MINUTES
Tuesday, November 10, 2015
(Approved December 8, 2015)

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

Commissioners
Francesca Vietor, President
Anson Moran, Vice President
Ann Moller Caen
Vince Courtney
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 Vietor called the meeting to order at 1:38 PM.

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

   President Vietor stated that, due to the length of the agenda, a time limit of two minutes per person would be implemented for public comment on all agenda items.

3. Approval of the Minutes of October 27, 2015
   On Motion to approve the Minutes of October 27, 2015:
   Ayes: Vietor, Moran, Courtney and Kwon

   Public Comments
   None.

4. General Public Comments
   • Ms. Blaine Bachelor spoke to flooding issues in her neighborhood.
   • Mr. David Hooper, New Mission Terrace Improvement Association, discussed flooding in his Cayuga neighborhood.
   • Ms. Donna (inaudible) discussed flooding issues in Cayuga.

   Commissioner Caen arrived at 1:45 PM.

5. Communications
   a) Advance Calendar
   b) Letter Summary
   c) Forecast of SFPUC’s Procurement Plan
   d) WSIP Status of Construction Change Orders
   e) Response to Commissioner Question 06.23.15-04: Folsom Street Flooding

   Public Comments
   None.

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; Upcountry 6-station precipitation index; Bay Area 7-station precipitation index; Precipitation Forecasts; Total deliveries; and total system water savings.
Mr. Harlan Kelly, General Manager (GM), provided thoughts on public comments related to flooding. He indicated that the flooding issue will be placed on a future agenda, and stated that staff will work individually with homeowners.

b) Quarterly Audit and Performance Review Report
   i. Post Audit – Financial Transactions and Continuous Monitoring Program
   ii. Citywide Cash Disbursements Assessment
   iii. Annual Physical Inventory Count
   iv. Health & Safety Program Performance Assessment, Phase I
   v. Political Activity Fund Compliance Assessment of Select Vendors, Citywide
   vi. Priority Conservation Area Grant Program

Ms. Nancy Hom, Director, Assurance and Internal Controls, offered a summary of the audits performed and reports issued during the quarter. She noted audits and reports that are scheduled during the next 12 months.

c) Quarterly Budget Status Report
   Mr. Eric Sandler, AGM Business Services and CFO, provided a Q1 budget status report. He discussed general observations; FY 16 Water, Wastewater, and Hetchy Budget variances; and reviewed key reserve ratios.

   AGM Sandler responded to a question from Commissioner Caen regarding the debt service.

d) Water Enterprise Capital Improvement Program Quarterly Reports
   Ms. Kathy How, AGM, Infrastructure, discussed two projects that are behind schedule (Sunol Fire Suppression System and SF Groundwater Supply Project).

e) Water System Improvement Program (WSIP) Quarterly Update and Report
   • WSIP Regional Report
   • WSIP Local Report

   Mr. Dan Wade, WSIP Director, provided a WSIP update. He indicated that the WSIP is overall 90.8 percent complete and is on-budget. He discussed recent accomplishments. Director Wade provided a pre-construction update for the Alameda Creed Recapture and the Alameda Creek Fish Passage Facilities Projects. He reviewed the Calaveras Dam Replacement Project (Spillway and Borrow Area B), and Regional Groundwater Storage and Recovery.

   Commissioner Moran thanked Mr. Wade for his comments and requested that subsequent presentations include challenges.

Public Comments
   • Ms. Nicole Sandkulla, BAWSCA, thanked Mr. Wade and his team for their accomplishments. She discussed concerns with the WSIP budget.
The Commission Secretary read the Consent Calendar items, stating that item 8d was removed as the contract is completed and there are no outstanding task orders.

8. **Consent Calendar**
   
a) Approve the terms and conditions and authorize an amendment providing for a 12-month extension for a revocable license to Coastside County Water District to install and use a temporary above-ground 12-inch diameter PVC pipeline, approximately 2,000 feet in length, within a portion of SFPUC Parcel 31 in unincorporated San Mateo County, California, without a use fee. *(Resolution 15-0226)*

   b) Approve the selection of Aclara Technologies LLC; award Agreement No. CS-1039(ITS), Aclara Software as a Services Agreement, to provide software and data hosting services; and authorize to negotiate and execute a SaaS Agreement with Aclara for an amount not-to-exceed $1,940,374, and with a duration of up to 10 years. *(Resolution 15-0227)*

   c) Approve Contract No. HH-960, Consent to Assignment of Contract, Don Pedro Reservoir Crossing 115 kV and 230 kV Transmission Lines; and authorize the General Manager to execute a Consent to Assignment for the existing Contract No. HH-960 from System 3, Inc., to RES System 3, LLC. *(Resolution 15-0228)*

   d) Approve Contract No. JOC-26, Electrical (C-10 License), Governor & Exciter Systems for Hydroelectric Powerhouses, San Francisco/Peninsula/East Bay to Hetch Hetchy; and authorize General Manager to execute a Consent to Assignment for the existing contract from System 3, Inc. to RES System 3, LLC. Item 9d was removed from the calendar and not considered.

   e) Approve Contract No. JOC-55, Consent to Assignment of Contract, Electrical (C-10 License), Governor & Exciter Systems for Hetch Hetchy Hydroelectric Powerhouses; and authorize the General Manager to execute a Consent to Assignment for the existing contract from System 3, Inc. to RES System 3, LLC. *(Resolution 15-0229)*

   f) Approve Modification No. 22 to Contract No. WD-2685, Earthquake Safety and Emergency Response Bond Contract, Auxiliary Water Supply System Reservoir and Tanks Improvement (2013), with Cal State Constructors, Inc., to seismically improve Ashbury Heights Tank, Jones Street Tank, and Twin Peaks Reservoir, extending the contract duration by 90 consecutive calendar days, for a total contract duration of 815 consecutive calendar days. *(Resolution 15-0230)*

   g) Accept work performed by Cal State Constructors, Inc., for Contract No. WD-2697, Auxiliary Water Supply System – New Cisterns C; Approve Modification No. 6 (Final) decreasing the contract amount by $144,354, to reconcile final payment items to reflect actual quantities used under unit price and allowance bid items, for a total contract amount of $4,098,410, with a time extension of 100 consecutive
calendar days, for a total contract duration of 555 consecutive calendar days; and authorize final payment to the contractor. (Resolution 15-0231)

h) Approve Modification No. 1, to Contract No. WW-559R, Fixed Gas Monitoring System Upgrades, with U.S. Electric Technologies Inc., to account for additional replacements of fixed gas monitoring devices at existing locations, extending the contract duration by 180 consecutive calendar days, for a total contract duration of 545 consecutive calendar days, with no change to the contract value. (Resolution 15-0232)

i) Approve an increase in the construction contract cost contingency in the amount of $1,500,000; and an extension in the contract duration contingency of up to 156 consecutive calendar days for Contract No. WD-2727, Peninsula Pipeline Seismic Upgrade Project; and authorize the General Manager, or his designee, to approve modifications to the contract, if appropriate, for a total contract amount up to $24,310,018 and for a total revised contract duration of 716 consecutive calendar days. (Resolution 15-0233)

j) Accept Contract No. WD-2446, Local Water Conveyance/Distribution Program for 8-Inch Ductile Iron Pipe Main Installation on Hartford, 18th, 19th and Noe Streets; Approve Modification No. 2 (Final), increasing the amount by $34,260 for a total contract amount of $1,434,212, with no time extension, for a total duration of 264 consecutive calendar days; and authorize final payment to the contractor. (Resolution 15-0234)

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

Public Comments
None.

9. Adopt findings pursuant to the California Environmental Quality Act; Approve the termination of four utility easements encumbering Block 8722, Lot 001, and authorize the General Manager to execute the Termination of Easement and Easement Quitclaim Deeds, transferring the City and County of San Francisco’s interests in those easements to GSW Arena LLC, subject to the Board of Supervisor’s approval of an ordinance ordering the summary vacation of those utility easements, and satisfaction of the conditions set forth in that ordinance. (Resolution 15-0235)

CEQA-related documents:
http://www.gsweventcenter.com

Mr. Michael Carlin, Deputy General Manger (DGM), stated that a revised resolution was provided to the Commission, which contained an additional Resolved Clause regarding CEQA findings.
DGM Carlin reviewed the agenda item, discussed the easement locations, and summarized the action being requested.

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

Public Comments
- Mr. Donald Dewsnup expressed support for the project; the potential jobs; tax revenue; and open space. He encouraged passage.
- Ms. Toni Mobely expressed support for the project and encouraged passage.
- Mr. Edward Conrad discussed the need for the arena and the potential for jobs creation. He encouraged support.
- Mr. Joel Koepile, San Francisco Building and Construction Trades Council, expressed support for the project and encouraged passage.
- Mr. Pat Valentino, South Beach Merchant Association, stated the Association is in support of the project and encouraged passage.

In response to a question from President Vietor, DGM Carlin indicated that the project could be a retail customer of the SFPUC. He stated that discussions and negotiations will take place. President Vietor requested a negotiations timeline.

10. Adopt findings pursuant to the California Environmental Quality Act; Approve the plans and specifications; and award Contract No. WW-605R, Mission and Valencia Streets Green Gateway, in the amount of $2,949,013 to the lowest, qualified, responsible and responsive bidder, Anvil Builders, Inc., to build green infrastructures, replace water and sewer pipelines, and perform necessary upgrades across two blocks of Valencia Street and one block of Mission Street. (Resolution 15-0236)
Ms. Kathy How, AGM Infrastructure, introduced the item and requested approval. She discussed the bid process and responses received. AGM How indicated future green infrastructure projects will be packaged differently and with fewer alternate bid items.

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

Public Comments
None.

11. Authorize the General Manager to recommend to the Board of Supervisors proposed amendments to the 2015 Stormwater Management Ordinance (SMO) and Stormwater Design Guidelines to achieve compliance with the 2013 MS4 Permit requirements, and to reflect improvements made in the SFPUC’s Stormwater Control Plan review process. Proposed amendments clarify the
definition of a project subject to the SMO and add a Small Project threshold to the SMO. *(Resolution 15-0237)*

Mr. Tommy Moala, AGM Infrastructure, introduced the item and encouraged passage.

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

Public Comments
None.

12. Award Grant Agreement to the San Francisco Unified School District to fund the planning and design for incorporating stormwater management technologies into a preexisting Green Schoolyard project design for Robert Louis Stevenson Elementary School, for an amount not-to-exceed $177,000, and with a duration of two years and five months. *(Resolution 15-0238)*

Ms. Juliet Ellis, AGM External Affairs, introduced the item and encouraged passage.

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

Public Comments
• Mr. (inaudible), SFSU student, discussed stormwater management and encouraged support.
• Ms. (inaudible), SFSU student, provided thoughts on the benefits of stormwater management and encouraged support.

13. Approve Modification to Contract No. WD-2750, increase in the construction contract cost contingency for Site Remediation at 520 John Muir Drive, in the amount of $425,000 with an extension of the contract duration of 60 consecutive calendar days and authorize the General Manager, or his designee, to approve future modifications to the contract, if appropriate, for a total revised contract amount of $10,556,786 and for a total revised contract duration of 340 consecutive calendar days. *(Resolution 15-0239)*

AGM Ritchie introduced the item and requested passage. He responded to a question from Commissioner Caen regarding potential insurance payments.

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

Public Comments
• Mr. Eric Brooks, Sierra Club, discussed the toxins at the site that need to be removed.

AGM Ritchie noted the toxins that need to be removed from the site.
14. Authorize and execute an Installment Sale Agreement to secure a State
Revolving Fund (SRF) Loan not-to-exceed $7,435,000 for the construction of
Lake Merced Green Infrastructure – Holloway Green Street Project. (Resolution
15-0240)

AGM Sandler provided a background of the SRF Program; discussed the terms of
the loan; noted a list of SFR fund projects; reviewed financing terms; and outlined
the installment sales agreement.

Public Comments
None.

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

15. Authorize the General Manager to enter into a Memorandum of Understanding
(MOU) with the General Services Agency’s (GSA’s) Office of Contract
Administration of the City and County of San Francisco, and the GSA’s Real
Estate Division, establishing the terms and conditions of the jurisdictional transfer
of the property at 1800 Jerrold in San Francisco to the SFPUC, including: (1)
payment of up to $73,700,000, the value determined by the City’s Director of
Property as necessary for the functional replacement of the existing use of 1800
Jerrold for the City’s Central Fleet Maintenance Shop; (2) SFPUC to obtain
jurisdiction over properties at 555 Selby and 1975 Galvez in San Francisco
proposed for acquisition for Central Shops (Acquired Sites) relocation, subject to
Central Shops right to use the Acquired Sites for its functions; and (3) other MOU
terms and conditions, subject to Board of Supervisors approval of the jurisdictional
transfers, consistent with the MOU, and related approval actions necessary to
implement the MOU. The proposed action constitutes the Approval Action
pursuant to Section 31.04(h) of the San Francisco Administrative Code. (Resolution
15-0241)

DGM Carlin discussed the proposed jurisdictional transfer of 1800 Jerrold to the
SFPUC. He reviewed the jurisdiction of the site and discussed current use by
Central Shops. He discussed the possible relocation of Central Shops to the
alternate purchased sites of 555 Selby and 1975 Galvez, and the leased site of
450 Toland. He reviewed the relocation budget.

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

Public Comments
None.

16. Public hearing, discussion and possible action to approve two proposed
Appendices to the Rules & Regulations Governing Electric Service, approved by
Resolution 10-0018 on February 9, 2010. Appendix I would establish technical
standards for the SFPUC’s provision of electrical service. Appendix II would
establish protocols for the SFPUC’s provision of new distribution line and service line extensions. (Resolution 15-0242)
Ms. Barbara Hale, AGM Power, reviewed the item and requested approval.

On Motion to approve Item 16:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

Public Comments

• Mr. Eric Brooks, San Francisco Clean Energy Advocates, asked if the item will affect CleanPowerSF transmission and distribution potential.

AGM Hale indicated the action would not affect CleanPowerSF.

AGM Hale began with a brief overview of the CleanPowerSF Program. She discussed CleanPowerSF’s service obligations; Operating revenue opportunity and revenues comparison; Goals and objectives; Base case assumptions; Cost drivers; Base case sources and uses; Program risks - risk analysis; and sensitivity analysis. AGM Hale responded to a follow-up question regarding sensitivity analysis.

AGM Hale reviewed the Fundamental Program Design: (1) Design; (2) Market Conditions and Timing; (3) Operations; (4) Financial; and (5) Execution. She discussed each with their elements.

(1) Design
Product Content and Rate Setting Policies: (products, rates and suppliers). AGM Hale presented and discussed the recommend Product Content and Rate Setting Policies. She responded to questions from Vice President Moran on rate setting. Brief discussion ensued. Mr. Michael Hyams, CleanPowerSF Director, provided additional comments.

(2) Market Conditions and Timing
• Enrollment and Phasing: (mix of customers, pace of program growth, and timing of enrollment).
• Market Conditions: (forward electricity price trends, and growth considerations). AGM Hale discussed the recommend Product Phasing Policy. Brief discussion ensued.

(3) Operations
• Supply Portfolio Management: (supply drivers, primary downside supply risks, proactive supply planning and management, and portfolio structures). AGM Hale discussed the recommend Supply Management Policy. Discussion ensued.
• **Local Programs and Jobs Goal**: (supply programs, energy efficiency and response demand response programs, services available to CleanPowerSF customers, and local jobs projections). AGM Hale discussed the recommend Local Programs and Jobs Policy.

• **Regulatory Advocacy**: (CleanPowerSF regulatory requirements and needs, and regulatory/legislative strategies).

(4) **Financial**

• **Reserves**: (financial structure, Power Enterprise support, Reserves Policy consideration, and financial needs change with growth). AGM Sandler responded to a question from Vice President Moran regarding the impact of a Letter of Credit on other programs. Discussion ensued. AGM Hale discussed the recommend Reserve Policy.

(5) **Execution**

• **Governance Policy**: (guidance, strategy, execution, and controls). AGM Hale presented and discussed the recommend Performance Reporting Policy and Metrics.

AGM Hale concluded by stating the program design supports launch and that program risks and mitigation have been identified. She thanked her staff for their work.

In response to a question from Commissioner Kwon, AGM Hale indicated that there are no foreseeable timing issues which would affect launch.

AGM Hale responded to a question from Vice President Moran regarding the eight (8) percent operating margin. Discussion ensued.

Commissioner Moran provided additional thoughts on local build-out. AGM provided comments. Brief discussion ensued.

**Public Comments**

• **Mr. Eric Brooks**, Clean Energy Advocates, stated the program needs to be completely renewable by 2025, and indicated that the program won’t achieve goals without revenue bonds.

• **Mr. Jed Holtzman**, 350 SF, discussed the build-out and necessary financing. He offered thoughts on social media efforts for CleanPowerSF.

• **Mr. Jason Fried**, LAFCo, provided thoughts on financing policy/options; light green goal; rate adjustment; and separation of the Power Enterprise.

Commissioner Courtney provided comments on social media efforts. Mr. Tyrone Jue, Communications Director, provided clarification on CleanPowerSF social media work. Brief discussion ensued.
18. Authorize the General Manager to seek Board of Supervisors’ approval to: (a) amend legislation establishing the CleanPowerSF fund structure within the City’s financial management system, and adopt enabling legislation as required, consistent with development of an appropriation and funds certification process with the City Controller; (b) subject to Mayor and Controller approval, authorize a supplemental appropriation of funds for an additional loan to CleanPowerSF of up to $4 million from the Hetch Hetchy Enterprise fund balance, for a total loan amount not to exceed $8 million, as may be necessary to launch CleanPowerSF; and (c) amend existing CleanPowerSF working capital loan repayment terms to extend the loan repayment term from two years to five years from program launch, at an interest rate equal to the otherwise applicable County wide pool rate, and apply these terms for a total loan amount not to exceed $8 million.

(Resolution 15-0243)
AGM Sandler introduced the item and requested approval.

On Motion to approve Item 18:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

Public Comments
• Mr. Eric Brooks, SF Clean Energy Advocates, asked about the $8M loan amount.

AGM Sandler provided responded

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

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.
On Motion to assert:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

The Commission entered Closed Session at 4:37 PM.

President Vietor left the meeting at 4:37 PM.

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)
Unlitigated Claim
Charles Peppers v. City and County of San Francisco
City Law No.: 150787/Date Filed: July 16, 2013
(Resolution 15-0244)
President Vietor returned to the meeting at 4:40 PM.

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

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

Commissioner Vietor returned at 4:40 PM.

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

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.: ER15-703-000/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.: ER15-705-000/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 4:49 PM.

30. Announcement following Closed Session
President Vietor announced that item 21 was settled and no other action was taken.

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

32. Other new business
The Commission discussed the remaining November and December schedules and potential agenda items. Commissioner Courtney proposed cancelling the November 24th and December 22nd meetings. The Commission concurred.

33. Adjournment
President Vietor adjourned the meeting at 4:58 PM.