San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Meeting Minutes
Tuesday, April 24, 2012
(Approved May 8, 2012)

1:30 P.M.
City Hall, Room 400
San Francisco, CA 94102

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

Ed Harrington
General Manager

Donna Hood
Secretary

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

Gavel-to-Gavel Coverage available at:
http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=22&clip_id=14928

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ORDER OF BUSINESS:

1. Call to Order
   President Moran called the meeting to order at 1:44 PM.

2. Roll Call
   Present: Anson Moran, Art Torres, Anne Caen, Vince Courtney
   Excused: Francesca Vietor

3. Approval of Minutes of the March 27, 2012 Special Joint Meeting
   On motion to approve the minutes of the March 27, 2012 Special Meeting: ADOPTED: AYES: Moran, Caen and Courtney

   Prior to opening public comment, President Moran indicated two items would be pulled from the agenda:
   - *Item 12 – pulled due to questions raised by a First District Court ruling. He indicated that the Commission wants a briefing and full understating of the agreement. The item will be rescheduled to May 8, 2012. President Moran noted that the Port is in concurrence with this action.*
   - *Item 19 (closed session) – continued until staff is available.*

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.

   President Moran invited those in attendance who wished to speak on pulled items 12 or 19 to do so at this time.

   - *Teri Shore, Program Director, Turtle Island Restoration Network, submitted a letter in support of the MOU, Pier 70 Shoreside Power Project (Item 12).*

   - *Mr. Peter Drekmeier, Tuolumne River Trust, thanked staff for responding to concerns he raised in his March 2012 letter. He expressed his concerns with the proposed water transfer.*

   1:49 PM Commissioner Torres arrived

5. Communications
   a) Letter Summary
   b) Advance Calendar
   c) Staff Reports (*written reports sent to the Commission*)
      i. 525 Golden Gate Update
      ii. Water Supply Agreement Update
      iii. Final Report: "Sensitivity of Upper Tuolumne River Flow to Potential Climate Change Scenarios"

iv. Wastewater Enterprise Capital Improvement Program Quarterly Report (November 2011 – January 2012)

Commissioner Caen asked about the philosophy behind the 2025 date for the digesters. Ms. Karen Kubick noted that this was a preliminary schedule and that staff would be coming to the Commission in the summer with validated recommended schedules.

v. Hetch Hetchy Capital Improvement Programs Preliminary Quarterly Report (November 2011 – January 2012)

Commissioner Caen asked about retail services being delayed. Ms. Barbara Hale noted that projects are delayed due to coordination with other departments and staff concerns. She noted hiring needs are being addressed with human resources.

6. Other Commission Business

President Moran noted that staff is in the process of scoping the West Side Reclamation Project. He requested that one of the alternatives that are looked at does not include reverse osmosis.

7. Report of the General Manager

a) North Shore Force Main Emergency Update (Henderson)

Mr. Brian Henderson provided the Commission with a brief status update on the Emergency and discussed the challenges and issues related to the repair.

b) WSIP Update (Labonte)

Ms. Julie Labonte indicated that the WSIP has received five awards over the past few months. She provided an update on the status of the project and briefly discussed milestones achieved. Ms. Labonte stated that Mr. Harvey Elwin, who managed the Construction Management Bureau for WSIP has retired, and Mr. Alan Johanson will assume that role.

8. Bay Area Water Supply and Conservation Agency Update (Jensen)

Mr. Art Jensen, BAWSCA, stated that staff continues to work on a long-term reliable water supply strategy, and he anticipates bringing decision-items before the BAWSCA board in September; he will continue to work with SFPUC staff. He mentioned previous discussion with SFPUC staff regarding the pre-payment of capital debt. He noted they have followed-up, have hired bond council to assist, and that they are monitoring legislation currently before the Assembly on this matter. Mr. Jensen noted that they are preparing a WSIP mid-program status report for the BAWSCA Board and members. He indicated any issues needing attention will be presented to Ms. Labonte first and then to the Commission.

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

9. 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.

   a) **Approve** Modification No. 3 to Wastewater Enterprise Capital Improvement Program-funded Contract No. WW-513, North Shore and Mariposa Pump Station Improvements, with Cal State Constructors, Inc., to complete the contract work of improvements for pump station reliability, with a time extension of 150 consecutive calendar days, for a total contract duration of 540 consecutive calendar days, with no change to the contract amount. (Henderson) **(Resolution 12-0056)**

   b) **Approve** and **authorize** the General Manager to execute the Fourth Amendment to extend the term of the Memorandum of Understanding (MOU) between the SFPUC and the North San Mateo County Sanitation District, a subsidiary of the City of Daly City, as amended on April 12, 2010, for the provision of consulting services for the planning and development of the Harding Park Recycled Water Project. The term of this MOU is set to expire on April 25, 2012. The proposed Fourth Amendment will extend the term of the MOU to April 11, 2013. No additional funds are needed to complete the scope of work under the proposed amendment. (Ritchie) **(Resolution 12-0057)**

   c) **Approve** the plans and specifications, and **award** Water Enterprise, Water System Improvement Program-funded Contract No. WD-2651R, Peninsula 2011 Watershed Compensation projects at, Sherwood Point, Adobe Gulch Creek, Skyline Quarry, Skyline Blvd. Point, and Upper San Mateo Creek within the Peninsula watershed in unincorporated San Mateo County, in the amount of $5,591,750, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Company, Inc., to provide bioregional habitat restoration compensation for WSIP projects. (Kelly, Jr.) **(Resolution 12-0058)**

   d) **Approve** the plans and specifications, and **award** Wastewater Enterprise Renewal and Replacement Program-funded and Department of Public Works

Pavement Renovation Program-funded Contract No. WW-503, Richmond District Sewer Replacement and Pavement Renovation, in the amount of $2,944,425 (of which $1,862,164 is funded by WWE and $1,082,261 is funded by DPW), to the lowest, qualified, responsible and responsive bidder, Synergy Project Management, to replace the existing sewers and street pavement on various streets in the Richmond District of San Francisco. (Henderson) **(Resolution 12-0059)**

e) **Accept** work performed by Cal State Constructors for Wastewater Enterprise, Capital Improvement Program-funded Contract No. WW-447R Mixed Liquor, Return Activated Sludge, and Headworks Facilities Odor Control Improvements; **Approve** Modification No. 8 (Final), to decrease the contract by $119,291, for a total contract amount of $5,416,321, and with a time extension of 270 consecutive calendar days for a total contract duration of 815 consecutive calendar days; and **authorize** final payment to the contractor. (Henderson) **(Resolution 12-0060)**

f) **Reject** all bids for Water Enterprise, Water System Improvement Program-funded Contract No. WD-2627, Sutro Reservoir Rehabilitation and Seismic Upgrade, and **authorize** the General Manager to **re-advertise** the contract as Contract No. WD-2627R, Sutro Reservoir Rehabilitation and Seismic Upgrade; to receive and evaluate bids for said contract; and to return to the Commission with a recommendation for award. Five bids were received and opened on March 8, 2012. City staff determined that the bids were not in conformance with the contract documents. Four of the bids did not meet the HRC/ LBE goal and the one remaining bid did not meet the minimum qualification criteria to perform specialty work, as required by the contract. (Labonte) **(Resolution 12-0061)**

g) **Approve** Amendment No. 2 to Water Enterprise, Water Conservation Operating Budget-funded Agreement No. CS-151(I) Graywater Laundry-to-Landscape Program with The Urban Farmer Store in order to continue the program for another two years; and **authorize** the General Manager to execute this amendment to increase the agreement by $24,500, for a total not-to-exceed agreement amount of $49,000, and with a time extension of two years, for a total agreement duration of four years. (Ritchie) **(Resolution 12-0062)**

h) **Accept** work performed by M Squared Construction, Inc. for Water Enterprise, Water Main Repair, Replacement and Retrofit-funded Contract No. WD-2595, Installation of Sacrificial Anode Stations for 22-inch, 24-inch, and 30-inch Steel Pipe Water Mains for the Sunset System; **Approve** Modification No. 2 (Final), to decrease the contract amount by $117,678, for a total contract amount of $805,216, with a total contract duration of 160 consecutive calendar days; and **authorize** final payment to the contractor. (Ritchie) **(Resolution 12-0063)**

Public Comment:

- *No public comment.*

REGULAR BUSINESS

10. **Authorize** the General Manager to execute a Memorandum of Agreement with the San Francisco Unified School District (SFUSD) for an amount not to exceed $452,325 and with a duration of three years, to fund the SFUSD's purchase and installation of 36 water conserving drinking fountains using contractors hired by the SFUSD, including funding for the SFUSD's Tech 21 mentorship program to prepare students to qualify for pre-apprentice and apprentice level plumbing work. (Ellis)

    Ms. Juliet Ellis provided a summary of the program and details of the MOA with the San Francisco Unified School District. In response to a question by Commissioner Torres, she discussed how schools were selected to participate. She thanked SFPUC, Department of Public Health and San Francisco Unified School District staffs for their work.

    Public Comment:

    - Ms. Hydra Mendoza, Vice President, San Francisco Board of Education, thanked the staff and for their work on this project and also thanked the Commission for the partnership opportunity.
    - Mr. Nik Kaestner, Director of Sustainability, SFUSD, discussed the importance of the project and thanked staff for their work.

    On Motion to approve item 10:
    ADOPTED: AYES: Moran, Torres, Caen and Courtney
    (Resolution 12-0064)

11. **Adopt** the Mitigated Negative Declaration, the Mitigation Monitoring and Reporting Program, and the Findings as required by the California Environmental Quality Act for the North Shore to Channel Force Main Improvement and Pavement Renovation. **Approve** the plans and specifications; and **award** Wastewater Enterprise Capital Improvement Program and Sewer System Improvement Program-funded Contract No. WW-483RR, in the amount of $15,488,000, to the lowest, qualified, responsible and responsive bidder, K.J. Woods Construction, Inc., to install a redundant force main, valve-vaults and associated improvements; **Authorize** the General Manager to finalize negotiations and enter into an agreement with the Port of San Francisco to obtain necessary access to Port property for implementation of the Project; and **authorize** the General Manager to negotiate and execute new or amended Project related agreements with the Port or other persons or entities, related to utility conflicts, construction staging or access, if necessary for the Project, in the vicinity of the Project right-of-way. (Kubick)

Ms. Karen Kubick briefed the Commission on this item and discussed the importance of the project. She noted that approval would allow for the replacement to occur prior to commencement of the Americas' Cup in July 2013.

Public Comment:

- *No public comment.*

On Motion to approve item 11:
ADOPTED: AYES: Moran, Torres, Caen and Courtney
(Resolution 12-0065)

12. **Authorize** the General Manager to negotiate and execute a Memorandum of Understanding with the Port of San Francisco for the SFPUC to continue providing clean, green municipal power at Pier 70 and to provide the Port $1.5 million if the new shoreside power system at Pier 70 increases electric use by 65,625,000 kilowatt-hours (kWh) by 2017; and **adopt** findings pursuant to the California Environmental Quality Act. (Hale)

Item continued to May 8, 2012

13. **Approve** the Street Light Pole Use Policy, and **authorize** the General Manager to negotiate and sign a Memoranda of Understanding governing alternate uses of SFPUC-owned street light poles by other City agencies, and to issue licenses for pole use to non-municipal entities such as merchant associations, neighborhood associations, and community business districts; and **authorize** the SFPUC Power Enterprise to develop a procedure for reviewing and approving the use of SFPUC street light poles for non-street lightning purposes. (Hale)

Ms. Hale briefly discussed the Street Light Pole Use Policy, which details the use of SFPUC light poles for non-lighting purposes.

Public Comment:

- *No public comment.*

On Motion to approve item 13:
ADOPTED: AYES: Moran, Torres, Caen and Courtney
(Resolution 12-0066)

14. Presentation and discussion of the proposed contract rate schedule to recover the projected Wholesale Water Revenue Requirement from 27 wholesale water customers during FY 2012-13, as applied to meter readings on or after July 1, 2012, under the terms of the 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Water Customers. A public hearing is scheduled on May 8, 2012 for further consideration and action. The proposal is for a $2.93 rate per Ccf effective July 1, 2012, which reflects an 11.4% increase from the current $2.63 rate. (Rydstrom)

Mr. Charles Perl provided an update on the process for the upcoming, May 8, 2012 public hearing on the proposed rate change for the Wholesale Water Rates.

Public Comment:

- *Mr. Art Jensen, BAWSCA, stated that BAWSCA was comfortable with the staff recommendations.*

15. **Approve** and **authorize** the General Manager or his designee to consider, and if appropriate, to approve a potential increase in the existing contract cost contingency ($3,768,400) in the amount of $610,000 for a total contract amount of $35,352,400, and a potential increase in the contract duration of up to 235 consecutive calendar days for a total contract duration of 1,197 consecutive calendar days, for Water Enterprise, Water System Improvement Program-funded Construction Contact No. WD-2548 – Lake Merced Pump Station Essential Upgrade project. The increased cost contingency and time extension are needed for additional work related to unforeseen site conditions, abatement of hazardous materials and soils, and the need for additional tenant improvement work at the existing pump station building. (Labonte)

Ms. Labonte indicated she would answer any questions the Commission had on this item.

Public Comment:

- *No public comment.*

On Motion to approve item 15:
ADOPTED: AYES: Moran, Torres, Caen and Courtney
(Resolution 12-0067)

16. Authorize the President of the San Francisco Public Utilities Commission to execute a Joint Powers Agreement with the Merced Irrigation District, Modesto Irrigation District, Oakdale Irrigation District, South San Joaquin Irrigation District, and Turlock Irrigation District for the purposes of forming a joint powers authority, the San Joaquin Tributaries Authority, to develop and coordinate investigations, strategies, plans, contracts, and projects, now and in the future, relating to Bay-Delta, San Joaquin River, and tributary flow issues, including settlements or agreements with resource and public stakeholders subject to final approval by the Commission. (Ritchie)

Mr. Steve Ritchie stated the Joint Powers Agreement would be with five Irrigation Districts, and noted it would allow the Commission to participate in the development of strategies and plans, for mutual benefit, on the San Joaquin River.

Public Comment:

- *Mr. Peter Drekmeier stated he thought the Agreement was a bad idea and he encouraged the Commission to hold off on approving the Agreement.*
- *Mr. Art Jensen indicated that the absence of San Francisco in this type of organization makes it a target and indicated that it is more valuable for the SFPUC to be a member of the group and participating.*

In response to Mr. Drekmeier's concerns, Mr. Ritchie stated there are many instances where the SFPUC has to work closely with our partners on the river to ensure we are working with the context of what we consider the best and most effective regulation, in terms of flows that can be provided. He noted that the Agreement would allow San Francisco to not participate in specific projects if we find they are not in our best interests as an entity.

President Moran noted that this was a successor organization to the San Joaquin River Group Authority.

City Attorney Donn Furman stated that the Authority cannot take any action without the consent of all parties, including San Francisco, and indicated that there was also a provision that says the Association will not take an action contrary to the interest of any party, and that there were numerous protections in the Joint Powers Agreement for San Francisco.

On Motion to approve item 16:
ADOPTED: AYES: Moran, Torres, Caen and Courtney
(Resolution 12-0068)

CLOSED SESSION

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

    Public Comment:

    - *No public comment.*

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    On Motion to Assert Attorney Client Privilege:
    AYES: Moran, Torres, Caen and Courtney

    THE PUBLIC UTILITIES WILL GO INTO CLOSEDS SESSSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Real Property Negotiator – Pursuant to California Government Code Section 54956.8 and San Francisco San Francisco Administrative Code Section 67.8 (a) (2) (Roddy)

Property:

Mountain View, portion of BDPL 3 and 4, parcels 189, 190, 191 and 19s, located between Whisman Road and Tyrella Avenue.

Parties Negotiating:

SFPUC – Russell
KMJ Urban Communities, LLC

Under negotiation: Price and Terms of Payment

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10 (d) (1) (Roddy)

Existing Litigation:
State Farm Gen. Ins. Co. v. City and County of San Francisco
San Francisco Superior Court Case No. CGC-10-498127
City Attorney File Number: 101093
Date Filed: 03/25/10

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Roddy)

Anticipated Litigation – As Plantiff

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

22. Announcement following closed session
President Moran stated that in Closed Session the Commission reached a settlement on Item 20 and took no action on Item 21.

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

On Motion to NOT TO DISCLOSE:
AYES: Moran, Torres, Caen and Courtney

24. Other new business.

ADJOURNMENT: 3:25 PM