SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Tuesday, May 26, 2015
(As Approved on June 9, 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 1:35 PM.

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

   President Caen announced that item 7a was removed from the agenda.

3. Approval of the Minutes of May 12, 2015
   On Motion to approve the minutes of May 12, 2015
   Ayes: Caen, Vietor, Moran and Kwon

   Public Comments
   None.

4. General Public Comments
   None.

5. Communications
   a) Advance Calendar
   b) Letter Summary

   Public Comments
   None.

6. Other Commission Business
   a) Adoption of a Resolution in support of the nomination of Anson B. Moran as a
      Board Member for the Association of California Water Agencies, Region 5.
      (Resolution 15-0115)

      On Motion to approve item 6a:
      Ayes: Caen, Vietor, Moran and Kwon

      Public Comments
      None.

7. Report of the General Manager
   a) Recognition of Mr. Sukhjinder Singh Sandhu’s SFPUC Service
      Item 7a was removed from agenda.

   b) Hetch Hetchy Water and Power Enterprise (HHWP) CIP Quarterly Report
      Mr. Jeet Bajwa, Project Manager, summarized the HHWP CIP Quarterly Report,
      noting that the Mountain Tunnel Project has been separated into three projects:
Mt. Tunnel Bypass; Access Improvements; and Tunnel Inspection/Repair. He stated the Coast Range Tunnel shutdown revealed the Tunnel is in good shape.

c) Drought Update
Mr. Michael Carlin, Deputy General Manager, (DGM), provided a drought update. He discussed current reservoir storage levels; Precipitation and snowpack levels; and total deliveries. He provided an update regarding the State Water Board Regulations, which were adopted on May 5, 2015; and he provided summary comments. DGM Carlin responded to questions from Commissioners Kwon on conservation levels, and Vice President Vietor on curtailment implications.

d) CCA Update
Ms. Barbara Hale, Assistant General Manager (AGM), Power, reviewed the CCA implementation schedule, highlighting June 15 when the Board of Supervisors (BOS) 30 day rates feedback period rates will close; and June 29 when the BOS and Mayor are expected to approve power contracting legislation. She reviewed current work to keep the Program on schedule.

In response to a question from Commissioner Moran, AGM Hale indicated that final SFPUC sign-off is targeted for October 27.

Public Comments
- Mr. Jason Fried, LAFCo, expressed pleasure that the CCA Program is on-schedule.
- Ms. Nicole Sandkulla, BAWSCA, provided comments on item 7b. She stated that BAWSCA disagrees with the categorization of the Lower Cherry Aqueduct and Moccasin Penstock Project. She read a statement regarding a plan and a schedule to fix the Mountain Tunnel and provided written comment for the record.

Vice President Vietor requested staff provide an update on Ms. Sandkulla’s requests for information regarding the Mountain Tunnel, as outlined by her statement.

8. BAWSCA Update
Ms. Sandkulla provided a BAWSCA update. She reviewed BAWSCA’s history of water conservation, stating they had conservation programs in place prior to the drought; that they offer a variety of conservation programs; and that they have good conversation results.

She reviewed their per-person water use, which was at a historic low prior to the drought. She stated that 10 percent less water is used today in the service area despite 25 percent more people; that regulations mandating water use have been adopted; and that State conservation standards have resulted in 17 percent overall cutbacks to BAWSCA. Ms. Sandkulla indicated that 73 percent of BAWSCA service area water use is in the bottom three tiers, and that BAWSCA agencies are
expanding drought response actions. She reviewed how BAWSCA is assisting with
drought response activities. She noted their landscaping conservation website.

Commissioner Moran thanked Ms. Sandkulla for BAWSCA’s efforts.

Ms. Sandkulla responded to a question from President Caen as to which BAWSCA
districts are the highest users. Brief discussion ensued.

Public Comments
None.

9. Consent Calendar
a) Approve the selection of Hazen and Sawyer (Hazen) and RMC-SRT, JV (RMC);
and award Agreement Nos. PRO.0004.A–B, As-Needed Wastewater Process
Engineering to Hazen (PRO.0004.A) and RMC (PRO.0004.B), to provide
specialized process engineering services on an as-needed basis; and authorize
the General Manager to negotiate and execute two professional services
agreements, each with an amount not to exceed $2,000,000, and with a duration
of four years; or, in the event negotiations are not successful or City requirements
are not satisfied, to negotiate and execute a professional services agreement with
the next highest ranked proposer. (Resolution 15-0116)

b) Approve an increase in the construction contract duration contingency for
Contract No. WW-583, As-Needed Main Sewer Replacement of up to 189
consecutive calendar days; and authorize the General Manager or his designee to
approve future modifications to the contract for a total revised contract duration up
to 584 consecutive calendar days. (Resolution 15-0117)

c) Approve the plans and specifications, and award Contract No. HH-960, Don
Pedro Reservoir Crossing 115 kV and 230 kV Transmission Lines, in the amount
of $5,014,446, to the lowest, qualified, responsible and responsive bidder, System
3, to replace existing lattice steel towers with new tubular steel monopoles for the
transmission line crossings over Don Pedro Reservoir. (Resolution 15-0118)

On Motion to approve Consent items 9a through 9c:
Ayes: Caen, Vietor, Moran and Kwon

Public Comments
None.

10. Public Hearing: Discussion and possible action to impose a 2015-2016 Drought
Program to achieve a 10 percent system-wide water use reduction in the San
Francisco Public Utilities Commission retail service area in response to the State
Authorize the General Manager to impose additional mandatory restrictions on
outdoor water use as required pursuant to the State Water Board’s Emergency Regulations. (Resolution 15-0119)

Mr. Steve Ritchie, AGM, Water, introduced the item. He noted the actions required by the State Water Board’s regulations. He discussed the proposed SFPUC drought management program and reviewed the reductions being asked of customers. He discussed excess use charges for interruptible and non-interruptible irrigation customers; flow-factor adjustments; targeted outreach program for large users; leak detection programs; and the public outreach conservation campaign.

Commissioner Moran questioned the percentage reduction levels for interruptible versus non-interruptible irrigation customers, and why more conservation isn’t required by interruptible customers. AGM Ritchie provided response that interruptible customers would be charged a higher excess use charge. Discussion ensued. Commissioner Moran expressed concern that interruptible customers should be subject to greater water cutbacks.

Staff will return with options for potential modification of the interruptible program.

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

Public Comments
None.

The Commission Secretary read items 11, 12, and 13 together.

11. Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a Memorandum of Agreement with the San Francisco Unified School District which will allow for the installation of drinking water tap stations in SFUSD schools, for an amount not to exceed $263,000 and with a duration of two years. (Resolution 15-0120)

12. Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a Memorandum of Agreement with the San Francisco Unified School District, which will allow the use of SFPUC funding to support initial implementation of SFUSD’s Vision 2025 strategic plan, piloted at John O’Connell High School, for an amount not to exceed $450,000, and with a duration of two years. (Resolution 15-0121)

13. Approve Agreement No. CS-1018, Academic Year Grants 2015–17, to support disadvantaged San Francisco youth and young adults, who will engage in SFPUC project-based service learning opportunities during the 2015–16 and 2016–17 academic years; and authorize the General Manager to solicit grant applications, and to negotiate and execute approximately three to six Academic Year Grant agreements with selected local community-based nonprofit organizations and/or
education institutions to administer these learning opportunities, for a cumulative not-to-exceed amount of $250,000 and with a duration of two years per grant agreement.  (Resolution 15-0122)

Ms. Kay Fernandez, Community Benefits Director, responded to a question from Commissioner Kwon regarding the manufacturer of the filling stations.

On Motion to approve item 11, 12 and 13:
Ayes: Caen, Vietor, Moran and Kwon

Public Comments
None.

14. Authorize the General Manager to execute a Memorandum of Understanding with the San Francisco Fire Department (SFSD) for operation, maintenance, emergency response coordination, and capital planning for the Auxiliary Water Supply System, including payment to SFFD for an annual amount not to exceed $150,000.  (Resolution 15-0123)
AGM Ritchie introduced the item and requested approval.

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

Public Comments
None.

15. Approve an increase to the existing construction contract cost contingency in the amount of $8,907,454, and an increase to the existing contract duration contingency of 69 consecutive calendar days for Contract No. WD-2581, New Irvington Tunnel; and Approve the addition of corrosion repairs in the existing Irvington Tunnel to the scope of work up to an amount of $250,000, to be funded by Water Enterprise Capital Improvement Program funds; and Authorize the General Manager to approve future contract modifications for a total revised contract amount up to $266,236,419 and a total revised contract duration up to 1,912 consecutive calendar days.  (Resolution 15-0124)

Mr. Bajwa introduced the item, noting the reasons staff is requesting approval of the change orders. He responded to a question from President Caen on contingency funding.

On Motion to approve item 15:
Ayes: Caen, Vietor, Moran and Kwon

Public Comments
None.
16. Approve Project No. CWWSIPFCDB03, Lake Merced Green Infrastructure Holloway Green Street, for the total project amount of $6,699,000; and authorize the General Manager to implement the Project in compliance with the Charter and applicable law. This action will be followed by a request for approval of the loan agreement and construction contract award approval at a later date. This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. (Resolution 15-0125)

Mr. Bajwa introduced the item. He responded to a question from Commissioner Moran regarding Early Implementation Projects. Vice President Vietor and Commissioner Moran requested that staff return with information on the Projects and how they will be measured.

On Motion to approve item 15:
Ayes: Caen, Vietor, Moran and Kwon

Public Comments
None.

17. Public Comments on matters to be discussed in Closed Session.
None.

18. 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 Kwon

The Commission Secretary read the Closed Session items, stating item 32 would not be heard.

The Commission entered Closed Session at 2:39 PM.

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)
Unlitigated Claim
Laborers International Union Local 261 vs. City and County of San Francisco
City Attorney Claim Number: 15-02234
Date Filed: March 4, 2015
(Resolution 15-0126)

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
Existing Litigation
City and County of San Francisco v Sunol Valley Golf and Recreation Co.
Alameda County Superior Court, Case No.: RG 14729649

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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

_Restore Hetch Hetchy v City and County of San Francisco_
Tuolumne County Superior Court, Case No.: CV-59426
City Law Number 151139
Date Filed: April 21, 2015

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (d) (3) and San Francisco Administrative Code Section 67.10 (d) (2) Anticipated Litigation – As Plaintiff

23. Conference with Real Property Negotiator pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8(a) (2) Property

2000 Marin, bounded by Marin and Cesar Chavez Street in Bay Streets, San Francisco
Persons Negotiating
SFPUC: Michael Carlin, Rosanna Russell and John Updike
Tishman Speyer: Carl Shannon
Under Negotiation: Price ( ) Terms of Payment ( ) Both (XX)

24. Conference with Real Property Negotiator pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8(a) (2) Property

Mission Valley Rock Lease, portions of SFPUC Parcels 62 and 65 in Sunol, CA
Persons Negotiating
SFPUC: Rosanna Russell and Tony Bardo
Mission Valley Rock: Mike Roth and Terry Marshall
Under Negotiation: Price ( ) Terms of Payment (XX) Both ( )

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:

_City and County of San Francisco v. Pacific Gas & Electric_
San Francisco Superior Court Case No.: CGC-13-529310/Date Filed: June 6, 2013

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:

_City and County of San Francisco v. Pacific Gas & Electric_
Federal Energy Regulatory Commission
Case No.: EL15-3-000/Date Filed: October 10, 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
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.: ER15-702-000/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
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective June 30, 2015.
Case No.: ER15-703-000/Date Filed December 23, 2014

29. 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.: ER15-705-000/Date Filed: December 23, 2014

30. 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

31. 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
32. 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.

Commissioner Vietor departed the meeting at 3:30 PM.
The Commission exited Closed Session at 3:47 PM.

33. Announcement following Closed Session.
President Caen announced that a settlement was reached on item 19, and no other action was taken.

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

35. Other new business.
None.

36. Adjournment
President Caen adjourned the meeting at 3:48 PM.