



San Francisco  
**Water Power Sewer**

Services of the San Francisco Public Utilities Commission

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**

Mayor

**Minutes**

**Tuesday, May 14, 2019**

**1:30 P.M.**

**(Approved May 28, 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  
Sophie Maxwell  
Tim Paulson

**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](http://www.sfwater.org)

Gavel-to-Gavel coverage available at:

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=22](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22)

1. Call to Order

*President Caen called the meeting to order at 1:35 PM.*

*President Caen welcomed new Commissioners Sophie Maxwell and Tim Paulson.*

2. Roll Call

*Present: Caen, Vietor, Moran, Maxwell and Paulson*

3. Approval of the Minutes of April 23, 2019

*On Motion to approve the Minutes of April 23, 2019:*

*Aye: Caen, Vietor, Moran, Maxwell, and Paulson*

*No public comment.*

4. General Public Comment

- *Francisco DaCosta discussed morals, ethics, and standards. He addressed the cost and delay of the Southeast Digester Project and stated there is a need for accountability and transparency.*
- *Peter Drekmeier, Tuolumne River Trust, welcomed the new Commissioners. He thanked Commissioner Maxwell for legislation she championed while on the Board of Supervisors. He discussed his attendance at the Federal Energy Regulatory Commission meeting which took place in Modesto.*
- *Richard Lee discussed his concerns that no high-speed internet is allowed in Potrero Hill via service connection to power poles. He was referred to Barbara Hale, Assistant General Manager (AGM) Power.*

5. Communications

- a) Advance Calendar
- b) Correspondence Log
- c) Contract Advertisement Report
- d) Annual Electric Reliability Compliance Program Report
- e) Annual Schedule of Rates and Charges for Non-Municipal, Residential, Commercial Electric Service
- f) Water Supply Conditions Update
- g) Water System Improvement Program Status of Construction Change Orders

*No public comment.*

6. Other Commission Business

*Vice President (VP) Vietor requested that information regarding disaster planning as related to the Sewer System Improvement Program; and planning for battery storage.*

*No public comment.*

7. Report of the General Manager

a) CleanPowerSF Update

*AGM Hale provided the update: (1) Enrollment: April enrollment is complete and the program now has more than 400,000 customer accounts; Opt-out rate is 3.0% and the SuperGreen upgrade rate is 1.5%; (2) Memorandum of Understanding (MOU) with LAFCo: will be considered under agenda item #14 for a one-year MOU extension, with not additional funding; (4) PG& E Rates: PG&E made a rate filing with the California PUC which includes their 2019 Exit Fee update. PG&E is asking to implement the rate change as early as July 1<sup>st</sup>.*

*No public comment.*

b) Bay Delta Water Quality Control Plan Update

*Steve Ritchie, AGM Water, provided an update to the negotiations. He discussed the Governor's Executive Order promoting a portfolio approach to water supply and noted the June 30<sup>th</sup> reporting obligation regarding voluntary agreements.*

*AGM Ritchie responded to questions from VP Vietor regarding early implementation, timeline of fish recovery, adaptive management planning, and agreements on outcomes on fish recovery.*

*VP Vietor emphasized the urgency of early implementation.*

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, thanked VP Vietor for her revisions to the Bay Delta resolution and reviewed the resolution and the four requests included within. He discussed the SFPUC news release which was issued after the resolution's approval.*
- *Francisco DaCosta thanked Mr. Drekmeier for his comments. He indicated indigenous people were not consulted and that they speak for the salmon. He referenced the Raker Act objectives.*

c) Quarterly Budget Status Report

*Eric Sandler, CFO and AGM Business Services, noted positive net results projected for Wastewater and CleanPowerSF; lower revenues for the three enterprises; and CleanPowerSF revenues at budget. Financial results projected to exceed or meet policy targets for coverage and reserves by end of year. He reviewed FY 2019 budgetary variances: (1) Water – lower water sales revenues partially offset uses cost savings; (2) Wastewater – lower wastewater revenues offset by cost savings; (3) Power – reduced power sales revenues offset by cost savings; and (4) CleanPowerSF – sales revenues at budget and uses cost savings. He discussed key financial ratios (fund balance reserve, debt service coverage reserve, and CleanPowerSF reserve is on target to be met.*

*AGM Sandler responded to a question from Commissioner Paulson as to the basis of wages saving.*

*No public comment.*

- d) Water Enterprise Capital Improvement Program Quarterly Report  
*Dan Wade, Director, Water Capital Programs, presented highlights of the reporting period and provided updates to the following: (1) Sunol long-term improvements; (2) Sunol Valley Water Treatment Plant Powdered Activated Carbon Feed System; (3) Dam and reservoir improvements; (4) Potable reuse and other supplies; and (5) Westside enhanced water recycling project.*

*VP Vietor requested that an update regarding the Sunol Watershed Center be scheduled.*

*No public comment.*

- e) Water System Improvement Program (WSIP) Local and Regional Quarterly Reports  
*Director Wade reviewed the WSIP status and indicated that the project is 97% complete with \$4,465M expended. He provided the following updates: (1) Calaveras Dam Replacement Project, which is substantially completed and turned over to operations; (2) Fish Passage Facility; (3) Alameda Creek Recapture Project; and (4) Regional Groundwater Storage and Recovery.*

*No public comment.*

- f) Summary of the 90-Day Report on Electric Service Options  
*AGM Hale offered a summary of the report findings in response to Mayor Breed's request for a preliminary study of electric service options. She described three options the City can consider to ensure San Francisco customers with clean, safe, reliable and affordable power: (1) limited independence; (2) targeted investment for more independence; and (3) acquire PG&E assets for full independence.*

*AGM Hale responded to questions as to who prepared the study; whether cost estimates and valuations are included; workforce, jobs transfer, and viability of infrastructure; program manageability; impact to small municipalities; and impact on SFPUC operations.*

*Commissioner Moran stated the report is a high-level "aspirational" document and that he would like to see a work plan for addressing issues presented in the report. As part of the work plan, he wants to see opportunities for Commission participation in the issues involved. He does not want the report to arrive as a finished product.*

*Commissioner Moran requested that an item be scheduled to discuss PG&E's bankruptcy. Brief discussion ensued.*

*No public comment.*

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

8. Consent Calendar:

- a) Approve execution of an attestation of veracity for the SFPUC's Hetch Hetchy Power (HHP) 2018 Power Source Disclosure Report and submission of that report to the California Energy Commission. The report discloses that the electricity sources used to serve HHP's end-use electric customers were 100% greenhouse-gas free. This report covers the SFPUC's operations as a publicly-owned electric utility. ([Resolution 19-0087](#))
- b) Approve execution of an attestation of veracity for the SFPUC's CleanPowerSF program 2018 Power Source Disclosure Report and submission of that report to the California Energy Commission. During the 2018 calendar year CleanPowerSF delivered a substantial portion of its electric energy supply from greenhouse gas free sources and from renewable energy sources under California's Renewable Portfolio Standard. For Green customers, the percentage of supply attributable to renewable energy sources was 48.4% and for SuperGreen customers, renewable energy resources comprised 100% of the supply portfolio. ([Resolution 19-0088](#))
- c) Approve the selection of AECOM Technical Services, Inc., McMillen Jacobs, Joe Hill Joint Venture (McMillen Jacobs-Joe Hill JV), and Stantec Consulting Services, Inc., AGS Inc. Joint Venture (Stantec-AGS JV); award Agreements Nos. PRO.0085A-C, Hetchy Capital Improvement Projects (HCIP) Regional As-Needed Engineering Services to AECOM Technical Services, Inc. (PRO.0085.A); McMillen Jacobs-Joe Hill JV (PRO.0085.B); and Stantec-AGS JV (PRO.0085.C), to provide as-needed engineering and design services for HCIP and other related projects; and authorize the General Manager to negotiate and execute three professional services agreements with the three selected consultants, each in an amount not-to-exceed \$4,500,000 and each with a duration of five years. ([Resolution 19-0089](#))
- d) Approve the selection of AECOM/WRE, Joint Venture (JV), LEE Incorporated, Mott MacDonald/Dabri, JV, and Stantec/JHCE, JV; award Agreements Nos. PRO.00114.A-D, As-Needed Support Services for Hetch Hetchy Water and Power to AECOM/WRE, JV (PRO.0114.A), LEE Incorporated (PRO.0114.B), Mott MacDonald/Dabri, JV (PRO.0114.C), and Stantec/JHCE, JV (PRO.0114.D); and authorize the General Manager to negotiate and execute four professional services agreements with the four

consultants, each in an amount not-to-exceed \$5,000,000 and each with a duration of five years. ([Resolution 19-0090](#))

- e) Accept work performed by M Squared Construction, Inc., for Contract No. WD-2711, 8-inch Ductile Iron Water Main Replacement on Fell Street from Baker Street to Stanyan Street; approve Modification No. 1 (Final), decreasing the contract amount by \$301,104 for a total contract amount of \$2,159,526, with a non-compensable time extension of 31 consecutive calendar days, for a total contract duration of 364 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0091](#))
- f) Approve the plans and specifications, and award Contract No. WW-683R, Sansome, 5<sup>th</sup>, 6<sup>th</sup> (North), and Division Streets Combined Sewer Discharge Rehabilitation and Backflow Prevention, in the amount of \$4,907,090, with a duration of 210 consecutive calendar days, to the lowest, qualified, responsible and responsive bidder, Trinet Construction, Inc., to perform rehabilitation and install backflow prevention systems. This action constitutes the Approval Action for the project for the purposes of California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 19-0092](#))

*No public comment.*

*On Motion to approve Consent Calendar items 8a through 8f:  
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

## **REGULAR CALENDAR**

- 9. Retroactively authorize the General Manager to apply for, and authorize the General Manager to accept, grant funds from the California Department of Fish and Wildlife's Office of Spill Prevention and Response in the amount of \$35,000 for the purchase of oil spill response equipment and to secure the necessary staff training. ([Resolution 19-0093](#))

*No public comment.*

*On Motion to approve Item 9:  
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

*The Commission Secretary read items 10 through 13 together.*

- 10. Approve the Water Supply Assessment (WSA) for the proposed 655 4th Street Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155.
- 11. Approve the Water Supply Assessment for the proposed 88 Bluxome Street Project, pursuant to the State of California Water Code Section 10910 et seq.,

California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155.

12. Approve the Revised Water Supply Assessment for the proposed 630-698 Brannan Street (Flower Mart) Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155.
13. Approve the Revised Water Supply Assessment for the proposed 598 Brannan Street Project, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155.

*AGM Ritchie stated the WSA's are for four different development projects. He reviewed the Commissions obligations for WSA's and noted how they are developed. He indicated two of the WSA's are new and two re-do previously approved WSA's, with the biggest change being an inclusion of analysis of three potential scenarios relating to the Bay Delta Water Quality Control Plan. He indicated the WSA's provide input into the CEQA process.*

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, distributed a letter addressing items 10 through 13. He requested that the Commission delay action and ask that staff meet with conservation organizations and the Planning Department to discuss concerns outlined in the letter. He addressed the WSA's three scenarios and stated consideration must be given to the cumulative effects of the four projects and the pressure they will create to build additional housing resulting in the need for additional water.*

*Commissioner Moran reviewed how the WSA process came about 20 to 30 years ago and requirements of resulting legislation. Deputy City Attorney Gessner, in response to a question from Commissioner Moran as to whether a "yes" or "no" determination is required by law, stated the Water Code requires analysis of whether "the total projected water supplies for the project during normal single dry and multiple dry water years during the 20-year projection will meet the projected water demand". AGM Ritchie provided additional comments. Discussion ensued on code requirements and the structure of the WSA's.*

*Commissioner Moran noted that within the analysis, rationing within the retail service area is a certain level but that it is less than that level for the proposed projects, and questioned why.*

*AGM Ritchie and Deputy City Attorney Gessner responded to a question from Commissioner Paulson asking if WSA approval is required to move the projects forward. Brief discussion ensued.*

*Commissioner Moran questioned how the issues raised in Mr. Drekmeier's letter could and should be addressed. He asked if the Commission's obligation is to assess the impact of a project, is there also the obligation to conduct a*

*cumulative analysis of what might follow, or if that is part of the Planning Department's CEQA process.*

*Commissioner Moran indicated he does not want the Commission to get in the way of a development process that meets all the other criteria. He stated he sees no reason not to provide an assessment and allow continuation of the process, but that he wants the assessments to include: (1) Projections over the SFPUC's eight and one-half year drought planning period; and (2) that there is no presumption of an allocation method that has never been acted upon.*

*Commissioner Paulson echoed Commissioner Moran's statements and noted the importance of the WSA's.*

*President Caen stated the background of the resolution indicates that staff doesn't know what the final scenario will be. Brief discussion ensued.*

*VP Vietor stated she is hesitant to approve the WSA's until the Voluntary Settlement Agreement reaches a conclusion or there is a clear understanding of where additional water supply will come from. GM Kelly provided response and discussion ensued.*

*Commissioner Moan requested that items 10 through 13 be continued and revised WSA's be presented that address the issues that he and the other Commissioner's raised. Discussion ensued.*

*City Attorney Gessner requested clarification on Commissioner Moran's requested modifications.*

*On Motion to continue items 10 through 13 to the May 28, 2019 meeting:  
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

14. Approve Amendment No. 4 to the Memorandum of Understanding (MOU) between the San Francisco Public Utilities Commission and the San Francisco Local Agency Formation Commission (LAFCo); and authorize the General Manager to execute this amendment with a term extension of one year, for a total MOU term of 12 years, subject to Board of Supervisors approval under Charter Section 9.118. This amendment would extend the duties performed by SF LAFCo to monitor and advise the SFPUC and San Francisco Board of Supervisors regarding the progress of CleanPowerSF development and implementation. ([Resolution 19-0094](#))  
*Mike Hyams, Director, CleanPowerSF, introduced the item, noting the MOU extension is for time only.*

#### Public Comment

- *Bryan Goebel, Executive Director, LAFCo, reviewed the past work of LAFCo and the SFPUC and that the look forward will include more capital program work, including local build-out.*



*On Motion to approve Item 14:  
Aye: Caen, Vietor, Moran, Maxwell and Paulson*

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

16. 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, Maxwell and Paulson*

*The Commission entered Closed Session at 3:40 PM.*

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 Corporation*

Case No. 19-30088/Date Filed: January 29, 2019

Case No. 19-30089/Date Filed: January 29, 2019

United States Bankruptcy Court, Northern District of California

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:

*City and County of San Francisco v. Pacific Gas & Electric Company*

Docket No. EL19-38-000/Date Filed: January 28, 2019

Federal Energy Regulatory Commission

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

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

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:

*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

21. 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

22. 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

23. 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

24. 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

*The Commission exited Closed Session at 4:18 PM.*

25. Announcement Following Closed Session

*None.*

26. 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, Maxwell and Paulson*

27. Other New Business

*None.*

*No public comment.*

28. Adjournment

*President Caen adjourned the meeting at 4:19 PM.*