San Francisco Public Utilities Commission
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
(Approved July 26, 2011)
Regular Meeting

Tuesday, July 12, 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

For information, contact the Commission Secretary at 554-3165.
Minutes and other information are available on the SFPUC web site: www.sfwater.org

ORDER OF BUSINESS:

1. Call to Order

The meeting was called to order by President Vietor at 1:38PM.

2. Roll Call

Present were: President Francesca Vietor, Vice President Anson B. Moran, and Commissioner Art Torres
Commissioner Courtney joined the meeting at 1:38PM
Commissioner Ann Moller Caen joined the meeting at 2:34PM.

3. Approval of Minutes
   a) Minutes of the June 28, 2011 Special Meeting

Motion by Commissioner Torres, 2nd By Vice President Moran to approve the Minutes of the special June 28, 2011 meeting Passed 3-0 AYE (Vietor, Moran 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 Francisco Da Costa, an environmental activist, thanked the Commissioners for bringing their meeting to the community and commented that when the Commission met in the community it would be best to limit the agenda to one or two items to allow residents the opportunity to address these matters in depth. Additionally, Mr. Da Costa expressed concern that there remained only a small window of opportunity that should be taken advantage of right away to effect needed changes in the way that the SFPUC worked with the community. Mr. Da Costa also called for an emphasis on programs that led to careers rather than just jobs.

5. Communications

Commissioner Art Torres took this opportunity to share copies of the California Institute for Regenerative Medicine's (CIRM) recent annual report with his colleagues, observing that its wide array of useful information concerning the value of as well as benefits provided by CIRM's ongoing work might serve as a useful model. Commissioner Torres invited his colleagues to visit the CIRM facilities and see it work in person. Vice President Moran observed this could serve as a useful tool in considering how the SFPUC provided similar information regarding the important economic and social benefits its ongoing activities provided to ratepayers and residents. President Vietor also expressed her appreciation for receiving this report and applauded Commissioner Torres' leadership at the CIRM.

a) Letter Summary
b) Advance Calendar

Vice President Moran requested that Commissioners' questions be tracked in the Advance calendar as before. Mr Harrington reported that an effort was underway to provide answers to all of the outstanding Commissioners' questions.

6. Other Commission Business

a) Adoption of a Resolution in support of the nomination of Vice President Anson B. Moran as a Board Member for the Association of California Water Agencies (ACWA) Region 5.
RESOLUTION 11-0103

Vice President Moran agreed that he was willing to serve in this additional capacity.

Motion by Commissioner Torres, 2nd by President Vietor Passed 3-0AYE (Vietor, Moran, Torres) unanimously

7. Report of the General Manager

General Manager Harrington reported in interest of saving time and the extent of the agenda he would forgo his usual report

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, 11th 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.

Commissioner Torres requested that Agenda item#8c be taken off calendar and continued to the call of the Chair.

Public comment

No comments were offered on any Consent Calendar item

Motion by Commissioner Torres, 2nd By Vice President Moran to approve Consent calendar items #8a, #8b, and #8d Passed 3-0 AYE (Vietor, Moran, Torres) unanimously

a) Approve the selection of Stantec Consulting Services, Inc. (Stantec); award Hetch Hetchy Power Capital Improvement Program-Funded Agreement No. CS-140, Engineering and Commissioning Services for Hetch Hetchy Water and Power (HHWP), to assist the San Francisco Public Utilities Commission (SFPUC) with design engineering and commissioning services for HHWP hydro-generation and power facilities projects, to provide technical expertise on compliance with the Federal Energy Regulatory Commission/Western Electricity Coordinating Council/North American Electric Reliability Corporation (FERC/WECC/NERC) regulatory requirements, and to provide engineering support services for hydro-generation maintenance and upgrades projects; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Stantec for an amount not-to-exceed $6,000,000, and with a duration of five (5) years. (*Ritchie*)
RESOLUTION 11-0104

b) Approve the selection of Black & Veatch; award Hetch Hetchy Power Capital Improvement Program-Funded Agreement No. CS-141, Construction Support Services for Hetch Hetchy Water and Power (HHWP), to assist the San Francisco Public Utilities Commission (SFPUC) with construction inspection services, program management support and technical services (general and review support) for HHWP hydro-generation and power facilities projects; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Black & Veatch for an amount not-to- exceed $6,000,000, and with a duration of five (5) years.
RESOLUTION 11-0105 (*Ritchie*)

Agenda item #8c was taken off calendar and continued to the call of the Chair

c) Approve Amendment No. 1 to Power Enterprise, Community Choice Aggregation (CCA) Project-funded Agreement Nos. CS-920(R)A and CS-920(R)B, Monitoring and Advisory Services on Behalf of the San Francisco Public Utilities Commission in Connection with the CCA Program with George E. Sansoucy, PE, LLC and Local Power, Inc.; and authorize the General Manager of the San Francisco Public Utilities Commission to execute these two amendments, each with a time extension of one (1) year, for a total agreement duration of four (4) years. (*Hale/Campbell*)

d) Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission to execute a Revocable Permit to the Alameda County Resource Conservation District (ACRCD) for a construction and post construction monitoring of a streambank stabilization and restoration demonstration project (Project) on the Arroyo de la Laguna at the Verona Bridge in

Alameda County, SFPUC Parcel No. 946444000400. (*Ritchie*)
RESOLUTION 11-0106

REGULAR BUSINESS

President Vietor next called up Agenda Items #17 and #18 out of order.

17. Discussion and possible action to authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute a first amendment to the Memorandum of Understanding by and between the San Francisco Public Utilities Commission (SFPUC) and Alameda County Resource Conservation District (ACRCD) to continue the planning, design, and, where authorized under the California Environmental Quality Act (CEQA), the implementation of natural resource management projects in the Alameda Creek Watershed in an amount not to exceed $775,000 and extending the completion date by nine years to December 31, 2022, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (*Ritchie*)
RESOLUTION 11-0107

Natural Resources Program Manager Tim Ramirez noted this was an amendment to a very successful ongoing agreement with the Alameda County Resource Conservation District (ACRCD), and that moving this extension forward would facilitate continuation of this good work

Public Comment

No comments were offered

Motion by Commissioner Torres, 2nd by Vice President Moran to approve the item
Passed 3-0 AYE (Vietor, Moran, Torres) unanimously

18. 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 Understanding to form the Upper Alameda Creek Watershed Partnership with the Alameda County Resource Conservation District, California Rangeland Trust, The Nature Conservancy and U.S.D.A. Natural Resources Conservation Service to coordinate watershed protection projects in the Mount Hamilton area of the Diablo Range, including the upper Alameda Creek Watershed, with a duration of sixty (60) months. (*Ritchie*)
RESOLUTION 11-0108

SFPUC Natural Resources Program Manager Tim Ramirez reported this was related to the working partnership cited in the previous item but constituted a significant expansion of the reach of our effective partnerships in the Alameda Creek watershed by adding new partners working in a formally created relationship. Mr Ramirez also reported the

first land acquisition for watershed protection had taken place. In response to questions by President Vietor Mr Ramirez reported this $2 million purchase added an adjoining quarter section of property to one we already owned and noted that the among purposes of this program was not to only to purchase properties to protect the watershed but to use this as one option among many, including entering into agreements to protect watershed lands without assuming direct ownership that served the same goals as well.

Public Comment

No comments were offered

Motion by Commissioner, 2nd by Vice President Moran to approve the item Passed 4-0 AYE (Vietor, Moran, Torres, Courtney) unanimously

President Vietor then called up Agenda item #19 out of order.

19. Discussion on the status of CleanPowerSF, our Community Choice Aggregation program. (Hale)

Assistant General Manager for Power Barbara Hale presented an overview of the current status of the CleanPowerSF CCA Program. Ms. Hale reported ongoing negotiations with Shell Energy and outlined as background the City goals that formed the basis for staff's efforts to identify a commercially feasible means to develop a CCA Program which met these goals. Ms. Hale noted the City's goals with CleanPowerSF: offering customers a choice, providing stable rates while meeting or beating PG&E pricing, allowing for more local control of our energy resources, as well as promoting increased use of renewable energy and local build out of renewable facilities going forward, while doing so at no risk to the City.

Next turning to scheduling issues , Ms. Hale proposed to bring a contract based on business terms that she would outline next before the Commission for their consideration at their July 26th regular meeting prior to submitting them to the Board of Supervisors. It was explained at the last public meeting that the related contract with Noble would not be ready for the Commissioners to consider on July 26th but would follow. Ms. Hale reported that at that point staff would have final confirmation of pricing and have the renewables mix detailed, and then contract could be signed by the General Manager. Ms. Hale explained subsequently CleanPowerSF would then have to demonstrate that we had the start up funds in an operating account available for the Program in advance of launching the Program. Additionally, Ms. Hale reported we would have to demonstrate that we had the necessary data exchange facility tested and finalized with PG&E and would need to go through the state required customer notification process. Then, Ms. Hale explained the program would begin to have open enrollment and see the first opt outs during the target timeframe of June 2012.

Next Ms. Hale described the potential customers that we would be enrolling. Ms. Hale reported that there were approximately 340,000 residential accounts in San Francisco. In answer to Commissioner Torres question about how many commercial accounts there were, Ms. Hale proposed to bring that information back to the Commissioner. Ms. Hale emphasized all San Franciscans would be eligible to participate in the CleanPowerSF Program. Ms. Hale reported that staff would initiate the state required opt out process, by providing approximately 230,000 account holders dispersed throughout the city in specified geographic areas the opportunity to opt out. Ms. Hale reported staff had not yet determined what the specific geographic areas would be, but expected it would be a patchwork across the city. From our survey information, as was previously presented at the joint meeting with the San Francisco Local Agency Formation Commission (LAFCo), Ms. Hale explained that staff expected approximately 75,000 account holders to continue to initially participate in the CleanPowerSF Program. Ms. Hale reported that the remaining 110,000 accounts that do not elect to join us would be provided another formal opt out after this initial group had told us what they would like to do. Ms. Hale then explained that the pace of that next offering, that next opt out opportunity would be determined by the results of our initial group' s response and the number of accounts that elect to join us when we offer the service on day one. Ms. Hale explained that by staging the formal opt outs would help mitigate the impact of whether our actual opt outs were greater than what we were expecting and projecting. Ms. Hale reported that if we have more of opt outs than we have expected, we would be able to backfill by offering new customers their formal opt out opportunity. In response to a question by President Vietor, Ms. Hale confirmed you could opt back in after opting out but there were restrictions. Ms. Hale explained that once someone opted out under the current state regulations they were out for three years. This, Ms Hale explained, was why staff wanted to be really careful about how we provide that formal opt out. Ms. Hale noted that once a customer had said no thanks, they were out for three years. Ms Hale reported that staff was trying to modify that regulation through our legislative efforts, but that was as it stood today. Ms. Hale further explained that was why she thought it important to emphasize that all people from San Francisco can participate in CleanPowerSF from day one. Ms Hale noted staff were limiting the opt-out required notice to a portion of the people from San Francisco.

Putting these numbers into perspective, Ms Hale pointed out that the 75,000 accounts that staff was projecting, equated to about 30 megawatts of electric load. For reference, Ms Hale noted the Marin Energy Authority had 8000 enrolled accounts. So, Ms. Hale observed, ours would be a large program from day one, with 75,000 customers projected and additionally there would be other customers that would also opt in, and that number could potentially be larger.

Turning next to the resources mix proposed to be provided, Ms Hale explained State law required us to have a 20% renewable content in 2012, and then this requirement would increase the 33% by 2020. In our program, Ms. Hale reported we were proposing a 100% renewable content from California Energy Commission certified renewable

facilities. Ms. Hale reported that our proposed portfolio was composed of 85% firmed and shaped products, like wind, and 10% of bundle renewals, like solar, biomass, geothermal, and 5% in tradable renewable energy credits.

Ms. Hale explained that a bundled product was energy delivered from a facility in real time, so you got a kilowatt hours from a qualified renewable resource bundled together. Ms Hale described that “affirmed and shaped” meant you were purchasing from that kind of resource, but it was an intermittent resource as you could not count on it every hour of every day but that these were backed up, or firmed up by another source of electricity. Ms Hale then described the tradable renewable energy certificate that just purchased a renewable attribute to “green” resources that were not qualified as a green or are not greenhouse gas free. Ms. Hale explained that to qualify these products, they had to be sourced from California Energy Commission (CEC) certified renewable facilities. Ms Hale then recapped pointing out our city policy statement was to target 51% renewable, while the state only requires 20% and we were targeting 100% green, and so we were already exceeding that city target. Ms. Hale further reported that over time, we were expecting our bundled portion, the kilowatt hours from renewable attributes, to grow, and the portion of our resource mix from tradable renewable energy credits to shrink. Ms. Hale noted this was expected for two reasons: one was our emphasis on a building out local renewals, and the other was the state law requirements which said that you had to increase your use of bundled resourced and decrease your use of tradable renewable energy credits over time. Ms. Hale reported that staff was continuing to work internally and with stakeholders to develop the in-city built out program as process that related to Agenda Item #8c today. Ms. Hale also explained that staff had included in the business terms with Shell, provisions that would allow the City to incorporate city selected resources into the energy resource mix.

Additionally, Ms. Hale noted in terms of pricing, this would be a premium product being 100% renewable, and we were also providing it as an affordable product. Ms. Hale noted that low-income customers will continue to receive a discounted rate, as they do today. In regards to the financial needs of the project, Ms. Hale emphasized that CleanPowerSF would be funded by customer revenues and that the kick off of the project would require some financial support. Ms Hale reported details of some of these financial support points were some of our outstanding continuing to be negotiated issues with Shell. Ms. Hale cited, for example, that we would have to have a reserve that was accessible to Shell, as well as contingency staffing and consultant funds available for the ongoing operation of the program. Ms. Hale explained that staff was working with Shell on what would be the financial responsibilities each party in the event of a default with both parties looking to be made whole in the event of a default by the counterparty. Additionally, Ms Hale noted with respect to regulatory and legislative issues there was need for a decision from the California Public Utilities Commission (CPUC) that would determine for us what our performance of bond requirements would be. Ms Hale explained that this was another financial draw on the program that was an unknown. Ms Hale explained that this was

basically a method for recalculating the amount to cover the cost if customers abruptly returned to the utility in the event of a disorderly dissolution of the program. Ms Hale observed that this was not an outcome we expect, but certainly one we needed to prudently prepare for and was also an unknown number at this point. Additionally, Ms Hale reported that the SFPUC was also continuing to support Senator Leno's proposed legislative guidance to the California Public Utilities Commission (CPUC) on cost-sharing and that also would hold utilities to a code of conduct.

Wrapping up, Ms. Hale reported that staff would be returning to the Commission on July 26 with the term sheet seeking authority from the Commission to negotiate the contracts substantially within the framework as was just described and taking that to the Board of Supervisors for their consideration in August and September. Mr Harrington noted what would be helpful today for staff was to make sure that on July 26, we had something that the Commission could vote for and asked that to the extent that the Commissioners had questions or concerns that would allow us two weeks to answer some of those questions or come back with a more definitive response. We would love to hear that today. Between now and then, the goal would be that if you have any kind of concern you can tell us about today, we can try and get the information to you by that meeting.

In response to Commissioner Torres' questions about the process Mr Harrington explained that staff proposed to bring the term sheet with Shell forward through the Commission to the Board, when we would also have to have the necessary appropriations approved by the Board. This process with the term sheet on July 26 was because we wanted people to have that information before we finalized the contract. The Shell contract and a contract with Noble would follow further negotiation based on the requirements outlined in the term sheet. In response to questions by Commissioner Moran, Mr. Harrington explained the Noble contract as it related to the back office stuff could come any time in the next few months. Mr Harrington explained that if the Commission and the Board approved the term sheet and was happy with the terms, staff could then work on contract language as this was not yet complete. If the term sheet was approved, we could bring back a contract hopefully as early as September although that would depend on the responses.

In answer to questions by President Vietor, Mr Harrington explained that the Board would like to see a term sheet from this Commission on July 26th. Additionally, Mr Harrington noted there would be a regular Local Agency Formation Commission LAFCo meeting on July 29 where these issues would be discussed. Mr. Harrington reported the LAFCo would like to see something they could recommend to the Board and introduce at the beginning of August before the Board of Supervisors goes on recess. He explained doing so would then allow the Board to address it in September.

Commissioner Torres emphasized that he wanted to make sure that we are making sufficient provisions to notify the ratepayers of this process. Ms Hale confirmed staff had

already conducted quite a bit of informal outreach to neighborhood groups, to individuals, doing tabling at fairs through our Communications office and through LAFCO's outreach officers. Ms Hale then outlined in detail the required notification process involving four separate formal notices. Ms. Hale confirmed staff was envisioning a very broad campaign, a multi-media campaign, making sure, with an objective that customers were making an informed choice. In answer to Commissioner Torres, Ms. Hale confirmed customers could both opt-in or opt out. In response to questions by President Vietor, Ms. Hale again outline the targeted strategy that staff expected to net 75.000 customers after the initial opt-out notification process. President Vietor expressed concern pointing out that that in past experience, as in Marin, the survey results differ quite substantially from what the actual program showed, as far as opt out rate. Ms. Hale explained that this was why staging the opt-out notification was important to us. Ms. Hale explained because if we are wrong on how many customers choose to opt out, we want to be able to reach out to more customers and backfill so that the commitment level we have the best matches the commitment we were making with Shell. So Ms Hale noted that if people opt out at a lower rate than we expect, it would be great, but should they opt out at a higher rate, then we have this reserve of customers to back fill its. In answer to President Vietor's questions regarding Marin's experience with the level of actual as opposed to survey responses, Ms. Hale reported that Marin as their program parameters were different than ours with various degrees of green as an opt-in instead of our largely opt-out model the results would differ.

In response to President Vietor's questions about the low-income reduced rate, M. Hale reported that it would be a subsidized rate pointing out that the generation component of our service was higher than the generation component of PG&E's service. Ms Hale explained that the overall discount would comparable. Staff was working out the details on how that discount would be applied. In response to President Vietor's query about what was to be included in the financial discussion of what needs to be put up front and how the numbers would play out, Ms Hale explained the determination of the total revenue stream was what Shell needed to support the program, and the dividing up peace was an element that the SFPUC would have discretion over. Mr Harrington observed that the Commission would be getting a rate package but not until early next year. Mr Harrington explained that the Commission would be able to make a decision about how they wanted the rates to look as long as the result remained within in the total amount of money that we need. Mr Harrington clarified that the regular rate-setting process of the City, including the Rate Fairness Board process, would take place. The resulting rates would then go to the Board from the Commission, with the authority of the Board of Supervisors to override it if they choose to do so. President Vietor emphasized she wanted to make sure our low- income customers in particular, especially in the CCA program, that that is really addressed.

Next in response to President Vietor, Mr Harrington discussed the necessary appropriation that was going to be needed. Mr Harrington pointed out this as a big hurdle

we still had to cover and said there were certainly items like reserve accounts, cash flow, those kinds of things, but the real issue was what we have set aside for in case of a program default or termination. Mr Harrington explained that this was the crux of our intense negotiations now. President Vietor asked what seemed to be the main barrier. Mr Harrington responded it was the financial issue and separately, the performance bond. Mr. Harrington and Ms. Hale explained it was the financial commitment that the City needed to make were the main hurdles for the Program and noted these were that would be imposed on us by imposed California Public Utilities Commission (CPUC).

Vice President Moran observed was it important that that the SFPUC not just consider the negotiated terms with Shell but also how all of that fits into the larger beast and what this could mean for the city as a whole. Vice President Moran noted that in essence, by taking that first step, we were saying this was something that we think had legs and that we should pursue. So we need to have at least a good sense of what the totality would look like. Mr Harrington responded this was a good point because if after giving staff authority to negotiate a contract the Commissioners were not going to be happy, it was better to know it now. President Vietor observed that as this was a significant stage of the Community Choice Aggregation (CCA) Program she requested that the term sheet be made available to the Commissioners as early as possible ahead of the next meeting so that individuals who had questions had something to work with. Commissioner Moran noted he would be happy to be available to do briefings in advance of the meeting. President Vietor also wanted to make sure that Local Agency Formation Commission (LAFCo) was briefed on these terms and their input was collected as well in whatever form that needs to take so we were not going off in the direction they we re not comfortable with. Mr Harrington also noted that the schedule also called for a meeting with the Clean Energy Stewards as well before the July 26 meeting. In response to a question by Commissioner Torres if any member of the Board had been involved in this ongoing process, Ms. Hale said no.

Public Comment

Mr Eric Brooks, SF Green Party complained that he had literally had to rush to the meeting as fast as possible to get here. So for public participation, he suggested it would be good to try to leave order of taking up the agenda as written. Mr Brooks said item 8c, which was continued earlier, was actually quite vital, asking that the Commissioners revisit that now and vote to approve it, as it was very important, because activists believed those contractors needed to be tasked by your staff to do extensive preparatory work that informed things like the term sheet. Mr Brooks identified this preparatory work as being related specifically to the build out of in city renewables that advocates have been pushing for. Mr Brooks explained that advocates and the SFPUC power enterprise staff and representatives of local power had been meeting in some very boiler room type meetings to try to hammer out the scope of work to include abilities to do RFP's for renewables and energy efficiency in San Francisco. Mr Brooks said we have been saying for years that only when this scoping of what we will build out

in San Francisco was completed would we be able to sufficiently understand things like rates and the various kinds of bonds. Mr Brooks said advocates had been pushing hard and meeting with a considerable amount of resistance from staff to let us run with this, getting this whole scope of work done. Mr. Brooks' key theme was his concern that if the term sheet was approved very rapidly and locked in a structure for an agreement with Shell it was too soon. Mr Brooks said we need until January for the scope work to be completed on the build out so it can properly inform what the rates will be like and what all the different variables will be for the CCA and CleanPowerSF as it rolls out. Further, Mr Brooks said that we need to let you know that there was a big red flag here. Mr Brooks observed that activists were not happy with where things were and that there was a pretty big disconnect, and we need to make sure that is overcome before jumping the gun and passing a term sheet or a program description. Finally, Mr, Brooks said regarding the program description itself that it looks as if what staff was proposing was an informal opt-in to the program. Mr Brooks suggested that such an opt-in was a very bad way to roll out the program and there was a risk going this way could kill the entire thing.

In answer to questions posed by President Vietor, Ms. Hale confirmed ours would opt-out. All San Franciscans can participate from day one. However, Ms Hale again explained that if you opt out, you were out for three years in current regulations. Ms Hale explained unless they opt out customers were automatically enrolled unless they specifically opt out at one the notification points reported earlier. Ms. Hale said at the end of the day, staff expected to have 75,000 account holders a larger, by far, than what Marin was offering. In further response to President Vietor Ms, Hale explained that Marin had a clause in their contract with Shell that allows substitutes resources through negotiation or construction, and we were providing a similar opportunity. Additionally, Ms. Hale explained that there was room in the term sheet that would permit use to address this. Ms Hale explained that on a separate track, staff was already working on how we were going to procure those resources. Ms. Hale reported that staff has had a number of meetings with stakeholders about how to do that as well as working on it internally on a parallel, but separate track.

Mr. Eddie Ong, Brightline Defense Project, wanted to reiterate Mr. Brooks' points that a plan for full build out was essential and said soon as that scoping was completed his group would be better able to understand those rates. Also Mr Ong called attention to an upcoming report on Community and Workforce Integration in the Community Choice Aggregation Program seeing this as a comprehensive analysis of the potential short and long term employment options that will be offered by the program. Mr Ong suggested these included workers training that will ensure local hiring and job retention as well as a robust training element. Mr Ong also suggested this also leads to other things such as local businesses, and also the ability to scope opportunities for local contractors, especially in underserved communities.

9. Public Hearing and possible action to approve the project-level scope, schedule and budget of the June 2011 Revised Water System Improvement Program (WSIP), 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. (*Labont*e)
RESOLUTION 11-0109

WSIP Director Julie Labonte presented a detailed and extensive overview of the proposed revisions in the Water System Improvement Program, (WSIP). Ms Labonte began by outlining the reasons to realign the program now noting that there had not been any significant changes in the WSIP since 2009. Ms. Labonte reported that doing so now allowed staff to incorporate latest available project information and risk mitigation measures, account for environmental requirements, benefit from value engineering proposals, and address a variety of field issues. Additionally, Ms. Labonte noted this realignment was an opportunity to capture low construction bids and thereby provide more realistic project baselines for performance measurements, as well as comply with California Water Code requirement.

Next Ms. Labonte outlined the program timeline, noting that only Commissioner Caen had served on the Commission since the program's earliest inception in Strategic Plan and approval of revenue bonds in 2002, the $3.3 billion Capital Improvement Program in 2003, the adoption of level of service goals to formulate a program description to permit use of the Program Environmental Impact Report (PEIR) and this led to the renaming the expanded program to the present the $4.59 billion Water System Improvement Program (WSIP) in 2005.

Next, Ms Labonte next outlined the projects with proposed scope changes identified as: the Seismic Upgrade of Bay Division Pipelines (BDPL) Nos. 3 & 4; Peninsula Pipelines Seismic Upgrade; Bioregional Habitat Restoration and the Watershed and Environmental Improvement Program, and finally the transfer of local water supply projects to a Water Enterprise Capital Improvement Program. Ms. Labonte explained that by transferring these five local water supply projects to the Water Enterprise Capital Improvement Program where the highest levels of expertise regarding these matter was already available would additionally permit them to be fully integrated into the ongoing water planning, operational, and management activities. In response to a question by Commissioer Caen, Ms Labonte reported the funding for the local water supply projects would be transferred from WSIP to the Water Enterprise CIP and Infrastructure would continue to oversee their execution

Ms. Labonte explained that the four Level of Service (LOS) goals had been established

for Regional System, seismic reliability, delivery reliability, water quality and water supply. Ms. Labonte reaffirmed that none of these changes would impact the level of service goals, in particular those related to water supply. Next Ms. Labonte described the changes needed after further evaluation of geotechnical information the Peninsula Pipeline Seismic Upgrade Project and reported that if more work was found to be required to meet the goals, that work would be done as part of the ongoing Water Enterprise Capital Improvement Program, (CIP).. Ms. Labonte then reported that the need to maintain and improve the systems meant that work to meet these goals would continue well beyond the end of the WSIP in an on-going process. Ms Labonte however, noted that provision of additional flows to address fisheries issues related the Lower Crystal Springs and Calaveras Dam Replacement Projects did pose a challenge. Ms. Labonte confirmed a previously noted update report to the Commission addressing this issue was planned for late August.

Ms. Labonte the reported the schedule changes that staff was asking the Commissioners to approve today was the revision of the program schedule where the overall program date has been extended from December 2015 to July 2016. Ms. Labonte reported that all our local projects would be moved and that they would be completed by June 2015. Ms Labonte explained that 40 of the 46 regional projects would be completed by the completion date of December 2015, and the remaining projects would be completed by July 2016. Ms. Labonte reported those projects include four projects: the system security upgrade, the regional habitat project, as well as two water supply projects that would extend until 2016. Finally, Ms. Labonte noted one of these two last projects, the Peninsula Seismic Upgrade was only added in 2009 and had a late start. The Calaveras Dam Replacement Project remained the project that controlled the final completion of the program.

Next Ms. Labonte presented a summary of the approved schedule of our 40 local projects showing the change from 2009 to what staff was proposing. Ms Labonte pointed to the 21 local and 14 regional projects that have been completed, observing that we did not need to revise their schedules. Additionally, MS Labonte reported one local and nine regional schedules were unchanged and that staff was able to accelerate one local and three regional projects. Ms. Labonte pointed to other projects schedules were extended but more or less than 12 months.

In response to questions by Commissioer Caen, Ms Labonte explained the differences reflected what was proposed in 2009 and what was proposed now. Mr Harrington further clarified that eight of these project that were extend but did not necessarily extend into 2016.

Ms. Labonte next addressed cost changes and reported the proposed budget was $4.9 billion, the exact same budget that was last approved. Ms. Labonte reported that

although there were a number of project level changes, some up, some down, the net savings of all these projects would allow us to establish a Program Management Reserve of $161 million from the savings that had been accumulated since 2009 as a savings account. Ms. Labonte then highlighted the fact that the Commission would still be have to give their approval for all construction cost increases over 10%, as well as extension for a schedule over 10%. Ms. Labonte explained that our budget was divided into three major categories: construction costs that include the awarded construction contracts, construction contingency, and the cost of an owner-provided equipment and material. Ms. Labonte reported delivery costs included such things as project and program management, planning, design and construction management, engineering support and construction, and engineering costs cover art improvements and real-estate expenses. Ms. Labonte reminded the Commissioners that we had benefited from a great bidding environment over the last two years and that had enabled us to save $300 million in construction costs. However, Ms. Labonte noted these savings had been partially offset by the additional expenses. Ms. Labonte then pointed to a slide showing the projects where we realized the greatest cost savings, showing the delta between the 2009 approved budget against the actual awarded construction contract. Ms. Labonte pointed out that the Commissioners could see that on the Harry Tracey Project alone we were able to save over $100 million.

Next Ms. Labonte discussed a slide showing the greatest increase in deliverability costs since 2009. Ms. Labonte noted that once again, Harry Tracey was at the top of the list with a $26 million cost increase. Ms. Labonte explained that with a contractor on board, we now had a better understanding of what would be required to address the complexity of the construction to be done at the plant with not only a constrained site but a need to keep the plant operational while the work was done. Ms. Labonte cited cost increases related to the Bioregional Habitat Program that faced the fact that permitting agencies had imposed a number of additional requirements over the past few years as well as the fact that we were covering a three-year post- construction as well as maintenance and endowment accounts in that project. Ms. Labonte then cited a few more projects where delivery cost increases were associated with the number of items that were added to the project such as those associated with fishery improvements, a bridge to a PG&E power line, and finally on the Peninsula Pipeline where geotech information revealed the need for additional scope items. Ms. Labonte explained that had increased some of our delivery cost for that project, and directed the Commissioners attention to details on the delivery cost increases under Attachment B of their packet. Ms. Labonte explained that our goal was to keep our delivery costs as low as possible without impacting or compromising our work in the field. Ms. Labonte reported that she was constantly working with our project team on cost-control mention that she had asked our project managers to provide a more detailed resource plan for all major project activities as was the recommendations made by Parsons. Ms. Labonte reported that for this exercise led to a more realistic projection of our effort to complete all our projects. Ms. Labonte noted

that in 2009, in some cases we may have been a bit too optimistic and what was required was a more realistic projection of what it will require to complete the Program.

Ms. Labonte explained that as Program Director, she had wanted to show a better understanding of the areas where these delivery cost increases came from. Ms. Labonte reported the main area; nearly a third of our project's had a need for additional resources as a result of project schedule extensions. Additionally, Ms. Labonte reported new information, such as geotech data, unforeseen conditions and failures during construction, as well as operational requirements added approximately $28 million overall. Ms. Labonte also noted that additional requirements by resource agencies for permitting added over $11 million. Finally, Ms. Labonte reported the level of program management was under-estimated and we also added to our budget a new post-construction warranty program and we were diligent in following up on the warranty items. Ms. Labonte observed that there was no question the delivery of a large program in the Bay Area provided some unique challenges noting we must be careful when we compare the costs of our programs to the costs of another programs. In order to do so they would have to allocate their costs the same way Ms. Labonte reported that doing these reviews were a worthwhile exercise. For example Ms. Labonte noted that there were no industry standards for environmental reviews as these were so location or project specific. Ms. Labonte explained that what we had done for comparison purposes was we considered the data resulting from two completed projects.

Ms. Labonte reported that overall, she was comfortable with our numbers, considering the complexity of the WSIP and keeping in mind industry standards typically applied to individual projects, whereas our Program included more than 80 projects. Ms. Labonte reported the data demonstrated that we were pretty much within the industry standard except for two categories where we are slightly outside the range, and those were design and construction. Ms. Labonte reported there were good explanations for that as a lot of our projects were located in busy urban areas. Additionally, Ms. Labonte pointed out higher environmental reviews costs and noted that such projects typically come with slightly higher design, and finally we had made a decision to invest in technology to ensure all of our engineers would gain expertise to work on this in the future. Ms. Labonte explained that these were some of the reasons why our costs may be slightly higher, recalling prior discussions about the highly competitive market, the nature of the construction market now, and that has required that we be able to keep up with the requests for change and controlling change. Also Ms. Labonte reported we also had to deal with the number of unforeseen conditions and had required additional resources to show that we were dealing with the requests in a timely manner. Also Ms. Labonte explained some of these projects were of smaller value but still needed a high level of construction management to ensure quality and consistency.

Wrapping up, Ms. Labonte reported when comparing the 2009 Budget to the proposed 2011

Budget , our current budget for the WSIP 46 regional projects is $203 million lower, while the budget for the 40 projects includes a $42 million, for a net savings of $161 million. The savings will be moved to a newly-created program manager reserve. Ms. Labonte affirmed that the overall Program Budget remains unchanged at $4.9 billion.

Ms. Labonte then described in some detail how she proposed to manage the proposed Program Reserves. Ms. Labonte reported having a reserve like this was a standard practice for the industry. Ms. Labonte reported that the already accumulated $161 million would potentially be the source of funding for any regional project that exceeded the 2011 approved budget. Ms. Labonte explained that staff did not anticipate needing any reserve funds for the local projects. Ms. Labonte reported that she as Program Director would put in place new procedures to make sure requests for use of these would be documented and reviewed before coming to her. Ms. Labonte also reported the reserve would be divided into various buckets of funds. Ms. Labonte further explained the creation of the reserve would require Board of Supervisors approval. Additionally, Ms. Labonte noted a number of stakeholders including BAWSCA would want to closely monitor our use of the reserve funds, so she had already asked our Program Control Manager to include an update on them each quarterly report.

In response to questions by Commissioner Torres as to how the saving were acquired V explained they we almost entirely due to lower than expected construction bids. Commissioer Torres asked how strict oversight of use these expenditures would be maintained. Ms. Labonte reported that there were procedures as well as a structure in place where high level WSIP Managers would tightly and strictly monitor any proposed uses of these funds. Commissioner Torres cited many previous bad experiences where low construction bids morphed into change orders that ended up greatly exceeding originally projected costs. Commissioner Caen agreed with this concern noting that this was a matter of long and grave worry that these low bids would return to haunt us as extensive change orders. Ms. Labonte emphasized that she took her responsibilities to tightly control use of these funds very seriously and also pointed out that the City Charter required that the Commissioners act to approve these changes. Mr Harrington noted by pooling all of these amounts together that the profile of any changes would become not only visible but this visibility could serve as a deterrent to encourage project mangers to keep a tight rein on these changes. Vice President Moran applauded this discussion and noted that pulling these funds out of individual projects into a place where they can be policed was an excellent idea and this practice should be continued as this $161 million could melt away fast. Ms. Labonte reported that her main purpose in doing this was to increase visibility and accountability. President Vietor asked what happen if these funds remained at the end of the Program. Ms. Labonte reported then there was less need to adjust rates to cover program costs saving ratepayers

President Vietor asked when the proposed August Water Supply Report would be

available. Mr Harrington reported it would be provided at then end of August so it could be considered at a September meeting. In answer to President Vietor's follow up question about the timeline for and use of any savings from the five local water supply projects being transferred out of WSIP and concerning their funding mechanisms, Ms. Labonte outlined how this would be done. In response to questions by Commissioner Caen and President Vietor regarding the issues raised in the BAWSCA letter requesting several changes, Mr. Harrington outlined each of the points included in the proposed amendments to the resolution for this item. Copies of the proposed amendments addressing BAWSCA's concerns were distributed to the Commissioners. Mr Harrington concluded after addressing the points raised in the BAWSCA letter and noted that the as the Water Supply Agreement had set a 2015 end date for WSIP and that addressing this would be the subject of continuing discussion with BAWSCA.

Vice President Moran proposed without objection adding WSIP in the last sentence of the last amended resolved clause to clarify what completion date was being referenced.

FURTHER RESOLVED, That this Commission directs staff to include in its Notice of Change report to the State of California a discussion on the progress being made towards meeting the Regional system's levels of service (LOS) goals, as well as definitions of the terms "major scope changes" and "scope refinements"; and be it

FURTHER RESOLVED, That this Commission directs staff to report to this Commission by August 31, 2011 specifically what actions are proposed to replace the amount of water supply dedicated to in-stream flows pursuant to environmental regulatory permits issued for WSIP projects; and be it

FURTHER RESOLVED, That this Commission directs staff to determine whether the Regional Groundwater Storage and Recovery Project remains feasible and, if not, report by October 31, 2011 and identify feasible alternatives to the Project and an estimated schedule and cost for their completion; and be it

FURTHER RESOLVED, That this Commission directs the WSIP Director to periodically update the Commission on the WSIP trends in project delivery costs and include in future WSIP Quarterly Reports an update on any proposed changes to the Program Management Reserve; and be it

FURTHER RESOLVED, It is the intent of the Commission that any savings at the conclusion of the WSIP will result in lower than otherwise projected proposed rates consistent with the 2009 Water Supply Agreement; and be it

FURTHER RESOLVED, That this Commission fully intends to abide by the schedule adopted today, but understands that the completion date for WSIP is later than the date called for in the Water Supply Agreement and directs staff to work with our Wholesale Customers and the Bay Area Water Supply and Conservation Agency to resolve the different WSIP completion dates.

President Vietor then invited BAWSCA General Manager Art Jensen and BAWSCA Chair Barbara Piece to offer their insights on the discussion as well as comments on the

proposed resolution as amended.

BAWSCA General Manager Art Jensen applauded the excellent work that had been achieved so far on this Program, noted that challenges had been overcome and more were to be still met. Mr Jensen happily recalled last months' tour of the WSIP project sites by the BAWSCA Board members. Mr Jensen pointed to the enthusiastic response by staff at each of these sites during these visits indicating a refreshing engagement and positive outlook by the direct participants in getting these tasks accomplished. Mr Jensen agreed that the extension of the completion date was a serious matter and expressed appreciation that each of BAWSCA's concerns had been so responsively met in these proposed amendments.

Ms. Barbara Pierce, Chair of BAWSCA Board and a Redwood City Councilmember, began by noting that these proposed schedule revisions puts the completion of the Program beyond the Program's agreed complete date, a date also included in the Water Supply Agreement, and everyone should realize every day the system continued to be vulnerable to disasters collapse of nature, resulting in a reduction of the health and well-being for all of our water users. Ms Pierce recalled a bit of history, noting that starting in 1995, six years after the Loma Prieta earthquake, BAWSCA had engaged in cooperative efforts with San Francisco to strengthen our regional water system. Ms. Pierce BAWSCA was very pleased with San Francisco's determination to get this job done and the caliber of management and staff. However, Ms. Pierce commented an extension of the schedule raises concerns as there would be five more years to go. Ms. Pierce confirmed that BAWSCA was committed to working with San Francisco to complete the program as soon as possible. Ms. Pierce noted that during the 2009 Water Supply Agreement, their members had agreed to fund our share of the costs so that the initial burden to finance these capital improvements would not fall solely on San Francisco customers. In that agreement, the City and County of San Francisco had agreed to complete this Program by the end of 2015. Ms. Pierce acknowledged that this Program was huge but again noted that that the reprogrammed schedule provisions put completion of the program beyond the date to which San Francisco had previously committed in the Water Supply Agreement. After reviewing the proposed recommendations by your staff, Ms Pierce asked the Commission to incorporate them in their proposed action. Ms. Pierce expressed BAWSCA's appreciation for the proposed amendments, saying that they really did speak to the concerns BAWSCA has raised, and they appreciated the cooperative relationship we have with the SFPUC.

Commission Discussion

In response to questions by Vice President Moran, Mr Jensen confirmed that BAWSCA was confident that the recommendations included in these Program revisions would address all of the reasonably expected issues likely to occur out to the end of the Program. Additionally Mr Harrington recalled all of the many extensive and amorphous environmental and regulatory issues where behind the Program and that the Program was actually in construction. Ms Labonte agreed that there were always unexpected things like tunnel boring machines getting stuck but that going forward everything seemed reasonability straight forward from here.

Motion to adopt the proposed revised amendments by Commissioner Courtney, 2nd by Commissioner Caen Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

Vice President Moran expressed concern that the local water supply projects not get shuffled into oblivion be kept in sight and how this might be done. Vice President Moran urged that the higher level of reporting and project management learned in WSIP be expanded to the enterprises construction program. AGM Harlan Kelly emphasized that all of the lessons learned and good practices of WSIP Mr Harrington noted that these were all part of a much larger discussion including issues of conservation. Vice President Moran asked that by the time of the retreat a single sheet analysis of system yield might be produced. Vice President Moran noted that these financial actions were more binding, and while the schedule was less these changes were a good sign. Vice President Moran expressed a hope that the level of transparency and reporting in WSIP be carried forward.

Motion by Commissioner Caen, 2nd Commissioer Courtney to approve the item as amended Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

Agenda Items #10, #11, #12, #13, #14, $15 were then called up together. AGM for Infrastructure Harlan Kelly then presented a brief summary and overview of the staff's recommended changes concerning each of these listed contracts.

10. Discussion and possible action to Approve seven (7) Water Enterprise, Water System Improvement Program (WSIP)-funded amendments to Agreement Nos:

CS-781, Specialized Geotechnical and Tunnel Engineering Services (Bay Tunnel), with Jacobs Associates, Inc.;
RESOLUTION 11-0110
CS-846, Survey and Right of Way Engineering Services, with BKF Engineers;
RESOLUTION 11-0111
CS-891, Security Design and Implementation Services, with Catalyst Consulting Group, Inc.;
RESOLUTION 11-0112
CS-910, San Francisco Region/Local Construction Management Services for the Water System Improvement Program, with ARA Engineering;
RESOLUTION 11-0113
CS-911R, Calaveras Dam Replacement Project Construction Management Services, with Black and Veatch;
RESOLUTION 11-0114
CS-913, Bay Tunnel Construction Management Services, with Jacobs Engineering;
RESOLUTION 11-0115 CS-915R, Sunol Valley Regional Construction Management Services, with CH2M HILL.
RESOLUTION 11-0116

These amendments will be used to provide engineering design, construction management (CM), and real estate services; consistent with the June 2011 Revised WSIP proposal to be presented to this Commission for approval on July 12, 2011; and authorize the General Manager to execute these amendments, which include time extensions ranging from six (6) months to three (3) years and one (1) month, with no change to the value of any of the agreements. (Kelly).

Public Comment

No comments were offered

Motion by Commissioner Caen, 2nd by Commissioner Torres to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

11. Discussion and possible action to approve four (4) Water Enterprise, Water System Improvement Program (WSIP)-funded amendments to Agreement Nos.:

    CS-101, Peninsula Pipelines Seismic Upgrade with G&E Engineering Systems Inc. & Geotechnical Consultants Inc., Joint Venture (JV);
    RESOLUTION 11-0117
    CS-806, Specialized Pipeline Services, Bay Division Pipeline No. 5 with Kennedy/Jenks & Geotechnical Consultants, JV;
    RESOLUTION 11-0118
    CS-820, Engineering Services, New Irvington Tunnel Project with URS Corporation;
    RESOLUTION 11-0119 CS-847, Right of Way Services with Associated Right Of Way Services, Inc.
    RESOLUTION 11-0120

    These amendments will be used to provide continued engineering design and real estate services; consistent with the June 2011 Revised WSIP proposal to be presented to this Commission for approval on July 12, 2011; and authorize the General Manager to execute these amendments, which include cost increases totaling $2,700,000, for a cumulative total not-to-exceed revised agreement amounts of $25,898,561, and with time extensions ranging from one (1) year to four (4) years. (Kelly)

Public Comment

No comments were offered

Motion by Commissioner Caen, 2nd by Commissioner Torres to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

12. Discussion and possible action approve five (5) Water Enterprise, Water System Improvement Program (WSIP)-funded amendments to Agreement Nos.:

CS-116A, Environmental Services for the Peninsula Pipelines Seismic Upgrade Project with URS Corporation;
RESOLUTION 11-0121
CS-822, Environmental Analysis Services for the WSIP Recycled Water Projects with Environmental Science Associates (ESA);
RESOLUTION 11-0122
CS-954A, As-Needed Environmental Services with ESA+Orion, Joint Venture (JV);
RESOLUTION 11-0123
CS-954B, As-Needed Environmental Services with RMC Water and Environment;
RESOLUTION 11-0124
CS-954C, As-Needed Environmental Services with URS Corporation.
RESOLUTION 11-0125

These amendments will be used to provide ongoing environmental analysis services; consistent with the June 2011 Revised WSIP proposal to be presented to this Commission for approval on July 12, 2011; and authorize the General Manager to execute these amendments, which include cost increases totaling $7,800,000, for a cumulative total not to exceed agreement amount of $19,470,000, and with time extensions ranging from one (1) year and six (6) months to four (4) years and nine (9) months. (*Kelly*)

Public Comment

No comments were offered

Motion by Commissioner Caen, 2nd by Commissioner Torres to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

13. Discussion and possible action to approve three (3) Water Enterprise, Water System Improvement Program (WSIP)-funded amendments to Agreement Nos.:

CS-879A, Engineering Project Design Services, with MWH/AGS/LEE Inc. JV;
RESOLUTION 11-0126
CS-879B, Engineering Project Design Services, with URS Corporation; and
RE**SOLUTION 11-0127**
CS-879C, Engineering Project Design Services, with Kennedy/Jenks Consultants.
RESOLUTION 11-0128

These amendments will be used to provide engineering design services; consistent with the June 2011 Revised WSIP proposal to be presented to this Commission for approval on July 12, 2011; and authorize the General Manager to execute these amendments, which include cost increases totaling $6,700,000, for a cumulative total not-to-exceed agreement amount of $45,500,000, and with no change to the

duration of any of the agreements, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (*Kelly*)

Public Comment

No comments were offered

Motion by Commissioner Caen, 2nd by Commissioner Torres to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

14. Discussion and possible action to approve two (2) Water Enterprise, Water System Improvement Program (WSIP)-funded amendments to Agreement Nos.:

    CS-914, Bay Division Region Construction Management Services, with Jacobs Engineering Group, Inc.; and
    RESOLUTION 11-0129
    CS-918, New Irvington Tunnel Construction Management Services, with Hatch Mott MacDonald,
    RESOLUTION 11-0130

    These amendments will be used to provide ongoing construction management services for the SFPUC Water System Improvement Program's Bay Division and Sunol Valley Regions; consistent with the June 2011 Revised WSIP proposal to be presented to this Commission for approval on July 12, 2011; and authorize the General Manager to execute these amendments, which include cost increases totaling $7,500,000, for a cumulative total not to exceed revised agreement amounts of $47,500,000, and with time extensions ranging from one (1) year to one (1) year and seven (7) months, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (*Kelly*)

Public Comment

No comments were offered

Motion by Commissioner Caen, 2nd by Commissioner Torres to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

15. Discussion and possible action to approve Amendment No. 1 to Water Enterprise, Water System Improvement Program (WSIP)-funded Agreement No. CS-963, Program Construction Management Services for the Water System Improvement Program (WSIP), with AECOM USA Inc., for extended construction management services consistent with the June 2011 Revised WSIP proposal to be presented to this Commission for approval on July 12, 2011; and authorize the General Manager to execute this amendment increasing the agreement by $8,000,000, for a total not-to-exceed agreement amount of $34,000,000, and increasing the agreement duration by four (4) months and twenty (22) days, for a total agreement

duration of seven (7) years, four (4) months and twenty-two (22) days, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (*Kelly*)
RESOLUTION 11-0131

Public Comment

No comments were offered

Motion by Commissioner Caen, 2nd by Commissioner Torres to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

16. Discussion and possible action to approve increase of contract cost contingency threshold (10%) in the amount of $1,600,000 for Water Enterprise, Water System Improvement Program (WSIP) funded Construction Contact No. WD-2552 - Alameda Siphon No. 4; and authorize the General Manager to consider, and if appropriate, to approve modifications to the contract for a total contract amount up to $36,727,065. (*Labonte*)
RESOLUTION 11-0132

WSIP Director Julie Labonte noted that this proposed contract modification was exactly the kind of change she had discussed in her previous presentation.

Public Comment

No comments were offered

Motion by Commissioner Torres, 2nd by Vice President Moran to approve the item Passed 5-0 AYE (Vietor, Moran, Caen, Torres, Courtney) unanimously

There being nothing to discuss regarding Agenda Item #22 in a closed session President Vietor took the closed session items off calendar.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

21. 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:

22 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 S.F.P.U.C. Water and Power Systems.

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

23. Announcement following Closed Session.

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

25. Other New Business

In response to questions by Vice President Moran, Mr Harrington indicated that the Desalinization issue would be brought back to the Commission in September. In response to questions by Commissioner Caen concerning news reports of bird flight hazards involving new office buildings, Mr Harrington explained how the design features of the south side of the 525 Golden Gate Building and the treatment of the glass on the north side mitigated this risk.

There being no further business President Vietor adjourned the meeting at 3:46PM.

ADJOURNMENT

NOTICE OF PUBLIC HEARING

The San Francisco Public Utilities Commission has scheduled a public hearing to consider the adoption of a revision of their Rules of Order to call for the designated meeting for annual election of officers to be changed from the first regular meeting in August to the first regular meeting in October, as follows:

July 26, 2011, 1:30 PM

San Francisco City Hall

1 Dr. Carlton B. Goodlett Place

Room 400

San Francisco, CA 94102

Advance notice of this proposed Rules change is provided as required by City Charter Sec. 4.104. Boards and Commissions – Rules and Regulations.

Michael Housh, Secretary

San Francisco Public Utilities Commission

Posted July 8, 2011

City and County of San Francisco

Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103