SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Tuesday, April 14, 2015
(As Approved April 28, 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
Ike Kwon

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, Vietor, Courtney, Moran and Kwon*

3. **Approval of the Minutes of March 24, 2015**  
*On Motion to approve the March 24, 2015 minutes  
Ayes: Caen, Vietor, Courtney, Moran and Kwon*

4. **General Public Comment**  
*None.*

5. **Communications**  
   a) **Advance Calendar**  
   b) **Letter Summary**  
   c) **Annual Electric Reliability Compliance Report**  
      *Commissioner Moran requested that staff respond to the outstanding  
      Commission questions as detailed in item 5a.*

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6. **Other Commission Business**  
*None.*

7. **Report of the General Manager**  
   a) **Drought Update**  
      *Mr. Steve Ritchie, Assistant General Manager (AGM) Water, provided a drought  
      update. He discussed current reservoir storage levels; Cumulative precipitation;  
      Snowpack; Tuolumne River water available to the City; Upcountry six-station  
      precipitation index; Bay Area seven-station precipitation index; Total deliveries;  
      and total system water savings.*

      AGM Ritchie reviewed State Water Resources Control Board actions, noting  
      additional actions implemented on March 17, 2015, and provided a summary of  
      other activities taken by the SFPUC. Mr. Ritchie summarized requirements of the  
      Governor’s April 1 Executive Order; Discussed State Water Board regulatory  
      framework; and anticipated San Francisco actions.

      Mr. Ritchie outlined steps the SFPUC will take to notify retail customers of  
      possible leaks. He responded to questions from Vice President (VP) Vietor  
      regarding the leak notification process, and the effect of use reduction on the  
      revenue. Deputy General Manager (DGM) Carlin provided clarification on retail  
      versus wholesale rates. Brief discussion ensued.*
b) Progress Report, Ratepayer Assurance Policy
Ms. Nancy Hom, Interim AGM Business Services and CFO, provided an update on the Ratepayer Assurance Policy (Policy). Ms. Hom discussed Policy objectives, as adopted October 2012; Policy progress; Ratepayer Assurance Scorecard (independent report by the San Francisco Controller); and discussed future considerations.

Commissioner Moran thanked Ms. Hom for her presentation. He expressed concern with the Scorecard, stating it thinly relates to the Policy. He provided a historical summary of Policy, the reasoning behind Policy development and Policy statements. He requested that staff develop a report to adequately measure performance to policies within the Rate Payer Assurance Policy. Brief discussion ensued.

c) Recognition of Mr. Emilio Cruz
DGM Carlin read a ceremonial resolution honoring Mr. Emilio Cruz for his service as AGM of Infrastructure.

Mr. Cruz thanked the Commission for the honor. He reviewed his SFPUC career and accomplishments. He thanked GM Kelly and the Infrastructure staff for their work and support.

President Caen, Commissioner Courtney, and VP Vietor each expressed their thanks to Mr. Cruz, and wished him well.

Public Comment
• Mr. Eric Brooks, San Francisco Green Party/Our City, thanked Mr. Cruz for his service. He offered thoughts on desalination.

8. CCA Update
DGM Carlin provided brief introductory comments and introduced Ms. Barbara Hale, AGM, Power.

AGM Hale began by providing a summary of the agenda, and discussed proposed program objectives: (1) Lead with affordable and reliable service; (2) Develop cleaner energy supply; and (3) Develop new infrastructure and create local jobs.

Ms. Hale reviewed the implementation schedule, which includes decision points and key milestones. Ms. Hale discussed the SFPUC legislative proposal and provided a historical background. Ms. Hale responded to a question from VP Vietor on the electric industry standard contract for power purchase.

AGM Hale continued, discussing the two target product offerings at launch: (1) Default Product Proposal, which will compete with the PG&E basic product; and (2) the Premium Product Proposal (opt-up), which will compete with the PG&E green tariff, and briefly discussed each Proposal.
Ms. Hale discussed build-out and additional customer services (supply programs; and energy efficiency and demand response programs); Customer roll-out plan; Not-to-Exceed Rate Proposals for default and premium products; Scheduled for Rate Fairness Board consideration April 17; and Estimated Gross and Net Revenues.

AGM Hale responded to a question from VP Vietor on the program costs and design; and to questions from Commissioner Moran regarding net energy metering and tariff programs; Premium Product rate setting based on the PG&E green tariff premium; and net revenue.

President Caen asked a question on the cost for the dark green product, and about customer participation in a dark green offering with other CCA programs. Ms. Hale provided response and brief discussion ensued. Ms. Hale responded to additional questions about the projected PG&E green tariff and costs, and if it is possible to have “greener for less”.

Public Comment
- Mr. Eric Brooks, SF Green Party/Our City, commended staff for their work. He stated that the local build out plan (behind the meter) is missing, and that the LAFCO Consultant report needs to be finalized.
- Mr. Jed Holtzman, 350 Bay Area, thanked staff for their report. He noted the dark green, not-to-exceed rate is below what was previously expected for the program with Shell.
- Ms. Lisn Illes, Sierra Club, requested that implementation, with as much renewable generation as possible, happen soon.
- Ms. Ruth Sakheim thanked the Commission for their support of CCA.
- Ms. Annmarie Donjacour, 350 San Francisco, expressed excitement for the program and asked for clarification on the opt-in/out process.
- Ms. Jess Dervin Ackerman, Sierra Club, asked that the schedule be maintained; expressed her excitement for the rates hearing; and spoke about the need for outreach.
- Mr. Jason Fried, LAFCo, stated the first stakeholder meeting went well. He spoke to other CCA green tariff programs; marketing the dark/light green options; and the build-out plan.

9. **Consent Calendar**

   a) Approve Amendment No. 2 to Agreement No. CS-222, High Efficiency Clothes Washer Rebate Initiative with Pacific Gas & Electric Company, to continue an ongoing program to process and administer rebates to SFPUC customers; and authorize the General Manager to execute this contract amendment, increasing the agreement by $200,000, for a total agreement amount of $2,100,000, and with a time extension of two years and six months. (Resolution 15-0082)

   b) Approve the selection of Structus Inc. and SOHA/Bittleston JV; Award Agreement Nos. CS-372A and CS-372B, Structural Engineering Services for the Seismic
Upgrade of Facilities in the Sewer System Improvement Program; and authorize the General Manager to negotiate and execute professional services agreements with Structus Inc. (CS-372A) and SOHA/Bittleston JV (CS-372B), each for an amount not-to-exceed $2,500,000 and with a duration of eight years. (Resolution 15-0083)

c) Approve the plans and specifications and award Contract No. HH-978, San Joaquin Pipeline No. 1 Replacement at Cashman Creek, in the amount of $513,880, to the lowest, qualified, responsible and responsive bidder, Trinet Construction Inc., to replace 65 linear feet of 56-Inch diameter pipe and associated concrete blow-off structure. (Resolution 15-0084)

d) Award Contract No. JOC-54, Micro-Local Business Enterprise Set-Aside, Electrical for San Francisco, Santa Clara, San Mateo and Alameda Counties, for a not-to-exceed amount of $1,000,000 to the lowest, qualified, responsible and responsive bidder, Mitchell Engineering, to perform electrical contracting tasks for all SFPUC Enterprise Operations and Bureaus. (Resolution 15-0085)

e) Accept work performed by Synergy Project Management for Contract No. WW-503, Richmond District Sewer Replacement and Pavement Renovation, for a total contract amount of $3,875,439 (of which $2,793,178 is funded by WWE and $1,082,261 is funded by DPW), and with a total contract duration of 411 consecutive calendar days (approximately one year and one month); and authorize final payment to the contractor. (Resolution 15-0087)

f) Approve the plans and specifications and award Contract No. WD-2783, As-Needed Ductile Iron Water Main Replacement at various locations, in the amount of $6,976,992, to the lowest, qualified, responsible and responsive bidder, A. Ruiz Construction Company & Associates Incorporated. (Resolution 15-0086)

Commissioner Moran requested that Item 9e be removed from the Consent Calendar.

On Motion to approve items 9a through 9d, and 9f:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

With regard to item 9e, Commissioner Moran expressed concern with the minority contractor bid preference participation estimate, which was less than expected. He asked that staff look into the specifics and report back.

On Motion to approve items 9e:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

Public Comment
None.
10. Approve Amendment No. 1 to Agreement No. CS-204, Engineering Services, Fish Passage Facilities within the Alameda Creek Watershed, as a sub-project to the Calaveras Dam Replacement Project, with URS Corporation to provide additional final design and engineering support during construction, start-up, commissioning, and close-out of the Project; and authorize the General Manager to negotiate and execute this amendment, increasing the agreement by $1,964,580, for a total not-to-exceed agreement amount of $4,264,580, and with a time extension of two years and four months, for a total agreement duration of seven years and two months. (Resolution 15-0088)

VP Vietor left the room at 3:54 PM.

Ms. Kathy How, Acting AGM Infrastructure, introduced the item and responded to a question from President Caen regarding the cost and the time extension.

On Motion to approve item 10:
Ayes: Caen, Courtney, Moran and Kwon

Public Comment
None.

11. Approve Amendment No. 1 to Agreement No. CS-385, San Joaquin Pipeline (SJPL) System Control Engineering Services, with Tullis Engineering Consultants, to complete system-wide testing of the SJPL; and authorize the General Manager to execute this amendment, extending the agreement duration by one year and 11 months, for a total agreement duration of two years and 11 months; with no change to the agreement amount. (Resolution 15-0089)

Ms. How introduced the item. President Caen expressed concern with the two-year time extension. Ms. How provided brief explanation, and DGM Carlin provided additional response.

VP Vietor returned to the room at 3:57 PM.

On Motion to approve item 11:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

Public Comment
None.

12. Approve Amendment No. 1 to Agreement No. CS-1019, Administration of the Project Pull Internship Program, with the Japanese Community Youth Council, to continue providing administrative services and technical assistance for the Program; and authorize the General Manager to execute this amendment, increasing the agreement by $2,500,000, for a total not-to-exceed agreement amount of
$3,400,000, and with a time extension of four years, for a total agreement duration of seven years and six months. (Resolution 15-0090)

Ms. How introduced the item.

On Motion to approve item 12:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

Public Comment
None.

13. Approve an increase to the previously approved construction contract duration contingency for Contract No. WD-2548, Lake Merced Pump Station Essential Upgrade, with Western Water Constructors, of up to 275 consecutive calendar days; and Authorize the General Manager to approve future modifications to the contract for a total revised contract duration up to 2,405 consecutive calendar days. (Resolution 15-0091)

Ms. How introduced the item and responded to a question from President Caen regarding the reason for the increase to the contract duration contingency.

On Motion to approve item 13:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

Public Comment
None.

14. Approve an increase to SFPUC’s FY 2014-15 Overtime Budget to complete the fiscal year and authorizing the General Manager to request the Mayor to submit a supplemental appropriation request to the Board of Supervisors. (Resolution 15-0092)

Ms. Hom introduced the item and provided a summary of the supplemental request. DGM Carlin and AGM Ritchie responded to a question from Commissioner Kwon regarding vacancies.

On Motion to approve item 14:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

Public Comment
None.

15. Public Comments on Matters to be discussed in Closed Session.
None.
16. 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, Courtney, Moran and Kwon

The Commission Secretary read the Closed Session items, indicating that items 18 and 29 would not be heard.

The Commission entered Closed Session at 3:57 PM.

17. Pursuant to Government Code Section 54957 and Administrative Code Section 67.8(a) (4), and San Francisco Charter Section 8B.126(a):
Public Employee Appointment/Hiring
Title of position to be filled: Assistant General Manager for Infrastructure of the San Francisco Public Utilities Commission

18. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 673.8(a) (2):
Property: 1800 Jerrold Avenue, San Francisco, CA
Persons Negotiating:
SFPUC: Shelby Campbell, Karen Kubick, Michael Carlin, Kathy How, and Rosanna Russell
San Francisco Office of Contract Administration: John Updike and Claudia Gorham
Under Negotiation: Price (   ) Terms of Payment (   ) Both (XX)

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) (Resolution 15-0093)
Unlitigated Claim
Paul Lee v. City and County of San Francisco
City Attorney Claim Number: 15-01533/Date Filed: January 2, 2015

20. 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 – Multiple Cases

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) (Resolution 15-0094) Existing Litigation:
City and County of San Francisco, et al. v. Donnie Thomas, et al
San Francisco Superior Court Case No.: CGC-10-502809
City Attorney File Number: 080901/Date Filed: August 19, 2010

22. Conference with Legal Counsel - Pursuant to California Government Code Section
23. 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
San Francisco Superior Court Case No.: CGC-13-529310/Date Filed: June 6, 2013

24. 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
Federal Energy Regulatory Commission
Tariff Withdrawal per 35.15: Notice of Termination of the 1987 CCSF Interconnection Agreement – PG&E Rate Schedule FERC No. 114 to be effective June 30, 2015.
Case No.: EL15-3-000/Date Filed: October 10, 2014

25. 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
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective June 30, 2015.
Case No.: ER15-702-000/Date Filed: December 23, 2014

26. 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
Federal Energy Regulatory Commission
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective July 1, 2015
Case No.: ER15-703-000/Date Filed December 23, 2014

27. 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
Federal Energy Regulatory Commission
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Wholesale Distribution Tariff Replacement Agreements to be effective July 1, 2015
Case No.: ER15-704-000/Date Filed: December 23, 2014

28. 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
Federal Energy Regulatory Commission
Notice of Termination of Facilities Charge Agreements between PG&E and the City and County of San Francisco
Case No.: ER15-735-000/Date Filed: December 23, 2014

29. 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 4:42 PM.

30. Announcement following Closed Session.
President Caen announced that items 19 and 21 were settled, and that no other action was taken.

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

32. Adopt a Resolution authorizing the General Manager to execute an employment contract for the position of Assistant General Manager – Infrastructure, with Kathryn How, for a term of one year, pursuant to Charter Section 8B.126(b). (Resolution 15-0095)

On Motion to adopt item 32:
Ayes: Caen, Vietor, Courtney, Moran and Kwon

33. Adopt a Resolution authorizing the General Manager to request the Mayor and Board of Supervisors to approve a Supplemental Appropriation in the amount of $1.75 million for the Wastewater Enterprise, for the purpose of paying claims settlements, legal expenses, litigation costs, judgments and related expenses. (Resolution 15-0096)

City Attorney Ambrose requested that the Commission move to recuse Commissioner Courtney from the vote due to a conflict of interest, as his employer, Laborers’ Local 261, has a property damage claim pending against the SFPUC’s Wastewater Enterprise.
On Motion to recuse Commissioner Courtney from the vote on item 33:
Ayes: Caen, Vietor, Courtney, Moran and Kwon
On Motion to adopt item 33:
Ayes: Caen, Vietor, Moran and Kwon

34. Other new business.
None.

President Caen adjourned the meeting at 4:50 PM.