



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**  
Mayor



**REGULAR MEETING MINUTES**  
**Tuesday, February 28, 2023**  
**1:30 PM**  
**(Approved March 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

## ORDER OF BUSINESS

### 1. Call to Order

*President Ajami called the meeting to order at 1:32PM.*

### 2. Roll Call

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

*Absent: Paulson (joined the meeting at 1:43 pm)*

### 3. Approval of the Minutes of February 14, 2023

*No public comment.*

*On motion to approve the Minutes of February 14, 2023:*

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

### 4. Report of the General Manager (GM)

#### a) Drought Conditions Update

*Steve Ritchie, Assistant General Manager (AGM) Water, reviewed (1) February 21, 2023 Reservoir Storage: Hetch Hetchy is at 360,360-acre feet of maximum storage and Water Bank is at 100% of maximum storage; (2) Other California Reservoirs: Shasta 84% of historical average, Oroville 115% of historical average, and Don Pedro 105% of historical average; (3) California Drought Monitor: Areas of extreme drought are shrinking; (4) Hetch Hetchy Precipitation: Flattened at 38” with additional rain received; (5) Upcountry 6-Station Precipitation Index (as of February 20, 2023) Year-to-date (YTD) total is at 37.45 inches; (6) Bay Area 7-Station Precipitation Index (as of February 20, 2023) YTD total is at 29.66 inches; (7) Upcountry Snowpack: 170% of the April 1<sup>st</sup> median with more storms expected; (8) Tuolumne River Water Available to the City: 517,000-acre feet; (9) National Precipitation Forecast: Additional rain is forecasted; and (10) Total Deliveries: Below years 2013, 2015 and 2020 levels.*

*AGM Ritchie stated that the Governor’s February 13, 2023 Executive Order has continued the State Emergency Drought Declaration. He reviewed key provision of significance for the SFPUC.*

*Commissioner Paulson joined the meeting at 1:43 pm.*

#### Public Comment

- Peter Dreke-meier, Policy Director, Tuolumne River Trust, stated the report should be titled “Water Conditions Update”. He indicated the SFPUC will have enough entitlements to fill all reservoirs this year. He feels the reports are “human-centric” and should have an environmental focus that includes salmon. He stated a slide on in-stream flows is needed.*

#### b) Quarterly Audit and Performance Review Report

*Irella Blackwood, Audit Director, indicated that for FY 2022-23 there have been 29 audits and assessments with seven completed (24%), 12 in progress (41%), and 10 upcoming (35%). She noted those audits completed and reports issued. She discussed the calendar-year 2019-20 PG&E Franchise Fee Audit, which audited payment of franchise*

*fees and surcharge fees by PG&E to the City and County of San Francisco for 2019 and 2020. She stated the audit findings show that PG&E complied with its obligations under the Gas and Electric Franchise Ordinances and the relevant provisions of the San Francisco Administrative Code. The SFPUC and the Controller's Budget and Analysis Division fulfilled their obligations in administering and monitoring the Franchise Audit.*

*Audit Director Blackwood reviewed open City Services Auditor audits and recommendations stating that management agrees with the recommendations. As of January 26, 2023, all open recommendations have been closed, with eight FY 2022-23 third quarter audits are completing and eight upcoming.*

*President Ajami expressed appreciation for the update on the PG&E Franchise Fee Audit. She asked that staff inform the Commission of "lessons learned" or "guardrails needed" when necessary.*

*No public comment.*

c) Quarterly Budget Status Report

*Nancy Hom, Chief Financial Officer (CFO) and AGM Business Services, indicated (1) Positive operating results projected for Water, Wastewater, Power, and CleanPowerSF, and operating shortfalls projected for Power; (2) Water and Wastewater revenues are projected to exceed budget due to higher than expected retail and wholesale sales; (2) Power and CleanPowerSF's high power purchase and transmission and distribution costs are leading to significant shortfalls in expenditure budgets, offset by planned general reserve contributions and increased wholesale revenues for Hetchy Power. Year-end financial results are projected to meet-or-exceed policy targets.*

*CFO Hom reviewed FY 2022-23 budget variances (sources and uses) for (1) Water: Net operating results \$34.9 million with total sources up \$25.4 million, and \$9.6 million in cost savings; (2) Wastewater: Net operating results \$22.4 million with total sources \$6.2 million, and \$16.2 million in cost savings; (3) Power: Net operating result \$39.9 million with total sources \$38.9 million, and \$1.0 million in cost savings; and (4) CleanPowerSF: Net operating result \$8.9 million with total sources up \$7.1 million, and \$1.7 million in cost savings. Key financial ratios for Water, Wastewater, Hetchy and CleanPowerSF and are on target to meet policy targets.*

*AGM Hom responded to a question from Commissioner Stacy regarding the reference in the slides that "general reserve planned to go unspent" noting it is a contribution to general reserves. She explained why the funds may be unspent.*

*Erin Corvinova, Financial Planning Director, responded to a question from President Ajami regarding power purchase sales. Brief discussion ensued. President Ajami asked that information regarding spot-market power purchases be provided.*

*No public comment.*

d) San Francisco Public Utilities Commission Hiring Process Overview

Wendy Macy, Chief People Officer (CPO), stated the presentation's focus was on what the SFPUC controls during the hiring process, versus the City's Human Resources (HR) hiring process. She noted an agency-wide position vacancy rate of 26.3%, with 696 vacant positions. She indicated there were 191 new hires and 162 employee exits, for a net positive headcount change of 28 (1.25%).

CPO Macy discussed (1) Trend of Employee Starts Count vs. Employee Exit Count: During the past two fiscal years the SFPUC hires have not been keeping pace with turnover. However, the SFPUC is starting to slowly recover from the FY 2023 deficit; and (2) Voluntary Turnover Rate by Employee > Organization: Similar turnover rate trend was seen between January 2023 and February 2023. The overall voluntary turnover rate is 9.74%.

She discussed "NorthStar", a high-functioning state of the art HR process with seamless and engaging employee interface; engagement with diverse high-quality talent; hiring process tracking; removal of unnecessary hiring process barriers; provides same day conditional offers; includes classifications to consider all operational needs; and addresses career pipelines and pathways.

CPO Macy discussed Human Resource Services goals for (1) Continuous improvement; (2) Seamless communications (strive for improvement and better training); (3) Job posting future enhancements (be more representative and visually appealing and increasing candidate pipelines to increase candidate pools); and (4) Data and transparency (data analytics and dashboards to determine priorities).

She discussed (1) recruitment progress; (2) SFPUC hiring priority dashboard; and (3) prioritizing vacancies.

Commissioner Paulson thanked CPO Macy and the HR team for their work and for providing information on this important process.

Commissioner Rivera concurred with Commissioner Paulson. He questioned how many of the 162 employee exits were due to retirement. CPO Macy indicated she would provide that information.

In response to a question from President Ajami as to whether exit interviews are conducted, CPO Macy indicated they are offered but are voluntary and stated that the participation rate is low. She noted the voluntary "Pulse Survey" that is conducted with active SFPUC employees. CPO Macy and Melissa White, Human Resources Analyst, responded to additional questions from President Ajami regarding succession planning; at what point in a career stage people are leaving; and if applicants who aren't selected are tracked for consideration for future openings.

VP Maxwell thanked staff for the hiring process map and requested that she be provided with a larger version.

Commissioner Stacy stated the tech industry layoffs and the construction downturn could

*be beneficial for SFPUC hiring. She indicated she has tried to explore the SFPUC HR website and found it difficult to navigate and that specific position information was inaccessible. CPO Macy reviewed efforts being taken to improve the website and the ability for job seekers to easily obtain employment information.*

Public Comment

- *Francisco DaCosta questioned how many people residing in the 92124 Zip Code are selected for career jobs.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, posed possible questions that may be asked of SFPUC employees.*

*President Ajami thanked staff for their hard work to provide services to San Francisco and SFPUC customers.*

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

*None.*

5. Bay Area Water Supply and Conservation Agency (BAWSCA) Update

*Nicole Sandkulla, BAWSCA CEO, read a statement (attached) regarding the State Water Resources Control Board's announcement of an aggressive schedule for consideration of a Voluntary Agreement for the Tuolumne River that will provide greater water flows and increased habitat to protect fish and a reliable water supply for 1.8 million residents, 40,000 business, and hundreds of communities in Alameda, San Mateo, and Santa Clara Counties and for San Francisco's water users. She reiterated support for Early Implementation.*

Public Comment

- *Peter Drekmeier, Policy Director, Tuolumne River Trust, thanked CEO Sandkulla for her presentation. He discussed the new Voluntary Agreement and funding for habitat restoration projects and infiltration gallery.*
- *Francisco DaCosta referred to the Raker Act and discussed BAWSCA.*

6. CONSENT CALENDAR

- a) Approve Modification No. 1 to Job Order Contract, JOC-87, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy, with Sinclair General Engineering Construction, Inc., to complete ongoing facility and asset improvements, increasing the contract by \$2,500,000, for a total not-to-exceed contract amount of \$7,500,000, with no change to contract duration. ([Resolution 23-0045](#))
- b) Award Job Order Contract No. JOC-91, General Engineering (A License) Construction, San Francisco, San Mateo, Santa Clara, and Alameda Counties, for a total contract amount not-to-exceed \$5,000,000 with a minimum guaranteed opportunity amount of \$50,000 and a duration of two years, to the responsible bidder that submitted the lowest responsive bid, R&S Construction Management, Inc., to perform general engineering work in San Francisco Public Utilities Commission systems and operations around the Bay Area. ([Resolution 23-0046](#))

- c) Approve an increase of \$180,000 to the contract cost contingency, and an increase of 180 calendar days to the contract duration contingency, for Contract No. WW-675, 5th/18th/Upper Larkin Street Sewer Inspection; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$2,378,170 and a total contract duration of up to 345 consecutive calendar days. Staff seeks the increase in cost contingency to perform an additional half mile of sewer and lateral inspections. The increase in duration contingency is needed to perform the additional sewer and lateral inspections and to complete post-processing videos coding, quality control, and to allow time for the City's review and approval process. (Resolution 23-0047)
- d) Approve an increase of 34 consecutive calendar days to the contract duration contingency for Contract No. WW-699, As-Needed Spot Sewer Replacement No. 42, with J. Flores Construction Company, Inc.; and authorize the General Manager to approve future modifications to the contract for a total contract duration of up to 474 consecutive calendar days, with no change to contract amount to allow for additional days to complete all issued Contract Service Order work which the crews were unable to perform due to the rainy weather in December 2022 and January 2023. (Resolution 23-0048)

*President Ajami noted the summary section for item 6c did not indicate the contractor and requested that staff make sure to include that information. Bessie Tam, Project Manager, indicated the contractor is Pipe and Plant Solutions and apologized for the omission.*

*Stephen Robinson, AGM Infrastructure, responded to a question from President Ajami regarding item 6a as to why the increase the contract amount is needed, indicating that the contract capacity for the as-needed contract is approaching and that the increase is needed to continue the as-needed work. He indicated that future agenda items will be clearer. He responded to a question regarding item 6d, noting finding spending and capacity.*

*Commissioner Paulson concurred with comments made by President Ajami and requested that staff be diligent when composing agenda items.*

*No public comment.*

*On motion to approve Consent Calendar Items 6a through 6d:  
Ayes: Maxwell, Paulson, Rivera, and Stacy*

7. Approve modifications to the San Francisco Public Utilities Commission Floodwater Management Grant Assistance Program Grant Requirements and Terms to increase the SFPUC cost share to 100%, incorporate administrative cleanup edits, and authorize the General Manager of the SFPUC or the General Manager's designee to execute Grant Agreements under the modified Grant Program. (Resolution 23-0049)

*Sarah Minnick, Wastewater Enterprise, discussed the history of the program which began in 2013. She reviewed the proposed program modification which would eliminate the cost-share percentages currently required of grantees and stated that the grant program would cover 100% of eligible costs with the goal of increased participation. She noted low grant program participation since inception and indicated that despite extensive outreach efforts, only \$59,000 per year has been distributed. She stated that with the recent storms 88 interest forms have been*

received since January 1st, the largest expression of interest since the program began.

Ms. Minnick responded to a questions from VP Maxwell and President Ajami as to the process used to determine the current funding match; specific outreach efforts; and if there is data on program participation.

No public comment.

On motion to approve Item 7:

Ayes: Maxwell, Paulson, Rivera, and Stacy

8. Approve the Minimum Water Purchase Transfer Agreement, dated May 24, 2022, between the City of East Palo Alto and the City of Mountain View to allow a retroactive permanent transfer of up to 1.0 million gallons per day (MGD) of Mountain View’s Minimum Annual Purchase Quantity to East Palo Alto, following the 2017 permanent transfer of 1.0 MGD of Mountain View’s Individual Supply Guarantee to East Palo Alto, under the terms of the 2021 Amended and Restated Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County (WSA); and authorize the General Manager to amend the WSA to reflect the effects of that Minimum Annual Purchase Quantity transfer. (Resolution 23-0050)

Alison Kastama, BAWSCA and Regional Liaison, indicated the SFPUC strives to make the use of existing water supplies more efficient, and to maintain the guarantee revenue stream afforded by minimum purchase requirements for certain customers who have other sources of water supply available to them. The Minimum Water Purchase Transfer Agreement (May 24, 2022) between two Wholesale Customers, the City of East Palo Alto and the City of Mountain View (MV-EPA Agreement), supports these efforts. She stated the proposed Agreement does not include any increase in the Supply Assurance of 184 Million Gallons per Day (MGD) or other changes in water supply or facilities.

Liaison Kastama reviewed (1) Supply Assurance (184 MGD): The 1984 Settlement Agreement and Master Water Sales Contract created a perpetual “Supply Assurance” of 184 MGD to the Wholesale Customers; (2) Individual Supply Guarantee (ISG): The Supply Assurance was used as the basis for Individual Supply Guarantees that were negotiated among 23 of the Wholesale Customers. ISGs are the basis for Urban Water Management Plans and are used in land use decisions by the planning agencies associated with Wholesale Customers.

She noted that four Wholesale Customers with alternative water supply sources are required to purchase a minimum amount of Regional Water System supply (1) Alameda County Water District 7.648 MGD, (2) City of Mountain View 8.930 MGD, (3) City of Milpitas 5.341MGD, and (4) City of Sunnyvale 8.930 MGD. She noted ISGs and Minimum Annual Purchase Quantities for the 26 Wholesale Customers along with current consumption.

Liaison Kastama discussed the 2017 Mountain View Transfer of ISG to East Palo Alto, noting the first successful transfer if ISG occurred in 2017 with a transfer of 1 MGD of ISG from Mountain View to East Palo Alto. East Palo Alto agreed to pay Mountain View \$5 million which was intended to help offset Mountain View’s Minimum Purchase obligation. This transfer highlighted interest in developing new terms for the WSA that would allow a transfer of

*Minimum Purchase obligation as part of an ISG transfer.*

*She discussed the 2021 Amended WSA and MV-EPA Agreement noting on January 26, 2021 the Commission approved the 2021 Amended and Restated WSA which allowed a Minimum Purchase Customer to permanently transfer a portion of its Minimum Annual Purchase Quantity obligation to another Wholesale Customer when it transfers a portion of its ISG to that Wholesale Customer. She indicated the MV-EPA Agreement allows a retroactive permanent transfer of up to 1.0 million MGD of Mountain View's Minimum Annual Purchase Quantity to East Palo Alto under the terms of the 2021 WSA. The MV-EPA agreement was approved by the East Palo Alto City Council, the Mountain View City Council, and all other Wholesale Customers. She stated Mountain View will initially transfer 0.25 MGD of their existing Minimum Annual Purchase Quantity to East Palo Alto, and may, at any time during the term of the MV-EPA Agreement, make three additional transfers of 0.25 MGD.*

*Liaison Kastama stated that to accomplish the administrative details of the approved transfer, the proposed action requests that the Commission authorize the GM to amend the WSA to reflect the effect of the Minimum Annual Purchase Quality Transfer.*

*CFO Sandkulla responded to a question from President Ajami as to how the minimum purchase quantities are calculated, stating that there was a review of demand projections and a sensitivity analysis. She added that tracking of demand and condition change in the service area will happen. She stated the dynamics seen in San Francisco are different than that of the service area with business down and pressure for housing development.*

*Commissioner Stacy stated that this type of transfer is a good idea, and that drought and uncertain supplies will likely continue and noted the importance of recycling, reuse and conservation.*

#### Public Comment

- *Nicole Sandkulla, BAWSCA, expressed support for the item. She noted it has been negotiated since 2017 and speaks to the BAWSCA agencies desire to find a fix.*
- *Francisco DaCosta discussed the passage of the Raker Act and the adverse impact to Native Tribes and lack of mitigation measures. He stated the salmon have been negatively impacted.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, expressed support for the East Palo Alto / Mountain View transfer. He and asked that the Commission consider unintended consequences.*

*On motion to approve Item 8:*

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

#### 9. Communications (information only)

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log

#### 10. General Public Comment

- *Peter Drekmeier, Policy Director, Tuolumne River Trust, discussed the placement of general*



*public comment on the agenda and questioned if it is working. He discussed his communications regarding Demand Projections.*

- *Francisco DaCosta stated the Commission has no standards. He discussed the general public comment period.*

*President Ajami indicated that the Commission welcomes public comment and noted its importance in the process. VP Maxwell thanked Mr. Drekmeier for his comments and expressed appreciation for his input.*

11. Items initiated by Commissioners

*VP Maxwell asked for a report on the state of the environment as it relates to watersheds.*

*No public comment.*

12. Public comment on the matters to be addressed during Closed Session

*None.*

13. 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:*

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

*The Commission entered Closed Session at 3:54 pm.*

*Present in Closed Session: Commissioners Ajami, Maxwell, Paulson, Rivera, and Stacy; Dennis Herrera, General Manager, Ron Flynn, Deputy General Manager, Steve Ritchie, AGM Water Enterprise; Sheryl Bregman, Deputy City Attorney, and Donna Hood, Commission Secretary.*

14. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9, Administrative Code §67.10(d)(1)): (Resolution 23-0051)

*Joseph Goldmark v. City and County of San Francisco (Unlitigated File No. 23-00786), filed November 29, 2022. Proposed settlement of an unlitigated claim for property damage resulting from a ruptured water main with the City to pay Joseph Goldmark \$35,000.00 in exchange for a full and final release, subject to approval by the Board of Supervisors.*

15. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9, Administrative Code §67.10(d)(1)): (Resolution 23-0052)

*Michael Gwilliam v. City and County of San Francisco (Unlitigated File No. 23-00546), filed October 14, 2022. Proposed settlement of an unlitigated claim for property damage resulting from a ruptured water main with the City to pay Michael Gwilliam \$38,350.00 in exchange for a full and final release, subject to approval by the Board of Supervisors.*

*The Commission exited Closed Session at 4:06 pm.*

16. Announcement following Closed Session

*President Ajami announced that the Commission recommend the Board of Supervisors approve the settlement of the unlitigated claims under items 14 and 15.*

17. 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 discussions during Closed Session:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

18. Adjournment

*President Ajami adjourned the meeting at 4:07 pm.*