

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed
Mayor

Minutes
Tuesday, March 26, 2019
1:30 P.M.
(Approved April 9, 2019)

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

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

Harlan L. Kelly, Jr.
General Manager

Donna Hood
Secretary



For information, contact the Commission Secretary at 415-554-3165
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 Caen called the meeting to order at 1:35PM.

2. Roll Call
Present: Caen, Moran and Kwon

3. Approval of the Minutes of March 12, 2019
*On Motion to approve the Minutes of March 12, 2019:
Aye: Caen, Moran and Kwon*

No public comment.

4. General Public Comment
 - *Francisco DaCosta expressed the need for a Southeast Digester Project update. He discussed contracting, community benefit awards, and the need to think outside the box for community benefits.*
Vice President (VP) Vietor arrived at 1:40 PM.
 - *Spreck Rosekrans, Restore Hetch Hetchy, presented the restoration of Hetch Hetchy survey. He discussed a 1912 report to Congress regarding the building of the Hetch Hetchy Reservoir and the impact on recreation.*

5. Communications
 - a) Advance Calendar
 - b) Correspondence Log
 - c) Contract Advertisement Report
 - d) Water Supply Conditions Update
No public comment.

6. Other Commission Business
None.

7. Report of the General Manager
 - a) CleanPowerSF Update
Barbara Hale, Assistant General Manager (AGM) Power, provided the update: (1) Enrollment: 3.4% opt-out rate and 3.8% SuperGreen upgrade rate. Next auto enrollment of approximately 250,000 accounts begins on April 1st; AGM Hale reviewed public outreach efforts; (2) Rates and PG&E Rate Update: On February 21st the "alternate proposal" for generation rates and exit fee was approved by the California PUC (CPUC). 2019 exit fee and generation rate are more favorable to CCA's with lower increases than expected in the exit fee, and a residential exit fee decrease which exceeds the anticipated 1.9%. She stated PG&E rate action will be split: March the increase of generation rates (1.4% to 3.8%) and distribution rates; and July the exit fee increase. She

discussed CleanPowerSF cost savings and stated that any CleanPowerSF rate change will be on hold until the PG&E exit fee changes are known in mid-April.

AGM Hale responded to a question from Vice President (VP) Vietor regarding the rate and percentage of renewable product for CleanPowerSF customers (non-SuperGreen and SuperGreen) as compared to PG&E customers rate and percentage of renewable product.

No public comment.

- b) Quarterly Audit and Performance Review Report
 - i. California Independent System Operator Scheduling Coordinators' Self-Audit
 - ii. Citywide Procurement Card Transaction Audit
 - iii. 2017 Green-e Verification Audit
 - iv. NRG Energy Center Franchise Fee Audit
 - v. Pacific Gas & Electric Franchise Fee Audit

Eric Sandler, Chief Financial Officer (CFO) and AGM Business Services stated that Nancy Hom has been promoted to Co-Deputy CFO and that responsibilities for audit and compliance have been re-assigned to Charles Perl, Co-Deputy CFO. CFO Sandler noted this will be Ms. Hom's last audit presentation and he thanked her for her work.

Nancy Hom presented the report, stating there have been 41 total audits and assessments to-date, with 11 completed, 16 in-progress, and 14 upcoming. Co-Deputy CFO Hom highlighted the NRG Energy Franchise Fee audit, indicating no recommendations were issued. She provided a quarter ending March 31st outlook of performance and financial audits that are completing and introduced those that are upcoming in the third quarter. Ms. Hom concluded with information regarding prior years open City Services Audits and recommendations.

President Caen thanked Ms. Hom for her efforts to build the audit and compliance function and for her commitment to the stewardship of resources. VP Vietor and Commissioner Moran also expressed their gratitude for Ms. Hom's work.

Public Comment

- Francisco DaCosta thanked Ms. Hom for her stellar and astute work.

- c) Quarterly Budget Status Report

Eric Sandler presented the report. He noted positive net results for Wastewater and CleanPowerSF and lower revenues for the three Enterprises. He stated financial results meets coverage and reserves policy targets, except for the Power Enterprise where fund balance is

projected to not meet the operating reserve minimum due to lower revenue.

CFO Sandler discussed: (1) FY 2019 Water budgetary variances: lower water sales partially offset by one-time non-operating revenues; and sources; (2) FY 2019 Wastewater budgetary variances: lower wastewater revenue and uses cost savings; and sources and uses; (3) FY 2019 Power budgetary variances: reduced power, water, gas/steam sales revenues partially offset by cost savings; and sources and uses; (4) FY 2019 CleanPowerSF budgetary variances: sales revenues at budget and uses cost savings; and (5) Key Ratios: fund balance reserve, debt service coverage reserve, and CleanPowerSF reserve on-target to be met once citywide enrollment is complete.

AGM Hale responded to a question from Commissioner Moran regarding CleanPowerSF salary savings and if there is a problem hiring staff.

CFO Sandler responded to a question from President Caen regarding future power sales revenue.

No public comment.

- d) Hetch Hetchy Capital Improvement Program Quarterly Report
Dan Wade, Director, Water Capital Projects and Programs, began by noting the Holm Powerhouse contractor has requested an extension, which is under review. He stated that the Kirkwood Penstock coupling procurement has been difficult and an extension is anticipated. He continued with a presentation of the highlights of the reporting period: (1) 2018 Mountain Tunnel Interim Repairs; (2) Mountain Tunnel Improvements; (3) Warnerville Substation Rehabilitation; and (4) 2018 March Storm Damage Emergency Repairs.

Public Comment

- Francisco DaCosta discussed the Mountain Tunnel inspection conducted by Jacobs Engineering.
- Nicole Sandkulla, BAWSCA, stated more information is needed regarding Moccasin work (scope, schedule and cost). She requested a written report on the grouping of Moccasin repair projects.

- e) Sewer System Improvement Program (SSIP) Quarterly Report
Howard Fung, Interim Wastewater Capital Program Director, provided a status update. He indicated Phase I projects are 28.4% complete, with \$0.718B expended. He reviewed: (1) Progress for the four scopes of the Southeast Plan New Headworks Facility Project; (2) Biosolids Digester Facilities Project, stating the project is showing a delay in construction start due to several factors and that additional time is needed to address issues prior to construction start. He indicated the delays will result in a construction completion delay of one year; (3) Mariposa Dry Weather

Pump Station and Force Main Improvements; (4) Baker Beach Green Street; and (5) Other Phase I projects. He concluded with a review of stakeholder outreach.

In response to questions and concerns expressed by President Caen, Mr. Fung and GM Kelly, Jr. provided additional explanation for the year-long delay of the Biosolids Digester Facilities Project.

- f) Wastewater Enterprise Capital Improvement Program Quarterly Report
Mr. Fung outlined SSIP projects with budget and time variances.

Mr. Fung and GM Kelly, Jr. responded to questions from VP Vietor as to whether there is a process of reviewing the Triple Bottom Line analysis after a scope change and if there any impact on Green Infrastructure. VP Vietor requested an update be provided on Early Implementation projects and strategy.

GM Kelly, Jr. stated the importance of community involvement in the project and that the participation of local business and community members is meaningful.

President Caen expressed dismay at the SSIP report and that the Commission had not been apprised of the information earlier. She requested that a brief monthly report be provided on the project status, budget and schedule.

Public Comment Items 7e and 7f:

- *Francisco DaCosta stated that the project needs attention paid. He noted the departures of staff familiar with the project and that stated institutional experience is needed.*

- g) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements
None.

8. SFGreasecycle Program Update

Karri Ving, Business Services Manager, Wastewater Enterprise, provided a brief update regarding the SFGreasecycle Program, noting impacts prior to the program's implementation and detailing changes post-program implementation.

Ms. Ving responded to a question from President Caen as to whether companies charge restaurants to pick-up grease.

VP Vietor thanked Ms. Ving for the program and efforts to reduce waste. Ms. Ving noted that inspectors are still monitoring restaurants to ensure grease is not being dumped.

No public comment.

9. Bay Area Water Supply & Conservation Agency (BAWSCA) Update
Nicole Sandkulla, BAWSCA CEO, reviewed BAWSCA's Long-term Reliable Water Supply Strategy and discussed BAWSCA's 2013 Short-term Pilot Transfer Plan, that is in partnership with East Bay Municipal Utility District.

CEO Sandkulla noted that BAWSCA's January 2019 total potable water use was 8% less than in January 2013.

VP Vietor expressed excitement for the Water Transfer Pilot, stating the SFPUC can learn from the pilot, explore conservation efforts, and maximize supply.

In response to a question from Commissioner Moran, CEO Sandkulla provided a status update of the Hayward Intertie.

Public Comment

- *Spreck Rosekrans, Restore Hetch Hetchy, thanked CEO Sandkulla and BAWSCA for pursuing the Water Transfer Pilot.*

10. Consent Calendar

- a) Approve Amendment No. 4 to Agreement No. CS-224.A, System Integration and Support Services – Related to Project Controls, with MLok Consulting, Inc., to provide continued specialized system integration and support services to implement and improve the delivery of capital improvement programs and capital projects for all SFPUC Commission Enterprises; and authorize the General Manager to execute this amendment, increasing the agreement amount by \$1,900,000, for a total not-to-exceed amount of \$9,500,000, with no change to the contract duration. ([Resolution 19-0053](#))
- b) Approve Amendment No. 1 to Agreement No. CS-350, Living Machine Equipment and Software Maintenance Agreement with Aqua Nova Engineering, PLC, to continue providing equipment and software maintenance services for the Living Machine wastewater treatment system at the SFPUC headquarters located at 525 Golden Gate Avenue; and authorize the General Manager to execute this amendment, extending the agreement duration by four and one-half years, for a total agreement duration of nine years and six months, and increasing the agreement amount by \$432,657, for a total not-to-exceed agreement amount of \$880,704. ([Resolution 19-0054](#))
- c) Approve Modification No. 1 to Job Order Contract, JOC-66, General Engineering (A-License), for San Joaquin, Stanislaus and Tuolumne Counties, with Sinclair General Engineering Construction, Inc., to continue to perform general building and construction tasks for all San Francisco Public Utilities Commission Enterprise Operations and Bureaus, increasing the contract amount by \$1,000,000, and the contract duration by two years, for a total contract amount not-to-exceed \$3,000,000 and a total contract

duration of five years, as allowed under the San Francisco Administrative Code Chapter 6.62. ([Resolution 19-0055](#))

- d) Approve Amendment No. 1 to Agreement No. PRO.0004.A with Hazen and Sawyer, and Agreement No. PRO.0004.B with RMC-SRT, JV, As-Needed Wastewater Process Engineering Services, for continued process support for Wastewater Enterprise operations and projects; and authorize the General Manager to execute this amendment, increasing each agreement amount by \$900,000, for a total not-to-exceed agreement amount of \$2,900,000 each, and with a time extension of 20 months each, for a total agreement duration of five years and eight months each. ([Resolution 19-0056](#))

No public comment.

*On Motion to approve Consent Calendar 10a through 10d:
Aye: Caen, Vietor, Moran, and Kwon*

11. Discussion and possible action to adopt a resolution regarding the San Francisco Public Utilities Commission's participation in negotiations with State agencies and stakeholders for a voluntary agreement as an alternative to the amendment to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary that the State Water Resources Control Board adopted on December 12, 2018. ([Resolution 19-0057](#))
Steve Ritchie introduced the item indicating the resolution was revised as per discussions arising from the last Commission meeting.

- Public Comment
- *Konrad Fisher, Water Climate Trust, commended the Commission for considering biological metrics. He requested support for a flow regime based on known science and discussed supply.*
- *Nicole Sandkulla, BAWSCA, expressed support for the resolution and thanked the Commission for the incorporation of BAWCA's modifications.*
- *Shanley Mitchell, Tuolumne River Trust, provided comments on behalf of Peter Drekmeier, who thanked the Commission for their work and progress made, noting improvements are needed on peer review of the Irrigation District's fish model and on adaptive management.*
- *Terese Hardy, Tuolumne River Trust and Sierra Club, provided additional comments from Peter Drekmeier, stating Bay Delta flows should meet biological outcome goals established by the State Water Resources Control Board, and that independent peer review or voluntary proposals are needed. Additional comments on the draft resolution were provided.*
- *Michael Warburton, Public Trust Alliance, discussed the importance of the peer review process. He discussed the public trust and that water is the property of the people.*
- *Barry Nelson, Golden Gate Salmon Association, noted the Salmon season. He discussed progress in the proposed resolution (third Further Resolved clause). He discussed the need for peer review.*

- Francisco DaCosta discussed the Indigenous People and free flow of the salmon. He noted the need to protect the salmon and for holistic thinking.
- Spreck Rosekrans, Restore Hetch Hetchy, stated they have no formal position on the Bay Delta Plan. He asked why not peer review.

Commissioner Moran stated the proposed resolution is good and emphasized it won't satisfy everyone, but that it tries to address the issues. He indicated after discussions he would propose an amendment on the next-to-last Further Resolved clause to add the word "independent" prior to the word scientific".

VP Vietor thanked the public for their comments and staff for their work. She discussed changes that were made to the resolution and reasons for doing so and she moved the following amendments:

Amendment #1 (Second-to-last Further Resolved clause):
Add the word "independent" prior to the word scientific".

On Motion to approve Amendment #1:
Aye: Caen, Vietor, Moran and Kwon

No public comment.

Amendment #2 (Fifth Whereas clause):
...~~Pose~~ and significantly ~~adverse~~ impacts on the over...

No public comment.

Commissioner Moran stated he would vote for the amendment but doesn't want the resolution to discuss "impact", and that the intent of the resolution is to deal with fisheries issues. He indicated he believes in the original statement of significant adverse impacts, that in one way or another, impact the service area.

On Motion to approve Amendment #2:
Aye: Caen, Vietor, Moran and Kwon

Amendment #3 (Fourth Further Resolved clause):
...result in ~~increased~~ fish populations ~~to make them sustainable~~ that are growing and become self-sustaining...

Commissioner Moran questioned what it means for a population to become "self-sustaining". VP Vietor provided her thoughts on the definition and of sustainability vs self-sustaining. She noted the importance of the self-sustaining fish populations for the ecosystem. Discussion ensued.

Motion to approve Amendment #3 failed to receive a second.

Public Comment

- Michael Warburton, Public Trust Alliance, discussed the Fish and Game Code Section 5937. He expressed support for the amendment.

- *Konrad Fisher, Water Climate Trust, discussed existing laws and other established goals.*
- *Barry Nelson, Golden Gate Salmon Association, expressed support for hatcheries. He discussed his thoughts on “self-sustaining” vs “sustaining” and the need for metrics.*

VP Vietor provided thoughts on “state doubling” and the need for a baseline.

On Motion to approve the resolution with amendments #1 and #2:

Aye: Caen, Vietor, Moran and Kwon

12. Authorize the General Manager to execute a Memorandum of Agreement with the United States Department of the Interior, National Park Service, to fund comprehensive management, collaborative environmental stewardship, and security for the Watersheds within Yosemite National Park supplying the San Francisco Regional Water System, for an amount not to exceed \$33,257,629 and with a duration of four years, subject to Board of Supervisors approval under Charter Section 9.118. ([Resolution 19-0058](#))

On Motion to approve item 12:

Aye: Caen, Vietor, Moran, and Kwon

No public comment.

13. Authorize the General Manager to execute a Memorandum of Understanding with the Treasure Island Development Authority setting forth the terms and conditions for the SFPUC to continue to provide utility services for Naval Station Treasure Island, with a retroactive start date of October 1, 2018, and ending on June 30, 2020. ([Resolution 19-0059](#))

On Motion to approve item 13:

Aye: Caen, Vietor, Moran, and Kwon

No public comment.

14. Authorize the General Manager to negotiate and execute a Cost Share Agreement with Contra Costa Water District, Zone 7 Water Agency, Alameda County Water District, Bay Area Water Supply & Conservation Agency, the City of Brentwood, East Bay Municipal Utility District, Grassland Water District, San Luis & Delta-Mendota Water Authority, and Santa Clara Valley Water District, for funding costs of planning for the potential expansion of the Los Vaqueros Reservoir. With this authorization, the SFPUC increases its maximum contribution to the Cost Share Agreement from the \$300,000 approved on March 12, 2019 to \$354,129, with no change to the duration of the agreement. The attached resolution rescinds and replaces Resolution 19-0051 adopted on March 12, 2019. ([Resolution 19-0060](#))

On Motion to approve item 14:

Aye: Caen, Vietor, Moran, and Kwon

No public comment.

15. Authorize the General Manager to execute a Memorandum of Understanding with the San Francisco Recreation and Park Department setting forth each agency's respective responsibilities for the construction, operation, and maintenance of green infrastructure on El Camino del Mar in Lincoln Park as part of the Sewer System Improvement Program Baker Beach Green Streets Project. ([Resolution 19-0061](#))

On Motion to approve item 15:

Aye: Caen, Vietor, Moran, and Kwon

No public comment.

16. Public Comment on matters to be addressed during Closed Session
None.

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

On Motion to assert:

Aye: Caen, Vietor, Moran, and Kwon

The Commission entered Closed Session at 3:59 PM.

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
David Alfaro, et al. v. City and County of San Francisco
San Francisco Superior Court No.: CGC-15-547492
Date Filed: August 20, 2015
Proposed settlement of action as to property claim of Victoria Sanchez in the amount of \$97,500. Several co-plaintiffs remain in litigation.
(Resolution 19-0062)

The Commission exited Session at 4:02 PM.

19. Announcement Following Closed Session
President Caen announced that a settlement was reached on item 17.

20. Motion regarding whether to disclose the discussions during Closed Session pursuant to San Francisco Administrative Code Section 67.12 (a)

On Motion not to disclose:

Aye: Caen, Vietor, Moran, and Kwon

21. Other New Business

None.

22. Adjournment

President Caen adjourned the meeting at 4:03 PM.