



SAN FRANCISCO PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Edwin M Lee
MAYOR

MINUTES

(Approved March 8, 2011)

REGULAR MEETING

Tuesday, February 8, 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 January 27, 2011, Special Budget Meeting

Moved by Commissioner Torres, seconded by Vice President Moran to adopt the January 27th Minutes; passed (5-0 AYE Vietor, Moran, Cane, Torres, 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.

No comments were offered

5. Communications

- a) Letter Summary
 - b) Advance Calendar

There was no discussion of any communications item.

6. Other Commission Business

Discussion and possible action to **approve** a Resolution honoring the San Francisco Public Utilities Commission Citizens' Advisory Committee **Resolution No. 11-0016**

Acting Director of Communications Tyrone Jue reported on the important public service work provided by the members of the San Francisco Public Utilities Commission Citizen's Advisory Committee S.F.P.U.C. (CAC) and recommended approval of the resolution commending their service to be presented at a February 22nd reception being held in their honor. In response to questions by President Vietor, Assistant General Manager of External Affairs Juliet Ellis

reported that a process was underway to fill the remaining vacancies on the CAC.

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

It was announced that Agenda Item #18 *Development of an Urban Watershed Framework for San Francisco* was being taken off calendar and continued to a March meeting.

PUBLIC HEARING

Next Agenda Items#7 though #11 were called together.

Chief Financial Officer and Assistant General Manager of Business Todd Rydstrom gave a recap of the previous budget workshops and presented a high-level summary of the budget proposals. Mr. Rydstrom additionally noted that there were 10 Commission requests/questions that remained to be answered and that response to these would be forthcoming shortly. Mr. Rydstrom reported the Assistant General Managers would follow with their remaining items after his brief opening presentation.

Noting that this was the 4th in this year's budget presentations, Mr. Rydstrom reported the proposed Proposition A two year Budgets as totaling: \$818 million for FY 2011-12, and \$861 million for FY 2012-13. Mr. Rydstrom reported that the proposed Operating Budgets were: \$663,659,481 for FY 2011-12, and \$692,821,835 for FY 2012-13. Additionally, Mr. Rydstrom reported that the proposed Capital Budgets as: \$134,661,586 for FY 2011-12, and \$139,251,522 for FY 2012-13; while the proposed Programmatic Budgets were: \$19,258,943 for FY 2011-12, and \$29,071,430 for FY 2012-13. Mr. Rydstrom explained that the key changes were primarily in debt service and as previous noted related to fringe benefits in response to Health Service System and Retirement System changes and that these were relatively small. Additionally, Mr. Rydstrom noted that regarding the full time position count the number had actually dropped by a small amount.

Turning next to presentation of total sources and uses of funds, Mr. Rydstrom reported that we were continuing to live within our means as well as the existing rates. Mr. Rydstrom noted that there was only about a change of \$200,000 across the entire \$800 million range. Mr. Rydstrom noted that there were slight changes due to minor rates changes by both Health Services and Retirement Boards. Mr. Rydstrom then discussed rate scenarios for each of the out years as requested by Commissioner Caen and Commissioner Torres showing if rates changes were kept to single digits or below 10%.

In response to a question by Commissioner Torres, Mr. Rydstrom pointed to Tab 9, Slides #16 and #17, showing these figures. In further response to Commissioner Torres as to why pension costs had increased, Mr. Rydstrom explained that historically the city had a super funded pension and so our employer contributions were up due to stock market valuations being down. Commissioner Torres asked if this were the market or was it about management of our investments. Mr. Rydstrom pointed to a report, which he proposed to provide, explaining that the City used a 5 year smoothing cycle calculation of its rates to even out ups and downs in its pension investments which were still absorbing previous declines. Commissioner Torres requested a copy of the report. Mr. Harrington also noted that Retirement had done some new calculations of likely employee's longevity and that also had an impact in this year's changes.

Next, Mr. Rydstrom then called attention to Agenda item #10 notice for a May public hearing on the new water rates as provided in the Water Sales Agreement and noted that there would be further discussions in the next few meetings concerning various potential sewer system improvement program options. Mr. Rydstrom noted the previous budget workshops and reported that staff had responded to 135 questions in the course of these workshops but that there remained ten additional matters to be finished and these would be addressed by the each of the Assistant General Manager's.

Assistant General Manager Water Steven R. Ritchie then reported two items in follow up: first, on the facilities planning for Millbrae, Sunol, and Moccasin that was proposed to be discussed in depth at the Commission's March 22nd regular, meeting, and second, regarding the land and natural resource management and planning to shift properties in San Francisco Lake Merced, at Laguna Honda, around the Twin Peaks Reservoir, and the O'Shaughnessy Tract to Natural Resources. Mr. Ritchie noted this was yet early. In response to questions by President Vietor, Mr. Ritchie explained that there was only minor fire safety, brush clearing, and native plant preservation activities planned in the coming year in particular at Laguna Honda. Mr. Ritchie noted that there were existing funds budgeted to address Lake Merced issues.

Assistant General Manager of Wastewater Tommy Moala reported that he had two related items yet to complete. Mr. Moala reported that first on February 22, 2011 there would be an extensive discussion of the costs of various options related to the scale of each potential variant of the Sewer System Improvement Program.

In response to a question by President Vietor, General Manager Ed Harrington explained that it was proposed to delay approving the Wastewater Capital plan until after this discussion of February 22nd so that this decision would be better informed by the Commission's discussion of costs and options.

In response to a question by Vice President Moran concerning the matter of when to get the Program Manager and when to determine the scale of the Program, Mr. Harrington offered several possible ways this “chicken or egg” question might be resolved. A key issue to avoid Mr. Harrington observed was creating a conflict of interest problem that would keep those most expert away from helping us with this crucial phase of getting this program going. Next, Mr. Moala discussed the still ongoing Bureau of Street and Sewer Repair transition from the Department of Public Works to the SFPUC and expressed hope this could also be resolved by the February 22nd meeting.

Next, Assistant General Manager of Power Barbara Hale responded to a number of questions posed, first regarding the necessary reduction in capital spending due to continuing below cost power rates. Ms. Hale outlined reductions from known capital needs of: \$100 million in upcountry transmission upgrades, \$32 million in small renewables and generation; \$30 million Moccasin Reservoir renovation; \$30 million for energy efficiency, including \$21 million for General Fund Departments; \$21 million for GoSolarSF, and \$20 million for road improvements. Additionally, beyond these reductions, Ms. Hale explained that \$62.5 million in revenue bond funding was necessary to support ongoing needs.

Ms. Hale reported that fortunately this high rain year had provided increased revenues of a bit over \$3 million. From these unanticipated revenues, Ms. Hale proposed to put back \$1 million each in GoSolarSF, energy efficiency and conservation, and Community Choice Aggregation. Ms. Hale reiterated that the ongoing subsidized power rates were the roots of the problem in being able to appropriately fund identified capital needs.

Vice President Moran expressed concern about issuing debt against Hetch Hetchy and wondered at the long-term implications of doing so. He suggested it was premature to issue debt at this point and asked that staff take this out of the financial plan so that the shortfall was made very clear and then going forward the Commission would have to deal with it. Vice President Moran proposed a change to the 10-Year Capital Plan and the related aspects of the Financial Plan to eliminate the proposed issuance of debt. Mr. Harrington confirmed this change referred to the projected out years after 2014. Ms. Hale also confirmed it did not relate to the ongoing use of clean energy bonds. Vice President Moran agreed. In follow up, President Vietor asked that an in-depth discussion of the General Fund subsidy issue be calendared for an upcoming meeting. Mr. Harrington requested clarification that the Commissioners agreed with restoring the \$3 million. President Vietor confirmed that seemed reasonable and that these were important programs to keep going. Ms. Hale further explained that the amounts available in GoSolar Sf were to be divided into \$2 million to low income and non profits and \$1million for the residential and commercial programs.

Deputy General Manager Michael Carlin next outlined the proposed reorganization of the Real Estate Division and described the 10 month review process that had resulted from the reports of findings of several Controllers' Office audits of deficiencies in Real Estate Services management of some of our 420 leases. Mr. Carlin noted that in particular looking to the future needs of the developments at the Hunters Point Shipyard, Treasure Island, and Park Merced observed these were needs beyond the typical real estate negotiations across the various enterprises. Additionally, there are likely to be highly complex property sales as well as acquisitions that will require a high level of skills. Mr. Carlin noted that the focus of the changes were to bring on financial analytical skills and contract management expertise that had been demonstrated to be needed. Mr. Carlin pointed out that given real estate related activities already on the horizon, there was a clear need to bring this division up to the standards of the other enterprises. Mr. Carlin noted that the WSIP had provided a great step forward in Right Of Way (ROW) clearance and that now there was a critical need to manage these properties to their most beneficial uses. Additionally, Mr. Carlin observed that the realization of the need for these skills upgrades were the main reasons for this reorganization.

Commissioner Courtney observed that he had studied the memo outlining the proposed classifications, job descriptions and organization charts. He noted that he had requested the job descriptions of the current employees and those positions that were proposed in the reorganizations asking where there were differences. Mr. Carlin described each of the proposed classification skills and expertise and how these proposed positions contrasted with the existing property officer classifications. Mr. Carlin noted that these classifications were able to manage very complex master development agreements and land exchanges that would demand abilities beyond those described in the existing classifications. Mr. Carlin reported that in considering these changes his review had shown that for similar reasons both Port and the Airport had moved in this direction as well. In response to questions by Commissioner Courtney, Mr. Carlin explained who the new positions would report to and how the reorganized Real Estate Services would operate. Commissioner Courtney requested further clarifications as to how this intersected with the work of the existing staffing, or were they evaluations of performance. Mr. Harrington stated that this was not related to determinations of performance, which would not be an appropriate subject to this kind of discussion, but was instead focused on seeking solutions to identified organizational needs

In response to Commissioner Courtney's inquiry concerning any ongoing discussions between the represented employees involved, their union, Local 21, and the SFPUC, Deputy City Attorney Noreen Ambrose explained that there were ongoing discussions but that this process was focused on a budget process and that addressing staffing details was subsequent after a specific budget was adopted. Mr. Harrington noted that it was his understanding that there was no need to negotiate at this point when the proposed budget restructuring was

adopted but that when the actual changes were to be implemented there could be a “meet and confer” requirement. Commissioner Courtney inquired if it were so that the existing staff would not simply to be offered these new positions, if qualified, but would be required to compete for them in a civil service process. Commissioner Courtney asked if we were required to meet and confer with the bargaining unit. Mr. Harrington said not at this point.

Mr. Harrington noted that these were all of the outstanding issues budget to be addressed today. President Vietor proposed to take public comment on Agenda items #7, #8, and #9 now.

Annual Budgets – Operating & Capital

7. Public Hearing to consider the adoption of the Annual Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for the Fiscal Year 2011-12 and FY 2012-13, two-year period, and possible action to approve the proposed budgets. (Continued from the Special Meetings of January 13, January 20, and January 27, 2011). (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to Michael Housh, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, California, 94103).

Public Comment

Mr. Steve Bratcher, Crystal Springs, Golf Course, read a letter from Mr. Tom Isaacs, the Course President commending their long and positive relationship with the existing Real Estate Services staff and expressing confidence in the current staff's abilities to effectively manage their business relationships. In reply to Commissioner Torres as to the purpose of this letter, Mr. Bratcher said that it was to show support Mr. Dowd and the existing staff.

Mr. Eldon Kelley, Rancho Polhemus, discussed his San Mateo horse ranch's 15 year long working relationship, saying it was very positive with Real Estate Services staff, and expressed support for them.

Ms. Christine Hanson, Skyline Stables, a sixty year SFPUC tenant, read a letter that described their extensive efforts in rebuilding their stable in a new location after having to relocate from adjoining the Harry Tracy Treatment Plant site, and expressed concern that the lengthy specialized and historical knowledge of the existing staff could be lost. Ms. Hanson said this could lead to problems in the future. Ms. Hanson asked perhaps disasters avoided needed to be factored into this decision and that this proposal might be reconsidered and the existing staff, with great continuity, be retained in according with goals identified in the

S.F.P.U.C.'s strategic plan. Ms. Hanson noted she felt this issue directly related to her stable's future.

Mr. Tom Miller, Verizon Wireless, discussed his very positive experience with the Real Estate Service staff in their two leases and while not commenting on the proposed reorganization itself encouraged reconsideration that these changes are necessary.

Mr. Mark Weaver, California Department of Transportation, District Office, Chief for Right of Way, opposed the proposed reorganization. In response to questions by Commissioner Torres, Mr. Weaver confirmed that he was authorized by his superior Deputy Director for Right of Way Robert McPherson to appear in opposition to the proposed reorganization because of the longstanding and extensive working relationship with the existing Right of Way staff and their perception of a need to retain experienced and skilled staff with knowledge of these very complex properties.

Commissioner Torres expressed surprise that a representative of a state agency should appear before a local government body to oppose their plans to reorganize their operations, never having encountered such a situation before.

Mr. Tony Caruso, Decorative Plant Service Inc., recalled his previous appearance before the Commission at their neighborhood meeting in the Bayview. Mr. Caruso expressed concern that the real estate staff members who he had worked with at the greenhouse over the past 10 years had demonstrated a deep rapport and knowledge of the community might be lost in this new process and suggested that perhaps additional training might be a better solution.

Mr. Ron Cox, Artichoke Joe's, a longtime leaseholder, noted that there was a very complex ongoing real estate negotiation they and the SFPUC were involved in, which has been very well served by the existing staff, and expressed serious concerns that new staff without experience of these complexities could put this at risk, further suggesting these changes be reconsidered.

Mr. Jim Summers, Oliver de Silva, recalled the at times difficult extensive process and complicated negotiations with the many parties involved with operations at the SMP 30 site which had benefitted greatly from the skills and leadership of Mr. Dowd and his staff. Mr. Summers expressed concern and noted that this ongoing complex process was coming to a challenging next step and that the loss of such experienced staff could make this process going forward more difficult.

Ms. Sharon Jenkins, IFPTE Local 21, discussed the historic duties assigned to Real Estate Services staff and suggested that the proposed new direction did not seem to match the SFPUC's actual needs, and commented there were likely few

new development opportunities as described that were likely to need to be addressed. Ms. Jenkins noted that should these reorganizations go forward more than a century of professional real estate skills and institutional memory would be lost and be replaced by lower paid staff without real estate skills. In response to questions by Commissioner Courtney, Ms. Jenkins confirmed there had been no meeting with SFPUC management on this matter, only with their members. Ms. Jenkins said this kind of change was something her union had not seen before, and suggested there was no need for these changes which constituted a unilateral action by management in her view. In response to a question by Commissioner Torres, Ms. Jenkins noted five employees that were her members and one SEIU member were involved and said that there would be a rebuttal to the audit findings made.

In response to Ms. Jenkins comments Mr. Harrington clarified that the salary differences among these classifications were not especially significant and this was not the motivation for this change but the need to have available classification skills that had been demonstrated to be lacking.

Mr. Ging Louie, IFPTE Local 21, asked the Commissioners to request a much deeper analysis of what was proposed suggesting that the core issue for him was that an entire division was proposed to be replaced and said that there would be labor issues should it go forward. Mr. Louie commented that it did not make sense to eliminate positions for which there was still a real need. Mr. Louie suggested that this could be seen as a case of extreme discipline and this would be challenged.

Commissioner Courtney clarified that his comments on this topic were focused on what was being proposed and that he did not believe that the issue was an effort a cost saving but an effort to remedy identified structural deficiencies.

Mr. Rand Reynolds, Chevron Pipe Line Co., recalled working with real estate staff on the very successful effort to cooperatively negotiate complex right of way issues and commented that in his view that this proposed change could seriously disrupt resolution of important right of way problems in the future.

Mr. Brin W. Fitzpatrick recalled a very complex negotiation between Bay Area Rapid Transit (BART) for an extension with the SFPUC resulting in a negotiation with the best possible real estate arrangement that benefitted the SFPUC, and earning \$19 million for which showed how skilled the existing real estate staff was in carrying out their duties.

Mr. Al Banfield, South San Francisco Garden Chapel, a small South San Francisco Funeral Home operator, who reported his very positive customer service experience with the existing Real Estates Services staff. Mr. Banfield noted that established relationships were very important and the many existing relationships built by the current staff were valuable for the SFPUC as well as the

small businesses that operated on its properties. Mr. Banfield expressed surprise that such a big change should be made based on the results of a few audits.

Mr. Bruce Burman, KMJ Urban Communities, noted that his firm was in the middle of a very complex real estate transaction with the SFPUC and explained that he found the staff to be very professional and competent. Mr. Burman reported only positive experiences in his working relationships with SFPUC Real Estate Services.

Mr. Mike Roth, Hanson holder for four ongoing Sunol leases, read a statement challenging the audit report findings concerning their leases, and reported opposition to the proposed changes. Mr. Roth said these audits mischaracterized Hanson's compliance with its leases and that the related changes in staffing were not appropriate. Mr. Roth reported that these leases had produced \$6 million for the SFPUC and that the monies reported owed were not accurately described or reported. Mr. Roth noted that while some of the funds might indeed be actually owned but that efforts were ongoing to clarify and pay any amounts owned. Mr. Roth said he thought the real estate staff were doing a good job and expressed suspicion that there was another agenda behind this reorganization and he was determined to defend his firms' reputation.

Commissioner Courtney requested to continue the Real Estate reorganization discussion to the February 22nd meeting. Commissioner Courtney then encouraged the representative of Local 21 to hold discussions with the SFPUC to address their concerns but pointed out that he found that there were real organizational issues involved in these proposals. President Vietor also urged the representative of Local 21 to address this expeditiously as there was a budget deadline coming up.

Mr. John Rizzo, Sierra Club, expressed support for adding back the \$3 million for GoSolarSF, but noted that this still constituted a significant reduction in what was arguably the most successful greening program that the City has currently. Mr. Rizzo noted this program had produced significant increases in solar installation, created green jobs, and expressed concern that there needed to be an expansion of these efforts instead of the contemplated reductions. Mr. Rizzo noted that in young industries creating a yo-yo effect undermined the SFPUC's stated goals.

Commission Action

Moved by Commissioner Courtney, seconded by Commissioner Torres to amend the proposed Budget Resolutions, Capital Plan, and adjust the Financial Plan to: continue approval of the Bureaus Budget to allow for further consideration of the proposed Real Estate reorganization, continue approval the Wastewater Capital Plan, delete the proposed revenue bond debt and adjust the proposed \$3 million

for solar and energy conservation in the Power Enterprise Budget until February 22nd; passed (5-0 AYE Vietor, Moran, Caen, Torres, and Courtney) unanimously.

Moved to approve the Budget Resolutions, the 10-Year Capital Plan, and the 10 Year Financial Plan as amended by Commissioner Torres, seconded by Commissioner Courtney; passed (5-0 AYE Vietor, Moran, Caen, Torres, and Courtney) unanimously

Resolution 11-0017 - Operating Budget

Resolution 11-0018 - Capital Budget

Capital Plan

8. Public Hearing to consider the adoption of the SFPUC 10-Year Capital Plan for the Water Enterprise, Wastewater Enterprise, and Hetch Hetchy including the Power Enterprise, and possible action to approve.

Resolution No. 11-0019

Financial Plan

9. Public Hearing to consider adoption of the San Francisco Public Utilities Commission ("SFPUC") 10-Year Financial Plan for FY 2011-12 through FY 2020-21, and possible action to approve.

Resolution No. 11-0020

Wholesale Water Rates

10. Motion to calendar a Public Hearing on May 10, 2011 to consider the adoption of Wholesale Water Rates and the Environmental Enhancement Surcharge for FY 2011-12, effective July 1, 2011.

Moved to calendar a public hearing on May 10, 2011, by Commissioner Torres, seconded by Commissioner Courtney; passed (5-0 AYE Vietor, Moran, Caen, Torres, and Courtney) unanimously.

Retail Power Rates

11. Public Hearing to consider the adoption of schedules of rates and charges of the San Francisco Public Utilities Commission (SFPUC) Power Enterprise for retail electric service within San Francisco where the Power Enterprise has been designated as the power provider for customers that are not municipal load, and possible action to approve. (Continued from the Special Meeting of January 27, 2011)

Moved by Vice President Moran to substitute a revised redline resolution text clarifying the effective dates for the annual power rates adjustments beginning in July 2012 ongoing until July 2016 with reporting to the Commission, seconded by

Commissioner Torres; passed (5-0 AYE Vietor, Caen, Moran, Torres, and Courtney) unanimously.

Moved to adopt the revised resolution as amended by Commissioner Caen, seconded by Commission Torres; passed (5-0 AYE Vietor, Moran, Caen, Torres, and Courtney) unanimously.

12. Report of the General Manager

a) Water System Improvement Program (WSIP) Quarterly Update Report

WSIP Director Julie Labonte presented a detailed overview of the WSIP Quarterly report covering the period October 3rd through December 25, 2010. Ms. Labonte noted two independent reviews were completed and outlined preconstruction challenges facing four major projects. In response to questions by Commissioner Torres regarding who had provided engineering advice, Ms. Labonte noted that URS was the engineer of record, and that as the project's designs were better defined the cost figures would be further clarified.

In response to additional questions by Commissioner Torres regarding the archeological findings, Ms. Labonte described the Native American sites that had been encountered and steps taken to appropriately address each finding. Mr. Harrington noted that similar finds had occurred in the Chavez Street Project and they were also being addressed appropriately. In response to questions by President Vietor, Mr. Harrington discussed arrangements being made appropriately relocate related soils removed as part of work at the Sunol Valley Treatment Facility. Ms. Labonte then updated the Commissioners concerning the Alameda Siphon #4 Project, the New Irvington Tunnel Project, Lower Crystal Springs Dam, and reported the milestones achieved as well as the few that were missed.

Wrapping, up Ms. Labonte described two independent assessments of the Water System Improvement Program that (WSIP) were conducted in November and December 2010 to address concerns regarding the extensive construction workload to take place in the last five years of the program noting copies of these reports documenting the findings of these assessments had been provided to the Commissioners. Ms. Labonte reported the WSIP Team generally agreed with the content of these documents and was committed to implementing the recommendations generated from both reviews. Ms. Labonte explained that in the first assessment, Parsons was asked to independently evaluate schedule compression and address execution questions raised by the Commission and the Bay Area Water Supply and Conservation Agency (BAWSCA). Although Parsons concluded that the overall construction and closeout schedule is compressed compared to schedule last approved by the Commission in June 2009, the report indicates that the right structure, systems, processes and resources are in place to continue adequately addressing the construction workload.

The second assessment Ms. Labonte explained was conducted by an Independent Review Panel made up of four senior-level Construction Management (CM) industry professionals, focused on various aspects of the WSIP CM Program. Then Ms. Labonte noted was the first of three such reviews to be conducted by the Panel. Ms. Labonte reported that overall the Panel findings were very positive. Ms. Labonte then introduced Mr. Singley to present the panels findings

b) Construction Management Independent Review Panel Presentation

Mr. Glenn Singley, Los Angeles Power & Water, presented a report of the expert panel's findings. Mr. Singley reported the panelists had found that the construction management (CM) Organization was given high marks on its overall performance to date; the timeliness of its decision making; the adequacy, consistency and timeliness of CM reports; and regarding its effective use of the Construction Management Information System (CMIS) as a management and reporting tool. Mr. Singley noted the scale and complexity of the program as well as the remarkable safety record and the extensive environmental and community work which had helped avoid significant problems. Then, Mr. Singley noted challenges to and outlined areas to keep under close watch.

Vice President Moran found the report very informative and useful noting that with construction you never knew what could come up next. Vice President Moran was particularly pleased that there were no red flags and that the planned program and systems were functioning largely as expected. In response to a question by Vice President Moran, Ms. Labonte explained that two additional independent reviews just like this were planned to keep everything operating at the very high level this review had shown.

CONSENT CALENDAR

13. 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.

Public comment

No public comment was offered on any Consent Calendar item

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

- a) Approve and award Contract No. JOC-32, Job Order Contract, General Engineering (A-License), San Francisco/Peninsula/East Bay to Hetch Hetchy, for a not-to-exceed amount of \$5,000,000 to the lowest, qualified, responsible, and responsive bidder, Yerba Buena Engineering & Construction, Inc., to accomplish general engineering construction work for all San Francisco Public Utilities Commission (SFPUC) Enterprise Operations and Bureaus. **Resolution No. 11-0022**

- b) **Approve** and **award** Contract No. JOC-34, Job Order Contract, General Engineering (A-License), San Francisco/Peninsula/East Bay, for a not-to-exceed amount of \$5,000,000 to the lowest, qualified, responsible, and responsive bidder, Power Engineering Construction Company, to accomplish general engineering construction work for all San Francisco Public Utilities Commission (SFPUC) Enterprise Operations and Bureaus. **Resolution No. 11-0023**

- c) Accept work performed by Cal State Constructors, Inc., for Water Enterprise, Water System Improvement Program-funded Contract No. WD-2547, Vista Francisco Pump Station Upgrade; approve Modification No. 6 (Final) to reconcile payment items to reflect actual quantities of labor, materials and equipment required to complete the project, decreasing the contract by \$212,876, for a total contract amount of \$3,038,453; and authorize final payment, in the amount of \$10,633, to the contractor. **Resolution No. 11-0024**

- d) **Accept** work performed by J. Flores Construction for Wastewater Enterprise, Renewal and Replacement (R&R) Program-funded Contract No. WW-485, Spot Sewer Repair Contract No. 23; approve Modification No. 2 (Final) to reconcile payment items to reflect actual quantities used, increasing the contract by \$96,338, for a total contract amount of \$1,517,300; and authorize final payment, in the amount of \$238,434, to the contractor. **Resolution No. 11-0025**

REGULAR BUSINESS

14. Discussion and possible action to **authorize** the General Manager of the San Francisco Public Utilities Commission to negotiate a service agreement with the Riverbank Local Redevelopment Authority (LRA) for transmission and electricity services.

Ms. Hale presented a brief overview and background as to how we became and continued to serve as power provider for this facility.

Vice President Moran suggested that the draft Resolution be amended in its 4th whereas clause to specify to the service agreement at least recover costs and seek to obtain market rates. This proposed amendment was accepted without objection

Moved as amended by Vice President Moran, seconded by Commissioner Courtney to adopt the following resolution; passed (AYE, 5-0 Vietor, Moran, Caen, Torres, and Courtney) unanimously. **Resolution No. 11-0026**

There was no public comment.

15. Discussion and possible action to authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to enter negotiations for CCA services for CleanPowerSF and determine the non-responsiveness of all proposals received in response to the SFPUC's 2010 Community Choice Aggregation (CCA) solicitation. The attached resolution authorizes the General Manager to enter negotiations for power supply and customer care and billing services with one or more creditworthy entities in a manner that comes as close to possible to meeting core City goals, and uses the commercially feasible contract terms in the Marin Energy Authority's supplier contracts as the basis to commence SFPUC negotiations. The attached resolution determines that all proposals received are non-responsive because no proposal met the Request for Proposals (RFP) minimum qualifications and minimum proposal requirements. **Resolution No. 11-0027**

President Vietor proposed several amendments to the proposed draft resolution to model our approach on the success achieved by Marin County's CCA program. Vice President Moran applauded the new approach as a workable way to achieve the program goals by using a similar but not the same approach as Marin has used. Vice President Moran noted it made sense to preserve our options as well as manage our expectations so as to contain risk within each step forward we take. Vice President Moran observed that as Hunters Point and Treasure Island projects moved forward we would again need to consider how we operate. Additionally, in reply to Vice President Moran's observations concerning how we could be manage rate setting, Mr. Harrington pointed out that CCA was but one approach open to us and that we served as power providers for example at Hunters Point and on Treasure Island. AGM Hale explained that the strategy we were using would also allow for substitution of resources as was the case in Marin Clean Energy.

Moved by Commissioner Torres, seconded by Commissioner Courtney, to accept the proposed amendments Passed (AYE, 5-0 Vietor, Moran, Caen, Crowley, and Torres) unanimously.

Moved by Commissioner Torres, seconded by Commissioner Courtney, to adopt the following resolution as amended; passed (AYE, 5-0 Vietor, Moran, Caen, Crowley, and Torres) unanimously.

Mr. Harrington wrapped up by noting that the success had been achieved by Marin Clean Energy provided a pathway for us to follow toward creating our own successful model.

Public Comment

Mr. Eric Brooks, SF Green Party noted that this was one more step in a complex and difficult process and emphasized the critical importance of doing as rapid a build out of renewables as quickly as possible. Mr. Brooks called attention to the dangers posed by climate change and noted that there was a brief 30 year window of opportunity to move toward 100% clean energy. Mr. Brooks also suggested that this was a way to spur the economy by pursuing activities that advanced the city's policy goals and provided jobs now.

Mr. Joshua Arce, Brightline Defense Project, agreed that the proposed changes would begin a necessary process to produce both clean energy as well as critically needed local jobs. Mr. Arce also noted that this option provided a framework to retain the 2007 energy goals and promote local hiring and thanked General Manager Harrington, AGM Ellis, and AGM Hale for cooperatively engaging with the community to make this happen.

Ms. Kirsten Schwind, Bay Localize, noted that there were many tools to be employed toward achieving the city's goals and applauded this effort as a significant step forward.

Ms. Megan Matheson reported good news from the continued successes achieved by Marin Clean energy and applauded San Francisco's effort to find useful tools in our own process from the work which Marin County had already accomplished.

Ms Jean Bashir, Global Exchange, supported the proposed amendments and applauded this next step in creating clean energy resources as well as local employment. Ms. Bashir urged that the Commissioners continue to make this a priority.

16. Discussion and possible action to approve Amendment No. 1 to Water Enterprise, Water System Improvement Program (WSIP) and non-WSIP funded Agreement Nos. CS-904 A-C, As-needed Corrosion Control Services, with JDH Corrosion Consultants (CS-904A), Corpro Companies Inc. (CS-904B), and Schiff & Associates (CS-904C) for specialized corrosion control engineering services; and authorize the General Manager of the San

Francisco Public Utilities Commission (SFPUC) to execute this amendment increasing each agreement by \$320,000, for a total not-to-exceed amount of \$2,959,998. **Resolution No. 11-0028**

Moved by Commissioner Caen, seconded by Commissioner Torres, to adopt the following resolution; Passed AYE 5-0 (Vietor, Moran, Caen, Torres, Courtney) unanimously.

17. Discussion and possible action to approve the selection and award of As-Needed Professional Services Building Commissioning, Monitoring & Performance Optimization to EnerNoc (CS-127A), McKinstry (CS-127B) and Newcomb Anderson McCormick (CS-127C); and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute three professional services agreements for amounts not-to-exceed \$3,000,000, for a total not-to-exceed amount of \$9,000,000 and with a duration of seven years funded by Water, Wastewater and Power Enterprises through respective project specific funds. These agreements will provide the necessary range of consultant expertise to provide building commissioning, monitoring and performance optimization services to comply with the U.S. Green Building Council requirements. **Resolution No. 11-0029**

In response to questions by Vice President Moran, Mr. Vafaei explained plans to fund and train staff how to maintain the new facilities.

Moved by Commissioner Caen, seconded by Vice President Moran to adopt the following resolution; Passed AYE, 5-0 (Vietor, Moran, Caen, Torres, Courtney) unanimously.

This item was continued to a March meeting

18. Staff presentation and discussion of *Development of an Urban Watershed Framework for San Francisco*, a proposed process to determine appropriate solutions (collection system improvements, stormwater control, and low impact design) to minimize flooding throughout the City. (Continued to the February 22, 2011, Meeting) (Kubick)

As there were no items to discuss in a closed session the Closed Session items were taken off calendar.

CLOSED SESSION

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

20. 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:

21. 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.

22. Announcement following Closed Session.

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

24. Other New Business

No new business items were proposed.

There being no further business to discuss, the meeting was adjourned at 4:45 P.M.

Michael Housh
Commission Secretary