



## **SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

**London N. Breed**

Mayor



### **REGULAR MEETING MINUTES**

**Tuesday, January 24, 2023**

**1:30 PM**

**(Approved February 14, 2023)**

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

#### **Commissioners**

Newsha Ajami, President

Sophie Maxwell, Vice President

Tim Paulson

Tony Rivera

Kate Stacy

**Dennis J. Herrera**

General Manager

**Donna Hood**

Secretary

1. Call to Order

*Vice President (VP) Maxwell called the meeting to order at 1:30 pm.*

2. Roll Call

*Present: Maxwell, Paulson, Rivera, and Stacy*

*Excused: Ajami*

*VP Maxwell expressed condolences to those affected by the shooting in Half Moon Bay.*

3. Adopt renewed findings under State Urgency Legislation to allow hybrid in-person meetings during the COVID-19 Emergency and direct the Commission Secretary to agendize a similar resolution at a Commission Meeting within the next 30 days. ([Resolution 23-0017](#))

*No public comment.*

*On motion to Adopt State Findings Under State Urgency Legislation:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

4. Approval of the Minutes of January 10, 2023

*No public comment.*

*On motion to approve the Minutes of January 10, 2023:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

5. San Francisco Public Utilities Commission Employee Retirement Recognitions: Jack Lum, in recognition for his 35 years of exemplary service to the City and County of San Francisco.

*Alan Marshall, Enterprise Systems Manager, stated he work with Jack for 15 of Jack's 35 years of service. He indicated that Jack worked at the original Spring Valley office on Mason Street, at 1155 Market Street, and at 525 Golden Gate Avenue, and that Jack is an unsung IT hero. He thanked him for his dedication including weekend and evening work, on launching many new systems, and for security patching. He thanked Jack for his work and wished him a long and happy retirement.*

*General Manager (GM) Herrera read the resolution to be presented to Jack. He wished him well on his retirement. The Commission thanked Jack for his service.*

*No public comment.*

6. Report of the General Manager

a) Drought Conditions Update

*Steve Ritchie, Assistant General Manager (AGM) Water, discussed the recent storms and reviewed (1) January 17, 2023 Reservoir Storage: Hetch Hetchy is at 291,000-acre feet. There is good snowpack and Hetchy will likely fill. Water Bank is full at 98.6% of maximum storage, and Calaveras is full and spilling; (2) Other California Reservoirs: Shasta (87% of average), Oroville (104% of average), and Don Pedro (slightly above*

155% of average); (3) California Drought Monitor: Overall, California is still in drought with one exception in Del Norte County, which is no longer in drought; (4) Hetch Hetchy Precipitation: Currently above the 1983 level which was the wettest year on record; (5) Upcountry 6-Station Precipitation Index (as of January 15, 2023) Year-to-date (YTD) total is at 34.74 inches and above average for December and January and close to annual average; (6) Bay Area 7-Station Precipitation Index (as of January 16, 2023) YTD total is at 27.30 inches with November greater than average; (7) Upcountry Snowpack: Ahead of the wettest year on record; (8) Water Available to the City: 471,000 acre feet; (9) AGM Ritchie presented a slide of the many waterfalls flowing at the Hetch Hetchy Reservoir; (10) Total Deliveries: below past years given it is the beginning of the water year, that there has been no irrigation given the wet weather, and conservation; (11) Drought Tracker: In excess of the 11% target for July 1, 2022 through January 2023 and on track; (12) National Precipitation Forecast: Additional rain is expected the first week of February. AGM Ritchie stated that on the first of February and of March declarations are made regarding conditions, with a mid-April declaration to how much water will be available in the coming year.

### Public Comment

- Peter Drekmeier, Tuolumne River Trust, stated enough water has been captured during the last month to last two years and there is enough water in storage to last five and one-half years. He stated the system is filling, that water is being released, and that there is snowpack. He discussed their 2020 interim proposal that was presented to the Commission.
- Dave Warner, Palo Alto, discussed low-point water storage and supply. He discussed the Design Drought flows and water availability. He asked that solutions be considered to help the salmon.
- Libby Higgs, Modesto, discussed her recreational use of the Tuolumne River and stated the water needs to be shared and that the River must be healthy for all.
- Mark Gonsalves stated the update should include how the SFPUC has complied with the Bay Delta Water Quality Control Plan, which he discussed.

### b) San Francisco Public Utilities Commission Hiring Process Overview

VP Maxwell provide context for her request for this presentation and read two Whereas clauses from the July 14, 2022 Resolution No. 22-0149.

Wendy Macy, Chief People Officer (CPO), offered an overview of the SFPUC's hiring process and discussed the following (1) Hiring Process Environment: Includes the City Charter, Civil Service Commission (CSC) Rules, Department of Human Resources (DHR), public process, and labor partners; (2) Stages in the Hiring Process: Includes hiring manager and division communication, and candidate communication; (3) Time-to-Hire Permanent Hiring Timeline: A median 217 days to hire, as gathered from "Smart Recruiter" software data. She indicated this puts the SFPUC in a competitive disadvantage and that there is an endeavor to expedite the hiring process.

Chief People Officer Macy stated the hiring process is being reimagined to include (1) Creative ideas for hiring (hiring modernization team is leveraging technology to innovate hiring, support proposed rules changes to CSC Rules, remove unnecessary steps, and

*provide exam alternatives ); (2) Innovative Testing (continuous on-demand testing and remote testing); (3) Hiring priority dashboard to make hiring more efficient; (4) Lean Process Improvement to identify issues and problems and turn them into individual, solvable projects; (5) Hiring priority planning strategies; and (6) Retention efforts (support work/life balance and flexibility, engagement surveys, and efforts to transition temporary employees to permanent). CPO Macy discussed “careers with purpose” and noted where candidates can locate SFPUC job announcements and information.*

*CPO Macy thanked her staff for their hard and dedicated work and thanked the Commission for their interest and assistance.*

*CPO Macy responded to a question from VP Maxwell regarding the hiring timeline and what can be done to improve the number of days to hire, stating reasons for hiring delays include delays in fingerprinting, lengthy medical screening process, and availability of exams. She indicating the City is aware of the issues and is working on ways to improve and streamline the hiring timeline. CPO Macy stated that the SFPUC, as a department, is trying to be more creative with outreach, is relying in partners to better communicate, is cutting out unnecessary bureaucratic steps, and is reviewing retention strategies. She provided some examples of what other City departments are doing that the SFPUC may find beneficial.*

*VP Maxwell stated the hiring priority dashboard needs to be front and center. She thanked AGM Robinson for his good work on hiring. She thanked CPO Macy for the presentation and acknowledged and thanked the human resources staff for their hard work.*

*Commissioner Paulson noted the important work conducted by the SFPUC staff, most of whom are represented by labor organizations. CPO Macy responded to his question as to how labor organizations fit into the discussions that are taking place and stated that the City meets with the labor organizations to obtain their ideas and feedback on hiring, and will discuss the revised CSC rules, when adopted, with labor organizations.*

*Commissioner Rivera thanked CPO Macy and her staff for their work. He noted his experience in dealing with hiring issues and recognized the fact that SFPUC staff must deal with constant issues. He expressed the Commission’s support in helping to make the hiring process more efficient. He questioned if there are mechanisms to hire temporary employees. He expressed concern with remote testing from home and the possibility of security issues and cheating and suggested the availability of more remote locations for applicant testing.*

*CPO Macy responded to a question from VP Maxwell as to what could be done differently in testing, stating that staff could look at the way the most qualified candidate is determined, which might include volunteer experience, work experience, etc. as possible alternatives to testing.*

#### Public Comment

- *Francisco DaCosta stated the SFPUC is an enterprise department with a new GM*

*and that many employees have left the SFPUC for other opportunities. He stated A needs assessment should be conducted.*

- *Peter Drekmeier, Tuolumne River Trust, thanked the Commission and staff for the discussion and presentation.*

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

*None.*

7. Report of the Bay Area Water Supply Conservation Agency (BAWSCA) General Manager Nicole Sandkulla, BAWSCA CEO, reviewed drought response actions that are being implemented by BAWSCA's 26 member agencies. She discussed unique drought actions being implemented by some member agencies including Daly City (using recycled water for outdoor irrigation and looking for ways to increase use), North Coast County Water District (direct rain barrel purchase program), Cal Water (specific drought advertisements triggered based on water conditions), Menlo Park (specific drought surcharge executed in August 2022), Alameda County Water District (utilizing Rapid Action Notification System alerts for drought-related information), Milpitas ("Lawn Bust Program"), and San Jose (turf, high-water use plants, spray and overhead sprinkler systems prohibited in new construction).

*CEO Sandkulla reviewed BAWSCA's next steps given the recent rains, which include calls for continued water conservation, implementation of drought actions, and continued coordination with the SFPUC as the rainy season continues. She noted it is premature to declare the end of the drought at this time given how early it is in the rainy season. She indicated that by April 15 the SFPUC is required to provide a final estimate of water supply availability to the wholesale customers.*

*She expressed appreciation to AGM Ritchie and the Water Enterprise staff for their leadership and work during the recent storm events.*

*No public comment.*

8. CONSENT CALENDAR

- a) Award Contract No. WD-2889, As-Needed Water Service Line Replacements, in the amount of \$ 26,663,850, and with a duration of 1,096 consecutive calendar days, to the responsible bidder that submitted the lowest responsive bid, JMB Construction, Inc., to provide as-needed traffic control, permitting, pavement excavation and restoration on streets within the City and County of San Francisco. Contractor will support 2-inch and smaller as-needed galvanized service lines renewals for the Lead Service Lead Replacement Program. ([Resolution 22-0018](#))

- b) Accept work performed by Anvil Builders Inc for Contract No. WW-687, Force Main Rehabilitation at Embarcadero and Jackson, for a total contract amount of \$7,835,217, and with a total contract duration of 693 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 22-0019](#))

- c) Approve an increase of 365 calendar days to the contract duration contingency for Contract

No. WW-697, As-Needed Main Sewer Replacement No. 8, with JDB & Sons Construction, Inc.; and authorize the General Manager to approve future modifications to the contract for a total contract duration of up to 1,130 consecutive calendar days, with no change to contract amount to allow additional time to complete all current contract work, coordinate with private development activities on Minna Street, and continue issuing contract service orders. (Resolution 22-0020)

*No public comment.*

*On motion to approve Consent Calendar Items 8a through 8c:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

9. Approve the Water Supply Assessment for the proposed 395 3rd Street Project, pursuant to California Water Code Section 10910, et seq., California Environmental Quality Act (CEQA) Section 21151.9, and CEQA Guidelines Section 15155. (Resolution 22-0021)

*AGM Ritchie introduced the item and stated that the request is not for project approval but is intended to provide the Planning Department with information about water use for the proposed project, and to relay if there is a water supply plan to accommodate the proposed project. He reemphasized it is not a project approval.*

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, questioned why water is available for development but not for the environment. He requested a joint meeting with the Planning Commission to discuss water supply.*

*On motion to approve Item 9:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

10. Accept and expend state funds sourced from the State Budget Act of 2022 and administered by the California Community Services Department to provide assistance to eligible Hetch Hetchy Power and CleanPowerSF residential customers who accrued customer account arrears during the COVID-19 pandemic, from March 4, 2020 to December 31, 2021. (Resolution 22-0022)

*Kristin Avenis, San Francisco Fellow Financial Planning, began with a brief background of the California Arrearage Payment Program (CAAP) which was created to address California's energy debts accrued due to the COVID-19 pandemic. The 2021 CAAP dedicated \$1 billion in federal American Rescue Plan Act funding. Unpaid bills incurred March 2020 to June 2021 were eligible. She indicated the program was oversubscribed. The 2022 CAAP dedicated \$1.2 billion in state budget funding and extended eligibility timeline to March 2020 to December 2021. Only residential accounts qualified for benefits.*

*She reviewed (1) 2022 CAPP Timeline (October 2022 to April 2022); (2) Power Accept and Expend (Hetch Hetchy Power and CleanPowerSF) stating there was \$1,348,042 in funding received, with \$1,336,817 applied to customer accounts. She indicated the discrepancies between funds received and funds applied occurred due to changes in customer eligibility; and (3) Impact and Ongoing Arrearage Work (Hetch Hetchy Power and CleanPowerSF) noting total current arrearages of \$6,773,603, CAAP benefits of \$1,336,817, and leftover arrearages of \$5,441,786.*



*She concluded with next steps and stated that there will be outreach to power customers on the benefits they will receive. All credits will be applied by the February 5, 2023 deadline with unspent funds returned to the state. ACAPP reporting survey will also be submitted.*

*No public comment.*

*On motion to approve Item 10:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

11. Approve the terms and conditions of and authorize the General Manager to execute one below-market rent license with Charity Cultural Services to use two workstations and one below-market rent license with Five Keys Schools and Programs to use one workstation on the third floor at the Southeast Community Center at 1550 Evans Avenue in San Francisco; and approve an amendment to Section 4.4.1 of the SFPUC 2015 Real Estate Guidelines to authorize the General Manager to approve and execute future below-market rent licenses to qualified nonprofit community service organizations for the Southeast Community Center, provided that the Southeast Community Facility Commission has recommended the licenses for SFPUC approval and other revised Section 4.4.1 criteria are met. ([Resolution 22-0023](#))

*Rosanna Russell, SFPUC Real Estate Director, introduced the item and requested Commission approval to allow two separate below-market rent licenses to non-profit community service organizations who will provide community services at the Southeast Community Center. She stated each tenant will pay a use fee of \$437 per month, subject to annual increases. She indicated the Southeast Facility Commission has recommended the Commission's approval.*

*Director Russell stated the item also seeks the approval of an amendment to the SFPUC's Real Estate Guidelines Section 4.4.1 to authorize the General Manager to approve and execute future below-market rent licenses to qualified nonprofit community service organizations for the Southeast Community Center, provided that the Southeast Community Facility Commission has recommended the licenses for SFPUC approval and that other Real Estate Guidelines Section 4.4.1 criteria are met.*

*No public comment.*

*On motion to approve Item 11:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

12. Approve the terms and conditions of and authorize the General Manager to execute individual five-year below-market rent leases with three nonprofit organizations (1) 3rd Street Youth Center and Clinic; (2) En2Action, Inc; and (3) Five Keys Schools and Programs, as tenants, to use an approximate total of 5,771 square feet of third-floor office space at the Southeast Community Center at 1550 Evans Avenue, in San Francisco. ([Resolution 22-0024](#))

*Director Russell provided brief information on the work of each of the three non-profit organizations and briefly outlined the terms of each individual lease agreement.*

*Stephen Robinson, AGM Infrastructure, responded to questions from Commissioner Paulson and VP Maxwell as to the demand for space in the Southeast Community Center, stating that the*

space is in very high demand.  
No public comment.

On motion to approve Item 12:  
Ayes: Maxwell, Paulson, Rivera, and Stacy

13. Approve the Second Amendment to Contract No. PRO.0152, Power Scheduling Coordination and Related Support Services, with APX Inc., to allow for the processing of the California Independent System Operator power transmission service charges; and authorize the General Manager to execute this amendment, increasing the contract by \$636,000,000 for a total not-to-exceed contract amount of \$895,742,800, subject to the Board of Supervisors approval under Charter Section 9.118. (Resolution 22-0025)

*Barbara Hale, AGM Power Enterprise, stated the Commission was being asked to increase the capacity in existing Contract No. PRO.0152 for Power scheduling coordination services with APX, Inc. by \$636,000,000. She stated the increase in contract capacity is needed as the contractor implements a critical payment step in approved purchase of power operations for CleanPowerSF and Hetch Hetchy Power. She stated higher power prices necessitate an increase in capacity to process payments and that payments to the California Independent System Operator (CAISO) for power “pass through” is higher than forecast.*

*AGM Hale noted the purchase of power dominates the Power operating budget, with 78%, or \$344 million (\$251 million CleanPowerSF and \$93 million Hetch Hetchy Power) of the budget allocated for the purchase of power, which includes transmission, distribution and related charges, and electricity and reliability products.*

*AGM Hale reviewed how the SFPUC provides electric service. She noted some purchase of power costs are invoiced by CAISO and that CAISO costs are incurred for transmission and related charges, and electricity and reliability products. She stated there must be a certified “Scheduling Coordinator” to transact in CAISO markets and the SFPUC’s contract with APX, Inc. for this service will fulfill that requirement. She indicated electricity prices were flat to declining from 2018 to 2020 but they have surged in 2021-2022. It is expected that costs will remain above the pre-2021 averages. She indicated the inclining prices are affecting all regions of the country and she provide detail of the annual peak real-time price for each region .*

*AGM Hale indicated that significant wholesale market prices are driving need and she reviewed the extend of the Northern California average price increases from July 2021 to December 2022 and discussed possible global and regional factors for the price increases. She stated these higher prices result in higher pass-through payment absorbing the contract capacity, which was originally \$135 million. She presented a chart noting APX invoices by week and cumulative spend from June through December 2022 and the invoice and cumulative spending increases incurred during this time period.*

*AGM Hale stated the Commission and Board of Supervisors previously authorized the GM to contract for power and related products and services, which enables the GM to respond to commercial and market conditions so there can be a continuation of reliable electric service, subject to an annual expenditure cap. She indicated the first amendment to the APX contract increased pass-through capacity by \$125,000, with no change in scope and allowed a regular*



*amendment process. AGM Hale stated that the forward price projections average is now about 200% higher (December 2022 through January 2024). She summarized the proposed action and requested approval.*

*In response to a question from Commissioner Stacy as to why other regions had smaller cost increases, AGM Hale discussed the regionality of the market conditions and California's distance from market centers. She noted that the dominate factor for the increase is the price of electricity.*

*Commissioner Paulson noted the difficulty in market conditions and thanked staff for their work.*

*In response to a question from VP Maxwell, AGM Hale indicated the revenue for increased costs will come from Hetchy sales via greater generation and that CleanPowerSF sales will also offset some of the costs. She stated rate increases will be requested in the spring.*

*No public comment.*

*On motion to approve Item 13:*

*Ayes: Maxwell, Paulson, Rivera, and Stacy*

#### 14. Communications

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) Onsite Water Reuse Program Update – FY 21/22
- e) Quarterly Status Report to the San Francisco Board of Supervisors per Resolution No. 227-18, Report on Connections to PG&E Grid and Related Disputes

#### 15. General Public Comment

- *Paul Wermer asked that the MOU with SF LAFCo be heard and approved. He indicated the studies are essential and may raise issues that are not otherwise known. He noted some of the issues and questions that could be raised by such studies.*
- *Dave Warner discussed the water supply workshops. He indicated the Bay Area Water Stewards meetings have been reestablished by GM Herrera. He discussed the importance of these meetings and made specific requests. He provided written comment.*
- *Unidentified speaker requested approval of the MOU with SF LAFCo and discussed the importance of studies regarding ending the use of natural gas. He indicated the Board of Supervisors has a resolution to support the MOU with SF LAFCo.*
- *Elliot Hellman, 350 San Francisco, expressed support for the MOU with SF LAFCo MOU, for the City's Climate Action Plan, and for studies on climate action.*
- *Alita Dupree discussed issues with PG&E and suggested municipalization of public power for the benefit of projects, such as electric charging stations.*
- *Jennifer Heggie, Golden Gate Electric Vehicle Association, and 350 San Francisco, support for the MOU with SF LAFCo and its importance for the implementation of the Climate Action Plan and electric vehicle charging and battery storage.*

#### 16. Items Initiated by Commissioners (discussion only)

*VP Maxwell asked that discussions continue on the hiring process.  
Commissioner Stacy asked for background on the water workshops that were mentioned. VP Maxwell provided response as to the reasons for the workshops.*

**Public Comment**

*None.*

**17. Adjournment**

*VP Maxwell adjourned the meeting at 3:52 pm.*