

**San Francisco Public Utilities Commission
Citizens' Advisory Committee**

**MEETING MINUTES
Tuesday, February 21, 2017
5:30 p.m. – 7:00 p.m.
525 Golden Gate Ave., 3rd Floor Tuolumne Conference Room**

Mission: The purpose of the SFPUC CAC is to provide recommendations to the SFPUC General Manager, the SFPUC Commission, and the Board of Supervisors regarding the agency's long-term strategic, financial, and capital improvement plans.

Members:

Wendy Aragon, Chair (D1)	Kelly Groth (D7)	Nicole Sandkulla - (M-Reg'l Water Customers)
Suki Kott (D2)	VACANT (D8)	Rebecca Lee, (M-Eng./Financial)
Leslie DeTaillandier (D3)	Ernesto Martinez (D9)	VACANT (M-Lg Water User)
Amy Zock (D4)	Anietie Ekanem (D10)	Owen O'Donnell (B-Small Business)
Ted Loewenberg (D5)	Jennifer Clary (D11)	Misty McKinney (B-Env Justice)
Mark Connors (D6)	Angela Paige Miller (M-Env.Group)	

M = Mayoral appointment, B = Board President Appointment

Staff Liaisons: Tracy Zhu, Justin Gardner

ORDER OF BUSINESS

- Call to order and roll call:** The meeting was call to order at: 5:34 pm
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 Members present at roll call: (11) Aragon, Kott, Zock , Loewenberg, Connors, Martinez, Ekanem, Miller, Groth, Lee, O'Donnell
 Members absent at roll call: (4) DeTaillandier, Clary, Sandkulla, McKinney
 Members of the public present at the meeting: Amy Nagengast, Eliahu Perszyk

Member Clary arrives at 5:36pm. (12 members present)

Member McKinney arrives at 5:40pm. (13 members present)

- Approval** of the [January 17, 2017](#) meeting minutes
 Motion was made (Clary) and seconded (Martinez) to approve the October 18, 2016 and November 15, 2016 meeting minutes.

The motion PASSED by the following vote:

YEAS: (13) Aragon, Kott, Zock , Loewenberg, Connors, Martinez, Ekanem, Clary, Miller, Groth, Lee, O'Donnell, McKinney

Edwin M. Lee
Mayor
Anson Moran
President
Ike Kwon
Vice President
Ann Moller Caen
Commissioner
Francesca Vietor
Commissioner
Vince Courtney
Commissioner
Harlan L. Kelly, Jr.
General Manager



NOES: (0)
ABSENT: (2) DeTaillandier, Groth

Public Comment: None

3. **Public Comment:** None

4. **Report from the Chair** - Wendy Aragon, Chair (5 minutes)

- Welcome and introduction of new member to the Regional/Statewide Environmental seat, Paige Miller
 - Paige Miller lived in city for over 4 years and is passionate about advocacy and outreach
- Kelly Groth has moved to a new district and will be resigning from the CAC. She has been on the CAC for almost 3 years and will be missed.
- [CAC Quarterly Report](#) with 2016 Survey results will be presented to the Commission meeting scheduled for February 28. New members are invited to the Commission meeting.

Public Comment: None

5. **Presentation and Discussion:** [2016 CAC Survey](#), Wendy Aragon, CAC Chair; Mia Lei, San Francisco Fellow; Tracy Zhu, CAC Staff

Presentation Topics:

- Mission of the CAC
- 2016-17 Outcomes
- Interactions with the CAC add value to SFPUC projects, programs, & policies
- Members join for different reasons
- Staff perspective on the CAC's role is consistent with its chartered mission
- Members hear about CAC openings through limited avenues
- Strong Organizational Representation
- The CAC reaches greater community
- Demographics
- CAC Members Feel Supported
- CAC Members Feel Supported, Recognized & Respected...
- Member Perspective: CAC Member Preparedness & Empowerment
- Staff Perspective: CAC Member Preparedness & Empowerment
- Alignment of SFPUC & CAC
- Measures of Public Engagement
- Favorite Topics of 2016
- 2017 Trainings & Topics of Interest

Topics of Discussion:

- Member Martinez: Do we have data that compares us (demographically) to other CAC's or other (governmental) bodies?
Staff Lei: We can look for research on cities as a whole.
Staff Zhu: The Department on the Status of Women compiles a report on [demographic breakdown of the city committee's and boards](#)
- Member O'Donnell: How many resolutions did we (the CAC) issue last year?
Zhu: In calendar year 2016, the CAC created 6.
- Member O'Donnell: Do we know what happened to them?
Chair Aragon: They all go before the commission. I have pushed the commission for not following through and gotten feedback that they

were going to push on the agency to do so. It is a goal of commission to make the agency more accountable to CAC resolutions.

Staff Zhu: There has been practice of CAC members doing follow ups to past resolutions. We can make that part of our agenda in future CAC meetings.

- Member Ekanem: How many of you (members) meet with your appointing officers?
Various responses included: "I haven't met my new one yet."
"Quarterly." "I send him text messages." "I communicate by email."
"During happy hour"
- Member Aragon: If anyone does not feel comfortable pushing back, do not hesitate to contact (staff) Tracy or (Vice Chair) Rebecca, or me.
- Staff Zhu: Do you have any next steps that are informed by the survey?
Clary: When we make new resolutions, we should discuss how we will communicate them to the supervisors.
- Aragon will work on assigning trainings to different members
- Clary: What is viewing utilities with an equity lens?
Aragon: There are parts of city with economic disparity, and we want to make sure we take them into consideration and include them in conversation so that they feel agency works for them.
- Staff Zhu will send topics of interest from CAC survey to Subcommittee Chairs
- Staff will work with Chair Aragon to schedule trainings
 - Training on how to write a resolution – Member Clary
 - Advancing the work of the utility through an equity lens – Chair Aragon

Public Comment: None.

6. Wastewater Subcommittee Report, Amy Zock, Wastewater Subcommittee Chair

- Wastewater identified priorities during the July 2016 retreat: Stormwater Management Planning, Local Flooding, Green Infrastructure, the Southeast Campus, Neighborhood and Community Engagement with Southeast, and Resource Recovery. Issues we wanted to track: Workforce Succession Planning, Environmental Justice updates, Ocean Beach Master Plan, and SSIP.
- Since July 2016, thanks to staff's support in planning, we have hit a lot of these priorities: the Southeast Community Facility, special walking tour of Green Infrastructure in October, an update on Wastewater Enterprise's Workforce Efforts to develop qualified candidates for mission critical jobs in December, and SSIP update in January.
- Agenda items going forward: McKinney and Ekanem have a potential resolution in works, Ekanem also suggested looking into using local artists for the required art to satisfy the art requirement in new construction
- Member Ekanem: We would like to push for better metrics to get more overall understanding of actual impact of these community benefits projects

Topics of Discussion:

- Member O'Donnell: How many gallons of raw sewage has been released into the bay in this rainy December?
Clary: Unfortunately they do not have to measure actual gallons of raw sewage, only duration of flow into the bay.

- Vice Chair Lee: What is the price differential between permeable surface and non-permeable surface? How do we know of they have followed through on the projected benefits?
Member Clary: Some of us asked about 15 years ago to develop standards to improve the permeability of city streets. I would figure out what Department of Public Works is doing. They currently are not accountable to a public body equivalent to the PUC Commission. If we were to write a resolution encouraging the SFPUCC and DPW to work together, it might have results.

7. **Presentation and Discussion: [Capital Financing & Debt Service Coverage Policies](#)**, Charles Perl, Deputy CFO, Business Services Bureau

- [Draft Fund Reserve Policy](#) – follow up from January Full CAC meeting

Presentation Topics:

- Introduction Financial Policy Review: Timeline
- Introduction Debt & Capital Financing Context
- Capital Financing Policy Pros and Cons of Revenue vs Debt
- Capital Financing Policy Peer Group Study Findings
- Debt Service Coverage Policy What is Debt Service Coverage?
- Debt Service Coverage Policy Policy Considerations
- Debt Service Coverage Policy Peer Group Study Findings

Topics of Discussion

- Member O'Donnell: Why do current rate payers not pay for repairs outright and leave bonds for projects that enhance future performance?
Staff Perl: We fund maintenance with cash. The replacement of water mains is funded half with bonds and half with debt. We are ramping up from small amount of annual replacement to a much larger replacement level (10-15 miles a year). Once we go to a hundred year replacement cycle, it will become more like an annual expense.
- Member O'Donnell: Who is paying for Mountain Tunnel?
Staff Perl: We will not know until we assess the need but it is a capital project so it will be financed with debt.
- Member Ekanem: Does this take into account the variability due to drought? Or whatever else might come down the line. How do we meet that number? Do we include savings or not?
Staff Perl: We are an anomaly for including fund balance in our 1.25 debt service coverage policy. The ratings agencies are looking how much revenue do we generate, and compare it against our debt service cost. They are looking for 1.0.
- Member O'Donnell: What is the difference in basis points between single A or AA or AAA when financing debt?
Staff Perl: AA is about 3% interest on debt. AAA is closer to 2.5% or 50 basis points cheaper. It is really hard to get to triple AAA and we have determined it would cause an unfair increase in rates to current ratepayers. Single A agencies have a higher interest rate, and would need bond insurance.

Public Comment:

- Amy Nagengast: Is there written best practices from the consultants who helped devise policies or were they just determining it based on rates?
Staff Perl: They are using standard policies. It will be on the Commission [agenda](#) on the website for the fund balance policy agenda item.
Nagengast: Why the shift in the fund balance policy —is it for transparency?

Staff Perl: Yes.

- Member Clary: Could we have a presentation focused on how the drought changes the rates?
Staff Perl: We will actually be working on that in this upcoming rate study. We can share that with you.

Information Request: A rate study that includes the impact of drought.

Member Groth leaves at 6:18pm. (12 members present)

Member Lee leaves at 6:29pm. (11 members present)

8. Staff Report

- 2017 Hetch Hetchy Community Tours – Staff Tracy Zhu
 - Sign up ASAP for June 7-8, July 26-27, Oct 4-5, or Oct 18-19
 - Please let Staff Zhu know which trip you will be attending to ensure each trip does not exceed quorum.

Public Comment: None

9. Future Agenda Items and Resolutions (5 minutes)

- Biosolids and Headworks construction updates (March)
- Enterprise 101 presentations for Water, Power, and Sewer (March and April)
- Strategic Plan (tentative)
- Address from the General Manager (June)
- Annual CAC Leadership Retreat (July)
- Joint meeting with Southeast Community Facility Commission (tentatively August 9)
- Resolution on Natural Resources - Water CAC (tentative)
- Legislative Update (tentative)
- Contracting Process (tentative)
- Trainings led by members (tentative)

10. Announcements/Comments – The next scheduled meeting for the Full CAC will take place at our regularly scheduled time on Tuesday, March 21, 2017.

- [Mountain Tunnel item at the SFPUC Commission](#) – Member Loewenberg
- [Treasure Island infrastructure update](#) – Member Connors
- California Water Policy Conference on April 6-7 in San Diego – Member Clary
- Introduction of public members, Amy Nagengast and Eliahu Perszyk
- Thank you to Staff Mia Lei and Justin Gardner

Public Comment: None

11. Adjournment

Motion was made (Connors) and seconded (Ekanem) to adjourn meeting.

Meeting was adjourned at 7:01pm.