SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, June 14, 2016
(Approved June 28, 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 1:38 PM.

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

3. Approval of the Minutes of May 24, 2016
   On Motion to approve the Minutes of May 24, 2016:
   Ayes: Vietor, Moran, Caen, and Kwon
   No public comment.

4. General Public Comments
   • Mr. Eddie Ahn, Brightline Defense, reviewed the City’s Local Hiring Report. He discussed CalEnviroScreen and the need for the inclusion of the Bayview.

5. Communications
   a) Advance Calendar
   b) Letter Summary
   c) Contract Advertisement Report
   d) SFPUC’s Response to BAWSCA’s Recommendations on the Proposed March 2016 Revised WSIP
   No public comment.

6. Other Commission Business
   None.
   Commissioner Courtney arrived at 1:42 PM.

7. Report of the General Manager
   a) Recognition of Sukhjinder S. Sandhu on his Retirement
      Mr. Harlan L. Kelly, Jr. General Manager (GM), introduced Mr. Sandhu and recognized his 31 years of distinguished service. Mr. Sandhu thanked the Commission for the recognition.
      No public comment.

   b) Recognition of Toye Moses on his Retirement
      GM Kelly announced the retirement of Mr. Moses, who served as the Executive Director to the Southeast Community Facility for the past 24 years. He reviewed his work and thanked him for his service. Mr. Moses thanked the Commission for the recognition, and thanked his staff and his family for their support.
      No public comment.

   c) Drought Update
      Mr. Steve Ritchie, Assistant General Manager (AGM) Water, provided a Drought Update. He reviewed current reservoir storage levels, stating that Hetchy Hetchy...
is full, and that overall storage is at 87 percent. He indicated that chances for additional precipitation and snowpack are limited. He discussed Tuolumne River available to the City, and noted Total Deliveries. He outlined drought actions, stating that there is a continued call for a system-wide voluntary reduction in demand of 10 percent from 2013 demands. He concluded by noting upcoming Commission actions on water restrictions.

No public comment.

d) CleanPowerSF Update
Ms. Barbara Hale, AGM Power, stated that CleanPowerSF customer payments are beginning to be received, and that the payment system is working well. She noted the third opt-out notice has been sent and the fourth notice will be sent in July. She indicated the current opt-out rate is at 1.2 percent; that there is a three percent enrollment in SuperGreen; and that there are 432 customers enrolled for August. She discussed increased Megawatt possibilities, given certain enrollment projections and various options.

AGM Hale responded to a question from President Vietor on plans after November.

Vice President (VP) Moran requested a summary outlining incentives programs for rooftop solar. Brief discussion ensued.

AGM Hale responded to a question from Commissioner Caen regarding reasons given by customers who opt-out of the program. She stated she would provide the Commission with that information.

Public Comments
• Mr. Eric Brooks, SF Green Party/Our City/SF Clean Energy Advocates/ Californians for Energy Choice, stated he was pleased with the low opt-out rate. He requested an increased Megawatt load. He discussed the Sydney Australia Renewable Energy Master Plan.
• Mr. Jason Fried, LAFCo, expressed excitement with the low opt-out rate. He discussed possible program growth and increased Megawatts that may be needed.

e) Update on Wastewater Bond Sale
Mr. Eric Sandler, AGM Business Services and CFO, provided results of the May 10, 2016 Wastewater Revenue Bond sale. He stated that $308.4M in bonds were sold, and that $240M of those were green bonds. He indicated the borrowing term is 30 years.

AGM Sandler reviewed Wastewater’s credit ratings and stated that S&P upgraded the rating to AA, and Moody’s affirmed a credit rating of Aa3. He noted favorable market conditions; discussed the successful sale with strong response from multiple bidders; and stated it was a notable green bond issue with significant press coverage.
Ms. Kathy How, AGM Infrastructure, provided comments on the WWE CIP Quarterly Report. She stated that the North Shore Force Main Project is behind schedule, noting negotiations with the contractor should be completed by the end of the year.

Public Comments
- Mr. Eric Brooks, SF Green Party/Our City/SF Clean Energy Advocates, discussed ACA 11, which will put a measure on the ballot to allow legislature to eliminate California Public Utilities Commission.

8. Consent Calendar
   a) Approve Amendment No. 1 to CS-386.A, .B, and .C, As-needed Engineering Design Services, with Kennedy/Jenks Consultants and AGS Inc., Joint Venture (JV) (CS-386.A); MWH Americas Inc., - Water Resources Engineering Inc., JV (CS-386.B); and URS Corporation (CS-386.C); and authorize the General Manager to execute this amendment, increasing each agreement up to $1,500,000, for a total not-to-exceed agreement amount of $4,500,000, with no change to the duration of each agreement. (Resolution 16-0106)

   b) Approve an increase in the existing construction contract duration contingency of up to 273 consecutive calendar days, for Contract HH-979, San Joaquin Pipeline No. 1 Replacement at the San Joaquin Valve House; and authorize the General Manager to approve future modifications to this contract, for a total revised contract duration of up to 443 consecutive calendar days. (Resolution 16-0107)

   c) Approve the selection of JDH Corrosion Consultants, Inc., (JDH), and V&A Consulting Engineers, Inc., (V&A); Award Agreement Nos. PRO.0012.A and PRO.0012.B, Corrosion Control Engineering Services for Water Supply and Treatment Division (WSTD), to provide corrosion control engineering services for projects pertaining to WSTD-operated pipeline segments, tanks and storage vessels, and other WSTD facilities; and authorize the General Manager to negotiate and execute professional services agreements with JDH (PRO.0012.A), and V&A (PRO.0012.B), for an amount not to exceed $1,000,000 per agreement, and with a duration of seven years each. (Resolution 16-0108)

   d) Accept work performed by Ranger Pipelines, Inc., for Contract No. WD-2575, San Antonio Backup Pipeline; Approve Modification No. 24 (Final), reducing the contract amount by $14,356, for a total contract amount of $32,964,066, and with a time extension of 275 consecutive calendar days, for a total contract duration of 1,008 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0109)

   e) Approve an increase in the construction contract duration contingency for Contract No. WD-2707, As-Needed Integration Services (Lenel VAR required)
2013 to 2015, of up to 180 consecutive calendar days; and authorize the General Manager to approve future modifications to the contract for a total revised contract duration of up to 983 consecutive calendar days. (Resolution 16-0110)

f) Accept work performed by MSquared Construction, Inc., for Contract No. WD-2683R, 8-inch Ductile Iron Water Main Installation on Indiana, Tennessee, Mariposa and 3rd Streets; Approve Modification No. 2 (Final), reducing the contract by $296,000, for a total contract amount of $2,312,707, and with a time extension of 228 consecutive calendar days, for a total contract duration of 528 consecutive calendar days; and authorize final payment, to the contractor. (Resolution 16-0111)

g) Accept work performed by A. Ruiz Construction Co., & Assoc., Inc., for Contract No. WW-593R, As-Needed Sewer Cleaning and Inspection; Approve Modification No. 3 (Final), increasing the not-to-exceed contract amount by $48,961, for a total contract amount not-to-exceed $1,752,986; and authorize final payment to the contractor. (Resolution 16-0112)

h) Approve the plans and specifications, and award Contract No. WW-618, Richmond/Sunset Districts Sewer Replacement and Pavement Renovation, in the amount of $8,881,895, to the lowest, qualified, responsible and responsive bidder, D’Arcy and Harty Construction, Inc., to replace existing sewers and street pavement on the subject streets in the City of San Francisco. The proposed action is the Approval Action as defined in Chapter 31 of the San Francisco Administrative Code. (Resolution 16-0113)

i) Approve the plans and specifications, and award Contract No. WW-622, Haight-Ashbury/Tenderloin/Diamond Heights Districts Sewer Replacement and Pavement Renovation, in the amount of $4,286,775, to the lowest, qualified, responsible and responsive bidder, M. Hernandez Construction, Inc., to replace the existing sewers and street pavement on the subject streets in the City of San Francisco. The proposed action is the Approval Action as defined in Chapter 31 of the San Francisco Administrative Code. (Resolution 16-0114)

j) Approve the plans and specifications, and award Contract No. WW-640, As-Needed Sewer Cleaning and Inspection (FY17), in the not-to-exceed total contract amount of $1,587,700, to the lowest, qualified, responsible and responsive bidder, Pipe and Plant Solutions, Inc., to clean and inspect existing sewers, on an as-needed basis, at locations to be determined throughout the City of San Francisco. The proposed action is the Approval Action as defined in Chapter 31 of the San Francisco Administrative Code. (Resolution 16-0115)

k) Authorize the General Manager to execute an Agreement with the Association of Bay Area Governments for administration and distribution of State grant funds up to $3,000,000 to be used for the Lower Cherry Aqueduct Emergency Rehabilitation Project, and to recommend approval by the Board of Supervisors. (Resolution 16-0116)
I) Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with the County of Alameda – Community Development Agency, Department of Agriculture/Weights and Measures to assist the SFPUC by providing invasive weed control and rodent control services at selected sites within the Alameda Creek Watershed through an agreement with an initial term of three years, and not-to-exceed $75,000. President Vietor requested that item 8l be removed from calendar.

On Motion to approve Consent Items 8a through 8k:
Ayes: Vietor, Moran, Caen, Courtney and Kwon

No public comment.

AGM Ritchie responded to a question from President Vietor regarding pesticide use associated with this, and all SFPUC projects. He noted Exhibit A which identifies pesticides that may be used, but indicated that any pesticide usage will adhere to the Integrated Pest Management Program (IPM). GM Kelly indicated that the SFPUC has worked closely with the Department of the Environment on the project.

Public Comment (item 8l)
• Ms. Eric Brooks, SF Green Party/Our City, discussed the use of Tier 1 herbicides and would like their use minimized. He requested the resolution be amended to contain additional language regarding limiting the use of Tier 1 herbicides.

Discussion on the Department of the Environment’s familiarity with the IPM ensued. President Vietor requested that the Department of the Environment provide a recommendation on pesticide use, and that their concurrence with the project be provided. Commissioner Courtney concurred.

President Vietor continued the item to June 28, 2016.

9. Approve Amendment No. 4 to Agreement No. CS-879.C, Engineering Project Design Services, with Kennedy/Jenks Consultants, for continued engineering design and engineering services during construction for the Regional Groundwater Storage and Recovery Project and the San Francisco Groundwater Supply Project; and authorize the General Manager to execute this amendment increasing the agreement by $2,000,000, for a total not-to-exceed agreement amount of $18,500,000, and with a time extension of three years, for a total agreement duration of 12 years, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (Resolution 16-0117)

The Commission Secretary stated that the agenda item and resolution incorrectly state the approval is for amendment number three, but should reflect amendment number four. She stated the correction has been made and revised documents have been provide to the Commission and the public.

On Motion to approve Item 9 as corrected:
Ayes: Vietor, Moran, Caen, Courtney and Kwon
No public comment.

10. Discussion of the Draft 2040 Water Management Action Plan (WaterMap) for the City and County of San Francisco. The Commission will provide planning guidance based upon which a water supply program description will be developed for approval.

AGM Ritchie stated the WaterMap provides background on information regarding: (1) Regional Water System, its customers, and the Water System Improvement Program; (2) Relevant agreements and regulation; and (3) Assessment of the balance between water supplies and demands in drought and non-drought years. He indicated it also describes: (1) Policy questions that need to be answered; (2) Descriptions of water supply options; and (3) Recommended program.

He reviewed what was being asked of the Commission, noting that no action was being requested at the meeting. He offered a background of the WaterMap and discussed questions that will ultimately need to be answered.

Mr. Ritchie provided a graph of FY 14-15 purchases as compared to individual supply guarantees (ISG) for all customers; and ISGs compared to FY 14-15 purchases and projected 2040 purchases. AGM Ritchie responded to a question from President Vietor on how the ISGs were reached.

Mr. Ritchie presented WaterMap questions that need to be answered: (1) How should the SFPUC maintain delivery reliability while addressing reduction in supply availability caused by new instream flow requirements (3.5 mgd); (2) What options should SFPUC consider to make the City of San José a permanent customer of the Regional Water System (9.5 mgd); (3) What options should the SFPUC consider to make the City of Santa Clara a permanent customer of the Regional Water System (5.0 mgd); (4) What options should the SFPUC consider to provide an additional supply of up to 1.5 mgd to meet East Palo Alto’s projected increase in demands that exceed their ISG; and (5) Should the SFPUC revise its current performance objective on rationing in order to increase drought year reliability of the Regional Water System. AGM Ritchie offered proposed answers to these questions.

AGM Ritchie noted potential supply options: (1) Additional diversion from the Tuolumne; (2) Desalination; (3) Non-potable/recycled water; (4) Direct/indirect potable reuse projects; and (5) Conservation. He discussed additional considerations.

Mr. Ritchie reviewed what was being asked of the Commission, and reiterated no action was being requested. He reviewed a 2016 – 2018 timeline.

President Vietor expressed a desire to make East Palo Alto whole. AGM Ritchie responded to a question from President Vietor if discussions with the “Big Four” have begun.
Public Comments

- **Mr. Brian Perkins, Congresswoman Speier’s Office**, spoke on behalf of East Palo Alto’s request for an additional 1.5 mgd. He discussed East Palo Alto’s demographics, their rapid growth, and need for the additional water supply.

- **Ms. Lisa Gauthier, East Palo Alto City Council Member**, discussed East Palo Alto’s current supply allocation. She discussed the community demographics and economic situation. She requested that the Commission prioritizes East Palo Alto’s request for an additional 1.5 mgd.

- **Mr. Patrick Brock, East Palo Alto-Belle Haven Chamber of Commerce**, spoke in favor of East Palo Alto’s request for an additional 1.5 mgd.

- **Ms. Nicole Sandkulla, BAWSCA**, distributed and read a statement about water requests for East Palo Alto, San José, and Santa Clara. She stated BAWSCA supports their requests.

- **Mr. Jeff Poetsch, President, Ravenswood Shores Business District**, spoke in favor of East Palo Alto’s request for an additional 1.5 mgd.

- **Maeve Johnston, Community Health Planner, San Mateo County Health System**, spoke in favor of East Palo Alto’s request for an additional 1.5 mgd. She stated their request addresses a public health issue.

- **Letters received**

President Vietor stated no action was being requested on the item. AGM Ritchie responded to a question from President Vietor regarding the process and when Commission action will be needed.

**VP Moran** discussed the two types of requests for additional water that are being requested (permanent versus temporary customers). He referred to the 1984 and 2009 Water Supply Agreements, what they say regarding water supply, the mechanism for water supply guarantee transfers between willing partners, and associated problems and the difficulty of addressing those problems.

He discussed East Palo Alto’s request of 1.5 mgd and the 2018 deadline. He indicated a possible short-term solution would be for an agreement for acquisition of supply guarantee. He expressed a desire to meet the need, but isn’t sure how the SFPUC can currently meet it.

He discussed interruptible customers; expressed a desire to solve the issue; and to have consistent rules throughout the Bay Area water agencies.

He stated in addition to contract issues, there is a water allocation issue. He noted contractual obligations to meet the water supply of the Wholesale Customers, stating that need currently cannot be met.

**VP Moran** stated that projects need to have associated costs included, and those need to be provided as soon as possible so choices can be made. He offered a priority list: (1) Which needs should be met at the at highest (meet existing demands), and lowest priority levels; (2) How big is the goal in terms of water; (3) What is the preference to meet the needs (e.g. conservation; reclamation, etc.); (4) What tools are needed; and (5) Other issues (e.g. permits, etc.).
President Vietor requested that when considering the priorities, sequencing be included, and that East Palo Alto’s request, along with the 2040 issue be recognized.

Commissioner Kwon requested that a tour of East Palo be arranged.

VP Moran discussed challenges and stated that time is a key factor.

GM Kelly stated the supply guarantee issue is one of the first issues that need to be addressed. He discussed challenges with prioritization and associated costs. Brief discussion ensued.

AGM Ritchie thanked the Commission for their input and direction and agreed with the need for a prioritized list.

11. Public Hearing, discussion and possible action to adopt 2015 Urban Water Management Plan. (Resolution 16-0118)
AGM Ritchie introduced the item and requested approval.

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

No public comment.

12. Authorize the General Manager to negotiate and execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with Silicon Valley Clean Water (SVCW), the Bay Area Water Supply & Conservation Agency, and Cal Water, for an amount not-to-exceed $35,000 and with a duration of 18 months, which will provide partial funding for a feasibility study to assess the viability of an indirect potable reuse supply project from SVCW’s existing treatment plant. (Resolution 16-0119)
AGM Ritchie introduced the item and requested approval.

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

No public comment.

13. Authorize the General Manager to execute an Amended and Restated Memorandum of Understanding by and between the SFPUC and the San Francisco Recreation and Parks Department to describe the parties’ responsibilities and obligations with regard to the SFPUC’s San Francisco Groundwater Supply Phase Two and Westside Recycled Water Projects; and authorize the General Manager to obtain Board of Supervisors Budget and Finance Committee approval to release $120,827,000 on reserve for the Recycled Water Project (Project CUW302-01), and Board approval to construct well buildings and a recycled water pump station building in Golden Gate Park, in accordance with Charter Section 4.113. (Resolution 16-0120)
AGM Ritchie introduced the item and requested approval. He commended Barbara Palacios, Project Manager for the Recycled Water Project, and Jeff
Gillman, Project Manager, Westside Groundwater Project for their work.

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

No public comment.

At the request of the President, the Commission Secretary read the Closed Session items. She stated items 19 through 25 would not be heard.

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

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: Vietor, Moran, Caen, Courtney and Kwon

The Commission entered Closed Session at 3:35 PM.

Commissioner Courtney departed the meeting at 3:35 PM.

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) Unlitigated Claims between the City and County of San Francisco and Jacobs Engineering Group, Inc., related to SFPUC Contract No. CS-914, and previously settled action In re: Mountain Cascade San Mateo County Superior Court, Master File No. CIV 519255 City Attorney File No.: 131300 (Resolution 16-0121)

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) Yosemite Slough Site, U.S. EPA Region IX, CERCLA Docket No.: 2016-05 City Attorney File No.: 090923 (Resolution 16-0122)

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 Gary Frank and Debbie Frank v. City and County of San Francisco, et al Date Filed: September 16, 2014 CGG-14-541671 City Law File No.: 150303 (Resolution 16-0123)
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
Federal Energy Regulatory Commission
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
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 4:00 PM.

26. **Announcement following Closed Session**

President Vietor announced that settlements were reached on items 16, 17, and 18, and that no other action was taken.

27. **Motion regarding whether to disclose the discussions during Closed Session**

On Motion not to disclose:

   Ayes: Vietor, Moran, Caen, and Kwon

28. **Other New Business**

   None.

29. **Adjournment**

   President Vietor adjourned the meeting at 4:00 PM.