SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Tuesday, August 11, 2015
(As Approved on September 8, 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
Ike Kwon
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 1:36 PM.

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

3. Approval of the Minutes of July 28, 2015
On Motion to approve the Minutes of July 28, 2015:
Ayes: Caen, Courtney, Moran and Kwon

4. General Public Comments
None.

5. Communications
a) Advance Calendar
b) Letter Summary
c) WSIP Status of Construction Change Orders
d) Annual Real Estate Update

Public Comments
• Ms. Christine Hanson, Save CCSF Coalition, provided comments regarding the Annual Real Estate Update, specifically the Balboa Reservoir parcel and CEQA mistakes.

6. Other Commission Business
a) Adoption of a Resolution in support of the nomination of Kathleen Tieg as President of the Association of California Water Agencies (ACWA) for the 2016-17 term. (Resolution 15-0170)
Commissioner Moran reviewed the work of the ACWA and discussed its leadership structure. He summarized Ms. Tieg’s qualifications and requested support of her nomination.

On Motion to approve the nomination of Ms. Tieg as ACWA President:
Ayes: Caen, Courtney, Moran and Kwon

Public Comments
None.

7. Report of the General Manager
a) Drought Update
Assistant General Manager (AGM) Steve Ritchie provided a drought update. He noted current reservoir and water bank levels, and discussed the status of other California reservoirs. He reviewed current precipitation; Nine-county Bay Area lowest per capita consumption (June 2015); and total deliveries. He summarized
State Water Board curtailment actions; and concluded with a discussion of Tuolumne River flows.

AGM Ritchie responded to a question from Commissioner Kwon regarding next steps if a negative State Water Board response is received.

b) Community Choice Aggregation (CCA) Update
AGM Barbara Hale provided a CCA update. She indicated that the Board of Supervisors introduced a resolution reaffirming approval of the updated Implementation Plan. She updated the Commission on the status of the two proposed CCA ballot measures. She stated that after much discussion and work, IBEW will campaign in favor of Supervisor Breed’s measure and in opposition to the IBEW measure. AGM Hale announced that the Request for Offer (RFO) was published, and reviewed the RFO requirements. She indicated the program will serve both residential and commercial customers.

AGM Hale responded to a question from Commissioner Courtney regarding the reasons behind IBEW’s decision.

Commissioner Moran asked for and Ms. Hale provided clarification on her statement that the program will serve residential and commercial customers.

AGM Hale reviewed the upcoming CCA agenda action item, Implementation Schedule, and Key Milestones Chart.

Public Comments
• Mr. Jason Fried, LAFCo, thanked staff for the RFO and discussed the risk analysis approval. He suggested a SFPUC/LAFCo joint meeting in September. He provided thoughts on the ballot measure and thanked staff for their work.

c) Quarterly Audit and Performance Review Report
• Follow-up: 2012 Job Order Contract Program Audit, April 5, 2015
• Southeast Community Investments Evaluation Framework Phase I, April 2015
Ms. Nancy Hom, Director, Assurance and Internal Controls, provided a Quarterly Audit and Performance Review Report. She reviewed the two audits completed and reports issued; the 22 audits to be conducted during the next 12 months; and the City Services Auditor Annual Plan, FY 2015-16.

Commissioner Moran stated that the Commission should be proud of the audit program. He noted several audit findings suggest a solution of the implementation of a computer system. He indicated that would take time and stated that managers need to protect assets and have inventory controls.

d) Water Enterprise Capital Improvement Program Quarterly Reports
Ms. Kathy How, AGM Infrastructure, stated that design for the Peninsula Pipeline Seismic Upgrade has started and that it will help meet seismic reliability.
e) Water System Improvement Program (WSIP) Quarterly Reports

- **WSIP Quarterly Update**
  
  Mr. Dan Wade, WSIP Director, provided a WSIP Quarterly Report. He reviewed the program status and indicated that the regional projects are 88.7 percent complete; Local projects are 99.3 percent complete; and the overall WSIP is 89.6 percent complete. He outlined recent accomplishments. Mr. Wade provided pre-construction update on the Alameda Creek Recapture Project and the Alameda Creek Fish Passage Facilities. He indicated the overall program is on-schedule and on-budget. He reviewed projects in process: Calaveras Dam Replacement; Irvington Tunnel; New Irvington Tunnel Sound Wall removal; Peninsula Pipelines Seismic Upgrade; and Regional Groundwater storage and recovery.

  Director Wade then provided a WSIP Project Labor Agreement update; discussed dynamic partnerships and initiatives; and commended the Bioregional Habitat Restoration (BHR) training program.

  Commissioner Courtney congratulated Mr. Wade, GM Kelly, and staff for the BHR training program.

  Mr. Wade responded to a question from Commissioner Moran about risk and trends and the ability to meet financial needs.

  Mr. Wade provided response to Commissioner Kwon’s question about the status of the whale fossils at the Calaveras Dam site.

- **WSIP Regional Report**
- **WSIP Local Report**

f) Quarterly Budget Status Report

Mr. Eric Sandler, AGM Business Services and CFO, provided a Quarterly Budget Status Report (summary of FY 2015), noting numbers are pre-audit. He offered general observations: reduced revenues; mitigation efforts; policy targets; and implications for future planning. He reviewed FYE15 budget variances (sources and uses) for Water, Wastewater, and Hetchy. He concluded by outlining key financial ratios.

  President Caen asked for AGM Sandler’s thoughts on what will happen with continued drought. Mr. Sandler indicated staff is looking at scenario planning, and will return to the Commission to present those scenarios.

  Commissioner Moran indicated that conservation planning needs to be included with the scenario planning.

Public Comments

None.
8. **BAWSCA Update**  
*Ms. Nicole Sandkulla, BAWSCA, reviewed BAWSCA agencies’ June performance. She stated that June reduction was at 33 percent, noting the statewide reduction was 27 percent. She reviewed a chart of targets and savings levels for their member agencies and cities, and discussed the need for savings in the summer months. Ms. Sandkulla reviewed BAWSCA’s current conservation ad campaign. Ms. Sandkulla provided comments on Mountain Tunnel and the schedule.*

**Public Comments**  
None.

9. **Consent Calendar**
   a) **Approve the selection of KUBRA Data Transfer, Ltd. (KUBRA); Award Agreement No. CS-310, Electronic Bill Presentment and Payment Services, to provide various options for electronic bill presentment and payment and related services, including on-line, mobile, interactive voice response systems, and e-Cash payments to SFPUC customers; and authorize the General Manager to negotiate and execute a professional services agreement for an amount not to exceed $1,000,000, and with a duration of five years.** *(Resolution 15-0171)*

   b) **Accept work performed by Trinet Construction, Inc., for Contract No. HH-976, Coast Range Tunnel Inspection Access Work, for a total contract amount of $876,177, and with a total contract duration of 106 consecutive calendar days, and authorize final payment to the contractor.** *(Resolution 15-0172)*

   c) **Accept work performed by Kone, Inc., for Contract No. WW-526, Wastewater Enterprise Elevator Maintenance and Repair; Approve Modification No. 3 (Final), to account for actual costs of labor and materials required to complete work under bid item allowances, decreasing the amount of the contract by an additional $257,353, for a total contract amount of $218,847, and with a total contract duration of 1,188 consecutive calendar days; and authorize final payment to the contractor.** *(Resolution 15-0173)*

   d) **Approve the plans and specifications, and award Contract No. WW-569, Southeast Water Pollution Control Plant and Bruce Flynn Pump Station Fire Alarm System Upgrade, in the amount of $746,492, to the lowest, qualified, responsible and responsive bidder, L C General Engineering & Construction, Inc., to remove, replace, and upgrade the existing deficient and deteriorated facility alarm systems and to install new fire alarm systems in selected locations.** *(Resolution 15-0174)*

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

**Public Comments**  
None.
10. Approve the selection of Noble Americas Energy Solutions LLC; Award Agreement No. CS-247[R], Customer and Administrative Services for Community Choice Aggregation Program, to provide meter data management, billing, and customer care services; and authorize the General Manager to negotiate and execute a professional services agreement for an amount not-to-exceed $5,600,000, and with a duration of three years. (Resolution 15-0175)

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

Public Comments
None.

The Commission Secretary read the Closed Session items.

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, Moran and Kwon

Commissioner Caen requested a motion to recuse Commissioner Courtney from Closed Session item 13, due to a conflict.

On Motion to recuse Commissioner Courtney:
Ayes: Caen, Courtney, Moran and Kwon

Commissioner Courtney left the meeting room at 2:54 PM.

The Commission entered Closed Session a 2:54 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)

Unlitigated Claim
UCS Dungaree Company v. CCSF
Unlitigated File No.: 15-03104
Date Filed May 22, 2015
(Resolution 15-0176)

Commissioner Courtney returned to the meeting at 3:04 PM, after item 13 was heard.
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
CCSF vs. Pacific Gas and Electric Company
San Francisco Superior Court Case No.: CGC-13-529310
Date Filed: March 6, 2013
(Resolution 15-0177)

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
In re: Mountain Cascade Contract Litigation
San Mateo County Sup. Ct. Master File No.: CIV 519255
City Attorney File No.: 131300
Date Filed: June 11, 2013
(Resolution 15-0178)

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
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

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) and San Francisco Administrative Code Section 67.10 (d) (2)
Unlitigated Claim
CCSF v. AECOM
City Law No.: 1120061

18. 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. Sunol Valley Golf and Recreation Co.
Alameda Superior Court Case No.: RG14729649
City Attorney File No.: 131321
Date Filed: June 18, 2004

19. Conference with Real Property Negotiator - Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Property
A portion of Alameda County Watershed Lands known as a portion of Parcels 61 and 65, consisting of two 18 hole golf courses and related facilities, located at 6900 Mission Road, Sunol, CA.
Persons Negotiating:
SFPUC – Michael Carlin
Other Party – Alameda County Supervisor Scott Haggerty

Under Negotiation: Price _____ Terms of Payment _______ Both ___ XXX___

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
Federal Energy Regulatory Commission
Case No.: EL15-3-000/Date Filed: October 10, 2014

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:
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

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
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

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
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

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 Wholesale Distribution Tariff Replacement Agreements to be effective July 1, 2015
Case No.: ER15-704-000/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
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

26. 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 4:31 PM.

27. Announcement following Closed Session.
President Caen announced that settlements were reached on items 13, 14, and 15, and no other action was taken.

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

29. Other new business.
President Caen announced that the meeting of August 25th is cancelled.

30. Adjournment.
President Caen adjourned the meeting at 4:32 PM.