

## SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Edwin M. Lee MAYOR

## **MINUTES**

(Approved September 27, 29011)

Regular Meeting
Tuesday, September 13, 2011

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

#### Commissioners

Francesca Vietor, President Anson B. Moran, Vice President Ann Moller Caen, Commissioner Art Torres, Commissioner Vince Courtney, Commissioner

# **Departments and Enterprises**

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

**Ed Harrington** General Manager

Michael Housh Secretary



#### **ORDER OF BUSINESS:**

#### 1. Call to Order

The meeting was called to order by President Vietor at 1:33p.m.

#### 2. Roll Call

President Francesca Vietor, Vice President Anson B. Moran, Commissioner Ann Moller Caen, and Commission Art Torres were present.

Commissioner Vice Courtney was excused attendance.

At the request of President Vietor, Agenda item #7a Community Choice Aggregation (CCA) Update was taken up next out of order to allow San Francisco Local Agency Formation Commission (LAFCo) Chairman Supervisor David Campos to discuss some outstanding mutual issues prior to the beginning of the Board of Supervisor's meeting at 2:00 p.m.

President Vietor welcomed Supervisor Campos and expressed her own and the Commission's appreciation for his leadership in moving the community choice aggregation program forward. Supervisor Campos then expressed his appreciation of the hard work being done by both the SFPUC Commissioners and staff in moving the community choice aggregation program forward but pointed to a pressing need to schedule a joint meeting. Supervisor Campos emphasized that this process was at a crossroads with essential decisions needing to be made in order to keep the program on schedule to be ready to move forward by the end of this year. Supervisor Campos noted the challenges in scheduling such a meeting but said it was needed in order to keep both the LAFCo and the SFPUC proceeding to work together collaboratively and expeditiously in a transparent and public process along the same path toward realization of this important civic project. Supervisor Campos suggested a number of dates that the SF LAFCo Commissioners were available to meet and urged that the Commissioners identify and set a meeting date soon.

President Vietor and Commissioner Torres strongly expressed their commitment to continue the Commission's focused efforts to bring the CCA Program forward. Commissioner Torres observed that as this was a critical issue it had to be addressed wisely. After some discussion among the Commissioners it was the consensus that the most workable date for the next joint meeting with the SF LAFCo on CCA issues would be Tuesday, October 11, 2011 beginning at 11:00 A.M. in Room 400 of City Hall, prior to both the regular Board of Supervisors meeting as well as the Commission's October 11<sup>th</sup> regular meeting scheduled for that same day. It was noted that this start time would allow sufficient time to address the pressing CCA issues and still allow a brief break between the meetings. Commissioner Torres noted he would reschedule a prior commitment in order to be able to attend.

## 3. Approval of Minutes

- a) Minutes of the July 26, 2011, Regular Meeting
- b) Minutes of the August 9, 2011, Special Meeting

Approval of the August 9<sup>th</sup> draft minutes was continued to the September 27<sup>th</sup> meeting to allow for inclusion of additional details of the points of consensus achieved during retreat discussions requested by Vice President Moran.

Motion to approve the minutes of the regular July 26<sup>th</sup> meeting by Vice President Moran, seconded by Commissioner Caen Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

#### 4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

Mr. Francesco Da Costa noted the billions being spent on WSIP and recalled the hard work that he and fellow activists had been making to insure that their input on these critical projects was valued. Mr. Da Costa urged that more detailed information be posted and available on the internet so that community members could see that their work was taken into consideration and included as key decisions were being made.

Ms. Espanola Jackson, Bayview Hunters Point community leader, called attention to the passing of Ms. Eloise Westbrook, a key figure in San Francisco's contemporary history, who had been a critically important African American Civic and Community Leader and mentor. Ms. Jackson fondly recalled Ms. Westbrook's ability to look at things with both heart and mind and her many accomplishments and exemplary character that had so benefitted her community and the entire city. Ms. Jackson noted that she was getting older and the number of pioneering leaders was diminishing as time moved onward but that their work continued.

President Vietor acknowledged and expressed the Commission's sorrow at learning Ms. Westbrook's passing, recalling the respect and admiration her accomplishments had gained.

Mr. Joshua Arce, Brightline Defense Project called attention to a memorial service for Ms. Westbrook scheduled for September 15<sup>th</sup>. Mr. Arce also recalled Ms. Westbrook's many achievements and agreed with Ms. Jackson's assessment that "good Faith" efforts to employ and train residents of San Francisco's underserved communities had been failing and that new focused local hiring activities were required. Mr. Arce also urged that the Commission continue the exemplary leadership and dedicated efforts being made by the General Manager to strongly support local hiring efforts both locally and in the region.

#### 5. Communications

- a) Letter Summary
- b) Advance Calendar
- c) Staff Reports (written reports sent to the Commissioners)
  - 1. Wastewater Enterprise (WWE) 4<sup>th</sup> Quarterly Interim CIP Report (*Moala*)

(Rydstrom)

- 2. Quarterly Audit & Performance Review Report
- 3. Status Report on Major Development Projects in Service Area (Levin)

In response to a question by Commission Caen, Deputy General Manager Carlin proposed a report on SFPUC Real Estate was to be added to the advance calendar for a late October or early November meeting. Vice President Moran applauded the use of the WSIP model reporting on the Waster Water Enterprise Quarterly Report and commended expansion of the use of these models across the agency for capital planning. Vice President Moran noted the 12 years identified to pay back their costs reported in the Energy Efficiency Audit. Vice President Moran observed that we were not effectively recovering our costs of service and this called attention to a need to evaluate our process for making investment decisions within a context of making the best choices to sustain the fiscal health of Hetch Hetchy. President Vietor also requested that a discussion of this be calendared.

#### 6. Other Commission Business

President Vietor noted and commended staff for the new look of the SFPUC Website pointing out that it was much easier to access and find information and that it was in general much improved by these changes. Mr. Harrington noted the work done by Communications Director Tyrone Jue and AGM Juliet Ellis in moving these changes forward.

Vice President Moran then raised two points, noting how successful the format used at the Commission's August Strategic Planning Retreat had been and urged that periodically similar format discussions be calendared on some of the complex and difficult issues coming before the Commission. The first he suggested could be a discussion of the information provided in AGM Steven Ritchie's memo to the Commission on Maintaining Water Supply Levels of Service and the 2018 decisions. Secondly, Vice President Moran asked that staff work up a discussion of water supply options and related unit costs including reflecting lifecycle costs, and evaluation of these options using a triple bottom line approach. Vice President Moran emphasized a need to avoid "Christmas treeing" projects and a need to rationalize investment decisions before having already committed significant financial resources to them.

President Vietor agreed that the retreat format had been useful but that it would be wise to limit the length of time allocated to any particular discussion. Mr. Harrington noted such single topic focused meetings were commonly used. President Vietor observed that she would have no objections to more routine business matters being assigned to the Consent Calendar so that more of the meeting time could be devoted to addressing

challenging issues that required more thoughtful discussion. President Vietor expressed the Commission's confidence that the General Manager and staff has amply demonstrated its ability to reliably and efficiently address the ongoing routine work, and this could allow the Commission to focus its meeting time to addressing in detail those topics still needing Commission policy decisions.

## 7. Report of the General Manager

Returning to Agenda Item #7a Mr. Harrington reported that CleanPowerSF Manager Michael Campbell would present this item.

a) Community Choice Aggregation (CCA) Update

(Harrington)

Mr. Campbell began by noting President Vietor's active participation in ongoing meetings of the Power Enterprise staff and our allies with Governor Brown's Energy Team. Mr. Campbell reported these meeting were very useful in helping to clarify for the Governor's team many of the issues of principle concern to the SFPUC. President Vietor noted that the Governor was very engaged in dealing with these issues. Commissioner Torres also noted that the Governor was extremely focused on containing costs and risks across the Board given the challenging fiscal situation confronting the state.

In response to questions by Commissioner Torres about CCA Program costs to ratepayers so far, Mr. Harrington reported that of the \$5 million identified CCA funding that approximately \$3 million had been spent over the past three years. Mr. Campbell then addressed recent developments in the ongoing progress of CleanPowerSF since the Commission's July 26<sup>th</sup> meeting.

CleanPowerSF Manager Mike Campbell and Chief Financial Officer and Assistant General Manager for Business Services Todd Rydstrom next presented a detailed Community Choice Aggregation Program Update.

In response to questions by Commissioner Torres concerning terms being discussed with Shell Energy about power purchases costs and any liabilities, Mr. Campbell and Deputy City Attorney Noreen Ambrose explained the specific and limited circumstances for liability related to program termination and what those financial risks encompassed. Mr. Campbell explained that these costs would be borne by the Program customers as a normal part of business operations. In response to questions by Commissioner Caen, Mr. Campbell explained that Shell Energy would provide the credit worthiness needed to get the program up and running and that the Power Enterprise did not currently have. Mr. Harrington further explained that the proposed four year term was also aimed at promoting rate stability. In reply to a follow up question by Commissioner Caen concerning the expectation that the energy costs of renewable could drop as more of these resources came on line, Mr. Harrington explained that while that was hoped for, additional state requirement would likely serve to heighten competition for these still relatively limited resources and keep prices higher. President Vietor noted the value of

including the right to substitute renewables as an advantage that would also serve to encourage local build out of such resources. Mr. Campbell also noted that current prices were lower given the state of the economy. In response to questions by President Vietor, Mr. Campbell explained that the plan was to phase in new customers as the program grew to address any increases in energy costs.

Mr. Campbell then described and highlighted aspects of outstanding issues yet to be resolved. In response to questions by Vice President Moran concerning the option of reducing the scale of the program in order to reduce the initial costs and risks; Mr. Harrington pointed out that in the final analysis this was a policy decision as there wasn't a big difference in costs. In response to questions concerning how all of this related to a typical bill that was higher than the current PG&E bill by Commissioner Torres and Commissioner Caen, Mr. Campbell clarified that his issue was specifically raised in surveys taken to identify the potential customer base and that there were clear responses indicating a willingness by potential customers to participate in the program even if at a slightly higher cost.

Next Chief Financial Officer and Assistant General Manager for Business Services Todd Rydstrom outlined the fiscal health of Hetch Hetchy Water & Power (HHWP) and identified the points when its capital needs would exceed likely available funding. Mr. Rydstrom then described options that could be employed to address this imbalance. Mr. Rydstrom noted the Commissioners faced difficult choices and that there were factors influencing rate setting beyond the fiscal that had to be taken into consideration. Mr. Rydstrom then outlined, as an example, various ramifications of a .01 cent rate increase on municipal customers. In response to points raised by Vice President Moran and President Vietor, Mr. Rydstrom and Mr. Harrington confirmed that increased rates and well as use of bonds were necessary if we were to continue to meet the identified capital needs of HHWP.

In reply to questions by President Vietor concerning use of private funds and if inclusion of community choice aggregation could also address these needs, Mr. Harrington and Mr. Rydstrom reported various costs such as building increased transmission lines that could be include. President Vietor asked about the extent to which the SF LAFCo Commissioners were aware of these inter-related issues. Mr. Harrington reported that as the main focus had been on the first year of the proposed program there was likely not a high awareness among the LAFCo Commissioners of these issues. Mr. Harrington suggested that all of these matters could be discussed at the upcoming joint meeting noting that the LAFCo Commissioners were already aware of the likely cost of the program above the typical PG&E bill and could be brought up to speed on these related issues as well then.

Next there was a discussion in response to questions by Vice President Moran and Commissioner Caen concerning the possible size of the California Public Utilities Commission mandated performance bond and when we might know what that would be. President Vietor suggested discussion of this issue also be included on the agenda for the joint meeting.

Wrapping up this discussion, Mr. Rydstrom and Mr. Harrington noted the unfortunate coincidence of timing of these two important matters, given the necessity to address capital needs of Hetch Hetchy Water & Power through increased rates while also launching providing an option to provide San Franciscans with 100% green energy. Vice President Moran observed that as all of this could involve expenditures as much as \$6.3 million per year careful and thoughtful consideration would have to be given to identifying the best uses for these funds.

#### Public comment

Mr. Francesco Da Costa, environmental advocate, recalled his years of involvement in discussion of community choice aggregation, and asked for thoughtful consideration of the part to be played by increased transmission options as well as having a viable work plan which he believed would be needed. Mr. Da Costa stated that there was a need for a plan based on realities and for leadership in making difficult choices that would be presented to the community in plain language, especially given the dire economic conditions we were currently experiencing.

Mr. Eric Brooks, San Francisco Green Party applauded this as exactly the discussion he had wanted to hear. Mr. Brooks again emphasized his view that the original goal to meet or beat PG&E rates could only be done though a rapid build out of local renewables. Mr. Brooks suggested that this could be done in a few as three years and noting Commissioner Torres concerns about ratepayer impacts suggested the proposed program would exclude low income residents from participation

Mr. Joshua Arce, Brightline Defense Project, emphasized that his main concern was that the program begin to generate local employment opportunities as quickly as was possible and suggested compressing the proposed timeline to accelerate a build out of local renewable in order to create employment opportunities. Mr. Arce urged that the Commission move this entire topic forward to Board of Supervisors for them to take action.

In response to a question by Vice President Moran if he supported the existing term sheet, Mr. Arce proposed that these efforts be pushed forward on a double track basis.

Mr. Paul Lucas, a District 10 resident, urged that all of these matters be presented to the community in simple clear terms so that what was being proposed would be clearly understood and then decisions could made on an informed basis. Mr. Lucas pointed out that double speak and misleading information lead to cynicism and mistrust among the community.

Mr. Herb Allen, Bayview Hunters Point, urged that consideration be given to thinking outside the box, pointing to the example of California spending millions to build prisons when perhaps it would be better and perhaps less costly to simply pay at risk individuals to avoid actions that would put them into prison.

Mr. David Pilpel, SFPUC CAC, noted that there were three issues involved: Options about how to approach CCA; the capital needs of HHWP, and the full cost recovery of power supplied to General Fund Departments. Mr. Pilpel noted that he was unwilling to pay the likely higher cost for 100% renewable energy, and suggested the proposed CCA Program consider alternatives that might be cheaper. Additionally Mr. Pilpel proposed a phased in full cost recovery for power supplied to General Fund departments which would in turn provide funds to meet Hetch Hetchy Water & Power's capital needs, which he agreed with Vice President Moran were longstanding and in need of being addressed.

#### Commission discussion

Vice President Moran made clear that it was his inclination to support going forward with the CCA Program but that it must be done in a manner that we could afford. Additionally, Vice President Moran emphasized that it was essential that we address the already identified capital as well as ongoing maintenance needs of Hetch Hetchy Water & Power before taking on additional responsibilities. Vice President Moran expressed optimism that this could be accomplished given the relatively smaller costs involved in the CCA Program and the City's demonstrated ability to meet and address far larger budget shortfalls in our \$6.6 billion annual budget in a reasoned and balanced way. Vice President Moran noted that how this could be done could be addressed at the upcoming joint meeting.

In response to questions by Commissioner Torres and President Vietor, Mr. Rydstrom outlined how the Rate Fairness Board process would proceed in addressing these rates issues going forward. Vice President Moran suggested that the Rate Fairness Board members might need to receive information at earlier stages of this process going forward.

President Vietor noted that although this program had been under discussion for years, there was still away to go before it would be ready to go. Mr. Harrington proposed to include the points raised during these discussions and add them to the items to be discussed at the October 11<sup>th</sup> Special Joint meeting with the San Francisco Local Agency Formation Commission.

Next, Mr. Harrington took up Agenda Item #7c out of order

c) Report on correspondence confirming that the "Local Hire Ordinance" does not apply to projects under the Water System Improvement Program Labor Agreement (WSIPLA). (Harrington)

Mr. Harrington explained that this item was to inform the Commission about communications received from the San Francisco Building and Construction Trades Council (SFBCTC) related to Commission Resolution 11-0102. Mr. Harrington reported that on July 19, 2011, SFBCTC wrote to him expressing concern that the Commission's

Resolution 11-0102 violated the WISP Project Labor Agreement (WSIPLA). Mr. Harrington reported that the SFBCTC was concerned that a reference in that resolution to San Francisco Administrative Code section 6.22 (G) – the "Local Hire Ordinance" - inferred that the SFPUC was asserting that the Local Hire Ordinance, rather than the Water System Improvement Program Project Labor Agreement (WSIPLA), set that standard of hiring on WSIP projects. In response the SFPUC confirmed that WSIP projects were expressly exempted from the Board of Supervisor's adoption of the Local Hire Ordinance (SF Admin Code 6.22(G) (8) (e)). S.

Additionally Mr. Harrington reported that he had also re-confirmed on behalf of both the Department and the Commission that the WSIP hiring standard was stated in the WSIPLA, not the Local Hire Ordinance. Mr. Harrington also reported the grants to the JTOP are consistent with the WSIPLA Article XIII, Section 13.3, which acknowledges SFPUC's goal to work with pre-apprenticeship training programs to ensure recruitment and training of low-income San Franciscans and local residents in the SFPUC's service territories and in each County where construction was too take place, and the WSIPLA parties' commitment to make good faith efforts to further the indenture of such qualified residents into the Unions' recognized Apprenticeship Programs consistent with the Apprenticeship Program's indenture rules approved by the State of California, Division of Apprenticeship Standards. In addition to confirming these understandings with the SFBCTC, Mr. Harrington noted that it would be worthwhile to add this information to the Commission record to avoid any possible future confusion. Mr. Harrington concluded that with these communications he thought the San Francisco Building and Construction Trades Council's concerns related to Resolution 11-0102 were resolved.

#### Public comment

Ms. Espanola Jackson, Bayview Hunters' Point civic leader, noted that local hire had been public policy since 1968 and expressed her frustration with what she perceived as unwillingness by labor union leaders to work cooperatively with the residents of the southeastern neighborhoods to insure that jobs and employment training were equitably made available to them.

Mr. Joshua Arce, Brightline Defense Project, expressed his appreciation to General Manager Harrington for his leadership in pushing the envelope on local hiring and urged that everyone work together to resolve this regional issue on an equitable and regional basis.

Ms. Moore, owner of a local trucking company, expressed her frustration with what she believed was a lack of opportunity for her local small business to fairly compete for the significant amounts of publically funded work going on in her community. Ms. Moore expressed her view that there was not a level playing field and that the compliance officers were not doing their jobs. Ms. Moore characterized the current system as a failure with a pricing structure that denied local businesses a realistic means of getting jobs that were available given their already fixed overhead costs.

Mr. Eric Brooks, San Francisco Green Party, commented that no one could fault the SFPUC for its leadership in the promotion of local hiring; noting that the General Manger had taken a strong position in support of efforts to provide opportunities for local residents to work on SFPUC funded projects. Mr. Brooks noted that beneficial changes in existing program could be made given the seriousness of the local employment situation but that local labor union needed to be full partners in address how this might be accomplished. Mr. Brooks again emphasized that an expanded build out of renewables would not only provide a wide array of well paid jobs that would in turn energize the local economy but also provide additional energy resources.

Michael Theriault, Secretary-Treasurer, San Francisco Building and Construction Trades Council, expressed dismay at some of the criticisms leveled at unions and noted that he supported the goals of local hire saying that any differences were simply strategic in nature. Mr. Theriault emphasized that in order for these programs to be valuable to the community it was essential that they maintain the high level of quality demanded of skilled workers. Mr. Theriault pointed out that he was confident that workers from disadvantaged communities could achieve these levels of skill, as he had often seen them do so.

Mr. Walter Paulson sang a song about the challenges facing the unemployed and a request that the Commissioners act to fix them.

In interest of saving time, WSIP Director Julie Labonte proposed to address the topic to be covered in Agenda Item #7b as each of the related Agenda Items were discussed

President Vietor called a brief recess at 3:49 P.M. The Commission returned to reconvened at 4:04 P.M.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11<sup>th</sup> Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

#### **CONSENT CALENDAR**

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which

event the matter will be removed from the Consent Calendar and considered as a separate item.

At the request of Vice President Moran Consent Calendar item #8a and # 8k were taken up separately

Public comment

No comment was offered on any Consent calendar item

Motion by, seconded by Commissioner Caen to approve Consent Calendar Items #8b and #8j Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

b) Approve the selection and award of Water Enterprise Earthquake Safety and Emergency Response Bond-funded Planning Support Services for Auxiliary Water Supply System (AWSS) (Agreement No. CS-199) to AECOM/AGS Joint Venture; to assist with planning and alternatives analysis for the repair, improvement, and expansion of the AWSS cisterns, pipelines, tunnels, and related features; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with AECOM/AGS Joint Venture for an amount not-to-exceed \$2,000,000 and with a duration of two (2) years.

## **RESOLUTION 11-0140**

- c) Approve Amendment No. 1 to Water Enterprise, United States Environmental Protection Agency (EPA) grant-funded Agreement No. CS-902, Water Quality Services for Contaminant Warning System Demonstration Program with CH2M Hill; to complete additional water quality services associated with the grant's reporting requirements and other related tasks within the scope of the agreement; and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute this amendment, increasing the agreement amount by \$1,000,000, for a total not-to-exceed agreement amount of \$3,000,000, with no change to the duration of the agreement. (Levin) RESOLUTION 11-0141
- d) Approve the plans and specifications; award Hetch Hetchy Water Capital Improvement Program-funded Contract No. HH-926R, Hetch Hetchy Microwave Upgrade Phase II, in the amount of \$3,544,059 to Communication Services, Inc., the lowest, qualified, responsible and responsive bidder to install four new microwave radio sites to provide improved communication within the Hetch Hetchy Water and Power (HHWP) for staff safety, power line protection, system security and regulatory compliance; authorize the General Manager to submit applications for land use authorizations, right of way and/or special use permits; and adopt findings pursuant to the California Environmental Quality Act. (Levin) RESOLUTION 11-0142
- e) Accept work performed by Monterey Mechanical Co. for Water Enterprise, Water System Improvement Program (WSIP)-funded Contract No. WD-2501 Alemany

Pump Station Upgrade; **approve** Modification No. 1 increasing the contract by \$580,864, for a total contract amount of \$23,849,863, and with a time extension of 1 year and 129 consecutive calendar days, for a total contract duration of 3 years and 29 consecutive calendar days; and **authorize** final payment to the contractor. Modification No. 1 is comprised of twenty-three (23) change orders. The change orders addressed credits for salvaged or unused equipment and materials; design modifications for unforeseen pump station conditions; installation of PG&E service protection equipment; and various system modifications to comply with other City Departments and regulatory requirements. The total of all change orders represent a 2.5% increase over the original contract amount. (*Labonte*)

## **RESOLUTION 11-0143**

f) Accept work performed by MSquared Construction, Inc. for Water Enterprise, Local Water Repair and Replacement (R&R) Program-funded Contract No. WD-2560, 8-inch Ductile Iron Main (DIM) Installation on 21<sup>st</sup> Street and Hampshire Street; approve Modification No. 1 (Final), for reconciling the final contract amount and duration with the actual quantity of labor, pipe and time required to complete the work; decreasing the contract by \$168,734 for a total contract amount of \$1,174,266 and decreasing the contract duration by 10 consecutive calendar days for a total contract duration of 290 consecutive calendar days; and authorize final payment to MSquared Construction, Inc. This contract was completed under budget and in less time than originally estimated. (Levin)

## **RESOLUTION 11-0144**

g) Accept work performed by Shaw Pipeline Inc. for Wastewater Enterprise (WWE) Capital Improvement Program (CIP)-funded Contract No. WW-457, Colon Avenue/Greenwood Avenue/Plymouth Avenue/ Wildwood Way/Southwood Drive and Miramar Avenue Sewer System Improvement and Pavement Renovation; approve Modification No. 1 (Final), for reconciling the final contract amount and duration with the actual quantities of labor, materials and time required to complete the work, decreasing the contract value by \$33,146 for a total contract amount of \$2,389,774 and decreasing the contract duration by 19 consecutive calendar days for a total contract duration of 221 consecutive calendar days; and authorize final payment to Shaw Pipeline Inc. This contract was completed under budget and in less time than originally estimated. (Moala)

#### **RESOLUTION 11-0145**

h) Approve the plans and specifications, and award Wastewater Enterprise (WWE), Renewal and Replacement (R&R) Program-funded and Department of Public Works (DPW) Pavement Renovation Program-funded Contract No. WW-480, Various Locations Sewer Replacement Contract No. 3 and Pavement Renovation, to replace the existing sewers and street pavement on Spear, Natoma, Lexington, Capp, Rhode Island, De Haro and 20th Streets and Pennsylvania and Orizaba Avenues, for a total contract amount of \$2,328,898 (\$1,656,565 in sewer work funded by the WWE R&R Program and \$672,333 in paving work funded by the DPW Paving Program), to the lowest, qualified, responsible and responsive bidder, Shaw Pipeline, Inc.

## **RESOLUTION 11-0146**

i) **Approve** the plans and specifications, and **award** Wastewater Enterprise (WWE), Capital Improvement Program-funded (CIP) and Department of Public Works (DPW) Pavement Renovation Program-funded Contract No. WW-488, As-Needed Main Sewer Replacement No. 1, to provide as-needed main sewer replacement work (from manhole to manhole segments) at locations to be determined within the City of San Francisco; for a total contract amount not to exceed \$2,617,290 (\$2,278,200 in sewer work funded by the WWE CIP and \$339,090 in paving work funded by the DPW Paving Program), to the lowest, qualified, responsible and responsive bidder, A. Ruiz Construction. (Moala)

## **RESOLUTION 11-0147**

Approve the plans and specifications, and award Wastewater Enterprise, Capital j) Improvement Program-funded (CIP) Contract No. WW-520, Spot Sewer Repair Contract No. 26, to repair small spot sections of existing sewer piping, on an asneeded basis, at locations to be determined throughout the City of San Francisco: for a total contract amount not-to-exceed \$3,374,375; to the lowest, qualified, responsible, and responsive bidder, J. Flores Construction. (Moala)

#### **RESOLUTION 11-0148**

Motion by Vice President Moran, seconded by Commissioner Caen to approve Consent Calendar Item #8a and #8k Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

- Approve Amendment No. 1 to Water Enterprise, Water Conservation Operating a) Budget-funded Agreement No. CS-151(I) Graywater Laundry to Landscape (L2L) Program with The Urban Farmer Store in order to continue marketing efforts to secure more program participants; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment to extend the duration of the agreement by one (1) year for a total agreement duration of two (2) years, with no change to the value of the agreement. (Levin) **RESOLUTION 11-0149**
- k) **Approve** the plans and specifications, and **award** Wastewater Enterprise (WWE), Operating Budget-funded Contract No. WW-526, Wastewater Enterprise Elevator Maintenance and Repair, to service and maintain all Wastewater Enterprise and Southeast Community Facility elevators, in the amount of \$489,400, to the sole qualified, responsible, and responsive bidder, Ascent Elevator Services Inc.(Moala) **RESOLUTION 11-0150**

#### **REGULAR BUSINESS**

Discussion and possible action to approve Amendment No. 2 to the Full Load 9. Service ("FLS") contract between the City and County of San Francisco ("the City"), through its Public Utilities Commission ("PUC"), and the United States of America, through the Department of Energy Western Area Power Administration ("WAPA" or "Western"), for WAPA to continue providing portfolio management services and supplemental power purchases for

Treasure Island and Yerba Buena Island ("TI/YBI"); and **authorize** the General Manager of the SFPUC to execute this amendment extending the term for an additional period of five years past the current termination date of September 30, 2015 to September 30, 2020, and to increase the previously authorized amount of the contract by approximately \$9,650,000, for a total not-to-exceed agreement amount of \$13,890,000, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (*Hale*)

## **RESOLUTION 11-0153**

AGM for Power Barbara Hale presented a brief overview of the proposed agreement that would continue an existing relationship through the Department of Energy Western Area Power Administration to purchase low cost energy for the future needs of Treasure Island and Yerba Buena Island.

In response to questions by Vice President Moran, Commissioner Torres, and Commissioner Caen approval of this item was skipped over to allow AGM Hale to confirm there was a need to approve the contract term as proposed.

#### Public Comment

Mr. David Pilpel, SFPUC CAC, observed that this agreement seemed to be a good deal as it provided a long-term option to buy cheaper power from the Western Renewable Energy Generation Information System without binding us to purchase.

At the request of Deputy General Manager Michael Carlin Agenda Item #11 was taken up next out of order.

11. Discussion and possible action to adopt a finding declaring surplus to the needs of any San Francisco Public Utilities Commission (SFPUC) utility certain property fronted by 17<sup>th</sup> Street between Folsom Street and Shotwell Street, in San Francisco; authorize the General Manager to execute a Memorandum of Understanding (MOU) between the SFPUC, San Francisco Recreation and Parks Department and Mayor's Office of Housing regarding the property; authorize a request to the Mayor and Board of Supervisors of a jurisdictional transfer of that property for fair market value in the total amount of \$6,271,850, subject to the terms of the MOU, and applicable law; and adopt findings pursuant to the California Environmental Quality Act (CEQA).

#### **RESOLUTION 11-0139**

#### Public Comment

Mr. Oscar Grande, representing the Mission/Excelsior Community Organization, praised this as a model for a from the ground up community based cooperative effort that would not only provide critically needed affordable housing opportunity in an Environmental

Justice impacted community but would create a wonderful safe recreation space for the all of the neighbor communities children.

President Vietor thanked Mr. Grande for his hard work in making this project a reality and applauded his organization's distinguished accomplishments in improving their community.

Mr. David Pilpel, SFPUC CAC, recalled the long history of this property has it transitioned among various City departments, and asked why in this case were the clean up costs falling to the SFPUC.

Deputy General Manager Carlin explained that when ownership was assumed so were any pre-existing liabilities.

Motion by Commissioner Torres, seconded by Vice President Moran to approve Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

10. Discussion and possible action to authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to take all necessary actions to enter into one or more agreements with the Western Renewable Energy Generation Information System in order to establish the administrative mechanisms to certify, track, and report renewable energy credits, and to enter similar agreements with other such entities to certify, track, and report other environmental attributes, so that the SFPUC will be able to demonstrate achievement of environmental goals and compliance with applicable laws and regulations; and Authorize the General Manager to seek Board of Supervisors approval of any such agreements, if required under Charter Section 9.118. (Hale) RESOLUTION 11-0151

Public comment

No comment was offered

Motion by Commissioner Torres, seconded by Commissioner Caen Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

12. Discussion and possible action to **authorize** the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Memorandum of Agreement (MOA) with the State of California, Department of Parks and Recreation (State Parks) to provide funding for a long-term stabilization plan for Mitchell Ravine in Alameda County for an amount not to exceed \$1,339,550 and a duration of 24 months. (*Levin*) **RESOLUTION 11-0152** 

WSIP Director Julie Labonte briefly outlined the background to this agreement.

Public Comment

No comments were offered

Commissioner Discussion

In response to questions by Commissioner Torres, Deputy General Manager Michael Carlin identified the project work as being done in Alameda County Supervisor Lockyer's District but reported that she had not been specifically notified about this approval of an MOA and the related work with State Parks. Commissioner Torres suggested that in future in would be an excellent idea to have local elected officials informed about work benefitting their districts that the SFPUC was doing.

Motion by Commissioner Torres, seconded by Vice President Moran to approve Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

The Commission next returned to Agenda item #9

AGM Hale was able to clarify that this agreement served to continue our existing relationship with the Western Renewable Energy Generation Information System. Deputy City Attorney Ambrose agreed with AGM Hale that it provided us with an option to purchase their low cost power but without a requirement or any penalty if less costly alternatives became available. AGM Hale noted that this power would be sold on the energy market if not needed by us.

Commissioner Caen expressed the view that the proposed term was still too long.

Motion by Commissioner Torres, seconded by Vice President Moran to approve Passed 3 - AYE (Vietor, Moran, Torres) 1- NO (Caen)

13. Discussion and possible action to **approve** an increase to the pre-approved 10% construction cost contingency allocated to the Water Enterprise, Water System Improvement Program (WSIP)-funded Construction Contact No. WD-2582 - Sunol Valley Water Treatment Plant (SVWTP) Expansion and Treated Water Reservoir (TWR) in the amount of \$14,000,000 (17%) for a total contingency amount of \$22,310,216 (27%); and **authorize** the General Manager to consider, and if appropriate, to approve modifications to the contract for a total contract amount up to \$105,412,376.

The increased construction cost contingency is needed to fund unexpected cost overruns related to unforeseen differing geotechnical site conditions and differing as-built conditions of existing facilities, additional scope items requested by the SFPUC Water Enterprise, required design modifications and environmental regulatory requirements.. (*Labonte*)

**RESOLUTION 11-0154** 

In particular in this situation Ms. Labonte pointed to the needed additional work related to the chemical tanks as a major factor. Ms. Labonte further emphasized that each of these situations was given the highest level of review before changes were recommended. Agreeing with Vice President Moran's observation, Ms. Labonte noted it would have been better if these changes had been included from the beginning. Mr. Harrington agreed this had been a tough call.

**Public Comment** 

No comments were offered

Motion by Vice President Moran, seconded by Commissioner Caen to approve Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

14. Discussion and possible action to **approve** an increase to the pre-approved 10% construction cost contingency for Water Enterprise, Water System Improvement Program (WSIP)-funded Construction Contact No. WD-2591 – Lower Crystal Springs Dam (LCSD) Improvements in the amount of \$2,257,000(13%), for a total contingency amount of \$3,993,000 (23%); and **authorize** the General Manager to consider, and if appropriate, to approve modifications to the contract for a total contract amount up to \$21,353,400. The increased construction cost Contingency is needed to fund unexpected cost overruns related to unforeseen differing geotechnical site conditions and differing as-built conditions of existing facilities, the discovery of excessive contaminated soil, additional environmental mitigation measures to protect special status species, and the recovery of schedule delays resulting from excessive rainfall. (*Labonte*)

**RESOLUTION 11-0155** 

Ms. Labonte briefly outlined the reasons which justified making the proposed changes noting in particular the environmental and operational conditions as well as challenges posed by the very tight scheduling window available to accomplish the work that was needed at this site. However, Ms. Labonte pointed out that overall the projects were remaining within the budget as they had been adjusted.

**Public Comment** 

No comments were offered

Motion by Commissioner Torres, seconded by Vice President Moran to approve Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

15. Discussion and possible action to **authorize** the General Manager to negotiate and enter into a contract for an amount not to exceed \$6,000,000 with the sole qualified, responsible, and responsive bidder, Yerba Buena Engineering & Construction, Inc., or any qualified contractor, as permitted under San Francisco Administrative Code Section 6.23(C)(2); and, upon successful negotiations, **approve** the plans and specifications; and **award** Water Enterprise Water System Improvement Program (WSIP)-funded Contract No. WD2641R-Habitat Reserve Program, Homestead Pond, San Andreas Reservoir Wetlands, and Adobe Gulch Grasslands, in an amount not to exceed \$6,000,000, to perform wetland compensation construction at the Homestead Pond, San Andreas Reservoir Wetlands, and Adobe Gulch Grasslands sites, and **adopt** findings under the California Environmental Quality Act ( CEQA), including statements of overriding considerations. (Labonte)

## **RESOLUTION 11-0156**

Public Comment

No comments were offered

Motion by Commissioner Torres, seconded by Vice President Moran to approve Passed 4-0 AYE (Vietor, Moran, Caen, Torres) unanimously

Wrapping up this meeting, General Manager Harrington announced that former SFPUC Security Chief Captain John Erhlich had been reassigned to the Police Department and would be replaced by Lt. Kurt Bruneman.

After Mr. Harrington reported this was the only matter proposed to be discussed in the Closed Session, President Vietor then took the closed session items off calendar and moved to Agenda Item # 21. Other New Business.

## **CLOSED SESSION**

- Public comments on matters to be discussed in Closed Session.
- 17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.
  - THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:
- 18. Threat to Public Services or Facilities Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose) Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

# FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

- 19. Announcement following Closed Session.
- 20. Motion regarding whether to disclose the discussions during Closed Session.

#### 21. Other New Business

General Manager Harrington called the Commissioners' attention to an excellent article of the outstanding work being done for the SFPUC by the Earth Stewards.

No additional new Business items were proposed.

There being no further business the meeting was adjourned at 4:50 p.m.

**ADJOURNMENT**