SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, September 22, 2015
(As Approved on October 13, 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 1:39 PM.

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

3. **Approval of the Minutes of September 9, 2015**  
   On Motion to approve the Minutes of September 22, 2015:  
   Ayes: Caen, Vietor, Courtney, Moran and Kwon

4. **General Public Comments**  
   - Mr. Francisco DaCosta discussed the need to represent the Ohlone people and to preserve resources.

5. **Communications**  
   a) **Advance Calendar**  
   b) **Early Implementation Projects Overview**  
   c) **Wastewater Enterprise (WWE) Capital Improvement Program (CIP) Quarterly Report**  
      Commissioner Moran expressed appreciation for the Triple Bottom Line information contained in the report.

      Vice President Vietor asked for financial information on the Central Bayside Project. General Manager (GM) Kelly stated staff would return with a schedule and financial data.

      President Caen requested comments be provided as to why WWE CIP projects are running late.

      President Caen asked how the bio-retention planters work. Ms. Karen Kubick, SSIP Director, provided response.

   d) **Water Pipeline Assessment**  
   e) **Water Supply Agreement Update**

   Public Comments  
   None.

6. **Other Commission Business**  
   None.

7. **Report of the General Manager**  
   a) **CCA Update**
GM Kelly introduced the item and Ms. Barbara Hale, Assistant General Manager (AGM) Power.

AGM Hale reviewed the proposed program objectives: (1) lead with affordable and reliable service; (2) develop a cleaner energy supply; and (3) develop new infrastructure and create local jobs. She reviewed the current implementation schedule and key milestones, and discussed assumptions associated with development of the schedule. She noted that the most effective supply options will require commitments over the $10M threshold and will require Board of Supervisors approval. She stated the risk assessment has grown into a business plan for the CleanPowerSF Program and it will be reviewed by a third party, which will take additional time. She discussed the new timeline which will delay launch a matter weeks.

Ms. Hale responded to a question from VP Vietor regarding the Business Plans (CleanPowerSF and Hetch Hetchy). GM Kelly provided additional comments.

Ms. Hale provided an update on Regulatory Activities: (1) Changes to PG&E rates and charges; and (2) PG&E Green Tariff. She discussed Legislative Activities (SB350).

AGM Hale reviewed supply efforts and discussed the two product offerings: (1) Default product proposal – greener than PG&E’s basic service; and (2) Premium “Opt-Up” product proposal – 100 percent renewable and GHG-free supply. Ms. Hale indicated that bids were requested for three different options. Bid Option 1: Firmed and Shaped Energy; Bid Option 2: Renewable Energy; and Resource Adequacy Capacity.

She discussed the bids received for Options 1, stating that six bids were received, attractive pricing and other terms are being evaluated, and three firms have been short-listed. She indicated that for Option 2, 52 bids were received and are under evaluation. She noted that six bids were received for Resource Adequacy Capacity, and are also under evaluation.

AGM Hale reviewed the evaluation criteria: (1) qualification and experience; (2) total cost of bid and value; (3) project viability; and (4) resource location and portfolio compatibility.

Ms. Hale turned the presentation over to Mr. Tyrone Jue, Director of Communications, who provided an enrollment and outreach update. He began his presentation with a CleanPowerSF video.

Mr. Jue discussed the power of choice and stated that the priority will be signing up customers for the “super green” option prior to auto-enrollment in the “green” product.
Director Jue discussed the outreach plan and associated enrollment for Phases I and II. He discussed the rationale behind the phased and prioritized enrollment process. He indicated that Phase I will begin with auto-enrollment in the Southeast, while Phase II will auto-enroll the center of the City. He noted the Phase I and II outreach budgets; discussed targets; other green pricing program participation; Green Tariff Program projections; and CleanPowerSF enrollment goals.

Vice President Vietor urged acceleration of the March 2016 projected launch date. GM Kelly provided brief response. She requested outreach start as soon as possible.

Commissioner Kwon thanked staff for the presentation and stated his support for the March launch date.

Commissioner Kwon was excused from the meeting at 2:32 PM.

In response to a question from Commissioner Moran, Director Jue stated that pre-enrollment will be open to both commercial and residential customers. Commissioner Moran asked additional questions on the opt-out process, to which Mr. Jue provided response. Commissioner Moran asked a follow-up on tying CleanPowerSF product offering with other SFPUC offerings, such as GoSolarSF. GM Kelly and Mr. Jue provided response. Commissioner Moran discussed access to customer information, and customer care and marketing.

Mr. Jue thanked his team for their work.

In response to a question from President Caen regarding how PG&E customers will be won-over, Mr. Jue indicated that outreach, marketing, networking and building a strong foundation will help with program success. GM Kelly noted that CleanPowerSF will lead with affordability and will include in-city renewable.

President Caen expressed concern with the Phase I roll-out in Southeast and the opt-out provision, and expressed the need to emphasize affordability and the green product. GM Kelly provided response.

Public Comments

- Mr. Eric Brooks, SF CleanEnergy Advocates, provided comments on marketing and the Phase I District 10 roll-out. He expressed concerns with program launch delays.
- Mr. Jason Fried, LAFCo, discussed the marketing plan; energy efficiency with build-out; and timeline.
- Mr. Francisco DaCosta discussed the power business plan and outreach efforts.
b) **Drought Update**

Mr. Steve Ritchie, AGM Water, provided a drought update. He discussed reservoir storage levels; Cumulative precipitation; Weekly total deliveries; Total system water savings; Summary of hot and dry weather patterns for Hetch Hetchy; El Nino effects; and State Water Board regulatory activities.

AGM Ritchie responded to a question from President Caen regarding recent State Water Board water rights announcements.

**Public Comments**

None.

8. **Sewer System Improvement Program (SSIP) Update**

Ms. Karen Kubick, SSIP Director, began her presentation by providing a timeline on Early Implementation Projects. She provided an update on the program-wide status, including project count by phase and expenditures, and discussed the Clean Water State Revolving Fund.

Director Kupick provided a pre-construction update on the following: SEP New Headworks Facility Project; Central Bayside Improvement Project; Biosolids Digesters Facilities Project; Green Infrastructure Early Implementation Projects; and Urban Watershed Assessment.

Ms. Kubick continued with a construction update on current and upcoming projects; Local workforce; and she concluded with a discussion of stakeholder engagement efforts.

Commissioner Courtney thanked Ms. Kubick for her report. He expressed the importance for emphasis on data points on local hire, and for wages going into the community. He requested more information about Green Infrastructure certification.

**Public Comments**

None.

9. **BAWSCA Update**

Ms. Nicole Sandkulla, BAWSCA, provided an update on water use characterizes in the service area: July per capita residential water use was lower than in summer 2014; BAWSCA agencies exceeded state board targets through July; Bulk of water savings must be achieved in summer months; and through 2015, BAWSCA agencies achieved 57 percent of total savings requirement.

Ms. Sandkulla provided and reviewed a written statement for the record about Mountain Tunnel.

**Public Comments**

None.
10. **Consent Calendar**
   
a) **Approve Amendment No. 1 to Agreement No. CS-110, Analytical and Technical Support, for Replacement of Key Energy Service Contracts and Agreements with Flynn Resources Consultants Inc., to provide ongoing analytical and technical support to the SFPUC for the management and replacement of its key energy service agreements; and authorize the General Manager to execute this amendment, increasing the agreement by $749,000, for a total not-to-exceed agreement amount of $4,499,000, and with a time extension of two years, for a total agreement duration of seven years.** *(Resolution 15-0189)*

b) **Approve an increase in the construction contract cost contingency for Contract No. WW-490, Oceanside Water Pollution Control Plant Digestion Conversion and Facility Improvements with Shimmick Construction Company Inc., in the amount of $449,146, with a non-compensable time extension of 60 consecutive calendar days, for a total contract duration of 1,170 consecutive calendar days; and authorize the General Manager, or his designee, to approve future modifications to the contract for a not-to-exceed total revised contract amount of $18,876,512, if appropriate.** *(Resolution 15-0190)*

c) **Approve the plans and specifications, and award Contract No. WW-579, North Point Facility Dewatering Pump Replacement and Electrical Upgrade, in the amount of $849,750 to the lowest, qualified, responsible and responsive bidder, Anvil Builders Inc., to repair and rehabilitate the existing deficient and deteriorated wastewater treatment dewatering mechanical pumping and electrical systems.** *(Resolution 15-0191)*

d) **Approve Modification No. 2 to Contract No. WW-592, As-Needed Main Sewer Replacement, with Harty Pipelines, Inc., to account for the difference between bid item quantities referenced in the contract and actual quantities used in the replacement work, increasing the amount of the contract by $211,941 for a total contract amount of $3,913,741.** *(Resolution 15-0192)*

e) **Approve the plans and specifications, and award Contract No. WW-609R, Holloway Green Street Stormwater Improvements, in the amount of $5,591,892 to the lowest, qualified, responsible and responsive bidder, M Squared Construction, Inc., to build green infrastructures, replace water and sewer pipelines, and perform necessary upgrades across nine blocks on Holloway Avenue.** *(Resolution 15-0193)*

f) **Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a letter agreement with the California Water Service Company to temporarily wheel up to one million gallons of emergency water supplies per month to Skylonda Mutual Water Company over a five month period through February 29, 2016.** *(Resolution 15-0194)*
On Motion to approve Consent items 10a through 10f:
Ayes: Caen, Vietor, Courtney, and Moran

Public Comments
None.

11. Authorize the General Manager to execute an amendment to the Memorandum of Understanding (MOU) between the Treasure Island Development Authority and the SFPUC regarding Naval Station Treasure Island utility services by extending the term of the MOU by one year to September 30, 2016, subject to all other existing terms and conditions. (Resolution 15-0195)

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

Public Comments
None.

12. Discussion and possible action to amend existing authorization for Water Enterprise revenue bond funding to include the use of grant and loan financing, referenced as “State Financing”, from the State Water Resources Control Board, to cost effectively finance the San Francisco Westside Recycled Water Project; Authorize the reimbursement of associated project costs from State Financing proceeds; Direct the General Manager to submit to the Board of Supervisors a proposed Ordinance authorizing: (1) amendment of previously authorized Water Enterprise debt issuance ordinance to include State Financing; and (2) delegation of authority to the Commission to execute an “Installment Sale Agreement and Grant” for State Financing for the Project; and authorize the General Manager, or his designee, to negotiate such Installment Sale Agreements and associated amendments, subject to additional Commission approval of the terms of such Installment Sale Agreements prior to execution and delivery. (Resolution 15-0196)

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

Public Comments
None.

The Commission Secretary read the Closed Session items 15, 16, 17, and 18, and indicated items 19 through 25 would not be heard.

13. Public Comments on matters to be discussed in Closed Session.
None.
14. 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, and Moran

   The Commission entered Closed Session at 3:29 PM.

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
   *Alejandro v. City and County of San Francisco*
   US District Court, Northern District of California Case No.: 14-CV-02866JSC
   City Attorney Number: 141329/Date Filed: May 22, 2014
   (Resolution 15-0197)

16. 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)

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)
   Existing Litigation
   *Cal State Constructors, Inc., v. City and County of San Francisco, et al.*
   San Francisco Superior Court, Case No.: CGC-14-542-910
   City Attorney No.: 150797/Date Filed: November 25, 2014
   (Resolution 15-0198)

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
   *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

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:
   *City and County of San Francisco v. Pacific Gas & Electric*
   Federal Energy Regulatory Commission
   Case No.: EL15-3-000/Date Filed: October 10, 2014

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:
   *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

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
   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

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
   §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

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

25. 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 4:08 PM.
26. **Announcement following Closed Session**  
   *President Caen announced that settlements were reached on item 15 and 17, and that no other action was taken.*

27. **Motion regarding whether to disclose the discussions during Closed Session**  
   *On Motion not to disclose:*  
   *Ayes: Caen, Vietor, Courtney, and Moran*

28. **Other new business**  
   *None.*

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