SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Tuesday, July 14, 2015
(Approved 7/28/15)

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
1. **Call to Order**  
   *President Caen called the meeting to order at 1:42 PM.*

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

3. **Approval of the Minutes of June 23, 2015**  
   *On Motion to approve the minutes of June 23, 2015: Ayes: Caen, Vietor, Courtney, Moran, and Kwon*

   **Public Comments**  
   *None.*

4. **General Public Comments**  
   - *Mr. Francisco Da Costa discussed the use of fresh water for toilets and suggested a hearing. He discussed water use, conservation, and project management.*

5. **Communications**  
   a) **Advance Calendar**  
   b) **Letter Summary**  
   c) **Triple Bottom Line Analysis for Sewer System Improvement Program**  
   d) **Clarification Notice of Unavailability of Water**  
   e) **Construction Management/General Contractor Overview**  
   *Commissioner Moran provided comments on item 5c. He requested this report be incorporated into the quarterly SSIP update. He asked that staff tighten up the financial component and provided examples.*

   *Commissioner Moran thanked staff for their work on 5e. He asked for a definition of core contractors, which Ms. Ivy Fine, Director of Contracts Bureau, provided. Brief discussion ensued. Commissioner Moran requested a report detailing last year’s construction contract awards (high, low, and winning bids). He indicated he is working with the City Attorney and staff to ensure a transparent process.*

   **Public Comments**  
   *None.*

6. **Other Commission Business**  
   *Commissioner Courtney discussed the SFPUC’s employee recognition program. He stated he would like the Commission more involved and suggested using the Recreation and Park award program as a model. He indicated he will return to the Commission with a proposal.*

7. **Report of the General Manager**  
   a) **Drought Update**
Mr. Steve Ritchie, Assistant General Manager (AGM), Water, provided a drought update. He noted Hetch Hetchy storage is high and the water bank is starting to increase. He discussed the status of other California reservoirs. He reviewed cumulative precipitation; Upcountry six-station precipitation index; Bay Area seven-station precipitation index; Total system deliveries; and retail water demand reduction from 2013 to 2015. Deputy General Manager (DGM) Carlin responded to a question from Vice President (VP) Vietor regarding reduced revenue due to the drought. She requested a budget projection be provided.

Mr. Ritchie updated the Commission on Curtailment Notices; Recent and relevant State Water Board Actions; and Hetch Hetchy operations, and concluded with a brief summary. Mr. Ritchie responded to a question from President Caen regarding the Water Bank.

b) Recognition of Cheryl Davis 32 Years of Service to the SFPUC
DGM Carlin provided a review of Ms. Davis’ distinguished career and thanked her for her service. Ms. Davis thanked the Commission and staff. She expressed thoughts on her career and appreciation for her colleagues.

Public Comments
None.

The Commission Secretary read the Consent items.

Commissioner Moran requested that item 8a be removed; Commissioner Caen requested that item 8c be removed.

8. Consent Calendar:
   a) Authorize the General Manager to negotiate and execute Agreement No. PRO.0008, Job Order Contract Implementation Services, with The Gordian Group (TGG), for an amount not to exceed $4,000,000, for terms better than TGG’s initial response to the request for proposals, and with a duration up to five years, to provide an SFPUC-customized Job Order Contract system and implementation services. (Resolution 15-0154)

   Commissioner Moran expressed concern with there being a single bidder on the contract. He asked that contracting staff look for additional eligible bidders on projects.

   On Motion to approve items 8a:
   Ayes: Caen, Vietor, Courtney, Moran, and Kwon

   b) Accept work performed by M Squared Construction, Inc. for Contract No. WD-2673R, As-Needed 2012 Annual Paving Contract for Services and Main Breaks; Approve Modification No.3 (Final), for an adjustment of the contract amount to reconcile the actual quantity of work performed, decreasing the contract by
$478,716, for a total contract amount of $3,611,084; and authorize final payment to the contractor. (Resolution 15-0153)

On Motion to approve items 8b:
Ayes: Caen, Vietor, Courtney, Moran, and Kwon

Public Comments
None.

c) Approve the plans and specifications and award Contract No. WD-2746, Auxiliary Water Supply System (AWSS) – New Cisterns E, in the amount of $4,316,950, to the lowest, qualified, responsible and responsive bidder, Azul Works, Inc., to construct five new AWSS buried concrete cisterns. The proposed action is the Approval Action as defined in the San Francisco Administrative Code, Chapter 31. (Resolution 15-0155)

President Caen asked about cistern locations, specifically in the southwest and southeast sections of the City. DGM Carlin and AGM How provided response.
President Caen requested a future update on the AWSS and cistern locations.

On Motion to approve items 8c:
Ayes: Caen, Vietor, Courtney, Moran, and Kwon

Public Comments
None.

9. Approve and recommend that the Board of Supervisors approve the conveyance of an easement over an approximately 3,627 square foot portion of property owned by the City and County of San Francisco, through its Public Utilities Commission, on SFPUC Parcel 656 to the City of Modesto; and authorize the City Director of Property or SFPUC’s General Manager to execute an agreement conveying the Easement to Modesto and an agreement with JWG McHenry LLC to pay SFPUC the fair market value of $35,000. The Easement Area is located in SFPUC Parcel 656 adjacent to its intersection with State Highway 108 (also known as McHenry Avenue) between Claratina and Grecian Avenues in Modesto, California (Stanislaus County Assessor’s Parcel No. 082-100-003). (Resolution 15-0156)

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

Public Comments
None.

10. Approve the Consent to Assignment Agreement for existing Contract No. CS-169; Approve Modification No. 1; and authorize the General Manager to negotiate and execute a Consent to Assignment of the existing Agreement from MWH/URS Joint
Venture to MWH Americas, Inc., subject to the Board of Supervisors approval pursuant to Charter Section 9.118; and if approved, authorize the General Manager to negotiate and execute Modification No. 1 of the existing Agreement once assigned to MWH Americas, Inc., to adjust terms to reflect changes necessary due to the Assignment.

Commissioner Courtney stated that, due to outstanding questions, he was not comfortable with the project moving forward. He requested that the item be removed and placed on next agenda. Brief discussion ensued on possible impacts if the item was deferred. Determining there were none, President Caen stated the item will be placed on the July 28th agenda.

11. Authorize the General Manager to issue a request for qualifications and subsequent request for proposals for Agreement No. WW-628, Southeast Water Pollution Control Plant (SEP) New Headworks Facility, a Construction Manager/General Contractor agreement (CM/GC), to construct a proposed new Headworks facility at the SEP for an amount estimated to be $225,000,000; receive responses to request for qualifications and request for proposals for said CM/GC agreement; conduct a selection process to identify the best qualified firm to provide CM/GC services, and return to the Commission for award and authorization to execute an agreement. (Resolution 15-0157)

AGM How introduced the item and requested approval.

Commissioner Moran introduced an amendment to the Resolution and provided explanation.

DGM Carlin read the proposed amendment for the record. Commission Secretary Hood asked for and received confirmation as to the placement of the amendment in the Resolution.

On Motion to approve the amendment:
Ayes: Caen, Vietor, Courtney, Moran, and Kwon

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

Public Comments
None.

12. Approve proposed modifications to the Floodwater Management Grant Program; and authorize the General Manager or his designee to execute Grant Agreements with applicants for Grant Assistance for Floodwater Management for San Francisco property owners who have an active SFPUC account for wastewater services under the modified program. The SFPUC will seek appropriations to increase its allocation to $2,000,000. (Resolution 15-0158)
Mr. Brian Henderson introduced the item and summarized the Grant Program modifications. Mr. Henderson responded to a question from Commissioner Vietor regarding the grant process and timing and she requested aggressive outreach.

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

Public Comments
• Mr. Dennis Casey, San Francisco Motorcycle Club, discussed the impact of the flood on their club house.
• Mr. Chris Hickey discussed flood impacts on his business and expressed the need for a permanent solution.
• Mr. Mark Jordan, San Francisco Motorcycle Club, noted work the Club has performed to alleviate flood impacts. He distributed a cost estimate for work to flood proof his building.
• Mr. Hans Art, NEMBA, expressed support for the Program and discussed measures he wants to take with the grant money.
• Ms. Angela Sinicropi, NEMBA, talked about flood impacts on her building. She discussed her work to help develop the grant program.
• Mr. Francisco Garcia, Stable Café, discussed the impact of floods on his business.
• Mr. Malcom Davis suggested underground storage to help alleviate flooding.
• Mr. Samuel Picasso, Folsom Street resident, discussed the impact on the floods to his residence and requested a solution.
• Ms. Maryann Robertson discussed the impact of flooding on her business and requested a long-term solution.

VP Vietor requested that staff provide an update on permanent flooding solutions. DGM Carlin briefly noted past actions and stated many solutions are being considered. He indicated that an update will be scheduled. Commissioner Kwon asked that the update include information about overflow sewage health implications. VP Vietor asked that the housing/park project timeline for the site be included.

13. Approve a 2015 Updated Community Choice Aggregation Implementation Plan and Statement of Intent; and authorize the General Manager to file the Updated Implementation Plan with the California Public Utilities Commission for Certification. (Resolution 15-0159)

Ms. Hale reviewed progress of the CCA Implementation Schedule and Key Milestones. She stated the June 30th stakeholder meeting was successful and that those meetings will continue. She noted the risk analysis will be presented to the Commission on September 29th. VP Vietor requested that the risk analysis include information from other CCA programs.
Ms. Hale provided a summary of the 2015 CCA Implementation Plan and Statement of Intent. She discussed minor changes to the previously distributed Implementation Plan: (pages three, four, six, seven, and 28), noting copies of those changes were distributed to the Commission and made available to the public.

At the request of VP Vietor, AGM Hale discussed what the California Public Utilities Commission is doing with electric rates. Brief discussion ensued.

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

Public Comments
- Mr. Jason Fried, LAFCo, expressed support and encouraged passage. He addressed the impact of the PG&E rate structure and discussed AB1110.
- Mr. Eric Brooks, SF Green Party/Our City/SF Energy Advocates, discussed impacts of PG&E rate changes to CCA. He expressed thoughts on the timeline and asked for acceleration. He touched on build-out planning.
- Mr. Jed Holtzman, 350 San Francisco, urged passage. He discussed the proposed PG&E rate increase and effect on CCA. He urged work on AB1110.
- Ms. Jess Dervin-Ackerman, Sierra Club, urged support. She asked how the BOS is formally involved in governing the program and process.

The Commission Secretary read the Closed Session items.

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

President Caen requested a motion to recuse Commissioner Courtney from Closed Session item 16 due to a conflict:

On Motion to recuse Commissioner Courtney from Closed Session item 16:
Ayes: Caen, Vietor, Moran, and Kwon

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, Courtney, Moran, and Kwon

The Commission entered Closed Session at 3:32 PM.

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)
   Unlitigated Claim
   Larry Wasserman v. CCSF
   City Attorney Claim Number: 15-02250/Date Filed: March 5, 2015 (Resolution 15-0160)
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)
Unlitigated Claim
*CCSF v. Pacific Gas & Electric Company*
City Attorney Claim Number: 15-1340/Date Filed: March 5, 2015
(Resolution 15-0161)

18. 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

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)
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

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*
San Francisco Superior Court Case No.: CGC-13-529310/Date Filed: 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*
Federal Energy Regulatory Commission
Case No.: EL15-3-000/Date Filed: October 10, 2014

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*
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

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:
*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

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
§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

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
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

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
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

27. 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 4:07 PM.

28. Announcement following Closed Session.
President Caen announced that settlements were reached on items 16 and 17, and that no other action was taken

29. Motion regarding whether to disclose the discussions during Closed Session.
On Motion to not to disclose:
Ayes: Caen, Vietor, Courtney, Moran, and Kwon
30. **Other new business.**
   Commissioner Courtney asked AGM How to provide the Commission with documentations regarding due-diligence related to item 10.

31. **Adjournment.**
   President Caen adjourned the meeting at 4:09 PM.