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, February 14, 2017
**(Approved February 28, 2017)**

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

## Commissioners
Anson Moran, President
Ike Kwon, Vice President
Ann Moller Caen
Francesca Vietor
Vince Courtney

**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 Moran called the meeting to order at 1:35 PM.*

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

3. Approval of the Minutes of January 24, 2017
   *On Motion to approve the Minutes of January 24, 2017:*
   *Ayes: Moran, Kwon, Caen and Courtney*

   *No public comment.*

4. General Public Comments
   - *Mr. Paul Kim, Local 21, expressed concern with Local 21's pending workforce retirements and discussed the need for investing in the next generation of workers.*

   *Commissioner Courtney stated the issue has been discussed and expressed the need for collaboration between the SFPUC and other departments. He noted the need for resources and prioritization.*

   - *Mr. Peter Drekmeier, Tuolumne River Trust, distributed a handout: "NGO Models for the SFPUC's 8-Year Design Drought" and commented on the document. He discussed his recent meeting with staff and stakeholders.*

   *President Moran provided comment on the meeting and indicated staff is working on a response to questions posed at the meeting.*

5. Communications
   a) Advance Calendar
   b) Correspondence Log
   c) Lake Merced Update
   d) Water System Improvement Program (WSIP) Status of Construction Change Orders
   e) Bay Division Pipelines 1 & 2 Decommissioning

      Public Comments
      - *Ms. Nicole Sandkulla, BAWSCA, provided comment on item 5e and expressed the need to remove part of the project from the WSIP into the CIP.*

   *President Moran requested that staff look at productive uses for repurposing the pipelines to reduce financial burden and report back.*

6. Other Commission Business
   *Commissioner Caen commented on the Oroville Dam situation and requested an update on the condition of the SFPUC infrastructure.*

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 levels, noting releases; Other California Reservoir levels; Cumulative precipitation; Snowpack; and diversifying supplies (groundwater).*

*No public comment.*

b) CleanPowerSF Update

*Ms. Barbara Hale, AGM Power, provided a CleanPowerSF update. She discussed the current opt-out rate; noted the end of the November enrolment period; provided an update on SuperGreen upgrades; and discussed future enrollments.*

*Ms. Hale provided an update on the February 1, 2017 meeting between the California Public Utilities Commission, stakeholders, and interested parties regarding CCA's.*

*No public comment.*

*The General Manager called items 7c and 7d together.*

c) Water Enterprise Capital Improvement Program Quarterly Report

*Mr. Dan Wade, Director, Water Capital Projects and Programs, provided highlights for the reporting period: (1) Peninsula Pipeline Seismic Upgrade Project; (2) San Francisco Water Pipeline Replacement Program; (3) Sunol Long-Term Improvements; (4) Daly City Recycled Water Expansion Project; and (5) Regional Water Transmission Pipeline Repair Projects.*

d) WSIP Quarterly Reports and Update

i. WSIP Local Quarterly Report

ii. WSIP Regional Quarterly Report

*Mr. Wade offered a WSIP status update, noting current completion rates: Regional 93.3 percent; Local 99.8 percent; and overall WSIP 93.3 percent.*

*He presented recent accomplishments and briefly discussed the following: (1) Calaveras Dam replacement; (2) Recent storm impact on construction; (3) Calaveras Reservoir outlet releases; (4) ACDD: High creek flows and sediment build-up over intake structure; (5) Regional Groundwater Storage and Recovery; and (6) Bioregional habitat restoration (Fountain Thistle).*

*No public comment.*

e) Sewer System Improvement Program (SSIP) Update: Southeast Treatment Plant Projects (SEP)

*Ms. Karen Kubick, Wastewater Enterprise Capital Program Director, provided a SSIP SEP update.*

*Ms. Kubick briefly reviewed Level-of-Service Goals, the SSIP budget, and presented on the following:*

*Collection System Projects: (1) Collection System Upgrades; and (2) Collection System Planning.*

*SEP History, Challenges and Projects: (1) Recent history of SEP projects; (2) SEP challenges; and (3) Major SEP projects.*

*Headworks Facility Project: (1) Headworks Facility project location; (2) Headworks Facility project objectives; (3) Headworks Facility project layout; (4) Headworks Facility project schedule; and (5) Headworks Facility conceptual rendering.*

*Biosolids Digester Facilities Project: (1) Biosolids Project location; (2) Biosolids Project objective; (3) Biosolids key project features (4) Biosolids project schedule; and (5) Biosolids project conceptual rendering.*

*Other SEP Projects: (1) Disinfection and Power Feed Projects; (2) Major Phase 1 Project schedule.*

*Ms. Kubick provided response to Commissioner Caen's expression of displeasure with the number of years of delay with the biosolids project.*

*GM Kelly provided additional comments as to the challenges contributing contributed to the delay (Central Shops).*

*No public comment.*

*The Commission Secretary read the Consent Calendar*

8. *Consent Calendar*
   a) Approve Amendment No. 1 to Agreement No. CS-357, Digital Art Wall Support and Maintenance with Obscura Digital, Inc., for continued support and maintenance of the digital interactive wall at 525 Golden Gate Avenue; and authorize the General Manager to execute this amendment, increasing the agreement up to $107,647, for a total not-to-exceed agreement amount of $392,454, and with a time extension up to one year, for a total agreement duration of four years. (Resolution 17-0021)

   b) Approve an increase in the construction contract cost contingency for Contract No. HH-986, 2017 Mountain Tunnel Interim Repair with Sierra Mountain Construction, Inc., in the amount of $1,000,000; and authorize the General Manager or his designee to approve future modifications to the contract for a total revised contract amount of up to $6,456,286, as appropriate. The increase in the contract cost contingency is requested to provide immediate repairs to up to 19 additional areas of the Mountain Tunnel identified outside of the contractual 7,200 linear feet of repair zone during the ongoing Mountain Tunnel shutdown. (Resolution 17-0025)

c) Accept work performed by Gordon N. Ball, Inc., for Contract No. WD-2649, Geary Road Bridge, for a total contract amount of $3,381,810, and with a total contract duration of 1,222 consecutive calendar days, to install a bridge across Alameda Creek; and authorize final payment to the contractor. (Resolution 17-0022)

d) Approve an increase in the construction contract duration contingency for Contract No. WW-580, Oceanside Water Pollution Control Plant, W2 and W3 Water System Improvements, with Cal State Constructors, for a time extension up to 135 consecutive calendar days; and authorize the General Manager to approve future modifications to the contract for a total revised contract duration up to 630 consecutive calendar days, if appropriate. The increase to the contract duration contingency is needed to allow for the completion of Distributed Control System integration. (Resolution 17-0023)

e) Approve an increase in the construction contract duration contingency for Contract No. WW-613, Southeast Water Pollution Control Plant Building 521/522 and Disinfection Upgrades with Western Water Constructors, Inc., for a time extension up to 182 consecutive calendar days; and authorize the General Manager to approve future modifications to the contract, for a total revised contract duration of 985 consecutive calendar days, if appropriate. The increase to the contract duration contingency is needed to modify underground conduits and wrap galvanized rigid steel in polyurethane plastic due to unforeseen site condition. (Resolution 17-0024)

*President Moran requested that item 8b be removed.*

*On Motion to approve items 8a, and 8c through 8e:*
*Ayes: Moran, Kwon, Caen and Courtney*

*No public comment on items 8a, and 8c through 8e.*

*Commissioner Courtney was excused from the meeting at 2:35 PM.*

*President Moran spoke to the importance of item 8b. Ms. Kathy How, AGM Infrastructure addressed the requested increase of contract cost contingency. President Moran noted the importance of the item.*

*On Motion to approve item 8b:*
*Ayes: Moran, Kwon, and Caen*

*Public comment item 8b:*

- *Ms. Sandkulla provided positive comment and expressed support for the item. She thanked staff for their work.*

9. Public Hearing: Discussion and possible action to approve the project schedule of the January 13, 2017 Revised Water System Improvement Program and direct staff to send a Notice of Change Report to the California Joint Legislative Audit Committee, the California Department of Public Health and the California

Seismic Safety Commission in compliance with California Assembly Bills 1823 and 2437. (Resolution 17-0026)
*Mr. Wade provided a summary of the revision, noting the schedule extension of 15 months to three projects: (1) New Irvington Tunnel; (2) Seismic Upgrade of BDBO Nos. 3 & 4; and (3) Security System upgrade. He stated there are no revisions to the overall program completion schedule or budget. He provided brief comments on the proposed schedule revision for each of the three projects.*

*On Motion to approve Item 9:*
*Ayes: Moran, Kwon, and Caen*

Public Comments

- *Ms. Sandkulla expressed support for the recommended changes. She distributed a comment letter from BAWSCA and reviewed two proposed recommendations.*

*GM Kelly discussed risk assessment and offered to meet with BAWSCA to discuss.*

*President Moran emphasized the need to use available tools and processes to conduct a full assessment.*

10. Approve (1) a Form of Credit Facility Agreement with Sumitomo Mitsui Banking Corporation (Sumitomo) in the principal amount not to exceed $150,000,000 (exclusive of 270 days interest) for the Wastewater Commercial Paper Program; and (2) Approve a Form of Dealer Agreement with Citigroup Global Markets, Morgan Stanley & Co., and U.S. Bancorp for the Wastewater CP Program that will extend their current term; and authorize the General Manager to enter into an agreement with Sumitomo and the dealer agreements with Citigroup Global Markets, Morgan Stanley & Co., and U.S. Bancorp. (Resolution 17-0027)
*Mr. Eric Sandler, CFO and AGM Business Services, presented the item. He discussed the current status of the Wastewater Commercial Paper Program; reviewed the proposed Credit Facility and Dealer Agreements; and reviewed the Forms of Documents.*

*On Motion to approve Item 10:*
*Ayes: Moran, Kwon, and Caen*

*No public comment.*

11. Authorize the General Manager to enter into a First Amendment to the Memorandum of Understanding with the General Services Agency (GSA)'s Office of Contract Administration, of the City and County of San Francisco, and the GSA's Real Estate Division, revising the terms and conditions of the jurisdictional transfer of the property at 1800 Jerrold in San Francisco to the SFPUC, including the SFPUC's payment of up to $82,278,429 to pay for site acquisition and construction costs for the replacement facilities for Central

Shops; and to seek approval of an appropriation for an additional $8,578,429 from Wastewater Enterprise Project Number CWWSIPPRPL91, subject to the Mayor and Board of Supervisors' approval, of the jurisdictional transfer, pursuant to the MOU, and related actions necessary to implement the Central Shops replacement facilities. (Resolution 17-0028)
*GM Kelly noted the item's importance to the digester project.*

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

*No public comment.*

*The Commission Secretary read Closed Session item 14. She stated items 15 through 20 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: Moran, Kwon, and Caen*

*The Commission entered Closed Session at 2:52 PM.*

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:
*Peter Cuddihy and Joan Cuddihy v. City and County of San Francisco*
San Francisco Superior Court No.: CGC-16-552818
City Attorney File No.: 170043/Date Filed: July 1, 2016
(Resolution 17-0029)

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:
*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

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:
*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

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
§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

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*
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

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
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

20. 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 3:11 PM.*

21. Announcement following Closed Session.
*President Moran announced that a settlement was reached on item 14.*

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

23. Other New Business.
*None.*

24. Adjournment.
*President Moran adjourned the meeting at 3:12 PM.*