SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, June 28, 2016
(Approved July 12, 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 1:41 PM.

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

3. Approval of the Minutes of June 14, 2016  
   On Motion to approve the Minutes of June 14, 2016:  
   Ayes: Vietor, Moran, Caen and Courtney

Public Comments  
   • Mr. Francisco DaCosta spoke about lead pipes in public housing and requested testing and empirical data. He stated that there is too much development and discussed the need for resource sharing. He stated graywater should be used in toilets. He discussed Brexit and asked if the SFPUC has investments in Britain.

4. General Public Comments  
   None.

5. Communications  
   a) Advance Calendar  
   b) Letter Summary  
   c) Status of Large Development Projects in the Water Service Area  
   d) Water Supply Agreement Update  
      No public comment.

6. Other Commission Business  
   None.

7. Report of the General Manager  
   a) Recognition of John Gregson on his Retirement  
      Mr. Harlan Kelly, Jr., General Manager (GM), recognized Mr. Gregson and his distinguished 37 year career. Mr. Gregson thanked the Commission and discussed his service, noting organizational changes over the years.  
      No public comment.
   
   b) Drought Update  
      Ms. Ellen Levin, Deputy Manager, Water, provided a Drought Update. She discussed current reservoir storage levels, stating Hetch Hetchy is over 100 percent full. She noted that despite wetter weather the system's storage will not fill. She stated there will be a continued 10 percent system-wide demand reduction from 2013, and that the Wholesale customers were notified. She reviewed Total Deliveries; and concluded with a review of upcoming drought actions: (1) additional water waste prohibitions; and (2) revising the drought program.
Vice President (VP) Moran thanked Ms. Levin for the clarification of planning efforts. He stated the reinforcement of plans is important and requested periodic update regarding efforts to meet the 10 percent voluntary goal.

No public comment.

c) CleanPowerSF Update
Ms. Barbara Hale, AGM Power, stated that bill payments continue to be received. She indicated there are 7,900 customer locations, with service to 7,400 active locations. She stated the opt-out rate is at 1.3 percent, with a steady three percent SuperGreen enrollment.

AGM Hale provided information on a question posed by Commissioner Caen at the last meeting regarding the reasons for customer opt-out. She stated the main reasons are: (1) dislike for government run program; and (2) dislike of auto-enrollment. She stated she will provide a memo with additional detail on opt-out information in the near future. She noted there are 471 pre-enrollments for service scheduled to begin in November, with 70 percent of those choosing SuperGreen.

Ms. Hale discussed procurement planning and stated work continues to ensure supply for August enrollees. She stated the bid process and options are being reviewed. She indicated it is tight market and that the Phase-in Policy adopted by the Commission is being followed. She noted overall program planning is proceeding and that a program growth roadmap and integrated resource plans are in process.

AGM Hale discussed the Sydney Plan, noting it is a comprehensive plan of energy use (electric and gas), with the focus on greenhouse gas reductions. She stated that 90 percent of the electricity used in Sydney comes from coal-fired power plants and a focus of the plan is to resolve that problem. She discussed generation and renewable goals of the Sydney Plan.

She stated work is in progress to formalize regulatory and legislative collaboration with other operating CCA. She informed the Commission that the CCA’s are incorporating as an association and by-laws are being drafted.

Public Comments
- Mr. Eric Brooks, SF Clean Energy Advocates, applauded the low opt-out rate. He stated the Sydney Plan noting is a citywide plan with financing. He said there is a need for a citywide renewable energy and efficiency master plan.
- Mr. Jason Fried, LAFCo, thanked staff for their work and discussed the low opt-out rate. He noted the need to balance long-term planning with reality of a two to three year plan, and stated yearly review is needed.

d) Update on Proposed State Legislation - ACA 11
AGM Hale discussed ACA 11, a reform measure for the California Public Utilities Commission. She outlined the proposed legislative reforms, and discussed
impacts of the measure and possible effects on the SFPUC and on the City and County of San Francisco. She stated staff is closely monitoring the measure and will keep the Commission updated.

AGM Hale responded to a question from Commissioner Courtney regarding compliance or waver under the Contracts Code.

Public Comments
• Mr. Eric Brooks, Californian’s for Energy Choice, discussed the legislation.

8. BAWSCA Update
Ms. Nicole Sandkulla, BAWSCA, thanked the Commission for their discussions related to the Water Management Action Plan (MAP). She discussed the progress on fixing the Mountain Tunnel. She provided a written copy of her statement.

GM Kelly and VP Moran responded to a question from President Vietor regarding timeline for Water MAP recommendations.

No public comment.

The Commission Secretary read the Consent Calendar.

9. Consent Calendar
a) Approve the plans and specifications, and award Contract No. HH-986, 2017 Mountain Tunnel Interim Repairs, in the amount of $4,960,260, to the lowest, qualified, responsible and responsive bidder, Sierra Mountain Construction, to repair 7,200 linear feet of the Mountain Tunnel concrete lining, including performing road improvements to Rickson Road and providing assistance to the 2017 tunnel inspection. This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. (Resolution 16-0124)

b) Approve the plans and specifications, and award Contract No. WD-2760, 12-Inch and 8-Inch Ductile Iron Water Main Replacement, Sewer Replacement and Pavement Renovation on Waller Street and Various Side Streets, in the amount of $4,822,740, to the lowest, qualified, responsible and responsive bidder, M. Hernandez Construction, Inc., (dba Hernandez Engineering). (Resolution 16-0125)

c) Approve the plans and specifications, and award Contract No. WD-2781, 8-Inch Ductile Iron Water Main Replacement, Sewer Replacement, Pavement Renovation on Russia Avenue, Prague Street and various side streets, in the amount of $5,499,989, to the lowest, qualified, responsible and responsive bidder, Hernandez Engineering. This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. (Resolution 16-0126)

d) Authorize the General Manager to update and make permanent mandatory water waste restrictions as required pursuant to the Governor’s May 9, 2016
Executive Order, and to update language in the existing Section E, Rule 12 of the SFPUC’s Rules and Regulations Governing Water Service to Customers to reflect the SFPUC’s current procedures for responding to reports of water waste. (Resolution 16-0127)

e) 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. (Resolution 16-0128)

President Vietor requested that item 9e be removed.

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

No public comment.

President Vietor presented an amended resolution with the addition of two Whereas Clauses, which were read into the record by the Commission Secretary.

Mr. Tim Ramirez, Manager, Natural Resources and Lands Management, discussed the proposed amendments, which were made as a result of a request from President Vietor at the June 14, 2015 meeting to ensure the Pest Management Ordinance is being followed. He stated that the Department of the Environment concurs with the amendments.

On Motion to approve the amendments to Items 9e:
Ayes: Vietor, Moran, Caen, and Courtney

On Motion to approve item 9e as amended:
Ayes: Vietor, Moran, Caen, and Courtney

Public Comments
- Mr. Eric Brooks, SF Green Party, stated the new language is much improved. He asked that language be included that the use of Tier One pesticides be minimized. He discussed the need to add language to ensure private contractors in other counties working on SFPUC land cannot break the rules.

In response to a question from President Vietor, Mr. Ramirez discussed the Department of the Environment’s pending report on analysis of Tier One pesticides, which is due in November. President Vietor requested the report be provided to the Commission when complete.
In response to the concerns of Mr. Brooks, Mr. Ramirez stated any contractor working on SFPUC property located outside of San Francisco must adhere to applicable City and County of ordinances.

10. Approve Amendment No. 3 to Agreement No. CS-954B, As-needed Environmental Services, with RMC Water and Environment to provide necessary consultant expertise to deliver environmental services for SFPUC capital projects; and authorize the General Manager to execute this amendment with a time extension of six months, for a total agreement duration of seven years and 10 months, with no change in the Agreement's value. (Resolution 16-0129)

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

No public comment.

11. Public hearing, discussion, and possible action to adopt changes to the 2015-2016 Drought Program to ease mandatory reductions on outdoor irrigation with potable water. The Drought Program would continue the call for a 10 percent reduction in water use by all customers, but proposed changes would: (1) cease the current 25 percent mandatory reduction in water use by dedicated irrigation customers and corresponding excess use charges; (2) reduce the current mandatory reduction in water use by Interruptible Water Service customers from 30 percent to 10 percent, subject to excess use charges; and (3) revert reduced wastewater flow factors that had been adjusted to reflect a 25 percent reduction in irrigation usage back to their pre-adjusted reduced values. (Resolution 16-0130)

Ms. Paula Kehoe, Manager of Water Resources, outlined the proposed changes to the 2015 -2016 Drought Program: (1) cease the current 25 percent mandatory reduction in water use by dedicated irrigation customers and corresponding excess use charges; (2) reduce the current mandatory reduction in water use by Interruptible Water Service customers from 30 percent to 10 percent, subject to excess use charges; and (3) revert reduced wastewater flow factors that had been adjusted to reflect a 25 percent reduction in irrigation usage back to their pre-adjusted reduced values.

Ms. Kehoe responded to a question from VP Moran regarding the volume of water involved. Brief discussion ensued on the need for conservation and savings.

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

No public comment.

At the request of the President, the Commission Secretary read the Closed Session items, stating item 24 would not be heard.

12. Public Comments on matters to be discussed in Closed Session.
None.
13. 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, and Courtney

   The Commission entered Closed Session at 2:39 PM.

14. Conference with Real Property Negotiator pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8(a)(2)
    Property: 38240 Canyon Heights Drive, Fremont, California

    Persons Negotiating:
    SFPUC: Michael Carlin and Rosanna Russell

    Potential Buyers:
    Scott Zengel for Lafferty Homes
    James L. Meek for STL Company, LLC
    Kenneth S. Tersini for KT Urban Acquisitions, LLC
    Joshua Reed for Pacific Union
    Brian Steele for Trumark Homes
    Ciyavash Moazzani for Warmington Homes

    Under Discussion: Terms of Payment _____ Price _____ Both _____

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)
    Unlitigated Claim
    San Francisco against Landmark American Insurance Company and RSUI Indemnity Company
    (Resolution 16-0131)

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
    Existing Litigation
    Allied Insurance Company v City and County of San Francisco
    San Francisco Superior Court No.: CGC-15-543789
    City Attorney File No.: 150803
    (Resolution 16-0132)

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)
    Unlitigated Claim
    Raymond Kruse and Ashley Kruse v. Precision Engineering, Inc., et al.
    San Francisco Superior Court No.: CGC-14-541704
    City Attorney File No.: 150524
    (Resolution 16-0133)
18. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
City and County of San Francisco v. Pacific Gas & Electric
Federal Energy Regulatory Commission
Case No.: EL15-3-000/Date Filed: October 10, 2014

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:
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

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
§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

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
§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

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 Wholesale Distribution Tariff Replacement Agreements to be effective July 1, 2015
Case No.: ER15-704-000/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
24. **Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code 67.10 (a)**

*Commissioner Courtney departed the meeting at 3:24 PM.*

*The Commission exited Closed Session at 3:30 PM.*

25. **Announcement following Closed Session**

*President Vietor announced that settlements were reached on items 15, 16, and 17, and that no other action was taken.*

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

*On Motion not to disclose:*

*Ayes: Vietor, Moran, and Caen*

27. **Other New Business.**

*None.*

28. **Adjournment.**

*President Vietor adjourned the meeting at 3:30 PM.*