



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, November 12, 2019
1:30 P.M.
(Approved November 26, 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

President Caen called the meeting to order at 1:38 PM.

The Commission Secretary announced that item 6, Citizens' Advisory Committee Update (CAC), was removed from the calendar at the request of the CAC Chair and will be rescheduled.

2. Roll Call

Present: Caen, Moran, Maxwell and Paulson

Excused Absence: Vietor

3. Approval of the Minutes of October 22, 2019

On Motion to approve the Minutes of October 22, 2019

Ayes: Caen, Moran, Maxwell and Paulson

No public comment.

4. General Public Comment

- *Francisco DaCosta discussed the stench of the digesters at the Southeast Treatment Plant and asked what is being done about the smell, health and adverse impacts to the community.*
- *Eileen Boken presented a resolution passed by the Coalition for San Francisco Neighborhoods for Emergency Firefighting Capabilities on Taraval.*
- *Peter Drekmeier, Tuolumne River Trust (TRT), noted the discussion regarding the 265mgd discussion at the last Commission meeting. He noted Nicole Sandkulla's comments made during that meeting. He discussed current demand and design drought.*

5. Communications

a) Advance Calendar

b) Correspondence Log

c) Contract Advertisement Report

d) Status of Large Development Projects in the Regional Water Supply Service Area

e) Update on Disaster Recovery and Resiliency Planning as it Relates to the Sewer System Improvement Program

f) Water Supply Agreement Update

g) Water Supply Conditions Update

h) Water System Improvement Program Status of Construction Change Orders

President Caen asked that item 5e be scheduled for discussion at the next meeting.

No public comment.

6. Citizens' Advisory Committee Quarterly Report

This item was removed from the calendar at the request of the CAC Chair and will be rescheduled.

7. Report of the General Manager

a) Bay Delta Water Quality Control Plan Update

Steve Ritchie, Assistant General Manager (AGM) Water, indicated work continues with the State and partners to come to resolution on a Voluntary Agreement, but is moving slowly. The projection is now for the end of the calendar year.

Public Comment

- *Peter Drekeimer, TRT, stated more fish cannot be produced with less water. He indicated there is little hope among environmental groups for the Voluntary Agreement. He discussed the scientific studies that were conducted.*
- *Francisco DaCosta said the Commissioners need to know the history of the area and should to meet with the First People.*

Deputy Attorney General Francesca Gessner responded to Commissioner Paulson's procedural question regarding the Commission's inability to respond to "accusatory questions" from the public.

In response to a question from Commissioner Maxwell regarding the (Bay Delta) science, GM Kelly indicated he would send Commissioners Maxwell and Paulson the presentation made by staff during a previous Bay Delta update regarding science, along with additional documents.

b) CleanPowerSF (CPSF) Quarterly Update

Mike Hyams, CPSF Director, provided the update with a discussion of (1) enrollment and service statistics (more than 400,000 accounts citywide, 3.6% opt-out rate, 1.8% SuperGreen upgrade rate), (2) What has been happening (award of C40 Cities Bloomberg Philanthropies Award, new budget billing program, and soft launch), (3) What is coming up (rate action to update rate authority, guidance to staff on time-of-use rate implementation for residential customers, 2020 Integrated Resource Plan (IRP), 2020 IRP analysis components, and IRP and Capital Plan schedule.

Mr. Hyams responded to a question from Commissioner Caen as to who approves the Exit Fee (PCIA) and when they might be raised again as a raise could affect CPSF rates. He responded to a follow-up question as to how long customers must pay the PCIA.

Public Comment

- *Francisco DaCosta stated real-time information on the environment is needed. He noted people who need to receive credit for the program.*

- *Jed Holtzman, 350 Bay Area, requested a graph of PCIA charges from 2016 to present. He discussed actions of the California PUC and PG&E, and the Governor's thoughts of purchasing PG&E. He discussed grid reliability.*

c) Quarterly Audit and Performance Review Report

- Annual Physical Inventory Count: Millbrae and Sunol Warehouse, Southeast Treatment Plant Warehouse, City Distribution Division and Auxiliary Water Supply System Warehouses, Bryant and Treasure Island Warehouses, and Moccasin Warehouse
- 2018 CleanPowerSF Power Source Disclosure

Charles Perl, Deputy CFO stated that 24 audits and assessments have been completed year-to-date and indicated one audit on workforce development and community benefits has started. He briefly reviewed the Annual Physical Inventory Count and 2018 CPSF Disclosure audits. He concluded with a summary of FY 2019-20 outlook of performance and financial audits in-progress and those upcoming.

No public comment.

d) Quarterly Budget Status Report

Mr. Perl stated positive net results are projected for Water, Wastewater and CPSF. Lower revenues for Power. Water, Wastewater and CPSF revenues projected higher than budget. Financial results projected to exceed or meet policy targets for coverage and reserves for Water and Wastewater by year-end. Power fund balance projected to be below minimum by year-end.

Water and Wastewater sales revenues slightly above budget and uses cost savings. Reduced power sales revenues offset by cost savings. CPSF sales revenues greater than budget and uses cost savings. Mr. Perl concluded with a review of key financial ratios.

Mr. Perl responded to a question from Commissioner Maxwell as to whether rooftop solar results in lower sales revenue.

Mr. Perl responded to a question from Commissioner Moran regarding what the fund balance reserve means in terms of dollars?

No public comment.

e) Water Enterprise Capital Improvement Program Quarterly Reports

Dan Wade, Director Water Capital Programs, presented highlights of the reporting period: New Sunol Yard, San Andreas Pipeline No. 2 replacement, Harry Tracy Water Treatment Plant, Bay Division Pipeline No. 3, and Westside Recycled Water Treatment Facility.

No public comment.

f) Water System Improvement Program (WSIP) Local and Regional Quarterly Reports

Mr. Wade stated that the WSIP is 98% complete with \$4,493M expended. He provided update on the Calaveras Dam Replacement Project, Fish Passage at Alameda Creek Diversion Dam, progress of WSIP regional closeout projects (San Joaquin Region, Sunol Valley Region, Bay Division Region, and Peninsula Region), Regional Groundwater Storage and Recovery, and Alameda Creek Recapture Project.

No public comment.

g) Wildfire Mitigation Plan and Implementation

Margaret Hannaford, Division Manager, Hetch Hetchy Water and Power, reviewed the SFPUC Wildfire Mitigation Plan including primary plan requirements, outline of Bay Area overhead electrical lines, Up-country overhead electrical lines, and wildfire prevention strategy. She presented an October de-energization example and concluded with additional strategies to mitigate risk.

Ms. Hannaford responded to a question from Commissioner Moran regarding fire risk on the Peninsula and if any of the SFPUC's watershed has ever burned. She responded to a follow-up question regarding other entities who have transmission and/or distribution lines in the Watershed, and how risk is being addressed. AGM Ritchie provided additional comment. Brief discussion ensued.

No public comment.

h) Update on PG&E's Bankruptcy and City's Acquisition Offer

AGM Hale began with an overview of the background of the City's offer to acquire PG&E's electric distribution assets servicing San Francisco. She provided an update on the status of PG&E's bankruptcy filing, and lawsuits against PG&E related to the Kincaid fire. She noted several potential legislative proposals regarding "reimagining" PG&E, as well as other purchase offers made to PG&E. She updated the Commission on the SFPUC's activities related to the SFPUC's acquisition offer.

Public Comment

- *Jed Holtzman provided comment on the purchase proposal. He stated the outcomes are most important.*

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

AGM Hale provided an update regarding an electric outage that occurred located on Treasure Island (TI) and Yerba Buena Island (YBI). She indicated the outage was tied to a substation in Oakland, owned and operated by the Port of Oakland. She indicated a back-up generator on

the TI ran out of fuel and the City fuel vendor could not guarantee fuel delivery on time to avoid outage. Residential customers on TI were eventually switched to the generator on YBI. Critical facilities on TI were connected to an independent generator. Grid repairs continued. The cause of outage was due to a “dig in” on an underground cable from a Port of Oakland substation to the foot of the Bay Bridge. An after-incident report will be prepared.

AGM Hale responded to a question from Commissioner Maxwell regarding protocols for digging. Brief discussion ensued.

No public comment.

8. Other New Business

None.

9. Consent Calendar:

- a) Approve Amendment No. 5 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 for the delivery of capital improvement programs and capital projects for all SFPUC Enterprises, increasing the agreement duration by one year for a total duration of nine years, with no change to the agreement amount; authorize the General Manager to execute Amendment No. 5; and ratify the issuance of Amendment No. 1 in 2016 increasing the contract amount by \$850,000. ([Resolution 19-0206](#))
- b) Approve Amendment No. 2 to Agreement No. CS-294.H, Health and Safety Hazards on Treasure Island, with Langan Engineering & Environmental Services, Inc., to provide continued quarterly and annual updates to the SFPUC Safe Practices Map and Health and Safety Requirements Matrix; and authorize the General Manager to execute this amendment increasing the agreement duration by seven months, for a total agreement duration of six years and one month, with no change in the agreement amount. ([Resolution 19-0207](#))
- c) Approve Amendment No. 2 to Agreement No. CS-1021, Inventory Auditing Services, with Macias Gini & O'Connell LLP, for inventory auditing services consisting of a full count for Hetch Hetchy inventory locations and sample counts for the remaining Water Enterprise and Wastewater Enterprise inventory locations for fiscal year 2020, increasing the agreement amount by \$25,000 for a total not-to-exceed amount of \$122,500, and extend the agreement duration by one year, for a total agreement duration of five years and seven months; and authorize the General Manager to execute Amendment No. 2. ([Resolution 19-0208](#))
- d) Approve Amendment No. 1 to Agreement Nos. PRO.0019.A-D, As-Needed Specialized and Technical Services, Water Enterprise, with Brown & Caldwell/Geotechnical Consultants. Inc., Joint Venture (JV) (PRO.0019.A),

RMC-Lotus, JV (PRO.0019.B), MWH-JHCE, JV (PRO.0019.C), and AECOM-WRE, JV (PRO.0019.D), and authorize the General Manager to execute these amendments increasing each agreement amount by \$2,500,000, for a total not-to-exceed agreement amount of \$7,500,000 each, with no change to the agreement duration. ([Resolution 19-0209](#))

*On Motion to approve Consent Calendar items 9a through 9d:
Ayes: Caen, Moran, Maxwell and Paulson*

10. Approve the selection of CDM Smith, Inc.; award Agreement No. PRO.0120, Engineering Services for Sunol Valley Water Treatment Plant Ozonation, to provide planning and specialized engineering design services; and authorize the General Manager to negotiate and execute a professional services agreement with CDM Smith, Inc. for an amount not-to-exceed \$15,000,000 and with a duration of six years, subject to Board of Supervisors approval pursuant to Charter Section 9.118. ([Resolution 19-0210](#))
Kathy How, AGM Infrastructure, introduced the item and requested approval.

*On Motion to approve Item 10:
Ayes: Caen, Moran, Maxwell and Paulson*

No public comment.

The Commission Secretary called items 11 and 12 together.

11. Discussion and possible action to authorize the General Manager of to execute an Installment Sale Agreement to secure a Clean Water State Revolving Fund (SRF) Loan for the Wastewater Enterprise Biosolids Digester Facilities Project in an amount not-to-exceed \$132,000,000, with a principal forgiveness amount of up to \$4,000,000. ([Resolution 19-0211](#))
12. Discussion and possible action to authorize the General Manager to execute an Installment Sale Agreement to secure a Clean Water State Revolving Fund Loan for the Wastewater Enterprise Oceanside Plant Digester Gas Utilization Upgrade Project, in an amount not-to-exceed \$54,387,969, with a principal forgiveness amount of up to \$4,000,000. ([Resolution 19-0212](#))
Richard Morales, Debt Manager, provided background information on the State Revolving Fund (SRF) Program. He reviewed the proposed loans for Wastewater Enterprise Sewer System Improvement Program Projects. He indicated \$132M SRF loan for Biosolids Digester Facility Project and \$53.3M SRF loan for Digester Gas Utilization Upgrade Project. He stated the loan rate is estimated at 1.3% for 30 years, which compares favorably against 3.5% Revenue Bond 30-year rate, with an estimated combined savings of \$84M.

No public comment on items 11 or 12.

*On Motion to approve Item 11:
Ayes: Caen, Moran, Maxwell and Paulson
On Motion to approve Item 12:*

Ayes: Caen, Moran, Maxwell and Paulson

13. Approve the de-appropriation and re-appropriation of \$10,371,557 in existing Power Capital Improvement Program Appropriation to the Power Asset Acquisition Analysis Project; and Authorize the General Manager to seek Mayor and Board of Supervisors Approval of a Supplemental Appropriation for this change including the de-appropriation and re-appropriation of \$10,371,557 of Project Funds, including the use of Trans Bay Cable License Payment Revenue for the Project. ([Resolution 19-0216](#))

AGM Hale began with a background noting the Mayor and Board of Supervisors directed the SFPUC to study acquiring PG&E's electric distribution system. She stated funding is needed for contracted services with legal and other advisory experts as well as City and SFPUC staff time dedicated to the project. She stated \$17.2M funding is need for the project through the end of the year. AGM Hale noted anticipated contractual services that will be needed. She reviewed a funding proposal - project sources and project de-appropriation request. She presented projects requested for de-appropriation, noting the Alice Griffith/Candlestick Point will come back to the Commission for funding when needed. She presented the opportunity cost of de-appropriation, stating that no critical projects will be delayed or cancelled due to this request, and that the request is a temporary cash management exercise moving funds that would otherwise remain unspent this fiscal year.

AGM Hale responded to a question from Commissioner Paulson regarding the Alice Griffith/Candlestick Point Project.

In response to a question from Commissioner Moran, AGM Hale indicate there is no impact on Wholesale or water customers with the de-appropriation of funds. In response to a follow-up question, she discussed the opportunity costs of allocating funds into the new use. Brief discussion ensued.

President Caen indicated a vote on this matter would occur once the Commission reconvenes after Closed Session.

No public comment.

14. Adopt the Final Mitigated Negative Declaration, the Mitigation Monitoring and Reporting Program, and the Findings, as required by the California Environmental Quality Act (CEQA), for the Mountain Tunnel Improvements Project; approve Water Enterprise's Project No. CUH10221, Mountain Tunnel Improvements Project, to rehabilitate and make improvements to the existing tunnel; and authorize the General Manager to advertise plans and specifications for construction of the Project. 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 19-0213](#))

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

No public comment.

15. Approve and authorize the General Manager to implement Safety Prequalification Procedures to qualify construction contractors to bid on San Francisco Public Utilities Commission public works projects. ([Resolution 19-0214](#))

Ivy Fine, Manager, Project Administration Bureau, introduced the item and Randy Parent, Deputy City Attorney who presented the item and reviewed: City and County of San Francisco (CCSF) contracts, Controller's Report of April 11, 2017 (page 29), independent expert input (Steve Bowers), proposed safety prequalification form, information needed to complete the form, work related illness and injuries (steps one through three), safety documents (step three only), safety document evaluation (rubric), OSHA violations, OSHA serious violations (rubric), OSHA repeat and willful violations (rubric), work-related fatalities, and work-related facilities (rubric).

Mr. Parent and GM Kelly responded to a question from Commissioner Maxwell regarding contractor qualifications.

*On Motion to approve Item 15:
Ayes: Caen, Moran, Maxwell and Paulson*

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 attorney-client privilege:
Ayes: Caen, Moran, Maxwell and Paulson*

The Commission entered Closed Session at 4:48 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)

Unlitigated Claim

Yosemite Slough Site, U.S. EPA Region IX, CERCLA Docket No.: 2016-05 City Attorney File No.: 090923. Proposed partial settlement of administrative enforcement action with City to pay \$821,839 to conduct further investigative studies.

(Resolution 19-0215)

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 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

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 Company

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

Regulatory Commission

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

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 5:19 PM.

22. Announcement Following Closed Session

President Caen announced that item 18 was settled.

23. 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:

Ayes: Caen, Moran, Maxwell and Paulson

President Caen stated that a vote needed to be made on item 13. The Commission Secretary re-read the item.

On Motion to approve Item 13:

Ayes: Caen, Moran, Maxwell and Paulson

No public comment.

24. Adjournment

President Caen adjourned the meeting at 5:21 PM.