SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, September 27, 2016
(Approved October 11, 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  
Vice President (VP) Moran called the meeting to order at 1:36 PM.

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

3. Approval of the Minutes of September 13, 2016  
On Motion to approve the Minutes of September 13, 2016:  
Ayes: Moran, Caen, Courtney and Kwon

No public comment.

4. General Public Comments  
• Mr. Eddie Ahn, Brightline, discussed the most recent CalEnviroscreen Report, which includes Bayview Hunters Point.

5. Communications  
a) Advance Calendar  
VP Moran asked a follow-up question regarding sewer lateral maintenance. He requested a formal memo, to include the information provided on the Question Summary (QST-09-13-16-01). He noted the Public Works Code which outlines responsibility of the City and property owners, and asked that the memo include clarification on what it means for a property owner to be responsible for maintenance, but not repair and replacement.

b) Letter Summary

c) Drought Update

No public comment.

6. Other Commission Business  
None.

7. Report of the General Manager  
a) CleanPowerSF Update  
Ms. Barbara Hale, Assistant General Manager (AGM) Power, provided an update on the following CleanPowerSF Program items:

• Enrollment: There are currently 8,000 customer locations (7,300 active locations); Opt-out rate is holding at 1.9 percent (May enrollment); 67,400 notices have been sent for fall enrollment, which has an opt-out rate of 0.4 percent and 151 SuperGreen enrollees. Enrollment for Q1-2017 is taking place, with 153 customers queued and 75 percent of those electing SuperGreen.

• Procurement: Two procurement efforts are underway: (1) One of four confirmations has been signed in order to meet resource adequacy requirements; (2) Long-term contracting requirement for the State Renewable Portfolio Standard is progressing.
• **Collaboration and Partnerships**: Collaboration continues with other CCA’s. A formal non-profit California CCA Association (Cal CCA) has been created. The first meeting will be held in October.

• **CleanPowerSF Staffing**: AGM Hale introduced CleanPowerSF staff, including those in communications-funded positions.

• **Programming and Planning**: AGM Hale reviewed (1) Growth/Phasing Plan; (2) Integrated Resource Plan; and (3) Program Planning and Implementation.

• **PG&E Procurement Plan**: In response to a prior question from President Vietor, AGM Hale provided information on PG&E’s Procurement Plans, and the amount of energy efficiency and renewable that are part of the plans associated with the disabling the Diablo Canyon Nuclear Generating Station.

• **Outreach Efforts**: Mr. Charles Sheehan, Acting Communications Director, discussed outreach efforts and the first major advertising campaign. He shared posters that will be placed throughout the Castro MUNI Station, and stated current outreach efforts will focus on Districts 5 and 8.

  Mr. Sheehan responded to a question from Commissioner Caen as to why Districts 5 and 8 were selected for the initial focused campaign.

  No public comment.

b) **SFPUC FY 2015-16 Year-End Budget Report**

Mr. Eric Sandler, AGM Business Services and CFO, provided a report on the FY 2015-16 year-end budget. He discussed general observations, stating Water and Wastewater had reduced revenues from drought response; and indicated Power had lower revenues, mainly from Western System Power Pool sales. He noted financial results meet policy targets for coverage and reserves.

CFO Sandler discussed FY2016 Water, Wastewater, and Power budget variances (sources and uses), and reviewed key reserve ratios.

Mr. Sandler responded to a question from VP Moran regard water sales volume as compared to budget assumptions. VP Moran requested a policy be developed addressing how the SFPUC will deal with revenue generated as a result of exceeding consumption targets.

AGM Sandler responded to a question from VP Moran regarding the end-of-year working capital reserves for CleanPowerSF.

  No public comment.

c) **Biennial Budget Update**

Mr. Eric Sandler presented a biennial budget update. He reviewed the budget development and approval calendar for FY2016-17 and FY2017-18, noting steps that have been taken since February’s budget adoption. Mr.
Sandler discussed: (1) Budget priorities; (2) Summarized operating and capital (technical) changes since Commission approval; (3) Operating budget changes; and (4) Capital budget.

AGM Sandler responded to a question from VP Moran regarding budget considerations for the second year of the two-year budget cycle. VP Moran noted the opportunity to make policy changes during the second-year.

No public comment.

d) Peninsula Watershed Update

Mr. Steve Ritchie, AGM Water, provided an update regarding the Peninsula Watershed Education and Recreation Improvements. He provided background and general information regarding the Watershed. AGM Ritchie discussed Watershed management, referring to the Watershed Management Plan (adopted in 2002), and the Water Enterprise Environmental Stewardship Policy (adopted in 2006).

Mr. Ritchie provided information about and a map of the Peninsula Watershed Trails (existing and proposed trail projects). He discussed the proposed trail projects: (1) Bay Area Ridge Trail Extension; (2) North San Andreas Trail Connector; and (3) Crystal Springs Regional Trail improvements.

AGM Ritchie reviewed an additional trail project, Whiting Ridge Connector, which was proposed in the GGNRA General Management Plan, and is not included in SFPUC Peninsula Watershed Management Plan.

He discussed current docent-led tours, and the proposal to move to an annual permit system coupled with the Bay Area Ridge Trail extension. He provided summary comments and thanked the Commission.

Commissioner Caen expressed displeasure with the prospect of introducing more people into the Watershed. She indicated her primary concern is water and its protection. Mr. Ritchie responded to a question on how the permit system would work.

Commissioner Kwon concurred with Commissioner Caen’s comments, and agreed the Watershed and water needs protection. He expressed concern with increased pedestrian traffic.

AGM Ritchie responded affirmative to a question from VP Moran as to if there is a need for CEQA review for the proposed projects. VP Moran stated primary concern should be for the protection of the Watershed.

Mr. Ritchie noted emails received in support of and opposition to opening the Watershed.
Mr. Ritchie responded to a question regarding who is responsible for the enforcement of the Watershed’s rules and regulations.

Public Comment

- Mr. Marshall Dinowitz, Sequoia Audubon Society, expressed opposition to opening the Watershed. He stated there other locations that offer recreational opportunities. He discussed the potential for fire, dangerous wildlife encounters, ecology, and endangered species. He noted the original agreement when the land was purchased.
- Ms. Lennie Roberts, Portola Valley Committee for Green Foothills, San Mateo and Santa Clara Counties, expressed opposition to opening the Watershed, and disagrees with the staff position allowing unaccompanied access. She noted other recreation locations. She suggested expanding the docent program. She discussed language in the Final EIR.
- Mr. Peter Vaernet stated he has never been to Watershed since it is not a park or a recreation area. He discussed 60K acres of Peninsula open space trails surrounding Watershed that are available for recreation. He recommended expanding the docent program.

Marshes Fire

AGM Ritchie provided a brief update on Marshes Fire, which began near Moccasin on September 26, 2016. He stated the fire doesn’t threaten SFPUC facilities or water sources. He reviewed the Moccasin response structure, and indicated staff is monitoring the situation and will keep the Commission informed.

Bay Delta Plan Update

DGM Carlin discussed the Bay Delta Plan, a substitute environmental document regarding tributaries flows to the San Joaquin River. He stated the document is being analyzed and comments will be provided.

Public Comment

- Mr. Peter Drekmeier, Tuolumne River Trust, provided comments on the Bay Delta Plan. He discussed flows and FERC requirements. He thanked the Commission for their work.

8. BAWSCA Update

Ms. Nicole Sandkulla, BAWSCA, congratulated Commissioners Caen and Courtney on their reappointments. She read a statement about the progress to find more water for the City of East Palo Alto. She submitted her comments in writing for the record.

No public comment.

The Commission Secretary read the Consent Calendar.

9. Consent Calendar
   a) Approve the Water Supply Assessment for the proposed 1629 Market
Street Project, pursuant to the State of California Water Code Section 10910 et seq. and California Environmental Quality Act (CEQA) Section 21151.9 and CEQA Guidelines Section 15155. (Resolution 16-0201)

b) Accept work performed by M Squared Construction, Inc., for Contract No. WD-2615, 8-Inch Ductile Iron Water Main Installation on McAllister, Fulton, and Grove Streets; Approve Modification No. 2 (Final), increasing the contract by $262,854, for a total contract amount of $2,327,812, and a total contract duration of 374 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0202)

c) Accept work performed by Ranger Pipelines, Inc., for Contract No. WD-2622, San Francisco Groundwater Supply Pipeline; Approve Modification No. 3 (Final), decreasing the contract amount by $720,802, to reconcile final payment items to reflect actual quantities used under unit price and allowance bid items, for a total contract amount of $8,455,883, with a total contract duration of 505 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0203)

d) Accept work performed by JMB Construction, Inc., for Contract No. WW-510R, Schwerin Street Sewer System Improvement; Approve Modification No. 3 (Final), decreasing the contract amount by $91,235, for a total contract amount of $4,110,280, with a time extension of 14 consecutive calendar days, for a total contract duration of 284 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0204)

e) Accept work performed by J. Flores Construction, Inc., for Contract No. WW-601, As-Needed Spot Sewer Replacement, for a total contract not-to-exceed amount of $6,059,059, with a total contract duration of 394 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0205)

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

No public comment.

10. Approve Amendment No. 2 to Agreement No. CS-116.D, Environmental Analysis Services for the Sunol Yard Improvement Project (now the Sunol Long-term Improvements Project), with URS Corporation Americas to provide environmental compliance services during construction; Authorize the General Manager to execute this amendment, with a time extension of up to one year, for a total agreement duration of seven years and eight months, with no change to the agreement amount. (Resolution 16-0206)

Ms. Kathy How, AGM Infrastructure, introduced the item, discussed the need for the time extension, and requested Commission approval.

On Motion to approve item 10:
Ayes: Moran, Caen, Courtney and Kwon
No public comment.

The Commission Secretary read the Closed Session items, noting items 17 through 24 would not be heard.

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

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

The Commission entered Closed Session at 2:56 PM.

13. 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
Center for Environmental Science, Accuracy, & Reliability (“CESAR”) v. National Parks Service
Case No.: 1:14-cv-02063-LJO-MJS, United States District Court, Eastern District of California
City Law No.: 150247/Date Filed: August 18, 2014

14. 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 No.: 151139/Date Filed: April 21, 2016

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation
City and County of San Francisco v. In & Out Drain Cleaning, Inc., dba In & Out Plumbing, et al.
Superior Court Case No.: CGC-15-544912
City Law Number: 150492/Date Filed: March 24, 2015
(Resolution 16-0207)

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)
Unlitigated Claim
Proposed Settlement of Unlitigated Claim No. 16-03439 brought by Calvin Nakanishi arising from the Casitas Incident
17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
*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 6/30/15.
Case No.: ER15-702-000/Date Filed: December 23, 2014

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:
*Pacific Gas & Electric*
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective 6/30/15.
Case No.: ER15-703-000/Date Filed December 23, 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
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective 7/1/15
Case No.: ER15-705-000/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 Wholesale Distribution Tariff Replacement Agreements to be effective 7/1/15
Case No.: ER15-704-000/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
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

22. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10 (a)

The Commission exited Closed Session at 3:12 PM.

The Commission Secretary stated she inadvertently omitted reading item 16 prior to Closed Session. She then read that item.

23. Announcement following Closed Session
VP Moran announced that settlements were reached on items 16 and 17, and that no other action was taken.

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

25. Other New Business
VP Moran congratulated Commissioners Caen, Vietor, and Courtney on their reappointments to the Commission.

26. Adjournment
VP Moran adjourned the meeting at 3:15 PM.