



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, June 25, 2019
1:30 P.M.
(Approved July 23, 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

Gavel-to-Gavel coverage available at:

http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22

1. Call to Order
Vice President (VP) Vietor called the meeting to order at 1:34 PM.

2. Roll Call
Present: Vietor, Moran, and Maxwell
Excused: Caen and Paulson

3. Approval of the Minutes of June 11, 2019
On Motion to approve the Minutes of June 11, 2019:
Ayes: Vietor, Moran, and Maxwell

No public comment.

4. General Public Comment
 - *Spreck Rosekrans, Restore Hetch Hetchy, discussed a June 21, 2109 letter addressed to the Secretary of the Interior and Mayor Breed regarding "Public Access and Recreation in the Hetch Hetchy Region of Yosemite National Park".*
 - *Francisco DaCosta discussed the need to respect the elders and First People and include them in discussions. He stated Hetch Hetchy water should not be used to flush toilets and that large buildings cannot continue to be built.*
 - *Peter Drekmeier, Tuolumne River Trust, requested that the SFPUC meet with the Planning Commission to discuss water supply issues. He discussed the Central SOMA Plan. He asked that another look be taken at the design drought.*

General Manager (GM) Kelly, Jr. responded to a question from VP Vietor as to the status of a meeting with the Planning Department. VP Vietor and Commissioner Maxwell asked that the GM also present water supply issues to the Planning Commission.

Commissioner Moran requested that a policy be developed and presented to the Commission for approval that reflects the analysis of the Water Supply Assessment, specifically around the maximum level of curtailment to be expected for residential properties. He requested that this happen prior to the GM addressing the Planning Commission.

5. Communications
 - a) Advance Calendar
 - b) Correspondence Log
 - c) Water Supply Conditions Update

No public comment.

6. Employee Retirement Recognitions

- a. Recognition of Ralph Leong on the occasion of his retirement following more than 28 years of service the San Francisco Public Utilities Commission
GM Kelly Jr. reviewed Mr. Leong's exemplary career. He noted Mr. Leong's efforts for healthy eating and lifestyle and for developing programs to include his co-workers.

Mr. Leong thanked the Commission for the recognition. He thanked the Power Enterprise team for their work and indicated they will be missed.

No public comment.

- b. Recognition of Deputy City Attorney Joshua D. Milstein on the occasion of his retirement following 34 years of service on the San Francisco City Attorney's Office's Public Utilities Commission Team
GM Kelly, Jr. thanked Mr. Milstein for his distinguished career and noted he is considered the SFPUC historian. He noted Mr. Milstein's contributions to the SFPUC which include the 2009 Wholesale Water Agreement, Waster System Improvement Program, watershed management plants, and the Groundwater Storage and Recovery project.

Public Comment

- *Nicole Sandkulla, BAWSCA, expressed her respect for Mr. Milstein and for his work.*

Commissioner Moran thanked Mr. Milstein for his steady guidance and wished him well in his retirement.

Mr. Milstein stated it was an honor and privilege to work with the SFPUC and that he has learned much about water during his tenure.

7. Report of the General Manager

a) CleanPowerSF (CPSF) Update

Barbara Hale, Assistant General Manager (AGM) Power, announced that going forward, her updated will be provided quarterly. She provided a review of activities for FY18-19 noting that the FY began with just over 87,000 customers accounts and now has just over 400,000. The opt-out rate has held steady at around 3.3% and upgrades to SuperGreen continues. She indicated over 1 million enrollment notices were sent to individuals and organizations, noted outreach events that have taken place, and she outlined additional program data and milestones. She thanked the CPSF team for their work.

In response to a question from Commissioner Maxwell, AGM Hale discussed specific CPSF programs. Brief discussion ensued on outreach efforts and the need for an educational component regarding available options.

Public Comment

- *Aleta Dupree requested website dashboards for immediate access to information and discussed aspects of the CPSF program. Additional access to electric scooters was requested.*

b) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements

None.

8. Presentation and Discussion of May 13, 2019 SFPUC Preliminary Public Power Options Report

AGM Hale, provided the report beginning (1) History of Power Provision in San Francisco: SFPUC Power Enterprise operates public power (Hetch Hetchy power) and community choice programs (CleanPowerSF). She noted historically, the City has paid PG&E for distribution services. She reviewed the City's trajectory of measured independence from PG&E from 1918 through 2016 and summarized who provides which electric service today; Supply: Hetch Hetchy Power and CPSF (70-80%), PG&E (10-20%), and direct access (10%); and Grid Delivery: Hetch Hetchy Power (15% - with dependence on PG&E's grid), and PG&E (85%); (2) Context of Preliminary Public Power Options Report: Effects of reliance on PG&E distribution services; PG&E's reliability, safety and financial challenges, and requests from the Mayor and Board of Supervisors for the report to explore electric service options; (3) City's Options: Limited independence (pay PG&E to provide distribution service); Targeted investment for more independence and continued strategic investment in distribution that SFPUC would own and pay PG&E to provide services that SFPUC doesn't; or Full independence through acquisition where the SFPUC pays PG&E a fair market value and own and operate the system serving San Francisco. AGM Hale provided a side-by-side comparison of the three options, reviewed each option individually, and offered considerations for San Francisco's electric grid and related climate action goals; and (4) Next steps: Report concludes that study work should focus on acquisition of PG&E electric assets serving San Francisco; Bankruptcy timeline accelerates the study effort; and any successful effort could include a few year transition period. AGM Hale concluded with a question as to whether San Francisco can purchase the assets, invest in separation costs, and provide affordable, reliable, safe public power service, consistent with our values on clean power content and equity, while meeting financial requirements.

AGM Hale responded to questions from VP Vietor regarding resiliency, Commissioner Maxwell regarding timelines for when outstanding questions are being addressed, and Commissioner Moran as to whether there is transparency accounting the condition of PG&E assets. GM Kelly provided additional comment. Brief discussion ensued on those questions.

Public Comment

- Aleta Dupree discussed public vs. investor-owned power.

9. Bay Area Water Supply & Conservation Agency (BAWSCA) Update
Nicole Sandkulla, BAWSCA CEO, distributed and read aloud a letter titled “BAWSCA Urges the San Francisco Public Utilities Commission to Follow State Law and Report Progress Annually to Find and Develop New Sources of Water for Future Drought Years Without Delay”.

GM Kelly, Jr. stated new positions will be requested in the budget to work on water supply issues.

No public comment.

10. Other Commission Business
None.

11. Consent Calendar:

- a) Approve the terms and conditions of and authorize the General Manager to execute an eight-year, no-fee revocable license to the Sequoia Union High School District, to use approximately 108,950 square feet of portions of SFPUC Parcels 328-B, 328-C, and 328-D adjacent to Woodside High School at 199 Churchill Avenue in Woodside, California, for the operation, maintenance, and repair of permitted improvements, and permit certain encroachments on the License Area. ([Resolution 19-0120](#))
- b) Authorize the General Manager to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding (MOU) with the San Joaquin County Office of Education to assist the SFPUC in meeting its workforce requirements for the Hetch Hetchy Water and Power Capital Plan through worker participation in San Joaquin, Tuolumne, Stanislaus, and Mariposa Counties, through an agreement with an initial term of three years, with an option to extend for an additional two years, and for an amount not-to-exceed \$758,340. ([Resolution 19-0121](#))
- c) Approve an increase of \$1,000,000 to the existing contract cost contingency, and an increase of 250 consecutive calendar days to the contract duration contingency for Contract No. HH-989, Holm Powerhouse Rehabilitation & Kirkwood Powerhouse Oil Containment; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$11,942,800, and a total revised contract duration of up to 891 consecutive calendar days. ([Resolution 19-0122](#))
- d) Accept work performed by Big Valley Electric for Contract No. HH-992, Modesto Transmission Line Clearance Mitigation; approve Modification No. 1 (Final), increasing the contract amount by \$170,387 for a total contract amount of \$1,881,387 and increasing the contract duration by 29 consecutive calendar days, for a total contract duration of 269 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0123](#))

- e) Approve an increase to the existing construction contract cost contingency in the amount of \$3,000,000 and an increase to the existing contract duration contingency of 253 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 \$62,578,678 and a total revised contract duration of up to 1,797 consecutive calendar days. ([Resolution 19-0124](#))
- f) Accept work performed by Minerva Construction, Inc. for Contract No. WW-610R, Visitacion Valley Green Nodes, Rutland Street Sewer, and Sunnydale Pavement Improvements; approve Modification No. 4 (Final) increasing the contract amount by \$203,552 for a total contract amount of \$3,983,864, and increasing the contract duration by 75 consecutive calendar days for a total contract duration of 476 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 19-0125](#))
- g) Accept work performed by Azul Works, Inc. for Contract No. WW-659, Greenhouse Demolition at 1150 Phelps Street; approve Modification No. 3 (Final) extending the contract duration by 260 consecutive calendar days, for a total contract duration of 499 days, and a total contract amount of \$1,705,971; and authorize final payment to the contractor. ([Resolution 19-0126](#))
- h) Approve the plans and specifications, and award Contract No. WW-665, Southeast Water Pollution Control Plant (SEP) 042-Seismic Retrofit and Rehabilitation, in the amount of \$9,079,210 and with a duration of 867 consecutive calendar days, to Western Water Constructors, Inc. to perform structural, mechanical, and electrical upgrades at various SEP buildings. This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 19-0127](#))

Commissioner Maxwell requested that item 11b be removed and Commissioner Moran requested that item 11c be removed.

*On Motion to approve Consent Calendar items 11a and 11d through 11h:
Ayes: Vietor, Moran, and Maxwell*

No public comment.

11b: Masood Ordikhani, Infrastructure Division, summarized the request, provided a history of the MOU, outlined work conducted with stakeholders and unions, and noted the success of the program. Commissioner Maxwell indicated she would like to have seen more numbers, expectation of program goals, and who is the population that is being served.

Public Comment

- *Julia Stephens, Project Coordinator, San Joaquin County Office of Education, described their program and the positive impact the it has had on cohort participants.*

Ms. Stephens responded to a question from Commissioner Maxwell if data is collected as to how long an apprentice stays with their employer.

- *Hector Lopez was participant in the program and has been a program coordinator working with the program for the past 12 years. He described his experiences as an apprentice and his current work assisting those are currently in the program.*
- *Mark Carpenter, San Joaquin County Office of Education, thanked the Commission for supporting the program. He discussed the positive impact and effectiveness of the program. He indicated 14 of 15 current apprentices have been placed and that the program is always looking for refinement and improvement to fully serve.*

*On Motion to approve the Consent Calendar Item 11b:
Ayes: Vietor, Moran, and Maxwell*

11c: In response to Commissioner Moran's question regarding the cause for the delay, Mr. Dan Wade indicated it was partially due to the implementation of the City's new financial system and difficulty with getting Notice-to-Proceed issued during that time, and part was due to construction delays due to missing the outage period.

*On Motion to approve the Consent Calendar Item 11c:
Ayes: Vietor, Moran, and Maxwell*

No public comment.

12. Approve form of Revolving Credit and Term Loan Agreement and Fee Letter with Toronto-Dominion Bank in the principal amount not-to-exceed \$75 million and a term of three years, with a five-year option to extend for a total potential term of eight years, and a not-to-exceed annual fee of \$250,000, to replace an expiring agreement of the Wastewater Interim Funding Program that provides interim funding of the Wastewater Enterprise capital program; and authorize the General Manager to enter into the agreement with Toronto-Dominion Bank. ([Resolution 19-0128](#))

Charles Perl, Deputy Chief Financial Officer, provided a background of the Wastewater Interim Funding Program, with a \$750M authorized, seven-series supported by high-grade bank credit facilities. He indicated the request for proposal procurement was sent to 12 banks, with seven responses, and staff recommends as lowest cost, responsive proposal a \$75M Toronto-Dominion Bank Liquid Facility and presented the recommended replacement credit facility and terms. He reviewed key disclosure questions and answers and requested Commission approval.

*On Motion to approve Item 12:
Ayes: Vietor, Moran, and Maxwell*

No public comment.

13. Discussion and possible action to adopt resolution confirming General Manager implementation of adjusted schedule of CleanPowerSF rates and charges to take effect on or after July 1, 2019 in accordance with the rate-setting methodology adopted by the Commission on December 11, 2018 by Resolution No. 18-0209 for the San Francisco Public Utilities Commission Power Enterprise CleanPowerSF (CPSF) program service in San Francisco. ([Resolution 19-0129](#))
Kristina Cordero reviewed the CPSF rate setting methodology, noting it was approved by the Commission on December 11, 2018 and delegated authority to the General Manager to adjust final CPSF rates based on final published PG&E rates. The updated methodology includes Power Charge Indifference Adjustment (PCIA) credit to allow rate setting methodology a formulaic way to offset projected increases in PCIA and keep CPSF customer bill competitive with PG&E.

CPSF rates implementation will (1) adjust CPSF Green rates to be based on final PG&E rates and ensure consistent margin of savings within customer class; (2) Set PCIA credit to zero in rate setting methodology; (3) Residential: adjust Green rates to achieve a 5% cost saving on generation services and decrease SuperGreen premium from 1.5 cents/kWh to 1.0 cents/kWh; and (4) Commercial: adjust rates to maintain 3.5% savings on generation services and decrease SuperGreen premium from 1.0 cents/kWh to 0.75 cents/kWh to remain competitive with Solar Choice. Large commercial (E19) and medium commercial (A10) remain at 0.50 cents/kWh.

Ms. Cordero indicated the results of the rates implementation final adjustments will provide that program reserves targets are funded at a faster pace; will be the greatest cost savings to CPSF customers to-date; and the average bill increase across all customer classes of approximately 4.8%. She concluded with a presentation of residential and small commercial average bill comparisons for the PG&E default vs. CPSF Green product.

*On Motion to approve Item 13:
Ayes: Vietor, Moran, and Maxwell*

No public comment.

14. Approve one renewable energy contract for CleanPowerSF between the San Francisco Public Utilities Commission and Southern California Edison Company with a term of two years and total costs of approximately \$15.8 million; and authorize the General Manager to seek approval from the Board of Supervisors for the contract. ([Resolution 19-0130](#))
Michael Hyams, Clean Power SF Director, introduced the item and requested approval.

*On Motion to approve Item 13:
Ayes: Vietor, Moran, and Maxwell*

No public comment.

The Commission Secretary read Closed Session items 17 through 21.

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 attorney-client privilege:
Ayes: Vietor, Moran, and Maxwell*

The Commission entered Closed Session at 3:43 PM

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (2) and San Francisco Administrative Code Section 67.10 (d) (2)
Unlitigated Claim
Shambhala Healing Center v. City and County of San Francisco
Unlitigated File No.19-02638/Date Filed: May 1, 2019
Proposed Settlement of claim with the claimant's release of all claims and the City to pay claimant \$29,250.72.
(Resolution 19-0131)
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 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
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
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
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. 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

San Joaquin Tributaries Authority, et al v. California State Water Resources Control Board

Tuolumne Superior Court Case No.: CU62094/Date Filed: January 10, 2019

Coordinated as State Water Board Cases by order filed May 13, 2019 in Sacramento Superior Court, JCCP No. 5013

The Commission exited Closed Session at 5:24 PM.

22. Announcement Following Closed Session

VP Vietor announced Item 17 was approved.

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

On Motion no to disclose:

Ayes: Vietor, Moran, and Maxwell

24. Other New Business

VP Vietor announced the July 9, 2019 Regular Meeting has been cancelled.

25. Adjournment

VP Vietor adjourned the meeting at 5:25 PM.