



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, March 12, 2019
(Approved March 26, 2019)

Rescheduled Regular Meeting
Note Earlier Start Time - 11:00 A.M.

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

Commissioners

Ann Moller Caen, Vice President
Francesca Vietor
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
Vice President (VP) Caen called the meeting to order at 12:08 PM.

2. Roll Call
Present: Caen, Vietor, and Moran and Kwon

The Commission Secretary announced that Consent Calendar item 9f was removed from the agenda.

3. Special Election of Officers: Discussion and possible action to elect a Commission President and Vice President (VP), each to serve a partial term ending the first meeting of October 2019.

Commissioner Moran nominated Commissioner Caen as President. Nomination accepted.

No public comment.

*On Motion to approve the nomination of Commissioner Caen as President:
Aye: Caen, Vietor, Moran and Kwon*

Commissioner Kwon nominated Commissioner Vietor as VP. Nomination accepted.

No public comment.

*On Motion to approve the nomination of Commissioner Vietor as VP:
Aye: Caen, Vietor, Moran and Kwon*

4. Approval of the Minutes of February 12, 2019

No public comment.

*On Motion to approve the Minutes of February 12, 2019:
Aye: Caen, Vietor, Moran and Kwon*

5. General Public Comment
None.

6. Communications
 - a) Advance Calendar
 - b) Correspondence Log
President Caen noted the letter that was submitted by Laborers International Union of North America, Local Union No. 261.
 - c) Contract Advertisement Report
 - d) Declaration of Emergency: 2019 February Transmission Line Incident
 - e) Annual Power Risk Management Plan

- f) Water Enterprise Land and Vegetation Management Memo
- g) Water Supply Conditions Update

No public comment

7. Other Commission Business

President Caen requested a security update be scheduled for Closed Session at a later date.

No public comment.

8. Report of the General Manager

a) CleanPowerSF Update

Barbara Hale, Assistant General Manager (AGM) Water, provided the update: (1) Enrollment: 3.3% opt-out rate and 3.8% SuperGreen upgrade rate. Next auto enrollment of approximately 280,000 mostly residential customers will begin in April. Enrollment notices are being sent. (2) PG&E Rate Update: California Public Utilities Commission (CPUC) voted for the alternate proposal and 2019 Exit Fee and Generation Rate looks favorable, with the Exit Fee reduced by 5%, on average. PG&E has 30 days to file rates with the CPUC (anticipated March 23rd).

AGM Hale responded to a question from Commissioner Moran regarding PG&E's Exit Fee reduction.

AGM Hale responded to a question from President Caen regarding the April customer enrollment.

No public comment

b) Auxiliary Water Supply System (AWSS) Update

John Scarpulla provided the update: (1) What is the AWSS; (2) Partnerships; (3) Key Earthquake Safety and Emergency Response (ESER) projects under construction; (4) Development projects; (5) Potential projects for future funding; (6) Westside Potable AWSS; (7) Water sources for Westside Potable AWSS (Sunset Reservoir and Lake Merced); and (8) Conceptual alignment for a Westside Potable AWSS.

Mr. Scarpulla responded to a question from President Caen regarding AWSS fire hydrants located in the southwest part of the City.

No public comment

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

None.

The Commission Secretary re-announced that Consent Calendar item 9f was removed from the agenda.

9. *Consent Calendar:*

- a) Approve Amendment No. 2 to Agreement No. PRO.0100, Executive Search Services, with Alliance Resource Consulting, LLC, extending the agreement duration by nine months for a total agreement duration of two years, to continue providing executive level recruitment searches for the San Francisco Public Utilities Commission, and increasing the agreement by \$80,000 for a total not-to-exceed agreement amount of \$246,000; and authorize the General Manager to execute this amendment. ([Resolution 19-0036](#))
- b) Approve the selection of KW Engineering, Inc., Empowered Solutions, LLC, Enovity Inc., and TRC Energy Services; award Agreement Nos. PRO.0106A-D, Professional Energy Engineering Consulting Services, to provide assistance with energy efficiency projects and programs; and authorize the General Manager to negotiate and execute four professional services agreements with KW Engineering, Inc. (PRO.0106.A), Empowered Solutions, LLC (PRO.0106.B), Enovity Inc. (PRO.0106.C), and TRC Energy Services (PRO.0106.D), each for an amount not-to-exceed \$3,000,000, and each with a duration of five years. ([Resolution 19-0037](#))
- c) Approve the plans and specifications, and award Contract No. WD-2855, Turner Dam Spillway and Pond F3 East Erosion Repair, in the amount of \$1,498,010, with a duration of 210 consecutive calendar days, to the lowest, qualified, responsible and responsive bidder, Sukut Construction, LLC, to stabilize and repair eroded areas at the Turner Dam Spillway and Pond F3 East sites in Alameda County. ([Resolution 19-0038](#))
- d) Approve the plans and specifications, and award Contract No. WW-624, Casitas Avenue Easement Sewer Rehabilitation, in the amount of \$557,340, with a duration of 102 consecutive calendar days to the lowest, qualified, responsible, and responsive bidder, D'Arcy and Harty Construction, Inc., to rehabilitate the existing sewers along the Casitas Easement Sewer within San Francisco. ([Resolution 19-0039](#))
- e) Approve an increase of 71 consecutive calendar days to the existing 224-day construction contract duration contingency for Contract No. WW-633, Various Locations Sewer Replacement No. 2; and authorize the General Manager to approve future modifications to the contract duration for a total revised contract duration of up to 801 consecutive calendar days with no change to contract amount. ([Resolution 19-0040](#))
- f) ~~Approve the selection of Harty Pipelines, Inc., and Precision Engineering, Inc.; award Contract No. WW-680R.A to Harty Pipelines, Inc., and Contract No. WW-680R.B to Precision Engineering, Inc., to provide as-needed replacement of localized sections of sewer pipelines at locations to be determined within the City and County of San Francisco; and authorize the General Manager to execute WW-680R.A with Harty Pipelines, Inc., and~~

~~WW-680R.B with Precision Engineering, Inc., each in an amount not to exceed \$2,000,000, and each with a duration of two years.~~

- g) Approve the terms and conditions of, and authorize the General Manager to execute, a seven-year revocable license to San Mateo County to use approximately 7,175 square feet of SFPUC Parcels 2068, 2069, and 2070 in Redwood City, California for the construction and maintenance of a non-revenue generating public parking lot and associated sidewalk improvements for an annual use fee of \$10,224. ([Resolution 19-0041](#))
- h) Approve the terms and conditions of, and authorize the General Manager to execute, a no-fee, five-year revocable license to the Friends of the Urban Forest for use of approximately 2,500 square feet of Parcel One of Block 3088, Lot 018 in San Francisco, California for storage of up to 240 fifteen-gallon tree seedlings in movable container boxes. 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 19-0042](#))

No public comment.

*On Motion to approve Consent Calendar 9a through 9e and 9g through 9h:
Aye: Caen, Vietor, Moran, and Kwon*

- 10. 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.

Ellen Levin, Deputy Assistant General Manager (DAGM) Water, stated her presentation was prepared prior to the submission of the proposed alternative resolution and covers the resolution as published: (1) Review of State Water Board actions and direction to staff; (2) Basic elements of Tuolumne River proposed 15-year Voluntary Agreement (VA) Draft Term Sheet; (3) Recent activities; (4) Summary of the published resolution.

Public Comment

- *Chris Schutes, California Sportfishing Protection Alliance, requested a peer review of the Don Pedro fish population model and Tuolumne River Management Plan model. He asked that the resolution be tabled, and the SFPUC business model be changed. He distributed additional comments in writing.*
- *Nicole Sandkulla, BAWSCA, expressed support for the resolution included with the published packet. She discussed two items that should be included in the proposed alternative resolution.*
- *Doug Obegi, Natural Resources Defense Council, stated the Voluntary Settlement Agreement is inadequate to protect and restore the health of the*

Tuolumne River. He emphasized the need for peer review and discussed diversions.

- *Konrad Fisher, Water Climate Trust, urged the Commission to protect municipal water supplies, salmon and endangered species recovery, and the rights to sustenance fishing and flow-dependent cultural practices.*
- *Denise Louie, Center for Biological Diversity, urged the Commission to reject the resolution, the alternative plan, and to withdrawal from the lawsuit.*
- *Barry Nelson, Golden Gate Salmon Association, expressed opposition to the Voluntary Settlement Agreement. He distributed an “Analysis of the Bay-Delta Voluntary Agreement”. He commented on peer review, the need to avoid delay, and double-counting of water and habitat in the Voluntary Settlement Agreement.*

VP Vietor thanked everyone for their comments. She briefly addressed the proposed alternative resolution and requested that the item be continued to the March 26th meeting to enable the incorporation of comments made and to allow for additional considerations. She indicated her proposed alternative resolution addressed issues that were omitted from the published version, including the lack of mention of the condition of the Bay Delta and decline of salmon. She noted the importance of maintaining the water supply for all customers, of meeting contractual obligations, and the need for balance between both. She stated quick movement is required for early implementation and habitat restoration projects, and the pursuit of adaptive management, monitoring plans, and specific outcomes and objectives for the health of the river.

*On Motion to continue item 10 to the March 26, 2019 meeting:
Aye: Caen, Vietor, Moran, and Kwon*

Commissioner Moran thanked VP Vietor for her leadership. He noted the proposed alternative resolution is a work in progress and it has not been reviewed by the City Attorney, which is required as part of the process. He stated a change in the SFPUC business model is not needed, and indicated the Commission takes an active role, when appropriate. He stated the resolution is forward-looking and focuses on dealing with the issues and needs of all involved. He stated it is a tricky issue between Delta and Tuolumne goals and what the SFPUC can control. He noted the goal is that the fish and Delta thrive. He stated that the SFPUC will commit to what it can control and try to influence decisions which it cannot control.

At the request of President Caen, GM Kelly outlined the approach going forward.

11. Approve Amendment No. 3 to Agreement No. CS-246, Technical Support Services, with Utility System Efficiencies, Inc. for regulatory support services; and authorize the General Manager to execute this amendment increasing the agreement by \$4,000,000, for a total not-to-exceed agreement amount of \$9,000,000, and with a time extension of one year, five months, and 13 days, for a total agreement duration of nine years. ([Resolution 19-0043](#))

In response to a question from Commissioner Moran, DAGM Levin stated this is the last amendment.

No public comment.

On Motion to approve item 11:

Aye: Caen, Vietor, Moran, and Kwon

12. Award Job Order Contract No. JOC-50R2, Heating, Ventilation, Air Conditioning Energy Efficiency (C-20 License) for San Francisco, San Mateo, Santa Clara, and Alameda Counties to the sole, responsible bidder, ACCO Engineered Systems, Inc., for a contract amount not-to-exceed \$5,000,000 and a contract duration of two years. ([Resolution 19-0044](#))

No public comment.

On Motion to approve item 12:

Aye: Caen, Vietor, Moran, and Kwon

The Commission Secretary called items 13 and 14 together.

13. Discussion and possible action to adopt the San Francisco Public Utilities Commission's 10-Year Capital Plan Update for FY 2019-20 to FY 2028-29. ([Resolution 19-0045](#))
14. Discussion and possible action to: (1) increase the Water Enterprise Capital Budget by \$26,071,000 for a total budget of \$232,986,000; (2) increase the Hetch Hetchy Water and Power FY 2019-20 Capital Budget by \$27,922,599 for a total budget of \$227,502,264, including \$75,911,397 in Hetch Hetchy Capital Plan appropriation in FY 2019-20 being de-appropriated and re-appropriated with no change to the project budget total for FY 2019-20, and de-appropriate \$15,000,000 in previously appropriated funding from the Power Enterprise's Streetlight project; and (3) authorize the General Manager to seek Mayor and Board of Supervisors approval for Supplemental Appropriations for the Water Enterprise in the amount of \$26,071,000 and for the Hetch Hetchy Water and Power Enterprise in the amount of \$27,922,599, as well as associated bond authorization amendments. ([Resolution 19-0046](#))

Eric Sandler, AGM Business Services and CFO, began with a review of Commission action items and a review of the 10-Year Capital Plan development. He continued with a presentation of the following: (1) 10-Year Capital Plan Summary: FY 2019-2029 approved (\$8,623.4M) and FY 2020-2029 proposed (\$8,150.8M) (AWSS consolidated into Public Safety section of the citywide Capital Plan); (2) Proposed 10-Year Capital Plan - \$8.1B; (3) 10-Year Capital Plan summary, including project changes from prior Plan, if any, for Water, AWSS, Wastewater, and Hetchy; (4) FY 2020-29 Water Enterprise 10-Year Capital Plan - \$1.6B (spending and sources); (5) FY 2020-29 Wastewater

Enterprise 10-Year Capital Plan - \$5.3B (spending and sources); (6) FY 2020-29 Hetchy/Water and Power 10-Year Capital Plan - \$1.6B (spending and sources); (6) FY 2020-29 Hetchy/Water and Power 10-Year Capital Plan - \$1.6B (spending and sources), and FY 2019-20 capital budget amendment; (7) FY 2019-20 Bond Financing Authorization Amendments for Water (+\$26.1M), and Hetchy Water/Power (+\$27.9M)

Commissioner Kwon departed the meeting room at 1:30 PM.

Public Comment item 13 and 14

- *Nicole Sandkulla, BAWSCA, expressed support for items 13 and 14 and for supply diversification.*

On Motion to approve item 13:

Aye: Caen, Vietor, and Moran

On Motion to approve item 14:

Aye: Caen, Vietor, and Moran

Commissioner Kwon returned to the meeting room at 1:36 PM.

15. Discussion and possible action to adopt the San Francisco Public Utilities Commission 10-Year Financial Plan for FY 2019-20 through FY 2028-29. ([Resolution 19-0047](#))

CFO Sandler outlined what is new in the 10-Year Financial Plan. He reviewed: (1) Key assumptions for Water Enterprise, Water sales volumes, and Water Enterprise projections; (2) Key assumptions for Wastewater Enterprise: Wastewater sales volumes, Wastewater Enterprise projections, combined water and wastewater retail rate changes, combined water, wastewater average single family monthly bill; and utility affordability; (3) Key assumptions for Hetch Hetchy Water and Power Enterprise: Power Enterprise sales volumes, Hetch Hetchy Water and Power projections, and selected average power rates; Key assumptions for CleanPowerSF: CleanPowerSF sales volumes, and CleanPowerSF projections.

CFO Sandler responded to a question from VP Vietor as to the possibility of the City taking over PG&E assets, and if so, if would it affect financial projections.

No public comment.

On Motion to approve item 15:

Aye: Caen, Vietor, Moran, and Kwon

16. Retroactively approve an agreement between the City and County of San Francisco and the California Independent System Operator for Reliability Coordinator Services; and authorize the General Manager to seek retroactive approval from the San Francisco Board of Supervisors. ([Resolution 19-0048](#))

No public comment.

On Motion to approve item 16:

Aye: Caen, Vietor, Moran, and Kwon

17. Authorize the General Manager to execute a Memorandum of Understanding between the SFPUC and the Convention Facilities Department of the City and County of San Francisco to install a photovoltaic solar energy system at Moscone West, 747 Howard Street and set forth the terms and conditions under which the SFPUC will provide electricity to the facility. 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 19-0049](#))

AGM Hale responded to a question from Commissioner Moran regarding the "Chart of Accounts".

No public comment.

On Motion to approve item 17:

Aye: Caen, Vietor, Moran, and Kwon

18. Authorize the General Manager to request approval by the Board of Supervisors to accept and expend a grant award by the State Water Resources Control Board in the amount of \$3,759,822 for the planning, design, and construction of the Baker Beach Green Street Project. ([Resolution 19-0050](#))

No public comment.

On Motion to approve item 18:

Aye: Caen, Vietor, Moran, and Kwon

19. 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. SFPUC's contribution to the Cost Share Agreement is for an amount not-to-exceed \$300,000 and with a duration of 16 months. ([Resolution 19-0051](#))

No public comment.

On Motion to approve item 19:

Aye: Caen, Vietor, Moran, and Kwon

20. Approve the selection of American Water Resources (AWR); authorize the General Manager to execute Agreement No. PRO.0086, Residential Water Service and Sewer Lateral Service Line Protection Marketing Program with

AWR, authorizing AWR to market a voluntary water service and sewer lateral insurance program to SFPUC's residential customers in San Francisco in exchange for payment of \$3.61 per month to the SFPUC for each enrolled customer, with a duration of four years and anticipated revenue to SFPUC of \$1 million or more, subject to approval by the Board of Supervisors under Charter Section 9.118(a). ([Resolution 19-0052](#))

Michael Tran, Wastewater Enterprise, began the presentation with an overview of the Collection System, noting the estimated 111,500 eligible program accounts. He reviewed the sewer service and water service laterals, typical household configuration and homeowner's water and sewer lateral responsibilities. Mr. Tran provided and contact overview, AWR authorizations, program offerings, costs, and highlights. He concluded with review of the contract timeline and next steps.

Mr. Tran responded to a question from VP Vietor regarding homes that have lateral-to-lateral situations. Brief discussion ensued.

Mr. Tran responded to a follow-up question from VP Vietor regarding what the insurance will cover. He noted that policy and marketing materials will be clear as to coverage and exclusions.

Commissioner Moran indicated that it needs to be made clear that the insurance is not the product of the SFPUC, is voluntary to customers and that it is their choice to whether purchase the insurance.

Greg Norby, AGM Wastewater, responded to a question from Commissioner Vietor regarding home point-of-sale and coverage. GM Kelly provided additional response. Brief discussion ensued.

Mr. Tran responded to a question from Commissioner Moran regarding coverage for multi-unit buildings.

No public comment.

*On Motion to approve item 20:
Aye: Caen, Vietor, Moran, and Kwon*

21. Other New Business

None.

22. Adjournment

President Caen adjourned the meeting at 2:24 PM.