



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, January 26, 2016
(Approved February 9, 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 Moran called the meeting to order at 1:43 PM.

2. Roll Call

Present: Moran, Caen, Kwon

Excused: Vietor, Courtney

3. Approval of the Minutes of January 12, 2016

On Motion to approve the Minutes of January 12, 2016:

Ayes: Moran, Caen, Kwon

4. General Public Comments

Vice President (VP) Moran noted the passing of Dr. Espanola Jackson. He discussed his professional relationship with her and expressed appreciation for her dedication to San Francisco and her community.

- *Mr. Ted Lowenberg, SFPUC CAC, discussed a CAC resolution he authored to develop legislation that each new living unit built in San Francisco have individual water meters for more efficient water use tracking.*

5. Communications

a) Advance Calendar

b) Letter Summary

c) Civic Center Sustainable District Program Update

VP Moran referred to the benchmarking opportunity for other municipalities as noted in the memo. He requested staff prepare a follow-up memo discussing the plan for distributing the benchmarking knowledge learned.

Public Comment

None.

6. Other Commission Business

None.

7. Report of the General Manager

Mr. Michael Carlin, Deputy General Manager (DGM) stated that a resolution honoring Dr. Jackson will be brought before the Commission in February.

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; Overall precipitation forecast; and total deliveries. He provided discussed State Water Board proposed conservation actions, and noted regulations for water diversion measuring and reporting.

Public Comment

None.

b) CleanPowerSF Update

Ms. Barbara Hale, AGM Power, provided a CleanPowerSF update. She reviewed base case sources and uses; Updated the Commission on the status of contract negotiations; and reviewed the schedule of key milestones, noting the May 1 launch date.

AGM Hale responded to a question from Commissioner Kwon regarding current enrollment numbers for the Super Green option.

Public Comment

Mr. Jason Fried, LAFCo, encouraged individuals to sign-up for the Program, specifically the Super Green option.

c) Quarterly Budget Status Update

Mr. Eric Sandler, CFO and AGM Business Services, provided a quarterly budget status update. He noted general observations; FY16 Water budget variances (sources and uses); FY16 Wastewater budgetary variances (sources and uses); FY16 Hetch Hetchy Budgetary variances (sources and uses); and discussed key reserve rations.

CFO Sandler responded to a question from Commissioner Caen regarding the Water Enterprise debt service coverage.

DGM Carlin discussed the Flint, Michigan water contamination. He stated SFPUC water quality reports can be found on the SFPUC website.

Public Comment

None.

8. Quarterly Audit and Performance Review Report

a) California Independent System Operation, Scheduling Coordinators Self-Audit

b) Evaluation of Lessons Learned from WSIP and Applied to SSIP

c) Citywide Procurement Assessment – Commodities and Professional Services

Ms. Nancy Hom, Director of Assurance and Internal Controls, presented a second quarter (Q2) audit and performance review report. She indicated that in Q2 there were 47 audits and assessments conducted, with eight completed, 11 in progress, and 19 upcoming. She reviewed the eight completed audits and described the 19 upcoming audits.

Ms. Hom responded to a question from VP Moran regarding the status of a missing table which details ongoing audit status.

VP Moran requested future discussion regarding the recommendations of the Revenue Bond Oversight Committee Report and the SFPUC response.

VP Moran discussed the Citywide Procurement Assessment audit. He stated the audit indicated there is room for improvement, but noted there was no mention on how to pursue that improvement. He requested a memo detailing a response plan.

Public Comment

None.

9. Commissioner Bond Disclosure Responsibility Training: Presentation advising the Commission on its responsibilities under federal securities laws with respect to the San Francisco Public Utilities Commission issuance of public debt, including discussion of Preliminary and Official Statements and related topics.

Mr. Sandler discussed the item and introduced Mr. Mark Blake, Deputy City Attorney, who outlined the need for the training.

Mr. Blake discussed the official statement (statement of financial position) and what it covers (risks factors), and noted legal requirements. He reviewed the SFPUC bond team and described the process for bond disclosure. Mr. Blake indicated that the securities transition focus is on the Official Statement, and that the Official Statement is the SFPUC's disclosure document.

Mr. Blake introduced Mr. Stephen Spitz, Orrick Herrington & Sutcliffe LLP (Disclosure Counsel), who emphasized that investors rely on the Official Statement when determining on whether or not to purchase bonds. He reviewed Securities Law disclosure responsibilities and consequences of inadequate disclosure. He outlined each Commissioner's responsibility and stated that due diligence is the bottom-line, and that the ultimate responsibility lies with the Commission.

VP Moran thanked the presenters for the information. He requested that the Commission be provided with a searchable PDF of the materials provided.

VP Moran noted the particular responsibility of the Commission. He requested that the City Attorney be involved with the process, and ensures the material presented reflect an accurate administrative record.

Public Comment

None.

10. BAWSCA Update

Ms. Nicole Sandkulla, BAWSCA, discussed conservation efforts from BAWSCA wholesale customer service area. She stated BAWSCA agencies have achieved 29 percent savings November (aggregate savings target was 15 percent); that 24 BAWSCA agencies have achieved 100 percent or more of savings for their nine-month target; and that BAWSCA agencies have 141 percent of combined savings target.

Ms. Sandkulla responded to a question from Commissioner Kwon as to why some agencies fell below target.

Public Comment

None.

11. Consent Calendar

- a) Approve Modification No. 1 to JOC-48R, Job Order Contract, General Engineering (A-License) for San Francisco, Peninsula, East Bay to West San Joaquin County and West Stanislaus County, with Trinet Construction, Inc., to perform general engineering construction tasks for all SFPUC Enterprise Operations and Bureaus, increasing the contract by \$2,500,000, for a total contract amount of \$7,500,000, and with a time extension of 730 consecutive calendar days, for a total contract duration of 1825 consecutive calendar days, as allowed for JOCs under the San Francisco Administrative Code. This contract modification is needed to complete general engineering and construction tasks in City facilities. ([Resolution 16-0020](#))
- b) Approve correction to contract duration of award associated with Resolution No. 15-0258, adopted by the Commission on December 8, 2015, awarding Contract No. WW-607, Ocean Beach Immediate Action Plan As-Needed, reducing the contract duration from 1895 consecutive calendar days to 1095 consecutive calendar days. During the bidding process, the agreement was amended by Addendum No. 1 to change the contract duration from 1826 days to 1095 days. However, the Resolution incorrectly referenced the initial contract duration of 1826 days. ([Resolution 16-0021](#))
- c) Approve correction to contract duration of award associated with Resolution No. 15-0259, adopted by the Commission on December 8, 2015, awarding Contract No. WW-619, As-Needed Spot Sewer Replacement No. 34, increasing the contract duration from 365 consecutive calendar days to 395 consecutive calendar days. The agreement referenced a contract duration of 395 days, however, the Resolution incorrectly referenced a contract duration of 365 days. ([Resolution 16-0022](#))

On Motion to approve the Consent Calendar:

Ayes: Moran, Caen, Kwon

Public Comment

None.

12. Approve the plans and specifications and award Contract No. WW-613, Southeast Water Pollution Control Plant (SEP) Building 521/522 and Disinfection Upgrades, in the amount of \$25,750,000, to the lowest, qualified, responsible and responsive bidder, Western Water Constructors, Inc., to construct a new building (522) to

house electrical and hydraulic controls, repair existing post-chlorination building (521), and upgrade the No. 3 water system at SEP. ([Resolution 16-0023](#))

AGM How introduced the item and requested approval. She responded to a question from Commissioner Caen as to why the winning bid was 17 percent higher than the engineers estimate; and to a question regarding the protest received.

On Motion to approve Item 12:

Ayes: Moran, Caen, Kwon

Public Comment

None.

13. Authorize the General Manager to execute, on behalf of the SFPUC, a Memorandum of Understanding with San Francisco Municipal Transportation Agency (SFMTA) for sewer and water system improvements on Masonic Avenue between Geary Blvd., and Fell Street, in coordination with the Masonic Avenue Complete Streets Project, for costs in an amount not to exceed \$3,378,117 for sewer work, and \$5,169,755 for water work, which includes soft costs, mitigation costs, and a 10 percent construction contingency to cover change orders, over the estimated project duration of 24 months. These improvements will allow for the relocation, rehabilitation, and replacement of SFPUC sewer and water infrastructure to avoid future conflicts and maintenance impacts. This action is the Approval Action for the sewer and water system improvements under the California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 16-0024](#))

AGM How introduced the item and noted that SFMTA is the lead agency on the project, and that the SFPUC is coordinating with the SFMTA for water and sewer pipe replacement.

AGM How responded to a question from Commissioner Caen regarding the difference in pipes used for sewer and water.

On Motion to approve Item 13:

Ayes: Moran, Caen, Kwon

Public Comment

- *Mr. Ted Lowenberg, SFPUC CAC, expressed concern with the 24 month construction timeline. He discussed possible pipe damage by tree roots. He suggested the project be further investigated.*

AGM How discussed placement of the pipes. Regarding the duration of the project, she stated that SFMTA is the lead agency and determined the schedule. She noted that along with MTA and SFPUC work, PG&E also has to complete underground utility work. DGM Carlin stated the sewer and water pipe replacement work will not be concurrent.

The Commission Secretary read the Closed Session items, stating that 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: Moran, Caen, Kwon

The Commission entered Closed Session at 2:51 PM.

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Unlitigated Claim
Frank Fong v. City and County of San Francisco
Claim No.: 16-01471/Date Filed: November 19, 2015
(Resolution 16-0024)
17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.8 and San Francisco Administrative Code Section 67.8 (a) (2)
Unlitigated Claim
Roque and Sonia Ballesteros v. City and County of San Francisco
Superior Court Case No.: CGC 15 549684
Claim No.: 15-03162/Date Filed: December 31, 2015
(Resolution 16-0025)
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
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
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

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

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

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 3:02 PM.

26. Announcement following Closed Session
VP Moran announced that settlements were reached on items 16 and 17, and that no other action was taken.
27. Motion regarding whether to disclose the discussions during Closed Session
On motion not to disclose:
Ayes: Moran, Caen, Kwon
28. Other new business
None.
29. Adjournment
VP Moran adjourned the meeting at 3:03 PM, in memory of Dr. Espanola Jackson.