SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, July 25, 2017
(Approved August 8, 2017)

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

Commissioners
Anson Moran, President
Ike Kwon, Vice President
Ann Moller Caen
Francesca Vietor
Vince Courtney

Harlan L. Kelly, Jr.
General Manager

Donna Hood
Secretary

For information, contact the Commission Secretary at 554-3165.
Minutes and other information are available on the SFPUC web site:
www.sfwater.org
Gavel-to-Gavel coverage available at:
http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22
1. **Call to Order**  
   President Moran called the meeting to order at 1:34 PM.

2. **Roll Call**  
   Present: Moran, Courtney and Kwon  
   Excused: Vietor  
   Commissioner Caen arrived at 3:00 PM.

3. **Approval of the Minutes of July 11, 2017**  
   On Motion to approve the Minutes of July 11, 2017  
   Ayes: Moran, Courtney and Kwon

   No public comment.

4. **General Public Comment**  
   - Francisco DaCosta requested an update on the status of the digesters. He requested that local businesses to have opportunities to work on the project.

5. **Communications**  
   a) **Advance Calendar**  
   b) **Correspondence Log**  
   c) **Contract Advertisement Report**  
   d) **Cumulative Construction Change Order Percentage in the Water System Improvement Program**  
   e) **O'Shaughnessy Dam Reservations Quarterly Report**  
   f) **Water Supply Conditions Update**

   No public comment.

6. **Other Commission Business**  
   None.

   a) **CleanPowerSF Update**  
      Barbara Hale, Assistant General Manager (AGM) Power, provided a CleanPowerSF update: (1) **Enrollment**: 81,000 sites served; Opt-out rate of 3.3%; SuperGreen upgrade rate of 3.6%; and 312 on waitlist; (2) **Contracting**: Supply Contract and Bank Credit Facility Contract out for bid; (3) **Outreach**: Finishing Facebook ad buy; Twitter live feeds @CleanPowerSF; (4) **LAFCo**: Board of Supervisors to approve LAFCo MOU; Staffing methods being discussed, with more staff support from Clerk of Board; and (5) **Regulatory**: Activities continue with California PUC.

   AGM Hale responded to a question from President Moran regarding providing guidance to customers who have solar installed and want to participate in CleanPowerSF.
Public Comment

- Francisco DaCosta asked about the SFPUC’s goals to capture the totality of the energy used in San Francisco. He requested empirical data.
- Jed Holtzman, 350 Bay Area, provided positive comments on the CleanPowerSF Facebook ads; the need for full-enrollment by 2018; the need for clean energy contracts; and for Commission support for the LAFCo partnership.

b) Hetch Hetchy Integrated Resource Plan

Lori Mitchell provided a presentation on the Hetch Hetchy Integrated Resource Plan (IRP). She provided an introduction to IRP and discussed: (1) State Regulatory Requirements; (2) Usefulness of IRP; and (3) IRP Analysis Goals.

Ms. Mitchell discussed how the IRP is applied to the Hetch Hetchy System: (1) Power supply and demand (current); (2) External market conditions; (3) Industry deregulation (1998-200); (4) Supply: Wholesale market; (5) Uneconomic supply assets; and (6) Hydro and Renewables.

She continued with a review of the IRP – Approach: (1) Developing key assumptions (collaborative process); (2) Scenario development (maintain current generation; delay some projects; and defer Moccasin); (3) Usefulness of scenarios; (4) Sensitivity analysis; and (5) Portfolio selection process.

Ms. Mitchell provided a review of IRP – Results: (1) Maintain current generation; (2) Defer Moccasin; (3) Cost of various supply options; (4) Current supply cost above market; (5) Power IRP qualitative factors; (6) Power IRP key conclusions; and (7) Broader agency considerations.

Public Comment

- Nicole Sandkulla, BAWSCA CEO, thanked staff for the presentation. She questioned how the analysis incorporated the contractual agreement of the Water Supply Agreement, stating it needs to be addressed.
- Francisco DaCosta discussed the requirement for free electricity and stated all segments of the population need to be recognized.
- Jason Fried spoke as a Shipyard resident and HOA President. He indicated residents are pleased with the services received. He addressed Ms. Sandkulla’s comments. He discussed the need for battery storage.

At the request of the GM, Steve Ritchie, AGM Water, provided a brief update on the fire in Mariposa County. He stated that Moccasin was in the fire’s path, but that the fire is 60% contained and will have no impact at SFPUC property.

No public comment.

8. Bay Area Water Supply and Conservation Agency (BAWSCA) Update
Nicole Sandkulla provided a BAWSCA update. She noted: (1) BAWSCA is expanding efforts in recycled water; (2) 13 BAWSCA agencies currently produce recycled water; (3) Regional recycled water information is available in the new BAWSCA report; (4) BAWSCA is developing a new regional reliability model; (5) Technical efforts launched July 1; (6) Governor Brown’s Conservation Framework (Phase I designed to support member agency implementation); and (7) BAWSCA’s May 2017 total potable water use was 23% less than in May 2013.

Vice President Kwon complemented BAWSCA for pushing the use of recycled and gray water.

No public comment.

The Commission Secretary read the Consent Calendar summary. President Moran requested that item 8c be removed; Commissioner Courtney requested that item 8e be removed.

9. Consent Calendar:
   a) Approve an increase in the existing construction contract duration contingency in the amount of up to 230 consecutive calendar days, for Contract No. WD-2621R, San Francisco Groundwater Supply Well Stations; and authorize the General Manager, or his designee, to approve future modifications to the Contract for a total revised contract duration of up to 1,053 consecutive calendar days. (Resolution 17-0167)
   b) Approve an increase to the existing construction cost contingency in the amount of $500,000 for Contract No. WD-2654R, Peninsula Vegetation Removal; and authorize the General Manager, or his designee, to approve future modifications to the contract for a total revised contract amount up to $12,668,798. (Resolution 17-0168)
   c) Approve an increase to the existing construction contract cost contingency in the amount of up to $4,070,149, and an increase to the existing contract duration contingency of up to 79 consecutive calendar days, for Contract No. WD-2668, Regional Groundwater Storage and Recovery; and authorize the General Manager, or his designee, to approve future contract modifications for a total revised contract amount of up to $51,348,201, and a total contract duration of up to 1,187 consecutive calendar days. (Resolution 17-0170)
   d) Approve an increase to the existing construction contract cost contingency in the amount of up to $2,646,450, and an increase to the existing contract duration contingency of up to 216 consecutive calendar days, for Contract No. WW-638, Griffith Yard Improvements; and authorize the General Manager to approve future modifications to the contract for a total revised contract amount up to $13,232,250, and a total contract duration of up to 480 consecutive calendar days. (Resolution 17-0169)
e) Approve the plans and specifications, and award Contract No. WW-658, As-Needed Sewer Cleaning and Inspection of Large Sewers, in the amount of $2,694,000, to the lowest, qualified, responsible, and responsive bidder, Pipe & Plant Solutions, Inc., to perform cleaning and inspection of existing large sewers, on an as-needed basis, at locations to be determined throughout the City of San Francisco.

On Motion to approve Consent Calendar items 9a, b, and d:
Ayes: Moran, Courtney and Kwon

No public comment on item 9a, b, and d.

AGM Ritchie responded to a question from President Moran regarding the funding source and program impact for item 9c.

On Motion to approve Consent Calendar item 9c:
Ayes: Moran, Courtney and Kwon

Kathy How, AGM Infrastructure, responded to a question from Commissioner Courtney regarding staffing, employment agreements, wage rates, and bids received, for item 9e. Tommy Moala, AGM Wastewater, described the types of items that are removed from the sewer system. Brief discussion ensued.

Commissioner Courtney requested that additional information on the prevailing wage rate be provided and that the item be carried over to the August 8th meeting.

No public comment on item 9c.

The Commission Secretary noted the combining of any closed session discussions that were agendized under agenda time 26 (performance goals) with the closed session performance evaluation that is agendized under agenda item 13. She indicated item 26 will only be an open session item. She read Closed Session items 12 through 14, noting items 15 through 21 would not be heard.

10. Public Comment on matters to be discussed during Closed Session. None.

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

On Motion to assert
Ayes: Moran, Caen, and Courtney

The Commission entered Closed Session at 2:47 PM.

Commissioner Caen arrived at 3:00 PM.
12. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)

Existing Litigation:

*City and County of San Francisco v. Pacific Rod and Gun Club*
San Francisco Superior Court No.: CGC-14-538294/City Law No.: 140253
Date Filed: March 27, 2014

13. Pursuant to Government Code Section 54957 (b) (1) and San Francisco Administrative Code Section 67.10(b), discussion and possible action to conduct Public Employee Performance Evaluation of Harlan L. Kelly, Jr., General Manager of the San Francisco Public Utilities Commission.

14. Pursuant to Government Code Section 54957 (b) (1) and San Francisco Administrative Code Section 67.10(b), and Charter Section 8B.126(a), Terms of Employment for Harlan L. Kelly, Jr., as General Manager of the San Francisco Public Utilities Commission.

15. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)

Existing Litigation:

*Pacific Gas & Electric*
Federal Energy Regulatory Commission
Tariff Withdrawal per 35.15: Notice of Termination of the 1987 CCSF Interconnection Agreement – PG&E Rate Schedule FERC No. 114 to be effective 6/30/15.
Case No.: ER15-702-000/Date Filed: December 23, 2014

16. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)

Existing Litigation:

*Pacific Gas & Electric*
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective 6/30/15.
Case No.: ER15-703-000/Date Filed December 23, 2014

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)

Existing Litigation:

*Pacific Gas & Electric*
Federal Energy Regulatory Commission
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective 7/1/15
Case No.: ER15-705-000/Date Filed: December 23, 2014
18. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
*Pacific Gas & Electric*
Federal Energy Regulatory Commission
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Wholesale
Distribution Tariff Replacement Agreements to be effective 7/1/15
Case No.: ER15-704-000/Date Filed: December 23, 2014

19. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
*Pacific Gas & Electric*
Federal Energy Regulatory Commission
Notice of Termination of Facilities Charge Agreements between PG&E and the City and County of San Francisco
Case No.: ER15-735-000/Date Filed: December 23, 2014

20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
*City and County of San Francisco v. Pacific Gas & Electric*
Federal Energy Regulatory Commission
Complaint under Sections 206 and 306 of the Federal Power Act.
Case No.: EL15-3-000/Date Filed: October 9, 2014

21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10 (a)

*The Commission exited Closed Session at 4:00 PM.*

22. Announcement following Closed Session.
*President Moran announced the Commission took no action.*

23. Motion regarding whether to disclose the discussions during Closed Session pursuant to S.F. Administrative Code Section 67.12(a).

*On Motion not to disclose:*
*Ayes: Moran, Caen, Courtney and Kwon*

24. Discussion and possible action to approve an employment contract, pursuant to San Francisco Charter Section 8B.126 (a), between the San Francisco Public Utilities Commission and Harlan Kelly Jr. for the position of General Manager of the San Francisco Public Utilities Commission for a term of five years, and
authorize the President of the Commission to execute the contract. (Resolution 17-0171)

President Moran stated the GM’s employment contract has been available for public review with the Commission Secretary. As per the Brown Act, President Moran read a detailed description of the employment contract terms.

President Moran discussed the GM’s bonus incentive program, noting five key elements: (1) General management skills; (2) Implementation of Commission policies; (3) Implementation of audit recommendations; (4) Transparency; and (5) Success in accomplishing additionally assigned goals.

Deputy City Attorney Katie Porter responded to a question from Commissioner Courtney regarding the GM contract and cost-of-living adjustments that are included in the MEA MOU. She noted a GM contract amendment will be necessary for inclusion of MEA agreed wage increases. Brief discussion ensued.

On Motion to approve items 24:
Ayes: Moran, Caen, Vietor and Courtney

No public comment.

25. Public Comment on Item 26, including comment on whether to establish the General Manager’s performance goals in Closed Session. Not applicable, no closed session.

26. Pursuant to California Government Code Section 54957(b), and San Francisco Administrative Code Section 67.10(b), discussion and possible action to establish performance goals for Fiscal Year 2017-18 for the General Manager pursuant to the General Manager’s employment contract and San Francisco Charter Section 8B.126(a), in open or closed session.

President Moran asked the Commission for comments on the proposed work plan. He clarified that the incentive program is not intended to capture all moving parts, but rather those items that need special attention.

Commissioner Courtney expressed concerns with the date listed for workforce development and apprentice programs items. Brief discussion ensued, after which Commissioner Courtney stated the dates listed will stand, but he would appreciate efforts for faster deliverable.

Commissioner Caen stated the FY 2017-18 performance goals she requested related the Sewer System Improvement Program (SSIP), were not included in the document (Category 5, SSIP Implementation, Biosolids): (1) Complete Draft 65% Design (August 2017); (2) Civic Design Review Phase 1; (3) Approval - Maintenance Facilities (August 2017); (4) Commence 95% Design (September 2017); and (5) Civic Design Review Phase 2 Approval - Main Biosolids
Facilities (October/November 2017). These items will be included in the performance goals for FY 2017-18.

On Motion to approve the GM Performance Goals for FY 2017-18, as amended:
Ayes: Moran, Caen, Vietor and Courtney

No public comment.

Public Comment
- Francisco DaCosta discussed the need for employees with institutional memory and the need for career-building.

27. Announcement following Closed Session
   Not applicable, no closed session.

28. Motion regarding whether to disclose the discussions during Closed Session pursuant to S.F. Administrative Code Section 67.12(a)
   Not applicable, no closed session.

29. Other New Business
   None.

30. Adjournment.
   President Moran adjourned the meeting at 4:45 PM.