SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, May 24, 2016
(Approved June 14, 2016)

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 1:37 PM.

2. Roll Call  
   Present: Vietor, Moran, and Kwon  
   Commissioner Courtney arrived at 1:39 PM  
   Commissioner Caen arrived at 1:44 PM.

3. Approval of the Minutes of May 10, 2016  
   On Motion to approve the minutes of May 10, 2016:  
   Ayes: Vietor, Moran, and Kwon  
   No public comment.

4. General Public Comments  
   - Mr. Eddie Ahn, Brightline Defense, discussed the need for CalEnviroScreen and for the inclusion of Bayview Hunters Point.
   
   Commissioner Courtney arrived at 1:39 PM.

5. Communications  
   a) Advance Calendar  
   b) Letter Summary  
   c) Civic Center Sustainable District: Distributing Lessons Learned (QST-01.26.16-01)  
   d) GoSolarSF Workforce Development Information (QST-03.08.16-03)  
   e) Changes to the 2015-2016 Drought Program  
   
   No public comment.

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; Other California reservoir levels, Cumulative precipitation; Snowpack; Forecasted water available to the City; Upcountry 6-station precipitation Index; Bay Area 7-station precipitation Index; and Total Deliveries.

   AGM Ritchie discussed State Water Board Emergency Conservation Regulations and the Board’s May 18, 2016 regulation modifications. He reviewed San Francisco’s proposed actions in response.

   Commissioner Caen arrived at 1:44 PM.
Public Comments

- Ms. Nicole Sandkulla, BAWSCA, expressed support for the staff recommendation for continued 10 percent voluntary reduction system-wide.

b) CleanPowerSF Update

Ms. Barbara Hale, AGM Power, provided a brief update on CleanPowerSF. She indicated 7,700 independent locations are being served, and that there is a one percent opt-out rate. She stated 28 percent of the power supply is coming from Hetch Hetchy. She noted 370 customers are scheduled for service to begin in August, with 70 percent of those opting for SuperGreen.

Ms. Hale discussed a Smart Cities Vulcan Grant opportunity that is being pursued. The grant will provide programming for CleanPowerSF Customer base. She noted the Vulcan portion of the grant provides additional monies to focus on zero emission vehicles.

AGM Hale responded to a question from President Vietor regarding the use of Hetch Hetchy Power and the plan moving forward.

Vice President (VP) Moran discussed tying GoSolarSF to CleanPowerSF. AGM Hale stated that there is consideration of modification to the incentives in the GoSolarSF Program to CleanPowerSF customers, and offering more incentive to participate in GoSolarSF through CleanPowerSF. VP Moran stated he wants, and will be looking for a direct tie-in between the two programs.

Mr. Charles Sheehan, Acting Communications Director, provided an update on CleanPowerSF outreach efforts. He discussed the success of 350 SF volunteers on enrollment efforts, and their success with SuperGreen enrollment. He stated they will continue to assist with outreach efforts. He discussed additional outreach methods being utilized.

Mr. Sheehan responded to a question from President Vietor regarding utilizing Sierra Club volunteers in outreach efforts.

Public Comments

- Mr. Jason Fried, LAFCo, discussed the relationship between the GoSolarSF and CleanPowerSF Programs. He noted that POU customers need to be taken into consideration.
- Ms. Sylvia Johnson provided comments.

c) Hetch Hetchy Water and Power (HHWP) Enterprise CIP Quarterly Report

Ms. Kathy How, AGM Infrastructure, provided a HHWP CIP Quarterly Report. She stated four projects are over-budget, and discussed six projects that are behind schedule.

No public comment.
8. **BAWSCA Report**

Ms. Nicole Sandkulla, BAWSCA, discussed the Water Management Action Plan and upcoming decisions that will be made. She indicated BAWSCA expects the SFPUC to meet the Level of Service (LOS) Goals. She noted letters the Commission received from Mayors of San Jose, Santa Clara, and East Palo Alto, and indicated that BAWSCA supports their requests.

**Public Comments**

• Ms. Sylvia Johnson provided comments.

9. **Flooding Workshop**: Presentation of findings from the Flood Resilience Study, including flood-related policy options. The second of a series of presentations and discussions regarding the SFPUC’s current efforts and long-term plans to reduce flood risk.

Ms. Stefani Harrison, Project Manager, introduced the item and indicated that she would be discussing costs associated with different levels of flood protection and reviewing the benefits achieved by spending those funds. She emphasized that flood protection needs to be considered along with the many critical priorities faced by the SFPUC. She stated she would review flood protection policy options and capital planning and rate impacts.

She reviewed the agenda for the workshop: (1) Flooding Background; (2) Combined Collection System Background; (3) Flood Resilience Study Process; (4) Flood Protection Policy Options; and (5) Next Steps.

**Flooding Background**

Ms. Harrison reviewed stormwater, sanitary sewage, and combined water; and flooding terminology. She noted how flooding can occur; Reviewed San Francisco’s historic waterways; and discussed challenges with topography. She touched on the Folsom area as an example watershed and discussed what can happen during a large rain storm in that neighborhood.

**Combined Collection System Background**

Ms. Harrison provided a history and evolution of the Collection System from the 1840’s through 2016. She reviewed the Collection System LOS (Wastewater Enterprise Goal, and Wastewater Enterprise LOS).

She described the national context for flood protection, with New York, Chicago, Philadelphia, Seattle, and Kansas City, MO, having five-year storm design goals. She also discussed Sacramento, and San Francisco.

With respect to the impacts of new developments on flooding, Ms. Harrison discussed the management of stormwater (stormwater runoff; 2010 Stormwater Management Ordinance; and financially incentivizing stormwater management). Ms. Harrison then reviewed sanitary flows contributions from new developments, noting San Francisco’s plan for flood minimization projects (Multiple critical projects; SSIP; On-going R&R; and Flood Resilience Study).
Flood Resilience Study Process

Ms. Harrison provided a definition of flood resilience. She reviewed the Flood Resilience Study components to be discussed (infrastructure, and other flood risk reduction measures).

Within infrastructure, she discussed the flood resilience approach: (1) Conduct analysis; (2) Graph cost benefit curves; (3) Consider policy changes; and (4) Develop projects to implement.

She stated policy options need to be evaluated, and touched on the specific design storms evaluated (five to 100 year storms). She discussed basic processes for the Flood Resilience Analysis, and reviewed the economic impact as a sum of 13 different issue areas. She outlined methods and inputs for economic models.

Flood Protection Policy Options

Ms. Harrison discussed policy options. She reviewed representative infrastructure project sets and discussed “minimize flooding”. She further discussed flood protection policy options: Representative Infrastructure and Representative Project Costs for five, 10, 25, 50 and 100 year storms.

Ms. Harrison responded to a question from Commissioner Caen regarding costs for impacted areas. She continued with a review of representative project life cycle costs to provide flood protection from five, 10, 25, 50 and 100 year storms. She presented a graph of total life cycle costs for representative project sets, expressed in net present value. Ms. Harrison discussed what it would cost to build and maintain the infrastructure in each representative project set and the benefit (avoided impact) of implementing them. She presented a map showing total risk areas that are impacted by flooding during a five and 10 year storm.

Ms. Harrison responded to a question from Commissioner Kwon regarding historical topography of the flood areas.

Ms. Harrison discussed current 20-year planned Wastewater Rates. She then reviewed those rates with the inclusion of additional rates to provide additional flood protection for five, 10, 25, 50 and 100 year storms.

Next Steps

Ms. Harrison reviewed opportunities for public input on flooding and future policy discussion. She stated that outreach will continue and additional analysis toward a policy recommendation will occur.

Ms. Harrison responded to a question from President Vietor regarding potential Climate Change impacts on the collection system, waterway, and sea level rise. General Manager Kelly provided additional comments. Brief discussion ensued.

GM Kelly responded to a question from President Vietor on any planned infrastructure strategies for impermeable areas. Ms. Harrison provided additional response. Brief discussion ensued.
Vice President Moran asked about the prioritization of investments by economic value, including the 17th and Folsom area. Ms. Harrison and GM Kelly provided response. VP Moran discussed the need to understand and specifically address local impacts, and to have a safety net. He asked if the cost analysis for those local areas is included in the analysis. Ms. Harrison provided response.

Ms. Harrison responded to a question from Commissioner Kwon on the underlying cause of flooding. GM Kelly provided additional response. Ms. Harrison provided further comments.

Commissioner Caen asked about the modeling tools, and questioned if there are any other issues or factors that should be brought into the models. Ms. Harrison provided response.

President Vietor thanked Ms. Harrison for her presentation.

Public Comments

• Ms. Blane Bachelor, Mission Terrace resident, showed a video the December 2015 flood and noted that flooding impacts her property, family, and neighborhood. She thanked staff for their work. She requested the studying stop and action start.
• Ms. Sylvia Johnson provided comments.

10. Consent Calendar

a) Approve Amendment No. 2 to Agreement No. CS-991, Preliminary Design and Environmental Services, Power Transmission Project, with AECOM (formerly URS Corporation), to provide preliminary engineering design, cost estimating, and environmental analysis services; and authorize the General Manager to execute this amendment, increasing the agreement by $2,500,000, for a total not-to-exceed agreement amount of $7,500,000, with no change to the agreement duration. (Resolution 16-0093)

b) Approve an increase in the construction contract cost contingency, in the amount of $4,900,000, and an increase to the existing contract duration contingency of up to 240 consecutive calendar days for Contact No. WD-2596, Harry Tracy Water Treatment Plant Long-Term Improvements Project; and authorize the General Manager or his designee, to approve modifications to the contract, if appropriate, for a total contract amount of up to $196,516,700, and for a total revised contract duration of up to 2,025 consecutive calendar days. (Resolution 16-0094)

c) Approve the plans and specifications, and award Contract No. WD-2817, Peninsula Pipelines Seismic Upgrade – Phase III, in the amount of $6,979,152, to the lowest, qualified, responsible and responsive bidder, Mitchell Engineering, Inc., to seismically upgrade a portion of the San Andreas Pipeline No. 2 (SAPL2), and appurtenances along both the SAPL2 and the Sunset Supply Pipeline, and structurally modify valve vault facilities; and authorize the General Manager to enter into a Memorandum of Understanding with the San
Francisco Recreation and Parks Department (SFRPD), in connection with proposed project construction activities on lands owned or occupied by SFRPD. The proposed action is the Approval Action as defined in Administrative Code Chapter 31. (Resolution 16-0097)

d) Approve the Water Supply Assessment for the proposed Pier 70 Project, pursuant to the State of California Water Code Section 10910 et seq. and California Environmental Quality Act Section 21151.9 and CEQA Guidelines Section 15155. (Resolution 16-0095)

e) Approve execution of an Attestation of Veracity for the San Francisco Public Utilities Commission’s 2015 Power Source Disclosure (PSD) Report and submission of that Report to the California Energy Commission. The SFPUC is required by State law to annually disclose the sources of electricity generation used to serve the SFPUC’s end-use electric customers through the preparation of the PSD Report and Power Content Label. (Resolution 16-0096) Commissioner Courtney requested that item 10c be removed.

On Motion to approve Consent Items 10a, b, d and e:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

Item 10c: AGM How responded to a question from Commissioner Courtney regarding the scope of work and the Memorandum of Understanding with the San Francisco Recreation and Park Department.

On Motion to approve Consent Items 10c:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

Public Comments
• Ms. Sylvia Johnson provided comments.

11. Discussion and possible action to adopt the San Francisco Public Utilities Commission Strategic Plan 2020. (Resolution 16-0098)
Ms. Juliet Ellis, AGM External Affairs, reviewed the purpose of and need for the 2020 Strategic Plan.

She discussed the Strategic Planning process and how the SFPUC’s Mission, Vision and Values tie-in with the Strategic Plan.

AGM Ellis noted six Strategic Goals, and discussed the objectives associated with each: (1) Reliable Service and Assets; (2) Organizational Excellence; (3) Effective Workforce; (4) Financial Stability; (5) Stakeholder and Community Interest; and (6) Environmental Stewardship. Ms. Ellis provided examples of how the Strategic Plan aligns with other SFPUC priorities (CleanPowerSF; Expand Hetch Hetchy Power customer base; SSIP; WSIP; Drought Management; and approval of new rate package).

She concluded by outlining next steps (share internally; orient goal teams; secure consultant support; and develop action plans/KPI’s).
Commissioner Courtney thanked AGM Ellis for her work in the Southeast sector’s Pre-apprentice Center. Ms. Ellis responded to a question from Commissioner Courtney as to whether workforce development issues arising from pending and future retirements are being discussed. He stated he would like stakeholder involvement in the process, as it relates to the development piece. He referenced the Workforce Development portion of the Parks and Recreation Department’s Strategic Plan. He stated he would like to participate and be engaged with objectives number one and three.

GM Kelly stated that Workforce Development is complicated. He noted all of the interested parties and the work involved. Commissioner Courtney asked that he and the community be involved in the conversation.

AGM Ellis thanked Commissioner Courtney for his thoughts and stated she will engage him. She thanked the GM, Deputy General Manager, Assistant General Managers and staff for their work.

In response to comments from President Vietor, AGM Ellis stated that workgroups and goal champions will be part of the development process.

Commissioner Courtney requested that the information be shared with other departments.

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

Public Comments
  • Ms. Sylvia Johnson provided comments.

12. Approve the selection of Sundt/Walsh, a Joint Venture (JV); Award Contract No. WW-628, Southeast Water Pollution Control Plant (SEP) New Headworks Facility, a Construction Manager/General Contractor agreement (CM/GC), to provide pre-construction services and, if the project proceeds, construction services for a new Headworks facility at the SEP; and authorize the General Manager to negotiate and execute a CM/GC agreement with Sundt/Walsh, JV consistent with the requirements of Section 6.68(b)(2) of the San Francisco Administrative Code, for an amount up to $244,562,224. (Resolution 16-0099)

The Commission Secretary noted a typo in the contract amount in the agenda item and on the resolution, stating the correct amount of $244,562,224.

AGM How introduced the item, discussed the contracting RFQ/RFP process, and requested Commission approval.

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

VP Moran provided comments on the challenges with the form of contracting as well as the process. He emphasized the need for an open and transparent contracting process, and the need for auditing and reporting.
AGM How and GM Kelly concurred with VP Moran's concerns.

Public Comments
- Ms. Sylvia Johnson provided comments.

13. Approve the terms and conditions and authorize the General Manager to sign a new five-year lease between Bayview Plaza, LLC, as landlord, and the City and County of San Francisco, through the SFPUC, as tenant, to use approximately 10,740 rentable square feet of office space and one parking space located at 3801 Third Street, Suite 600, San Francisco, at an initial rental rate of $30,286.80 per month. The New Lease provides for a one, three-year extension option. (Resolution 16-0100)

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

No public comment.

14. Authorize the General Manager to execute a second amendment to the Memorandum of Understanding by and between the San Francisco Public Utilities Commission and Alameda County Resource Conservation District to continue the planning, design, and, where authorized under the California Environmental Quality Act, the implementation of natural resource management projects in the Alameda Creek Watershed for an amount not-to-exceed $3,500,000, subject to Board of Supervisors’ approval under Charter Section 9.118. (Resolution 16-0101)

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

No public comment.

At the request of the President, the Commission Secretary read items 15 and 16 together.

15. Approve a Second Extension Agreement between the City and County of San Francisco and the Turlock Irrigation District, which will extend the term of the existing Long Term Power Sales Agreement to either the earlier of approval of a replacement energy sales agreement by both parties, or June 30, 2017, subject to Board of Supervisors approval pursuant to Charter Section 9.118. (Resolution 16-0102)

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

No public comment.

16. Approve a Second Extension Agreement between the City and County of San Francisco and the Modesto Irrigation District, which will extend the term of the existing Long Term Power Sales Agreement to either the earlier of approval of a
replacement energy sales agreement by both parties, or June 30, 2017, subject to Board of Supervisors approval pursuant to Charter Section 9.118. (Resolution 16-0103)

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

No public comment.

The Commission Secretary read the Closed Session items, stating items 22 through 28 would not be heard.

17. 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 4:13 PM.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.40 (d) (1)
Unlitigated Claim
State Farm v. CCSF
City Attorney File No.: 140988
Date Filed: February 12, 2016
(Resolution 16-0104)

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
People of the State of California v. San Francisco Public Utilities Commission
City Law File No.: 151337
Date Filed: July 2016
(Resolution 16-0105)

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
Matt Pear et al v City and County of San Francisco, Court of Appeals, Sixth Appellate District
Date Filed: July 5, 2012
City Attorney File No.: 130094

Items 21 through 28 were not heard.

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

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  
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

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 Transmission Owner Tariff Replacement Agreements to be effective July 1, 2015  
Case No.: ER15-705-000/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 Wholesale Distribution Tariff Replacement Agreements to be effective July 1, 2015  
Case No.: ER15-704-000/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
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

28. 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 4:33 PM.

29. Announcement following Closed Session
President Vietor announced that settlements were reached on items 18 and 19, and that no other action was taken.

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

31. Other New Business
None.

32. Adjournment
President Vietor adjourned the meeting at 4:34 PM.