



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 28, 2017**

(Approved March 14, 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](http://www.sfwater.org)

Gavel-to-Gavel coverage available at:

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=22](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22)

1. Call to Order

*President Moran called the meeting to order at 1:33PM.*

2. Roll Call

*Present: Moran, Kwon, and Courtney  
Commissioner Caen arrived at 1:39 PM.  
Commissioner Vietor arrived at 1:43 PM.*

*President Moran expressed condolences on the passing of General Manager (GM) Kelly's mother and requested a moment of silence.*

3. Approval of the Minutes of February 14, 2017

*On Motion to approve the Minutes of February 14, 2017:  
Ayes: Moran, Kwon, and Courtney*

*No public comment.*

4. General Public Comments

- *Mr. Dave Warner requested the Commission implement a water import reduction goal and discussed activities by other jurisdictions.*

*Commissioner Caen arrived at 1:39 PM.*

- *Mr. Francisco DaCosta offered condolences to the GM and his family. He discussed concerns with the introduction of recycled water into the system.*

*President Moran stated much work has been done in relation to the mix of water and of potential impacts. He requested a fact sheet be prepared. Deputy General Manager (DGM) Michael Carlin discussed the sources of blended water (Westside Basin, Sunset and Sunol Reservoirs).*

*Commissioner Vietor arrived 1:43 PM.*

5. Communications

- Advance Calendar
- Correspondence Log
- Contract Advertisement Report

*The Commission Secretary noted additional letters were received regarding the Bay Delta.*

*No public comment.*

6. Other Commission Business

*None.*

7. Citizens' Advisory Committee (CAC) Quarterly Report

*Ms. Wendy Aragon, CAC Chair, presented the CAC's quarterly report. She discussed results of the 2016 CAC Evaluation Survey, noting desired outcomes; discussed the CAC Leadership Retreat; and reviewed new CAC members. She invited Commissioners to attend CAC meetings.*

*No public comment.*

8. Revenue Bond Oversight Committee (RBOC) Annual Report

*Mr. Kevin Cheng, RBOC Chair, provided highlights of RBOC work: (1) Calaveras Dam review; (2) Sewer System Improvement Program (SSIP) review; and (3) Mountain Tunnel review. He indicated there has been high turnover on the Committee, but indicated they are now fully staffed.*

*President Moran thanked Mr. Cheng and Ms. Aragon for their presentations. He expressed appreciation to the CAC and RBOC for their work.*

Public Comments

- *Mr. Francisco DaCosta stated that the Commission can delegate to get factual reports. He requested that reports be placed on the website.*

9. Report of the General Manager

a) Drought Update

*Mr. Steve Ritchie, Assistant General Manager (AGM), Water provided a drought update, stating it will be his last. He discussed reservoir storage levels; Cumulative precipitation; Upcountry snowpack; Upcountry 6-station Precipitation Index; Bay Area 7-station Precipitation Index; and total deliveries.*

*No public comment.*

b) Dam Management and Safety

*AGM Ritchie stated a memo regarding the item was provided to the Commission. He discussed: (1) Location of regulated dams in the San Francisco water system; (2) State Division of Safety of Dams jurisdiction; (3) Federal Hazard designations (low, significant and high); (4) SFPUC's Dam Safety Programs; and (5) SFPUC's 17 DSOD jurisdictional dams (regional and in San Francisco). He discussed Governor Brown's February 24, 2017 letter on flood control and dam safety (proposed dam safety legislation, flood control investments, and emergency flood response).*

*No public comment.*

c) CleanPowerSF Update

*Mr. Michael Hyams, Director, CleanPowerSF Program, provided a CleanPowerSF update. He indicated the Phase I enrollment is complete and that 75,000 active customers are being served. He stated the opt-*

out rate is at 3 percent and the SuperGreen enrollment is at 2.9 percent. He noted the next enrollment period will begin in May.

Mr. Hyams stated the Grown Plan will be presented in April.

Mr. Hyams discussed the upcoming PG&E rate increases, which will occur in March, and the effect on CleanPowerSF customers.

Mr. Hyams responded to a question from Commissioner Courtney regarding the Growth Plan. Commissioner Courtney requested an organizational chart be included with the April presentation.

#### Public Comments

- Mr. Jason Fried, LAFCo, stated it is important to note that the PG&E rate structure and increases are a result of CPUC and PG&E actions rather than CCA actions and programs. He noted that LAFCo will soon have new members.

Commissioner Caen stated few people know about the CleanPowerSF Program, and more people need to be made aware. DGM Carlin noted the targeted district roll-out. He stated that informational postcards will be provided to the Commissioners for distribution and additional outreach.

#### d) Quarterly Budget Status Report

Mr. Eric Sandler, CFO and AGM Business Services, provided the quarter budget status report. He discussed: (1) Observations: Water and Wastewater higher revenues, and Power and CleanPowerSF lower revenues; (2) FY 2017 Water Budgetary Variances: increased water sales revenues, and uses cost savings (uses and sources); (3) FY 2017 Wastewater Budgetary Variances: increased wastewater revenues and cost savings (uses and sources); (4) FY 2017 Power Budget Variances: reduced power sales revenues offset by cost savings (uses and sources); (5) FY 2017 CleanPowerSF Budgetary Variances: sales revenue on target, uses cost savings (sources and uses); and (5) Key Reserves Ratios.

#### Public Comments

- Mr. Francisco DaCosta discussed the SSIP set-aside and use of funds.

#### e) Mid-Cycle Budget Status Update

CFO Sandler provided a mid-cycle budget status update. He noted the priorities included in the biennial budget, which was adopted in February 2016. He reviewed the two-year adopted operating budget; two-year authorized positions; two-year adopted capital budget; and mid-cycle assessment.

*No public comment.*

10. BAWSCA Update

*Ms. Nicole Sandkulla, BAWSCA, provided details on the Bear Gulch Dam and Reservoir, which is located in the wholesale service area. She commented on the history of BAWSCA's requests regarding Mountain Tunnel, and expressed appreciation for the work done to address issues.*

*President Moran thanked Ms. Nicole and BAWSCA for their concern and work.*

*No public comment.*

11. Bay Delta Water Quality Control Plan Update

*AGM Ritchie provided an update on the Bay Delta Water Quality Control Plan which included: (1) Overview; (2) Outreach activities; (3) BAWSCA meeting follow-up; (4) San Francisco's diversions from the Tuolumne – storing water in wet periods; (5) San Francisco water supply planning; (6) Potential impacts of 2016 proposal on the system; (7) Total system storage in design drought, with 265, 223, and 175 MGD demand; (8) What major investment in uncertain water supply projects could help; and (9) San Francisco Chronicle editorial of January 22, 2017.*

*Mr. Ritchie discussed environmental impacts: (1) Tuolumne River ecosystem effects of the State's proposal; (2) Better ways to increase fish populations on the Tuolumne River; (3) Functional flows; (4) Restore habitats; (5) Reduce predation (Striped Bass); (6) Predation solutions; (7) Manage aquatic weeds, particularly water hyacinth; (8) Change hatchery management practices; (9) Voluntary agreement vs. regulatory and litigation; and (10) Conclusions.*

*President Moran Andy stated documents included in the agenda packet include a point-by-point summary in response to Mr. Drekeimer's letter, with the presentation pulling-out key issues.*

*AGM Ritchie responded to a question from Vice President Kwon regarding functional flows and habitat restoration, and the restoration of the "natural cycle".*

*Commissioner Vietor voiced the desire to advance other benefits regardless of the where the SFUPC lands with the State's proposal. She expressed the desire for a negotiated settlement.*

Public Comments

- *Mr. Peter Drekeimer, Tuolumne River Trust, expressed appreciation for the meetings and responses to his concerns. He further discussed the response that was provided, offered thoughts on the presentation, and discussed recommendations.*

*President Moran provided comment the difference between economic and financial analysis.*

- *Mr. Martin Gothberg discussed the need for a salmon-based ecosystem.*
- *Ms. Jeralyn Moran, Unitarian Universalist Church of Palo Alto, read a letter from the congregation requesting a 60 percent flow. Commissioner Moran requested copy of the letter.*
- *Mr. Bill Martin provided comments on page eight of Mr. Ritchie's presentation regarding unimpaired flows. He distributed a copy of a chart from the Bay Delta Plan (page 3-21 Appendix C) and provided comment.*
- *Mr. Tom Schwertscharf, Sierra Club, discussed increased flows and salmon. He agreed with Mr. Martin's statements.*
- *Ms. Nicole Sandkulla, BAWSCA, discussed two foundational principles: (1) Level-of-Service goals for trout reliability; and (2) Contractual obligation for 184 MGD for wholesale customers.*
- *Mr. Peter Mangarella, Trout Unlimited, noted Trout Unlimited goals and stated their preference for unimpaired flows. He discussed the option of a negotiated settlement, end-points, and assurances.*
- *Mr. Heinrich Albert, Sierra Club, provided copies of emails that were sent to the Commission. He urged the Commission to direct staff to build a plan to comply with the SCRWB.*
- *Ms. Charlene Woodcock voiced support of the economic analysis and for the salmon ecosystem. She discussed crop irrigation.*
- *Ms. Julianne Adams Frizzell expressed support for Tuolumne River Trust ideas and for the trout advocates. She discussed the importance of flow for the ecosystem.*
- *Ms. Cheryl Woodward discussed the various constituencies represented in the report and the need for the Commission to be stewards for all constituencies.*
- *Mr. Jon Rosenfield, The Bay Institute, stated Mr. Ritchie's presentation misrepresented the SWRB proposal impacts, science and measures. He requested that representatives of the science team meet with staff. He discussed the status of the Bay Delta and flow.*
- *Mr. Will Derwin quoted from the SFPUC Watershed Environmental Stewardship Policy. He expressed the need higher flows.*
- *Ms. Christina Berteau, Greywater Action, spoke on behalf of the sturgeon. She stated adequate flow is required for reproduction and requested increased flows. She referenced the Environmental Stewardship Policy.*
- *Theresa, water enthusiast, discussed the history of the Save the Bay organization.*
- *Unknown speaker discussed the time lag needed to recharge the aquifer.*
- *Mr. Chris Gilbert, Sierra Club, discussed the voluntary agreement. He discussed total deliveries provided in Mr. Ritchie's report.*

*President Moran thanked everyone for their time and comments and noted the productivity of the discussions that have taken place. He provided comments on challenges and the need to address underlying issues.*



*DGM Carlin and AGM Ritchie responded to Commissioner Vietor regarding the process and timeline.*

*The Commission Secretary read the Consent Calendar.*

12. *Consent Calendar*

- a) Award Job Order Contract No. JOC-67, Micro-LBE, Landscape (C-27 License) for a not-to-exceed amount of \$1,000,000 to the lowest, qualified, responsible, and responsive bidder, San Francisco Conservation Corps, to maintain, repair and/or install landscape systems and facilities in the Peninsula and Alameda Watersheds, as well as other City-owned property. ([Resolution 17-0030](#))
- b) Approve an increase to the existing construction contract duration contingency of 620 consecutive calendar days for Contract No. WD-2581, New Irvington Tunnel (NIT); and authorize the General Manager to approve future contract modifications for a total revised contract duration up to 2,593 consecutive calendar days. The potential increase in the construction contract duration is due to time spent and additional time needed to settle outstanding contractor claims before a dispute resolution board, negotiate final settlements of the disputed claims after receiving recommendations from the dispute board, and close out the contract. ([Resolution 17-0031](#))
- c) Accept work performed by G4S Secure Integration LLC, for Contract No. WD-2653, As-Needed Integration Services San Francisco Region; Approve Modification No. 4 (Final), decreasing the contract by \$343,447, for a total contract amount of \$1,229,653, and a total contract duration of 1,827 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 17-0032](#))
- d) Accept work performed by J. Flores Construction, Inc. for Contract No. WW-604, As-Needed Spot Sewer Replacement, for a total contract amount of \$7,192,640, and with a total contract duration of 434 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 17-0033](#))
- e) Approve an increase in the construction contract duration contingency of up to 60 consecutive calendar days for Contract No. WW-605R, Mission and Valencia Streets Green Gateway, with Anvil Builders, Inc., to allow for paving that required de-energization of San Francisco Municipal Transportation Agency overhead electrical lines; and authorize the General Manager to approve future modifications to the contract duration for a total revised contract duration of up to 420 consecutive calendar days. ([Resolution 17-0034](#))
- f) Approve the plans and specifications and award Contract No. WW-610R, Visitacion Valley Green Nodes, Rutland Street Sewer, and Sunnydale Pavement Improvements, in the amount of \$3,483,944 to the lowest, qualified, responsible and responsive bidder, Minerva

Construction, Inc., to build green infrastructure, replace water and sewer pipelines, and repave one block of Rutland St. and one block of Sunnydale Ave. ([Resolution 17-0035](#))

- g) Approve the plans and specifications, and award Contract No. WW-633, Various Locations Sewer Replacement No. 2, in the amount of \$6,704,098, to the lowest, qualified, responsible and responsive bidder, Shaw Pipeline, Inc. to replace the existing sewers and street pavement on the subject streets in the City of San Francisco. This proposed action constitutes the Approval Action for the project for purposes of the California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 17-0036](#))
- h) Approve the plans and specifications and award Contract No. WW-653, Marin Street Sewer Replacement, in the amount of \$4,860,250, to the lowest, qualified, responsible and responsive bidder, Ranger Pipeline, Inc., to replace the 24-inch diameter sewer with a 30-inch diameter sewer to accommodate projected increased dry-weather flows from tributary areas. ([Resolution 17-0037](#))

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

*No public comment.*

*President Moran called Closed Session out of order. The Commission entered Closed Session at 4:00 PM.*

20. Public Comments on matters to be discussed in Closed Session.  
*None.*
21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.
22. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (2)  
Anticipated Litigation as Plaintiff
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  
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



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*  
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
25. 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
26. 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
27. 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
28. 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 4:36 PM.*
29. Announcement following Closed Session.  
*President Moran stated that no action was taken during Closed Session.*

30. Motion regarding whether to disclose the discussions during Closed Session.

*On Motion not to disclose:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

*The Commission Secretary read items 13 and 14 together.*

13. Public Hearing: Discussion and possible action to adopt the SFPUC 10-Year Capital Plan for FY 2017-18 to FY 2026-27. ([Resolution 17-0038](#))

14. Public Hearing: Discussion and possible action to adopt the SFPUC 10-Year Financial Plan for FY 2017-18 through FY 2026-27. ([Resolution 17-0039](#))

*CFO Sandler presented the items. He noted updates to the 10-year Capital and Financial Plans, with shifts in the planning horizon; modest updates; adjustments to sales volumes; and updated expenditures, and assumptions. He noted the plans don't reflect information related to CleanPowerSF. He stated the Financial Plan results show a modest improvement over last year.*

*DGM Carlin and AGM Sandler responded to a question from Commissioner Vietor regarding timing of Capital Plan approvals.*

*AGM Sandler responded to a question from Commissioner Vietor regarding CleanPowerSF capital investments that may come out of the Growth Plan, and about their inclusion in the Capital Plan. Brief discussion ensued.*

*AGM Sandler responded to a question from Commissioner Vietor regarding the inclusion of SSIP Green Infrastructure's in the 10-year Capital Plan. She requested that it be reviewed as part of the scheduled Green Infrastructure presentation.*

*On Motion to approve item 13 and 14:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

#### Public Comments

- *Mr. Jed Holtzman, 350 SF, thanked the Commissioners and for the recognition event. He spoke the Capital Plan and stated CleanPowerSF should be included. Mr. Holtzman provided a news article for the record.*

*Commissioner Courtney expressed interested in determining the relationships and impacts of CleanPowerSF and the Capital Plan.*

*President Moran clarified that there are separate 10-year Financial and Capital Plans for each enterprise and that CCA will be a fourth enterprise. City Attorney Ambrose responded to a question from President Moran as to compliance with the Charter requirements.*

- *Mr. Jason Fried, LAFCo, discussed the Charter requirement. He discussed CleanPowerSF build-out and relationship with Hetch Hetchy Water and Power.*

*AGM Sandler responded to a question from Commissioner Caen regarding Water and Wastewater Enterprise projections.*

*At the request of the President, the Commission Secretary called items 16 through 19 out of order.*

16. Approve the Water Supply Assessment for the proposed 10 South Van Ness Project, pursuant to the State of California Water Code Section 10910 et seq; California Environmental Quality Act (CEQA) Section 21151.9; and CEQA Guidelines Section 15155. ([Resolution 17-0040](#))  
*AGM Ritchie introduced the item and requested approval.*

*On Motion to approve item 16:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

*No public comment.*

17. Approve Amendment No. 8 to Agreement No. CS-820, New Irvington Tunnel Project, Engineering Services, with URS Corporation, to continue as design engineer-of-record for the construction of the tunnel; and authorize the General Manager to execute this amendment, increasing the agreement duration by 11 months, with no change to the contract amount. ([Resolution 17-0041](#))

*On Motion to approve item 17:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

*No public comment.*

18. Approve Amendment No. 5 to Agreement No. CS-918, Construction Management Services - New Irvington Tunnel (NIT) Project, with Hatch Mott MacDonald, to provide ongoing construction management for the construction of the NIT; and authorize the General Manager to execute this amendment increasing the agreement by \$350,000, subject to Board of Supervisors' approval under Charter Section 9.118, for a total not-to-exceed agreement amount of \$21,100,000, and with a time extension of one year, for a total agreement duration of eight years nine months. ([Resolution 17-0042](#))

*On Motion to approve item 18:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

*No public comment.*

19. Adopt the Final Mitigated Negative Declaration, Mitigation Monitoring and Reporting Program, and the Findings as required by the California Environmental Quality Act for the Southeast Water Pollution Control Plant (SEP) New Headworks Facility Project; Approve Project No. CWWSSIPSE02, SEP New Headworks Facility, to replace and consolidate the two existing Headworks facilities at SEP; and authorize the General Manager to proceed to implement the Project and proceed with the Construction Phase pursuant to the Construction Manager/General Contractor Contract No. WW-628, SEP New Headworks Facility, as modified by Modification No. 1. ([Resolution 17-0043](#))  
*AGM Kathy How introduced the item and discussed the approval actions.*

*On Motion to approve item 19:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

*No public comment.*

*The Commission Secretary read item 15 out of order.*

15. Adopt revisions to the Fund Balance Reserve Policy of the SFPUC. ([Resolution 17-0044](#))

*CFO Sandler presented revisions to the Fund Balance Reserve Policy. He presented: (1) Financial policy review timeline; (2) Reserve Policy objectives; (3) Existing Fund Balance Reserve Policy; and (4) Recommended changes.*

*AGM Sandler responded to a question from Commissioner Caen regarding Seattle's operating reserve target minimum. He responded to a follow-up question from President Moran. Brief discussion ensued.*

*On Motion to approve item 15:*

*Ayes: Moran, Kwon, Caen, Vietor and Courtney*

*No public comment.*

30. Other New Business.

*Commissioner Courtney discussed the Recognition Event (Golden Pride) and thanked staff for their work. He requested that staff consider expanding the invitation list, and that the Commissioners are allowed to play a role.*

*President Moran noted the objective selection process and thanked staff for their work.*

31. Adjournment.

*President Moran adjourned the meeting at 5:14 PM.*