SFPUC's Adopted FY 2015-16 Annual Operating Budget for the Enterprises under the jurisdiction of the San Francisco Public Utilities Commission. (Resolution 15-0038)

Ms. Lee reviewed the FY 2015-16 Operating Budget and discussed budgetary adjustments: first, MOU adjustments made by the Controller to reflect reduced retirement rates and fringes; and second, a change for new service installation of two vehicles, and five project-funded FTE. She discussed the need for the new installation support and vehicle request. She noted that the total annual budget amount remains unchanged due to the offset of the MOU adjustment.

DGM Carlin provided additional information as to the need for additional FTE to deal with the demand in installation requests for new construction. He clarified that the positions are project-based and are not permanent positions.

On Motion to approve:
Ayes: Caen, Vietor, and Moran

Public Comments
None.

12. Resolution to calendar a Public Hearing on May 12, 2015 to consider the adoption of Wholesale Water Rates for FY 2015-16, effective July 1, 2015. (Resolution 15-0039)

DGM Carlin noted the requirement to calendar a Public Hearing.

On Motion to calendar:
Ayes: Caen, Vietor, and Moran

Public Comments
None.
13. Adopt rules and regulations for administering Interruptible Water Service, which will be applicable to existing and new retail irrigation customers who opt-in to the Interruptible Service program. (Resolution 15-0040)

AGM Ritchie introduced the item and recommended approval.

On Motion to adopt:
Ayes: Caen, Vietor, and Moran

Public Comments
None.

14. Adopt a resolution authorizing the General Manager, together with the Executive Director of the Treasure Island Development Authority, to jointly enter into a long-term interconnection agreement (IA) with the Port of Oakland. (Resolution 15-0041)

AGM Barbara Hale, Power, introduced the item and recommend approval.

On Motion to adopt:
Ayes: Caen, Vietor, and Moran

Public Comments
None.

President Caen announced that items 15 and 16 were removed from the calendar.

DGM Carlin stated that Closed Session was not necessary.

25. Other new business.
None.

Commissioner Courtney returned to the room at 2:58 PM.

President Caen adjourned the meeting at 3:01 PM.