



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

Edwin M Lee
MAYOR

MINUTES

(Approved April 26, 2011)

REGULAR MEETING

Tuesday, March 22, 2011

1:30 PM

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: 1:40 P.M.

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

3. Approval of Minutes
 - a) Minutes of the February 22, 2011, Regular Meeting
 - b) Minutes of the March 8, 2011, Regular Meeting

Moved by Commissioner Caen, seconded by Vice President Moran, to adopt the Minutes of the February 22, 2011, Regular Meeting and of the March 8, 2011, Regular Meeting; passed (5-0 Vietor, Moran, Caen, Torres, and Courtney) 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.

There was no public comment.

5. Communications

- a) Letter Summary
- b) Advance Calendar
- c) Staff Reports
 1. Capability to Attain Water Supply Levels of Service and Contractual Obligations Report

Vice President Moran asked about the next update concerning progress on Community Choice Aggregation, (CCA). Mr. Harrington reported that additional CCA updates would be calendared. President Vietor noted that the new Chair of the San Francisco Local Agency Formation Commission (LAFCO) Supervisor David Campos had mentioned a possible joint meeting and requested the Commissioners be advised of potential dates. Vice President Moran asked about the proposed calendaring of the Environmental Surcharge at the May 10th regular meeting, and regarding some Sewer System Improvement Program

(SSIP) issues raised by Commissioners. Mr. Harrington noted that some SSIP related issues previously thought by staff to have been addressed would be brought back to the Commission for further discussion. Vice President Moran also requested a report on likely rates disaggregated by value packages over time. Mr. Harrington agreed that such information could be prepared and provided.

Next, Commissioner Caen asked about the status of some items on the pending calendar that were not assigned. Mr. Harrington explained that this was a means to keep these topics in view until circumstances were ripe to bring them back to the Commission. Commissioner Caen noted in particular her interest in the Real Estate discussions.

Regarding Mr. Ritchie's written report, Vice President Moran noted that its tentative conclusions about supply adequacy were certainly an attention grabber that could kick start discussion of the post 2018 supply question. Vice President Moran noted that he also understood this to be the beginning of a long process and requested timely updates over the next two years toward setting a timeline to address these questions. Vice President Moran also noted some eye popping unit costs had been reported and observed that how to deal with this would certainly be a topic of intense discussion going forward.

Vice President Moran also had questions about the impacts on the water supply related to the proposed flow releases proposed from San Mateo and Alameda Creeks. Mr. Ritchie explained that these were related to completion of related projects in San Mateo in 2013-14 and on Alameda Creek after the Calaveras Dam Project was completed in 2015. Additionally, Mr. Ritchie clarified, in response to Vice President Moran's query, that the 7.4 mgd cited in the proposed releases was assuming that the planned recapture facility would be in place. Mr. Ritchie reported that the planned facility was expected to be in place by 2015 or 2016. Vice President Moran noted the similarity of this situation to the expected erosion in cash flow over time. Mr. Harrington noted our saving grace was reduced usage. President Vietor requested that staff prepare a graphic snapshot of these converging factors to help make more clear to the Commissioners various options going forward.

President Vietor noted the observance of World Water Day on February 22nd and applauded the outstanding work being done to provide clean water here in the Bay Area and make it available everywhere across the world. Commissioner Torres asked if there were any radiation impact from the situation in Japan in our water. Mr. Harrington replied that monitoring agencies had reported that none had been detected.

Commissioner Caen called attention to a recent Union Square event benefitting San Francisco General Hospital where bottled water was served, asking that efforts be made to the use of Hetch Hetchy water at such public events instead.

Mr. Harrington noted that a subsequent event in Union Square on St. Patrick's Day had served Hetch Hetchy water and called attention to a recent H2O Solutions Awards where our Oceanside Plant was recognized as a finalist for its pilot grease to biodiesel recycling project. Mr. Harrington also reported a targeted effort to encourage a restaurant to serve tap water by flushing their pipes for them so that the flow of clean water was available for use. Wrapping up this segment, President Vietor called attention to a recent excellent book Water Matters that addressed in an in-depth and comprehensive way many of these related topics.

Public Comment

Bay Area Water Supply Conservation Agency (BAWSCA) General Manager Arthur Jensen addressed Mr. Ritchie's written report "Capability to Attain Water Supply Levels of Service and Contractual Obligations" listed in Communications 5c1. Mr. Jensen requested that the Commission formally calendar a staff report and discussion on this topic at an August Commission meeting.

In response to questions by President Vietor, Mr. Harrington this would be done but reported some of the related topics might come before the Commission before then.

6. Other Commission Business

Assistant General Manager of Water Steve Ritchie provided an update on our excellent water situation this year as a result of the recent rainy weather, noting that water was being released from the reservoirs to make room for the new inflow, and that the Hetch Hetchy snowpack had increased to above 140% over normal. In response to a query by President Vietor, Mr. Ritchie reported that roughly \$11 million had been generated by increased hydro flows made possible by the extra water above system needs available in this very rainy weather. In conclusion, Mr. Ritchie reminded the Commissioners that the new water year begins on July 1, 2011, and while this year had been a good one, next year could be a different story.

7. Report of the General Manager

a) Solar Installation Work Update

Assistant General Manager for Power Barbara Hale brought the Commissioners up to date on recent developments in the ongoing controversy regarding union jurisdiction of solar installer work that had delayed several solar projects, including those on City Hall and Davies Symphony Hall from going forward. Ms. Hale explained that a recent California Department of Labor Relations ruling

recognizing a new solar installer classification was a step forward but one that due to the length of time required establishing and certifying these apprenticeship programs was as much as two years away from being of help in this dispute.

Ms. Hale then discussed the seven and likely eight apprenticeship program applications received so far. Additionally Ms. Hale explained that a separate action to establish a prevailing wage for this work also was necessary and that Division of Labor Statistics and Research process was only perhaps now beginning. Ms. Hale noted that it had been hoped that a favorable ruling would allow the SFPUC use to this new classification on these two small projects, totaling 2,485 hours and costing \$133,000. Ms. Hale pointed out this was a small part of the more that \$2 million budgeted for the projects in total. Mr. Harrington explained that the SFPUC had these projects on hold and our options were to move forward with these relatively small projects's rebid in order to perhaps capture a local hire opportunity or we could continue to delay until the jurisdictional questions were resolved.

In response to questions by President Vietor, Ms. Hale explained that the new apprenticeship programs could provide a future opportunity but did not resolve the existing intra-union jurisdictional concerns. Ms. Hale explained that this was why staff was continuing to have dialogue with stakeholders including labor. In response to a follow up question by President Vietor, Ms. Hale explained that these were design-build contracts that had a long lead time and additionally special circumstances related to work on Davies Symphony Hall meant they would not begin actual construction work until next year.

In answer to questions by Commissioner Courtney, Ms. Hale explained there would be roughly thirty workers on each job site. In further explanation as to how this would unfold from Commissioner Courtney, Ms. Hale and Mr. Harrington explained the step by step process that would be used as well as the involvement of Office of Economic and Workforce Development on the local hire elements. In answer to a question by President Vietor, Mr. Harrington proposed to begin moving down the path again on these smaller projects to see if we could move these forward, but noted that there would still be a need to work out jurisdictional issues with the involved unions. Ms. Hale proposed to keep the Commissioners informed as this process went forward suggesting where this was going might be clear at the pre-bid conference.

Ms. Hale then addressed two other solar projects that were already ongoing. She reported that the awarded contractor Bass Electric had voluntarily agreed to meet the requirements of the new local hire ordinance. In answer to a follow up question from Commissioner Courtney as to the risk from further delay, Mr. Harrington explained that given the length of time likely before the jurisdictional questions were cleared up further delay would not likely result in getting a useful answer about these questions anytime soon. Mr. Harrington noted if all of the proposed solar installation projects were to be put indefinitely on hold then

perhaps it would be better to re-budget the allocated funds to projects that could produce local jobs now.

President Vietor said it seemed best to go forward now but to keep the Commissioners informed of developments. In response to a question by Commissioner Caen, Ms. Hale explained that the new solar installer classification could be affiliated with a variety of unions depending on which of the apprenticeship programs an applicant decided to enter. Mr. Harrington noted that the key point was that no one union held all of the solar installer positions. In response to questions by President Vietor, Ms. Hale explained how State Labor officials envisioned this skill set evolving reporting that it was thought these solar installer jobs would mainly be focused on the smaller projects. Mr. Harrington noted staff would move forward and certainly bring this back to the Commissioners before award.

b) Legislative Update

Assistant General Manager for External Affairs Juliet Ellis presented a brief update and overview of current legislative activities highlighting in broad strokes what was going on in Washington. Ms. Ellis reported the likely end of earmarks and programmatic legislation. Ms. Ellis pointed out as the SFPUC usually didn't pursue these kinds of funds, this might not have significant impact on us. Ms. Ellis reported that as no appropriations legislation had been enacted by Congress. Explaining further, Ms. Ellis reported the government was operating on a basis of continuing resolutions, the most current with substantial funding cuts from the budgeted amounts of previous years, and that this could have impact on us or our customers. Ms. Ellis reported that she would be traveling to Washington in April for meetings with our legislative representatives, legislative advocates, and federal agencies to get a clearer picture of what was likely to follow next. Ms. Ellis proposed to report back in late April on these federal topics as well as provide an overview of the current state and local legislative activities related to the SFPUC.

President Vietor asked for an update on the implications of the Governor's proposed end of Redevelopment Agencies for the SFPUC. Commissioner Torres noted that the outlook for progress at the state was not looking good given adamant Republican resistance to moving forward on the revenue side. President Vietor asked that as these issues were calendared they be broadened to not only consider our role with Hunters Point and Treasure Island but also other Redevelopment Agency properties that the SFPUC might end up having to address.

c) Water System Improvement Program (WSIP)
1. WSIP Case Study Alameda Siphon #4

WSIP Director Julie Labonte began by informing the Commissioners that she would be coming before them in April seeking approval of more than 10% change order on four contracts. Ms. Labonte reported that these were smaller more challenging projects and the likely changes would amount to roughly \$3 to \$3.5 million. Ms. Labonte reported she would then also explain related schedule delays. Ms. Labonte noted the good news in this was that three of the four projects were 95% complete and the last over 50% complete.

Ms. Labonte next, in response to a request by Vice President Moran, presented detailed review of the resolution of a situation that had developed on the \$61 million Alameda Siphon #4 Project as a case study of the effectiveness of our construction management (CM) procedures and how well they worked. Ms. Labonte outlined scope of the project and reported the problem created by the failure of a tunnel boring machine while in operation cutting a micro-tunnel beneath Alameda Creek. Ms. Labonte then discussed each step in a planned procedure that resulted in quick action to recover the boring machine, remove it from the site for repair, then return it to operation, and complete the needed work within the contingency in the project budget.

Ms. Labonte reported a slight time extension had been sought and received from the Department of Fish and Game to do the work under the creek. Ms. Labonte noted that a tunneling expert was brought on board to successfully advise how to resolve this problem. Ms. Labonte explained that in the end all of the planned procedures to address such a situation had worked successfully. Ms. Labonte noted that the entire team was quickly pulled together proactively and collaboratively to resolve this problem. Ms. Labonte noted that the CM procedures significantly enhanced our ability to address this problem by keeping the entire team fully informed as a solution went forward centralizing key documents and encouraging close collaboration to resolve the problem.

In response to questions by Commissioner Torres, Ms. Labonte explained that in this case the problem was discovered to have been caused by a defect in the gearbox of the tunnel boring machine and the related costs were therefore the responsibility of the Contractor. Ms. Labonte explained that there was an immediate agreement to share ongoing costs until responsibility was determined even though this agreement never was implemented because it quickly became clear the identified equipment failure was the responsibility of the contractor. Ms. Labonte reported that the SFPUC had not received a change order request from the contractor and did not expect to, but staff was clear that this problem was the contractor's responsibility.

In follow up to a question from Commissioner Torres, Assistant General Manager of Infrastructure Harlan Kelly explained that on these major projects that the City

was self insured and had a through process to address and resolve issues such as this. Deputy City Attorney Noreen Ambrose explained that Deputy City Attorney George White handled these kinds of issues for the SFPUC. Commissioner Torres asked looking forward how staff proposed to avoid this kind of problem. Ms. Labonte replied that among the lessons learned from this event were that our specifications for equipment needed to be tweaked to limit exposure to equipment failure problems like this. Ms. Labonte additionally noted need as well as to address potentially poor method choices made by contractors, as in this case boring with water instead of slurry. Ms. Labonte reported that the capacities of some of the smaller contractors, who only had one or two specialized machines necessary for the work available to work on each of their jobs, also needed to be considered given the failure in this case. Additionally, Ms. Labonte reported that communications across the entire team were essential to quick decision-making, and that this case proved that careful adherence to the planned procedures achieved a successful outcome.

In reply to Commissioner Torres' query, Ms. Labonte explained the reason ratepayers needed to know that this particular work was necessary was that this project protected a key lifeline that was essential to water delivery to the Peninsula and the City. President Vietor asked that our ratepayers also be given an explanation for the contract changes coming up in April. Ms. Labonte agreed to provide those explanations and then concluded with photos of the successful process to remove, repair the damaged gearbox, reinstall, and restart the tunneling boring. Ms. Labonte noted that there were other lesser challenges on this particular project to overcome but that this project should be completed within budgeted contingency in September.

Vice President Moran observed that this was the result we had hoped to see and pointed out tunneling was always a dicey proposition. Vice President Moran noted that this case study, based on a real problem, had tested whether our procedures were sufficient to effectively respond to and overcome expected hazards in construction. Vice President Moran agreed with Ms. Labonte's observation that while it was important to understand that the procedures worked well in this case when there was a big problem; it was equally important that they worked just as well to address the myriad of day to day challenges that such extensive programs of work like the WSIP always encountered.

d) Performance Measures & Sustainability

Mr. Harrington noted that only Commissioner Caen had been on the Commission when the Sustainability Plan was adopted and two others when the Strategic Action Plan was developed. Mr. Harrington reported that today's presentation was the product of the consolidation of these efforts and could usefully inform the Commission's planned discussions at its summer retreat.

Susan Wade, Manager, Strategic/Sustainability Planning began by explaining what the Sustainability Plan was and the related use of triple bottom line to evaluate the SFPUC's ongoing activities across the spectrum of its operations. Ms. Wade explained the value of use of this process was to provide an annual snapshot of progress toward strategic goals and allow for better planning. Ms. Wade reported use of this model gives the Commission and all stakeholders an annual snapshot of how SFPUC was meeting its strategic goals and objectives. Ms. Wade reported it additionally provided a high-level view of priority activities across SFPUC as well as a two part framework to assist in fiscal year and long term planning aligned with our goals. Ms. Wade explained it tied strategic decision making to budgets, streamlined performance reporting, and could also be used for individual job goal setting and performance evaluations. Ms. Wade explained that twice annual progress reports were submitted to the Controller's Office to keep close track in specific areas going forward each year. Ms. Wade next explained how the Strategic Action Plan had been structured based on previously established baseline data beginning in 2006. Ms. Wade then reported how the Strategic Sustainability Plan was developed and described the interactions of the 5 goals and 37 objectives in the Strategic Sustainability Framework.

Ms. Wade identified the Durable elements of the Strategic Sustainability Plan which consolidates goals of SFPUC's Strategic Action and Sustainability Plans and applies SFPUC's sustainability categories that incorporate the triple bottom line. Ms. Wade further explained that the Plan integrated material issues from our Strategic Action and Sustainability Plans into objectives and then applied, updated, and added to the key performance indicators (KPIs) from SFPUC's Sustainability Plan. Ms. Wade reported these Durable elements would be evaluated and updated biennially.

Next, Ms. Wade addressed the Dynamic element of the Plan that incorporated actions, targets, measures, leads, and completion dates from the FY2010-11 Strategic Action Plan. These Ms. Wade observed added Budget and 10-year Capital Plan columns to aid long term planning efforts. Ms. Wade reported that these Dynamic elements would be updated annually

As examples, Ms. Wade discussed the grease recycling program noting it addressed the identified Goal: to promote a green and sustainable City and its objective to reduce inflows to the sewer system and ensure quality effluent. Ms. Wade explained that this related to one of three identified actions for FY2010-11, Action 74: reduce pollutant inflow through grease recycling. Ms Wade showed how this was done with a 12 – 18 month target following the Board of Supervisors approval of Fats, Oils, and Grease (FOG) Ordinance. Ms. Wade reported this was accomplished by launching expanded Automatic Grease Removal Devices installation in restaurants and through increasing restaurant participation in the grease collection program by 100%. Ms. Wade noted that the Division Lead was AGM Moala and that this achieved key policy initiatives to

reduce the number of days that water quality bacteria levels do not meet federal Environmental Protection Agency (EPA) requirements as a result of sewer overflows. Ms. Wade then discussed how this approach accomplished the Goal of Enhancing Partnerships by showing the progress achieved in the integration of the Auxiliary Water Supply System (AWSS) into our system under the leadership of Deputy General Manager Carlin. Ms. Wade then outlined how performance measures were developed between the Durable and Dynamic elements of the Plan and then were continually updated across the spectrum of SFPUC activities going forward.

Ms. Wade reported the next steps in this process proposed to occur this spring as: complete the Report on FY 2010-11 Performance; create FY 2011-12 Strategic Sustainability Planning Actions; and revise key performance indicators KPIs as needed. Then Ms. Wade reported, in collaboration with the Controller, the SFPUC would establish semi-annual reporting with the planned biennial review to help long term strategic planning and visioning.

Ms. Wade thanked GM Harrington and the Assistant General Managers for their support and active cooperation helping establish the SFPUC as a leader in developing models of best practices for sustainability. Mr. Harrington explained that these reports were already being widely used for a variety of purposes and would help keep track of how well we were achieving our goals. Mr. Harrington requested that the Commissioners offer input into the plan goals for next year ahead of an in-depth discussion in July.

In response to questions by President Vietor, Ms Wade explained how the baseline data for these indicators was established and continually been updated since 2006. President Vietor asked for example if we could see performance on water conservation since 2006. Ms. Wade said yes noting this information was available in reports and also accessible online. President Vietor requested that there be an update on understanding the progress achieved since last July so that the Commissioners would have a way to offer useful input into next year's goals. Ms. Wade explained that this process served to identify the highest priorities and would be ongoing. Mr. Harrington reported that staff was already using this information and offered to include Commissioners in this review process. President Vietor said she would offer suggestions offline. Vice President Moran requested that information be made available ahead of the July Retreat to allow Commissioners time to consider their input.

Mr. Harrington reported on a sad noted that Cameron Beach, a former San Francisco Municipal Transportation Agency Board Director and husband of Commission Retreat Facilitator Carmen Clark, had passed away, and that a memorial service was planned.

e) SFPUC Communications and Rebranding Effort

Tyrone Jue, Director of Communications, began by noting that this rebranding effort was focused on establishing trust between the communities and the SFPUC as well with our own staff and maintaining the good relationships developed through the dependable high quality services that the SFPUC provided. Next, Mr. Jue outlined the proposed new SFPUC identifiers and explained briefly the lengthy process that brought us to this presentation. Mr. Jue described the details of the proposed rebranding proposals and explained the proposed new designs retained elements from our existing branding in order to maintain continuity. Mr. Jue reported that they addressed the continual confusion among many local residents and customers as to what functions exactly the San Francisco Public Utilities Commission actually did and well as differentiate us from the California Public Utilities Commission, (CPUC).

Mr. Jue explained the various elements of the proposed new look. Mr. Jue explained that they were designed to clearly delineate our core services of water, power, and sewer. Mr. Jue then presented the various looks and the different versions proposed for in-city and regional use. Mr. Jue next explained the look of the various emergency badges and the new letterheads each maintaining the description of "A service of the San Francisco Public Utilities Commission.

Mr. Jue emphasized that this was planned to be a no to very low cost option by transitioning to the new identifiers in conjunction with a major website restructuring and the need to issue new employee emergency identification badges and new materials would be produced as existing supplies were exhausted and as equipment, such as vehicles were given major refurbishments. Mr. Jue outlined how staff expected this would gradually be phased in. Mr. Jue concluded noting that what he was seeking the Commissioners' comments and input going forward.

Commissioner Torres questioned the used of staff time and resources for what seemed to be an un-necessary activity at a time when our ratepayers expected strict economy in all of our expenditures. Commissioner Torres wondered if ratepayers expressed any need for a change in our look. Mr. Harrington explained that his was an inherited project that had been pending for years and that in conjunction with his recent discovery concerning how costly our current business cards were it seemed to be a good time. Commissioner Torres suggested perhaps these resources would have been better allocated to keeping our ratepayers informed about what the SFPUC was doing if there was a lack of understanding of that. Mr. Jue explained that this change was in conjunction with already ongoing changes and was purposefully being kept at no to very low cost.

Commissioner Courtney expressed a fondness for use of a stronger orange, suggesting that that the chosen shade was a bit wimpy.

Commissioner Caen explained that there was a lengthy history of discussion among the Commissioners about this topic. Commissioner Caen found the proposed designs not reflective of the strength of our work and that the colors seemed weak and lacking in statement, appearing whimsical, more appropriate to a toy company than a major utility. Mr. Harrington noted that the existing three circles logo had always been deeply unpopular with staff. Commissioner Torres expressed surprise that employees' dislike of a logo would drive making such a change. Commissioner Caen agreed that saying clear water, power, and sewer did make a clear purpose and it had the virtue of still retaining our name.

Vice President Moran said he was reluctant to comment on this topic, noting that the discussion showed how powerful images were. Vice President Moran noted that clearly saying Water, Power, and Sewer was a clearer identifier and did explain quickly as what we did. Vice President Moran expressed interest in this only in so far as it usefully served the intended purposes. In response to questions by Vice President Moran, Mr. Harrington clarified that the traditional "Green Trucks" for the Water Department and Blue Trucks" for Hetch Hetchy Water & Power would be retained as these served as important visual cues during emergency situations by making clear at a glance who was working on a site.

President Vietor suggested that perhaps Municipal Fiscal Advisory Committee (MFAC) could be asked to consider this concept as an element of the SFPUC's much larger communications strategy and offer their expertise to helping move our objectives forward. Commissioner Torres observed that he remained unconvinced of the need for this. Mr. Harrington and Mr. Jue noted further work would be done on this proposal taking all of the Commissioners' comments into consideration.

Public Comment

Mr. Eddie Ahn, Brightline Defense Project, urged that these contracts be moved forward as they responded to the Local Hiring Plan and noted that there were other solar installation projects that needed to also move forward to provide more local employment opportunities. Mr. Ahn called out DB-120, as example of a pending Muni solar installation project also should go out to bid to provide additional local jobs.

Commission Discussion

In response to questions by President Vietor, Mr. Harrington explained that two already awarded solar installation contracts had been previously mentioned for Chinatown Health Center and Muni's Woods facility and that Bass Electric, who had been awarded the contract, had agreed to comply with the Local Hire Ordinance on a voluntary basis. In answer to questions about our options regarding these already awarded contracts by Commissioner Courtney, Ms. Hale

and Mr. Harrington outlined the financial exposure to the SFPUC if we terminated the awarded contract. Mr. Harrington clarified that Bass Electric had agreed to comply with the 20% initial local hire goal. Commissioner Courtney discussed the still existing problems resulting from overlapping jurisdictions on this work and asked if staff could discuss this issue with the Contractor. Ms Hale explained that staff would be in regular contact with Bass and discussed this further, especially given their agreements to participate in local hire program. Ms. Hale also noted that given the nature of the State Regulators decision there was sure to be many more discussion about how to proceed going forward.

Commissioner Courtney asked Mr. Ahn to clarify what he was requesting. Mr. Ahn said that Brightline supported going forward with award of this contract and pointed out that it was their view that the Local Hire Ordinance would apply when these contracts are rebid. President Vietor asked about the several different solar installation project contracts, both awarded, on hold, and not yet out to bid, seeking to clarify where both Brightline and Commissioner Courtney were on each of them. Mr. Harrington explained that the SFPUC did not determine who does the work and in the end our choices were to stop doing solar work until this was all resolved or muddle along going out to bid on these projects seeking to find an interim workable solution. Commissioner Courtney pointed out that his fundamental point was that everyone wins when jobs are created. President Vietor clarified that the determination was to go out to bid on these, stay the course with Bass Electric, and see what developed.

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) BAWSCA Update Report

Mr. Jensen reported he would be brief noting concerning the previous mention of World Water Day that BAWSCA had been recognized at the recent Silicon Valley Water Conservation Awards. Mr. Jensen noted that an award was also won by BAWSCA Board member Ken Coverdell, who was recognized as a "Water Champion" for his Coastside Nursery Blue Sky Farms which featured water thrifty native plants. Mr. Jensen applauded Ms. Labonte's excellent and detailed presentation of the case study on overcoming a problem on the Alameda Siphon #4 Project. Mr. Jensen commented that the findings were a tribute to staff doing their jobs very well. Mr. Jensen commented that he was happy to see this case study as well as any future case studies. In closing, Mr. Jensen reported that his daughter's wedding in San Francisco would not include the use of bottled water.

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.

No public comments were offered.

Moved by Commissioner Caen, seconded by Commissioner Torres, to adopt items (a-g) listed under the Consent Calendar; passed (5-0 Vietor, Moran, Caen, Torres and Courtney) unanimously.

- a) Accept work performed by J. Flores Construction Company, Inc. for Water Enterprise, Local Water Repair and Replacement (R&R) Program-funded Contract No. WD-2537, 8-inch Ductile Iron Main Installation on Scott Street between Union and Post Streets; approve Modification No. 1 (Final), to reconcile the final contract amount with the actual quantities of labor and materials used, decreasing the contract by \$128,368 for a total contract value of \$749,704 with a final contract duration of 234 consecutive calendar days; and authorize final payment, in the amount of \$112,489 to the contractor. **Resolution No. 11-0039**
- b) Accept work performed by DL Falk Construction for Water Enterprise-funded Contract No. WD-2639, Water Supply and Treatment Administration Building Tenant Improvement; approve Modification No. 2 (Final), increasing the contract by \$154,096 to provide for audiovisual integration system programming, miscellaneous electrical work, and room additions, for a total contract amount of \$1,044,479 and with a time extension of 47 consecutive calendar days for a total contract duration of 147 consecutive calendar days; and authorize final payment, in the amount of \$284,263 to the contractor. **Resolution No. 11-0040**
- c) Approve the plans and specifications, and award Water Enterprise, Water System Improvement Program (WSIP)-funded Contract No. WD-2653, As-Needed Integration Services –San Francisco Region, in the amount of \$1,431,264, to the lowest, qualified, responsible, and responsive bidder, Adesta Limited Partnership to furnish and install Access Control and Alarm Monitoring System (ACAMS) and Digital Video Surveillance System (DVSS) at key locations in the City of San Francisco and along the Hetch Hetchy regional water system. **Resolution No. 11-0041**
- d) Approve Modification No. 5 to Wastewater Enterprise (WWE), CIP-funded Contract No. WW-447R Southeast Water Pollution Control Plant (SEP) Mixed Liquor, Return Activated Sludge, and Headworks Facilities Odor Control Improvements, with Cal State Constructors, for a time extension of 180 consecutive calendar days for a total contract duration

of 545 consecutive calendar days. The additional days are to compensate for the time taken to re-design the chemical feed piping system, in order to satisfy the new safety requirements set by City's chemical supplier and for start-up and testing of a new chemical system for odor control. **Resolution No. 11-0042**

- e) Approve Modification No. 2 to Wastewater Enterprise CIP-funded Contract No. WW-462, Southeast Water Pollution Control Plant (SEP) Digester Gas Recirculation Compressor Replacement, with Cal State Constructors to install a digester gas cooling system upstream of the compressors and ancillary control equipment, increasing the contract by \$210,902, for a total contract amount of \$2,067,384 and with a time extension of 210 consecutive calendar days for total contract duration of 575 consecutive calendar days. The cooling system will protect the compressors from overheating and extend their useful life.
Resolution No. 11-0043

- f) Approve the plans and specifications, and Award Wastewater Enterprise, Renewal and Replacement (R&R) Program-funded Contract No. WW-479, 21st/23rd/24th/Hampshire/York/Utah Streets and San Bruno Avenue Sewer Replacement, in the amount of \$1,804,525, to the lowest, qualified, responsible, and responsive bidder, D'Arcy & Harty Construction, Inc., to replace the existing sewers on the above mentioned streets. **Resolution No. 11-0044**

- g) Approve the plans and specifications and Award Wastewater Enterprise, Capital Improvement Program-funded (CIP) Contract No. WW-521, Spot Sewer Repair Contract No. 25, for an amount not-to-exceed \$2,926,515 to the lowest, qualified, responsible, and responsive bidder, J. Flores Construction, to repair existing sewer piping, on an as-needed basis, at various locations throughout San Francisco.
Resolution No. 11-0045

REGULAR BUSINESS

- 10. Discussion and possible action to approve the Pedestrian Lighting Policy and authorize the General Manager of the San Francisco Public Utilities Commission to implement the Pedestrian Lighting Policy.
(This agenda item is continued to a future meeting.)

Assistant General Manager for Power Barbara Hale outlined the background to the proposed new Pedestrian Lighting Policy explaining that this often necessary street level lighting had heretofore fallen between various jurisdictions including the Department of Public Works, private developers, the Redevelopment Agency, as well as the SFPUC. Ms. Hale reported that the proposed policy was an effort

to provide coherence and give authority to make sure what was installed met SFPUC standards for efficiency and maintenance. Ms. Hale provided examples on Rincon Hill, in the Fillmore Jazz Preservation District, and on Leland Avenue where various kinds of pedestrian lighting had been installed. Ms. Hale related these to likely costs to upgrade pedestrian lighting along a five mile street corridor such as Mission Street and noted the spotty nature of the various kinds of lighting being installed as there was no overarching authority to guide and regulate their installation. Ms. Hale also explained how this proposed policy dovetailed with the City's expanded streetscape improvements proposed under the Department of Public Works "Better Streets" Program and cited the costs associated with proposed improvements along the Van Ness Transit Corridor as an example. Ms. Hale reported this policy would provide a tool to move toward higher efficiency Light Emitting Diode (LED) installations as well as use of more efficient and easier to maintain lighting fixtures throughout the City. Mr. Harrington and Ms. Hale explained that should we not undertake this role, that as time went on many of the already in place pedestrian lights would go dark leading to demands by residents that someone, unusually then identified as the SFPUC, come and fix them. Mr. Harrington explained that we would try to make sure that those who had installed these pedestrian lights maintained them but there was a question about the authority to do so. Additionally, Ms. Hale outlined the problematic nature of some of the existing installations. Ms. Hale also stressed that a key benefit of this policy would be to provide authority for the SFPUC to require standards for pedestrian lighting where there currently were none.

Commissioner Torres expressed concern at assuming these additional costs given the many needs of our system as well as the current economy. Commissioner Caen asked if there were a real need for these lights and especially why assume this role now given the many capital needs we already had. Mr. Harrington agreed that his initial reaction had been similar but that at further consideration these lights were there, they were failing, and we seemed to be the agency that the public expected to care for them. Mr. Harrington noted he had asked if we could just say no to this at this time and had not received a clear answer. Mr. Harrington noted that there were city policies that we supported and needs for this kind of lighting that did exist that also had to be addressed.

In response to questions by Commissioner Caen, Ms. Hale explained that these lights were installed by both developers and the City, citing the example of the Van Ness Transit Corridor. In response to questions by President Vietor, Mr. Harrington and Ms. Hale explained that with the proposed policy we could have input during the design phases of "Better Streets" projects to tie our ability to pay for them to our budget circumstances.

Then President Vietor offered the following amendment to the second page of the proposed resolution as: *"#7. The SFPUC must identify and procure or specify the most energy efficient product available and will explore and integrate*

the cost and efficacy of renewably-charged lighting as the technology becomes available". This amendment was accepted without objection.

In response to other questions by Commissioner Caen, Ms. Hale explained that this policy would provide the SFPUC with a tool to require that any such lighting installed meet our guidelines. Ms Hale reported currently we did not have any such authority. In answer to President Vietor, Ms. Hale reported that the Streetlighting Portfolio was expected to come back to the Commission later this year and standards for pedestrian lighting would be included.

There then followed further discussion the ramifications of assuming this new responsibility among the Commissioners. President Vietor then suggested this issue be brought back for consideration by the Commission after further discussions about the implications of assuming this responsibility were undertaken. Vice President Moran asked for explanation of what our capital costs might actually be, how this was tied to expansion of the "Better Streets Program. Ms. Hale called attention to a list on page three of the report but noted this only addressed part of the question. Vice President Moran explained his main concern was that this was yet another example of the SFPUC being seen as the source of abundant funds. In answer to a question by President Vietor about any risk from delay, Ms Hale explained that as it currently stood some of these already installed lights could go out without anyone available to repair them. Mr. Harrington explained we would do our best to encourage those who had installed them to address repairs but that this entire issue needed to be addressed in a larger way. Vice President Moran suggested perhaps local improvement districts might be the answer instead of everyone looking to the S.F.P.U.C.

Wrapping up their discussion, it was the consensus of the Commission that approval of this policy be continued to allow for further consideration of the options available. Vice President Moran pointed out that while the SFPUC had resources to address many good, worthy, and needed things in the City these resources were not infinite and the larger question of what were the actual most pressing priorities needed to be considered before taking on additional costs.

Commissioner Torres noted because of the historic nature of the Fillmore Jazz District we might have to assume responsibility for these existing pedestrian lights. President Vietor asked if the Fillmore Jazz District item might be brought back sooner. In response to a question by Commissioner Caen, Ms. Hale explained that the lights in the Fillmore Jazz District were a good example of what not to do and Mr. Harrington why we needed authority to regulate what kinds of fixtures and lighting were used in the City. Vice President Moran suggested the Jazz District might also be a case where a special local improvement district be considered. Ms. Hale also observed that the burden related to pedestrian lighting went beyond just the costs but also need to have space to maintain needed inventory. Ms. Hale observed that currently we were

in the worst place that of being brought in the middle of a process without any authority.

Mr. Harrington noted that the Commissioners seemed to agree with a need to set standards for such lighting but observed that there was less enthusiasm for assuming another potentially costly role in being responsible for operating and maintaining them. Mr. Harrington then agreed to bring this matter to the Commissioners again for their consideration after further discussions among all of the concerned parties of the issues raised during the meeting. This item was then continued to a future meeting.

Public Comment

No comments were offered

11. Presentation and discussion of proposed upgrades to the SFPUC facilities at the Millbrae Yard, (San Mateo County), the Sunol Yard, (Alameda County, and the Moccasin Compound, (Tuolumne County).

Mr. Harrington reminded the Commissioners that this item was being presented to meet a Commission request for a broader view of what these facilities needs were ahead of approval of contracts for specific aspects of the proposed work.

Assistant General Manager for Water Steve Ritchie presented an extensive overview of the proposed needs for and planned improvements at the aging facilities at the Millbrae Yard, the Sunol Yard, and the Moccasin Compound, noting that 50% of the Water Enterprise staff worked in these aging and in many cases outdated and deteriorating facilities. Mr. Ritchie reported modernization, staff consolidation, and meeting health and safety needs were the main drivers for these needed upgrades.

Beginning with the Millbrae Yard, Mr. Ritchie outlined the layout of the facility and explained the objectives were to bring staff from leased space and modernize and consolidate laboratory space. Mr. Ritchie reported the lab at Southeast Plant would be moved into what was the mid-century administration building. Additionally, Mr. Ritchie pointed to obvious repair need to shops and cottages. Mr. Ritchie reported that the new office building would be located to the street side.

Next, turning to the Sunol Yard, Mr. Ritchie explained its farm-like appearance and outlined an overview of what each of the facilities was noting their relationship within the site to the Sunol Water Temple. Mr. Ritchie reported it was planned that some staff would be relocated from Millbrae to Sunol and explained the changes planned for the former residence used as offices and the barn. Mr. Ritchie recalled last year's centennial of the Sunol Water Temple and

explained purpose of the planned Alameda Creek Watershed Center as being for both our use as well as a community amenity. Mr. Ritchie showed a slide overview of what the renovated facility could look like, and discussed other planned improvements including paving.

Next, regarding the Moccasin Compound, Mr. Ritchie reported on this historic compound laid out around the historic old powerhouse. Mr. Ritchie identified some of the major building including the now middle aged 1960s New Powerhouse. Mr. Ritchie noted that there were many needs in this old company town that this plan proposed to renovate and upgrade to meet current needs. Mr. Ritchie identified office consolidation as a key goal, and cited proposals to reuse the old powerhouse, as well as outlined the modernization of shops and a long recognized need to upgrade security at the site. Mr. Ritchie explained the needs at the old Powerhouse and what was proposed for this beautiful old structure.

In response to questions by President Vietor about seismic issues with the old Powerhouse, Mr. Ritchie explained that structural improvements were absolutely needed and outlined how this old landmark local structure might be ideal to adapt to use as an office facility. Mr. Ritchie explained that there were options to either build a new office building or adapt the old powerhouse. Mr. Ritchie noted that he had requested an energy analysis of the proposed use of the Old Powerhouse showing potential savings from using solidly built older building out over the next thirty years.

Mr. Ritchie outlined the overview of why this was needed, the likely timeline going forward including needed environmental preliminary process, and then the construction program which could be phased to meet budgetary considerations

Vice President Moran observed that the needs of these facilities were evident but noted that the means to fund the necessary improvements also needed to be identified given with wider needs for capital improvements throughout the system. Vice President Moran observed that some of these no doubt worthy projects might have to be delayed until sufficient funding could be identified to accomplish them. Vice President Moran noted that there were pluses and minuses to stretching this out and perhaps staff could offer a menu of options that would also show what elements would be delayed without significant harm and could be used to structure priorities.

Mr. Harrington noted that these kinds of projects often get pushed back and hopefully this time we could carefully consider how to proceed to address the needs. In response to Vice President Moran's observations, Mr. Harrington explained that the needed improvement could be phased in overtime in sync with funds available in the budget but that it was necessary to begin this process of bringing these facilities up to current standards of efficiency as well as meet employee health and safety issues.

Public Comment

Mr. Joseph Christy, a San Francisco resident and ratepayer, noted that while Commissioner Torres had a good point concerning the need in these times to expend resources wisely, that he felt that the proposed rebranding previously discussed was, especially as it was being done for no or very low cost, could be a worthwhile effort. Mr. Christy noted that many residents like him did not have a clear idea of what the SFPUC actually did, and said this proposed rebranding helped make the SFPUC's work more clearer. Mr. Christy suggested that the effort, perhaps with some minor adjustments as had been discussed should go forward.

12. Discussion and possible action to approve the selection of ESA+Orion JV; award Hetch Hetchy Revenue -Funded Agreement No. CS-139, Moccasin Facilities Upgrade, to complete environmental analysis services for the Moccasin Facilities Upgrade Project; and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to negotiate and execute a professional services agreement with ESA+Orion, Joint Venture (JV) for an amount not-to-exceed \$1,200,000, and for a duration of two years and eight months to complete an environmental impact report.

Moved by Vice President Moran, seconded by Commissioner Caen, to adopt the following resolution; passed (Vietor, Moran, Caen, Torres, and Courtney 5-0) unanimously. **Resolution No. 11-0046**

CLOSED SESSION

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

No comment was offered on any closed session item.

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

Moved by Vice President Moran, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (5-0 Vietor, Moran, Caen, Torres, and Courtney).

Present in the Closed Session were President Francesca Vietor, Vice President Anson B. Moran, Commissioner Ann Moller Caen, Commissioner Art Torres, Commissioner Vince Courtney, General Manager Ed Harrington, Deputy City Attorney Noreen Ambrose, Deputy City Attorney Karen Kirby, Chief Financial Officer and AGM of Business Services Todd Rydstrom, AGM of Water Steve

Ritchie, AGM for Power Barbara Hale, and Commission Secretary Michael Housh.

The Public Utilities Commission met in Closed Session at 4:55 P.M. to discuss the following items:

15. 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.

There was no action.

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

Moved by Vice President Moran, seconded by Commissioner Caen, passed (5-0 Vietor, Moran, Caen, Torres, and Courtney).

Resolution No. 11-0047: Da Ren Kuang; Angel Su Ting Wong; Sophia Zi Ying Kuang; Lori Shuang Jie Kuang; Estate of Xiu Fang Huang v. City and County of San Francisco, et.al., San Francisco Superior Court, Case No: CGC 10-502052, City Attorney File No. 100903, Filed10/23/09.

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

Moved by Commissioner Torres, seconded by Commissioner Caen, passed (5-0 Vietor, Moran, Caen, Torres, and Courtney).

Resolution No. 11-0048: Alain Jimenez v. City and County of San Francisco City Attorney Claim No. 10-03459, Filed10/23/09.

Following the Closed Session, the Public Utilities Commission reconvened in open session at 5:03 P.M.

18. Announcement following Closed Session.

Following Closed Session, President Vietor announced the actions taken during Closed Session as no action on Agenda item #15, and that Agenda Items #16 and #17 were settled.

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

Moved by Commissioner Torres, seconded by Commissioner Courtney, not to disclose the discussions during Closed Session; passed (5-0 Vietor, Moran, Caen, Torres, and Courtney) unanimously.

20. Other Commission Business

There being no further business to discuss, the meeting was adjourned at 5:05 P.M.

Michael Housh
Commission Secretary