



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 9, 2020
1:30 P.M.
(Approved June 23, 2020)

This meeting was held by Teleconference Pursuant to the Governor's Executive Order N-29-20 and the Twelfth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency Dated February 25, 2020

Commissioners

Ann Moller Caen, President
Francesca Vietor, Vice President
Anson Moran
Sophie Maxwell
Tim Paulson

Harlan L. Kelly, Jr.
General Manager
Donna Hood
Secretary



1. Call to Order

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

2. Roll Call

Present: Caen, Vietor, Moran, Maxwell and Paulson

3. Approval of the Minutes of May 26, 2020

On Motion to approve the Minutes of May 26, 2020

Ayes: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

4. General Public Comment

- *Francisco DaCosta discussed racism and discrimination in District 10. He noted the needed for community benefits in the Bayview.*
- *Aleta Dupree (she/her) discussed the need to play the long game for aspirational goals; expresses support for forming a municipal utility district; expressed concern with high rates in San Francisco; and the need for advocacy for clean and green power.*
- *Elaine Salinger requested that existing roads on the land surrounding lower Skyline, Highway 92, and Canada Road be made available to cyclists, and that an environmental report be conducted to connect lower Skyline to Canada Road.*
- *Peter Drekmeier, Tuolumne River Trust, discussed the Environmental Protection Agency's rule to gut the state's authority to issue state water quality certifications. He asked that the SFPUC oppose the Administration and file suit against the rules.*
- *Carol (inaudible) discussed average water use in San Francisco and San Mateo. She stated the National Integrated Drought Information System says California is in a drought. She discussed the need to work with wholesale buyers for water management.*

5. Communications

a) Contract Advertisement Report

b) Correspondence Log

c) Bay Area Watershed and Rights of Way Lands Wildfire Preparedness Update

d) Alternative Water Supply Planning Quarterly Report

e) CleanPowerSF Quarterly Report

f) General Manager Contract Delegation Report January to March 2020

g) Water Supply Conditions Update

Commissioner Moran discussed his prior request for a water budget worksheet. He noted an expansion of that request was provided to the Commission and that copies will be made available to the public upon request to the Commission Secretary. He thanked staff for providing item 5d, Alternative Water Supply Planning Report. He provided comment on the chart provide on page 4 of the report.

Commissioner Maxwell and Vice President (VP) Vietor thanked staff for the Alternative Water Supply Planning Report.

At the request of President Caen, General Manager (GM) Kelly provide comment on item 5f, GM Contract Delegation Report January to March 2020. He noted this will be a quarterly report.

Public Comment

- *Aleta Dupree spoke to item 5e and thanked the Commission for the relief that is being provided to customers during COVID-19, requested that PG&E rates need to be provided on the CleanPowerSF website.*
- *Peter Drekmeier, Tuolumne River Trust, spoke to item 5d and stated the report is based on an old way of thinking with dated policy. He expressed excitement for the water supply budget worksheet. He noted correspondence he sent to the Commission.*
- *Francisco DaCosta asked that the Commission contact the tribes to discuss issues with water and salmon.*

Tim Ramirez, Natural Resources Manager, responded to a question from Commissioner Maxwell as to what the ultimate goals are for the Bay Area Watershed and Rights-of-Way Lands Wildfire Preparedness Update (5c).

6. Report of the General Manager (GM)

a) Update on SFPUC Operations During COVID-19 Emergency

GM Kelly began with a recognition of the events that are occurring as a result of the death of Mr. George Floyd. He stated he sent a statement of reflection of Mr. Floyd's death, of systemic racism, and of his personal experiences to staff, with an invitation to staff to share their experiences. He stated it is his desire to create a work environment where employees of all races can thrive and feel respected. He stated his desire to create a foundation and identify what the SFPUC can do to create a respectful work environment and to make necessary changes.

GM Kelly provided an update on SFPUC operations during the COVID-19 emergency, including updating the Continuity of Operations Plan, marking of facilities for proper social distancing, creation of an IT lending library for basic office equipment, and updating telecommunications agreements. The SFPUC continues to coordinate with the City regarding the overall opening plan. He stated that it is anticipated that telecommuting will continue over the next 12 to 18 months, and that those who must return to work on-site do so prior to August 31st. He indicated that leadership continues to engage with employees via engagement surveys and virtual all-hands meetings. He stated that approximately 3,800 customer applications for emergency COVID-19 relief have been received and indicated that work is being done on a similar program for businesses and non-profits.

President Caen thanked Harlan for his comments. She recommends that he submit his statement of reflection as a letter to the editor to the San Francisco Chronicle. She stated the Commission is there to support him.

Public Comment

- *Francisco DaCosta stated San Francisco has a black mayor, police chief, city administration and others in high-level positions, but the black community in San Francisco is less than 5%. He stated middle class blacks are living in tents and are suffering and that the SFPUC should ask what they have done to elevate the condition of those living in tents.*
- *Peter Drekmeier, Tuolumne River Trust, stated he read GM Kelly's statement and thought it was excellent and conveyed thinking many people share. He agreed with President Caen that it should be published for greater distribution.*

b) Sewer System Improvement Program (SSIP) Quarterly Report

Stephen Robinson, Director Wastewater Capital Programs, provided the SSIP program status as of March 2020. He indicated that the SSIP is 37.9% complete, with 70 projects in Phase 1 (\$2.978B). He reviewed construction progress, noting foundations are being constructed for the Southeast Plant New Headworks Facility Project, Southeast Plant Facilities Project, and the Southeast Community Center at 1550 Evans. He played a May 28, 2020 drone video showing the site.

He briefly reviewed other construction sites including 5th, North 6th, and Division Street CSD Rehabilitation, Sunset Green Infrastructure, and Oceanside Plant Digester Gas Utilization upgrade.

*He provided a program Cost Summary of SSIP Phase 1 (expenditures to-date, current approved budget, current forecasted cost, and cost variance), and indicated the current cost variance for Phase I is **(\$679.60 million)**.*

Director Robinson reviewed the program status cost summary noting 17 projects are within forecast, five have costs above forecast (greater than 1% and less than 10%), and 15 exceed forecast (greater than 10%). He stated that market conditions are a factor in exceeding forecast and indicated a re-baseline will occur later in the year. He reviewed a schedule summary comparing 2016 baseline against 2018 approved and current forecast, which exceeds limits.

He stated that due to anticipated financial impacts from the pandemic, staff are re-evaluating the 10-year Capital Plan for potential cost reductions based on best projections on impacts to future revenues. As a result of this effort, a revised Capital Plan is anticipated to be submitted to the Commission by first quarter of FY2020-21.

Director Robinson and GM Kelly responded to a question from Commissioner Maxwell as to the possibility that due to delays costs will come down.

Richard Morales, Debt Manager, responded to a follow-up question from Commissioner Maxwell as to why the Environmental Protection Agency loans went down significantly.

Commissioner Paulson thanked Mr. Robinson for his presentation and for the drone video which provided a good site visual.

Director Robinson responded to questions from President Caen as to why projects that are not located in the Southeast sector are running late, and from Commissioner Paulson regarding project status completion and how the baseline is determined.

Commissioner Moran noted there are a several projects with “red dots” and delays that are non-COVID related. He stated it would be helpful to group issues so the Commission can address those factors and underlying causes for planning.

Public Comment

- *Francisco DaCosta spoke about the history of the project and costs increase and asked for justification for cost increases. He discussed the stench at the digesters and asked how quality of life issues are addressed.*

7. Sewer System Improvement Program Major Projects Update

Director Robinson presented updates for the Southeast Plant Biosolids Digester Facilities Project, Southeast Plant New Headworks Facilities Project, and Southeast Community Center at 1550 Evans. He indicated construction has continued during COVID-19 and demolition is complete.

He reviewed the project cost status and schedule for the Biosolids Digester Facilities Project noting a revised project cost of \$1.680M and indicated the project schedule is behind. He played a time-lapse video showing the demolition of the Central Shops. He summarized issues and challenges and reviewed a “look ahead”.

Director Robinson continued with review of the Southeast Plant Headworks Project with a revised project cost of \$618.8M. He indicated the project on-schedule. He summarized issues and challenges and reviewed a “look ahead”.

He concluded with review of the Southeast Community Center at 1550 Evans with a project cost of \$109.5M and indicated the project on-schedule. He summarized issues and challenges and reviewed a “look ahead”. He noted uncertain and changing market conditions for each project.

Carolyn Chiu, Program Manager, responded to a question from Commissioner Maxwell as to how long Jerrold Avenue will be closed and what is being done to mitigate traffic. Commissioner Maxwell requested the mitigation plan be provided. Carolyn noted the SFPUC is working with the San Francisco Municipal Transportation Agency (SFMTA) on mitigation plans. She indicated advanced outreach has begun and that an outreach strategy for the local neighborhood and businesses is being developed. Commissioner Maxwell requested the outreach plan and schedule. She expressed concern with the fall timeline for closure.

Mr. Robinson responded to a question from Commissioner Maxwell regarding odor control efforts.

Ms. Chiu responded to a question from Commissioner Maxwell as to when the traffic plan will be provided. She stated a preliminary draft has been provided to the SFMTA.

Commissioner Maxwell clarified she wants to know what the SFMTA's preliminary plan as to how traffic will be re-routed and will flow.

VP Vietor requested information on what outreach has already occurred and what the community response has been.

Public Comment

- *Francisco DaCosta discussed outreach efforts. He noted the demographics in the Bayview have changed and that the old way of conducting business won't work.*

8. New Commission Business

VP Vietor requested that the Commission make a statement, via a resolution, that reflects the SFPUC's policies and stand against systemic racism and violence and recognizes that COVID-19 adversely affects communities of color. Commissioner Paulson indicated he agrees with VP Vietor, but that he doesn't just want a resolution with platitudes, but one that is meaningful and affirmative.

Commissioner Maxwell requested a report as to the state and status of black and brown employees at the SFPUC.

No public comment.

9. Consent Calendar:

- Approve Modification No. 1 to Job Order Contract, JOC-53R3, Electrical (C-10 License) for San Francisco, San Mateo, Santa Clara and Alameda Counties, with US Electric Technologies, Inc., to complete ongoing facility and asset improvements, increasing the duration by 1,095 consecutive calendar days, for a total contract duration of 1,825 consecutive calendar days, in accordance with San Francisco Administrative Code 6.62, with no change in the contract amount. (Resolution 20-0122)
- Approve Modification No. 1 to Job Order Contract, JOC-77, Micro- LBE Set Aside, General Engineering (A-License) for San Francisco, San Mateo, Santa Clara and Alameda Counties, with R&S Construction Management, to complete ongoing facility and asset improvements, increasing the contract amount by \$1,000,000 and increasing the contract duration by 1,095 consecutive calendar days, for a total contract amount not-to-exceed \$3,000,000, and a total contract duration of 1,825 consecutive calendar days, in accordance with San Francisco Administrative Code Section 6.62. (Resolution 20-0123)
- Authorize the General Manager to execute Amendment No.1 to the Multi-Party Cost Share Agreement with Contra Costa Water District, Alameda County Flood Control and Water Conservation District, Zone 7, 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 Valley Water (formerly Santa Clara Valley Water District) for the planning of the potential expansion of Los Vaqueros Reservoir, extending the Agreement by six

months, until December 31, 2020, for a total duration of 20 months, with no change in the contract amount. (Resolution 20-0124)

No public comment.

On Motion to approve the Consent Calendar:

Ayes: Caen, Vietor, Moran, Maxwell and Paulson

10. Approve Amendment No. 2 to Agreement No. CS-389, Planning and Engineering Services Southeast Plant New 250 MGD Headworks Facility, with Carollo Engineers, Inc., for specialized wastewater process facility engineering design and engineering services during construction for Construction Contract No. WW-628, Southeast Water Pollution Control Plant New Headworks Facility Project; and authorize the General Manager to execute this amendment, increasing the agreement amount by \$21,000,000, and increasing the agreement duration by two years, for a total not-to-exceed agreement amount of \$54,500,000 and a total agreement duration of 11 years, subject to the Board of Supervisors approval pursuant to Charter Section 9.118. (Resolution 20-0125)

Kathy How, Assistant General Manager (AGM) Infrastructure, introduced the item and requested approval.

No public comment.

On Motion to approve Item 10:

Ayes: Caen, Vietor, Moran, Maxwell and Paulson

11. Adopt resolution (1) rescinding Commission Resolution No. 20-0091 adopted on May 12, 2020 and (2) approving the Water Supply Assessment (WSA) for the proposed San Francisco Gateway Project which would construct two new mixed-use production, distribution, and repair buildings at 749 Toland Street and 2000 McKinnon Street in the Bayview Hunters Point Plan area, pursuant to the State of California Water Code Section 10910 et seq., California Environmental Quality Act Section 21151.9, and CEQA Guidelines Section 15155. (Resolution 20-0126)

Steve Ritchie, AGM Water, stated the item approved on May 12, 2020 meeting was incomplete and the one presented for approval is complete. He noted approval will also rescind Resolution 20-0091.

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, expressed concern with approval of development project and with the jobs and housing balance. He asked that cumulative impacts of projects on water supply be included in the WSA's.*

VP Vietor reiterated her position on the approval of WSA and the cumulative impact of developments on water supplies. She stated that until she has a better understanding of the plan to meet obligations for development and for the fish, she cannot support the WSA's.

Commissioner Paulson noted the action is for approving the water assessment not the development project.

Commissioner Moran discussed “materiality” and stated total retail demand is approximately 60 or 70 MGD and that the impact of the Delta Plan on supply would be approximately 93 MGD. He stated the impact of the WSA for consideration would be approximately .000849 MGD. He responded to a question from VP Vietor regarding cumulative effects of all the WSA’s on supply and he indicated it wouldn’t be significant.

On Motion to approve Item 11:
Ayes: Caen, Moran, and Paulson
Nay: Vietor and Maxwell

At the request of the Commission President, items 12 and 13 were called together.

12. Approve a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the United States Environmental Protection Agency in the amount of \$699,242,023 to replace the existing 2018 WIFIA Loan Agreement in the same amount for the Wastewater Enterprise’s Biosolids Digester Facilities Project for the purpose of reducing the loan interest rate from 3.09% to an estimated 1.84% interest rate. (Resolution 20-0127)
13. Approve a new Water Infrastructure Finance and Innovation Act loan agreement with the United States Environmental Protection Agency in an amount up to \$525,000,000 to provide partial funding for the Wastewater Enterprise’s Headworks Project and Biosolids Digester Facilities Project, both of which are projects of the Sewer System Improvement Program located at the Southeast Treatment Plant. (Resolution 20-0128)

Rich Morales, Debt Services Manager, presented items 12 and 13 and requested approval.

No public comment.

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

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

14. Adopt a resolution (1) accepting the report on the San Francisco Public Utilities Commission (SFPUC) Wildfire Mitigation Plan from the Independent Evaluator in accordance with Public Utilities Code Section 8387(c), and (2) adopting the revised version of the SFPUC Wildfire Mitigation Plan, to be submitted to the California Wildfire Safety Advisory Board, prior to July 1, 2020. (Resolution 20-0129)
AGM Ritchie presented the item and requested approval.

No public comment.

On Motion to approve Item 14:

Ayes: Caen, Vietor, Moran, Maxwell and Paulson

The Commission Secretary read the Closed Session items prior to calling public comment.

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 the attorney-client privilege regarding matters listed as Conference with Legal Counsel:

Ayes: Caen, Vietor, Moran, Maxwell and Paulson

The Commission entered Closed Session at 3:58 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) Existing Unlitigated Claim

Chez Maman West v. City and County of San Francisco

Unlitigated File No.: 20-01490 / Date Filed: January 8, 2019

Proposed settlement of unlitigated claim with claimant's release of all claims and the City to pay claimant \$36,664.99

(Resolution 20-0130)

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (d) (2) and San Francisco Administrative Code Section 67.10 (d) (2) Existing Unlitigated Claim

Francisco Rivero v. City and County of San Francisco

Unlitigated File No.: 20-01452 / Date Filed: January 7, 2020

Proposed settlement of unlitigated claim with claimant's release of all claims and the City to pay claimant \$39,700

(Resolution 20-0131)

19. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (10) Existing Litigation

State Water Board Cases, Sacramento Superior Court, JCCP No. 5013 (originally filed on January 10, 2019 in Tuolumne Superior Court as San Joaquin Tributaries Authority, et al v. California State Water Resources Control Board, Case No. CU62094)

20. Conference with Legal Counsel – Pursuant to California Government Code, Section 54956.9(a), and San Francisco Administrative Code, Section 67.10(d)(1)

Conferring with, or receiving advice from, the City Attorney regarding the following existing litigation in which the City is a petitioner and Pacific Gas & Electric Company is an adverse party: In re: PG&E Corporation and Pacific Gas & Electric Company, United States Bankruptcy Court, Northern District of California, Case No. 9-30088-DM, filed January 29, 2019; Federal Energy Regulatory Commission Case No. EL 19-38-000, filed January 28, 2019; Federal Energy Regulatory Commission Case No. ER18-1482-000, filed April 30, 2018; Federal Energy Regulatory Commission Case No. ER18-1102-000, filed March 15, 2018; Federal Energy Regulatory Commission Case No. ER18-790-000, filed, February 2, 2018; Federal Energy Regulatory Commission Case No. ER18-768-000, filed January 31, 2018; Federal Energy Regulatory Commission Case No. ER18-198-000, filed October 31, 2017; Federal Energy Regulatory Commission Case No. ER17-2406-000, filed August 31, 2017; Federal Energy Regulatory Commission Case No. ER17-2181-000, filed July 31, 2017; Federal Energy Regulatory Commission Case No. ER17-2204, filed July 31, 2017; Federal Energy Regulatory Commission Case No. ER17-1509-000, filed May 1, 2017; Federal Energy Regulatory Commission Case No. ER17-910-000, filed January 31, 2017; Federal Energy Regulatory Commission Case No. EL 15-3-000, filed October 10, 2014; Federal Energy Regulatory Commission Case No. ER15-702-000, filed December 23, 2014; Federal Energy Regulatory Commission Case No. ER15-703-000, filed December 23, 2014; Federal Energy Regulatory Commission Case No. ER15-704-000, filed December 23, 2014; Federal Energy Regulatory Commission Case No. ER15-705-000, filed December 23, 2014; Federal Energy Regulatory Commission Case No. ER15-735-000, filed December 23, 2014; California Public Utilities Commission Case No. 1.15-08-019, filed February 25, 2015; California Public Utilities Commission Case No. R.18-10-007, filed October 25, 2018; California Public Utilities Commission Case No. R.19-01-006, filed January 10, 2019; and California Public Utilities Commission Case No. R.19-09-016, filed January 10, 2019.

The Commission exited Closed Session at 5:32 PM.

21. Announcement following Closed Session
President Caen stated that the Commission recommends the Board of Supervisors approves settlements presented in item 17 and 18. No other action was taken.
22. 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 the discussions during Closed Session.
Ayes: Caen, Vietor, Moran, Maxwell and Paulson*

23. Adjournment
President Caen adjourned the meeting at 5:33 PM.