



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, February 25, 2020

1:30 P.M.

(Approve March 10, 2020)

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

Commissioners

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

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

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

2. Roll Call

Present: Caen, Moran, Maxwell and Paulson

Vice President (VP) Vietor arrived at 1:41 pm.

3. Approval of the Minutes of February 11, 2020

On Motion to approve the minutes of February 11, 2020

Aye: Caen, Moran, Maxwell and Paulson

No public comment.

4. General Public Comment

- *Bill Collins, Pacifica, thanked the Commission for their service. He stated water wasted via washing sidewalks, etc. should be banned. He discussed his conservation efforts and his water bill which is based on fixed rates. He stated the Commission needs to be skeptical of data.*
- *Francisco DaCosta discussed the investigation of city departments. He stated the Commission represents the people. He discussed the Community Benefits Program and the Grand Jury work.*

VP Vietor arrived at 1:41 pm.

- *Ann Clark distributed a prepared letter regarding the environment and water problems. She stated that the Commonwealth Club will hold their Women's Annual Luncheon where President Caen and VP Vietor will be honored for their work.*
- *Eileen Boken discussed the Capital Improvement Program two-year budget and is advocating for inclusion of the seismic upgrade of the Sunset Reservoir South Basin. She discussed the Irving Auxiliary Water Supply System and Taraval streetscape project.*
- *Dave Warner discussed design drought probability calculations and noted correspondence he sent to the Commission on the subject. He expressed the need for a SFPUC drought analysis.*
- *Peter Dreke, Tuolumne River Trust, discussed the Trump Administration work toward establishing new biological opinions and possible reputations, including potential delay of the Voluntary Agreement.*
- *Barry Nelson, Golden State Salmon Association, discussed the Trump Administration radical work on biological opinions and provided examples.*

Mr. Nelson responded to a question from Commissioner Maxwell regarding who might benefit from the new biological opinions.

- *Noah Oppenheim, Pacific Coast Federation of Fisherman's Association, discussed the Central Valley Project and the Commission's opportunity to address the Trump Administration's actions.*

5. Communications

- a) Advance Calendar
- b) Correspondence Log
- c) Contract Advertisement Report
- d) Water Supply Conditions Update
- e) C5 Children's School Tuition Rates Memo
- f) Potential Release of Instream Flows on the Tuolumne River

President Caen stated that due to the large number of speaker cards, the heavy agenda, and the potential loss of quorum at 5:00 pm, she limited public comment on item five (5) to two minutes per speaker.

Public Comment – 5f

- *Zach Stewart, Canessa, discussed the need to do a better job with the Central Valley and the need to re-water the Central Valley.*
- *Tom Schwertscharf, discussed an article regarding contaminants and the effects on biological populations in the San Francisco Bay Delta. He stated the SFPUC needs to hire a microbiologist. He discussed the need to increased flows.*
- *Mary Butterwick noted the need to increase flows on the Tuolumne for at least two years and the need to negotiate with the Irrigation Districts.*
- *Dick Allen discussed his 33-year involvement in water issues. He posed several questions to the Commission and asked that they consider response. He distributed a letter that was sent to Mr. Crowfoot, California Natural Resources Agency.*
- *Eileen Boken expressed support for the Tuolumne River Trust's proposal for instream flows.*
- *Kristina Papas, San Francisco League of Conservation Voters, indicated they do not support the SFPUC's position. She presented results from a Tuolumne River Trust survey regarding San Francisco Voters opinions on water conservation.*
- *Francisco DaCosta wanted to "give voice" to the salmon. He indicated there is no need for a lawsuit and that the Tuolumne River needs to be favored.*
- *Shannon McEntee, Palo Alto, thanked the Commission for their service. She stated the ecosystem needs to be in balance. She indicated the Palo Alto City Council supported the Bay Delta Plan. She asked the Commission to release more water.*
- *Bill Martin, Sierra Club Bay Chapter Water Committee, stated the SFPUC needs to update its design drought. He provided a handout in support of his request.*
- *Dave Warner, Palo Alto, asked the Commission to consider the Tuolumne River Trust's interim flow proposal. He discussed the General Manager's response.*
- *Martin Gothberg, Santa Clara, discussed the need for additional flow on Tuolumne River in support of the Bay Delta Plan.*
- *Norma Wallace indicated she was speaking for the fish. She discussed the Board of Supervisor's July 22, 2014 Resolution Number 288-14.*
- *Mark Moulton, San Mateo County, advocated for immediate release of instream inflows into the Tuolumne.*
- *Noah Oppenheim, Pacific Coast Federation of Fisherman's Association, spoke in opposition to the staff recommendation and spoke to its three major points.*

- *Peter Drekmeier, Tuolumne River Trust, expressed disappointed with staff report and stated it did not address water balance.*
- *Arnold Thompson discussed his background and the need for adequate flows. He asked the Commission to support the Bay Delta Plan.*
- *Gail Sredanovic, Menlo Park, expressed support for the Tuolumne River Trust's position.*
- *Denise Louie, Center for Biological Diversity, discussed "biodiversity hot spot".*
- *Cindy Charles, Conservation Chair for Golden West Women Fly Fishers, discussed the staff memo and Commissioner Vietor's request.*
- *Tim Eichenberg expressed support for the Tuolumne River Trust proposal and the need for good-faith negotiations.*
- *Karen Harwell, Palo Alto, discussed a publication titled "Exploring a Sense of Place". She discussed the SFPUC Mission Statement.*
- *Mark Gonzalles discussed his family background. He discussed the State Board proposal and action needed by the SFPUC.*
- *Barry Nelson, Golden State Salmon Association, discussed four points of the Voluntary Agreement.*
- *Michael Warburton, Executive Director, Public Trust Alliance, thanked the Commission for their service. He discussed their mission and the SFPUC's role to protect the public trust.*

The Commission recessed at 2:51 pm and reconvened at 3:00 pm.

VP Vietor thanked those who spoke. She expressed a desire to elevate the conversation. She indicated the instruction and directives from the Commission-approved Resolution have not been met. She asked that the Resolution be revisited, or that a new resolution be prepared that considers additional comments that have been made. She discussed the current design drought scenario and what it would take to meet the demand. She asked that the item be placed on a future agenda.

Commissioner Maxwell concurred with VP Vietor's request. Commissioner Paulson thanked those who spoke. He indicated he was impressed with the work of staff and understands the complexity of the issue and respects all sides presented.

6. Report of the General Manager

a) Annual Financial Statements

- Water Enterprise, issued December 9, 2019
- Wastewater Enterprise, issued December 23, 2019
- Hetch Hetchy Water and Power & CleanPowerSF, issued December 23, 2019
Nancy Hom, Deputy Chief Financial Officer (CFO), provided a summary of audit objectives and highlights. She indicated there were no material misstatements, no internal control deficiencies for Water, Hetch Hetchy Water and Power and CleanPowerSF (CPSF), and that an internal control deficiency related to accounting recognition of construction progress, for a complex transaction involving another city department was resolved.

Deputy CFO Hom turned the presentation over to Lisa Avis, KPMG Managing Director.

Ms. Avis highlighted financial statement audit results for Water, Wastewater, Hetch Hetchy Water and Power, and CleanPower. She indicated the audit was performed in accordance with auditing standards and regulations. She stated the financial statements presented by the SFPUC received a clean or unmodified opinion.

She discussed adjustments found by SFPUC management for pension and Other Post Employment Benefit balances. Ms. Avis continued with a discussion of uncorrected audit misstatements for the Wastewater Enterprise, and noted corrective action is being taken by the SFPUC. Ms. Avis touched on overall audit responsibilities.

Ms. Avis responded to a question from President Caen regarding uncorrected misstatements for each enterprise.

No public comment.

b) Quarterly Audit and Performance Review Report

i. Crystal Springs Construction Close-Out Audit, Issued October 24, 2019

Charles Perl, Deputy CFO, summarized year-to-date audits and assessments, stating eight (33%) have been completed, eight are in progress (33%), and eight are upcoming (34%). He briefly reviewed audits completed and reports issued. He presented the FY 2019-20 third quarter outlook for completed Performance and Financial Audits and noted those that are upcoming. He concluded with open City Services Audits and recommendations.

Mr. Perl responded to a question from Commissioner Maxwell regarding who performs the audits.

No public comment.

c) Quarterly Budget Status Report

Deputy CFO Perl noted positive net results are projected for Water, Wastewater and CPSF. Lower revenues projected for Power. Water and CPSF revenues are projected higher than budget. Wastewater revenues are projected at budget. Financial results are projected to exceed or meet policy targets for coverage and reserves by year-end.

He reviewed FY 2020 Budgetary Variances: (1) Water: sales revenues slightly above budget and uses cost savings from debt refunding, (2) Wastewater: sales revenues at budget and offset by cost savings, (3) Power: sales revenue partially offset by cost savings, and (4) CleanPowerSF: sales revenue greater than budget and cost savings. Mr. Perl concluded with a review of key financial ratios.

No public comment.

- d) Water Enterprise Capital Improvement Program Quarterly Report
Susan Hou, Project Manager, reviewed highlights of the reporting period: Alameda Creek Watershed, Sunol Valley Water Treatment Plant Ozone Project, Pilarcitos Dam and Reservoir improvements, (4) San Andreas Dam facility improvements, San Francisco Westside Recycled Water Project (three contracts), San Francisco Groundwater Supply (two phases), and (5) 22nd Street Water Main Replacement Project.
- e) Hetch Hetchy Capital Improvement Program Quarterly Report
Ms. Hou reviewed highlights of the reporting period for: Mountain Tunnel Improvements Project, 2018 March Storm Event emergency repairs and interim improvements, and Lower Cherry Aqueduct Rehabilitation.

Public Comment.

- *Nicole Sandkulla, BAWSCA, spoke to items 6d and 6e. She indicated she was pleased to see changes based on the revised CIP. She stated BAWSCA is in the process of reviewing and will continue to work with SFPUC staff.*
- f) Sewer System Improvement Program (SSIP) Major Projects Update
Stephen Robinson, Wastewater Enterprise Capital Programs Director, introduced the presentation and Carolyn Chiu, Senior Project Manager, who provided an update regarding the Biosolids Digester Facilities Project: (1) Where we were: review of project objectives. As of July 2019, 65% design construction cost of \$1,061M; (2) What we learned: 95% design construction cost \$1,741M (estimators range \$1,700M - \$2,200M). Brief discussion ensued on the increase of the estimated design costs; (3) How we responded: review source of cost increase (11% site logistics, means and methods, 29% design progression, 54% market conditions, and 6% soil conditions). Discussion ensued regarding cost increases, including factors contributing to the increased cost of labor. Ms. Chiu continued discussing cost reductions (key considerations – maintain objectives and level-of-service, allow project to proceed with construction, consider level of re-design needed, and impact to Wastewater Enterprise operations), scope changes/project improvements (improve contract terms and specifications, maximize productivity, improve odor control strategy, re-think the maintenance buildings, and consider an alternate biogas end-use). Brief discussion ensued on potential costs savings and environmental benefits; (4) Where we are now: reduced 95% design construction cost \$1,191M. Review of estimated total project cost (March 2018: SSIP Baseline: total project cost \$1,277M and six year duration; February 2018: 65% cost estimate total project cost \$1,413M and six year duration; October 2019: 95% cost estimate total project cost \$2,278M and nine year duration; and January 2020: reduced 95% cost estimate total project cost \$1,680M and 7.8 year duration; and (5) How we are moving forward: moving forward with CM/CG approach.

Mr. Robinson responded to a question from President Caen regarding timing for the Headworks Project.

No public comment.

g) Update on PG&E's Bankruptcy and City's Acquisition Offer

Barbara Hale, AGM Power, began by thanking Meg Meal, SFPUC Power Enterprise, who is serving as a City witness before the California Public Utilities Commission (CPUC) and is providing testimony regarding PG&E's reorganization plan and offering recommendations.

AGM Hale mentioned a new website <https://www.publicpowersf.org/> which provides information about the City's power and acquisition efforts. AGM Hale responded to a question from Commissioner Maxwell regarding additional publication efforts, such as print media.

No public comment.

h) Water Supply Planning Projects Update

Paula Kehoe, Water Resources Manager, provided the update, highlighting the Los Vaqueros Reservoir expansion, Purified Water Program, and Desalination. She discussed the creation of a new Alternative Water Supply Planning group within the Water Resources Division.

Ms. Kehoe responded to a question from VP Vietor regarding responsibilities of the new group.

No public comment.

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

None.

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

Nicole Sandkulla distributed a copy of the comments she read urging the San Francisco Public Utilities Commission to build on organizational progress for its new program to secure more water for future droughts to protect the water users BAWSCA represents in Alameda, San Mateo and Santa Clara Counties.

No public comment

8. New Commission Business

None

9. Consent Calendar:

- a) Accept work performed by Sierra Mountain Construction, Inc. for Contract No. HH-997E, Emergency Repairs to Hetch Hetchy Water and Power Facilities Following

the March 2018 Storm Event – Phase 1; for a total contract amount of \$2,863,870 and a total contract duration of 495 calendar days; and authorize final payment to the contractor. ([Resolution 20-0037](#))

- b) Approve Amendment No. 3 to Agreement No. PRO.0029, Project Pull Internship Program, with the Japanese Community Youth Council, to continue providing administrative services and technical assistance for the Project Pull Internship Program; and authorize the General Manager to execute this amendment, increasing the agreement by \$1,000,000 for a total contract amount not-to-exceed \$4,300,000, with no change to the contract duration. ([Resolution 20-0038](#))
- c) Approve the selection of MCK Americas, Inc. (MCK), CPM Associates, Inc. and Carlson Management, Inc. Joint Venture (CPM-CMI JV), Environmental & Construction Solutions, Inc. and Design & Construction Management Services, Inc. Joint Venture (ECS-DCMS JV), and Mott MacDonald Group, Inc. and Dabri, Inc. Joint Venture (MM-Dabri JV); award Agreement Nos. PRO.0160.A-D, As-Needed Construction Management Services, to MCK (PRO.0160.A), CPM-CMI JV (PRO.0160.B), ECS-DCMS JV (PRO.0160.C), and MM-Dabri JV (PRO.0160.D), to provide construction management services for San Francisco Public Utilities Commission construction projects on an as-needed basis; and authorize the General Manager to negotiate and execute four professional services agreements, each with a not-to-exceed amount of \$4,000,000 and each with a duration of five years. ([Resolution 20-0039](#))
- d) Approve an increase of \$2,000,000 to the existing contract cost contingency, and an increase of 365 consecutive calendar days to the existing contract duration contingency, for Contract No. WD-2668, Regional Groundwater Storage and Recovery; and authorize the General Manager to approve future contract modifications for a total contract amount of up to \$64,578,678 and a total contract duration of up to 2,162 consecutive calendar days. ([Resolution 20-0040](#))
- e) Approve an increase of \$118,518 to the contract cost contingency, and an increase of 151 consecutive calendar days to the contract duration contingency, for Contract No. WW-634, Various Locations Sewer Replacement and Pavement Renovation No. 3; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$7,614,819 and a total contract duration of up to 690 consecutive calendar days. ([Resolution 20-0041](#))
- f) Approve the plans and specifications, and award Contract No. WW-678, Various Locations Sewer Replacement No. 7, in the amount of \$2,408,049, and with a duration of 365 consecutive calendar days (one year), to the responsible bidder submitting the lowest responsive bid, Michael O'Shaughnessy Construction, Inc., to replace existing sewers in the City of San Francisco. 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 20-0042](#))

- g) Approve the plans and specifications, and award Contract No. WW-696, Cargo Way Flush Line, in the amount of \$4,486,280, and with a duration of 400 consecutive calendar days to the responsible bidder submitting the lowest, responsive bid, JMB Construction, Inc. to construct a new force main (or flush line) that conveys effluent water from the existing Islais Creek Booster Pump Station into an existing sewer located in Cargo Way, near Mendell Street. 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 20-0043](#))

On Motion to approve Consent Calendar items 9a through 9g:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

10. Authorize the General Manager to execute two Memoranda of Understanding with the Port of San Francisco for the temporary use of approximately 87,363 square feet of shed and warehouse space at Pier 23 and approximately 7,350 square feet of office space at the Roundhouse 2 (Port Seawall Lot 318) by the Power Enterprise's Utility Field Services Division for an initial total combined annual rent of \$2,104,637.40, with 3% annual increases thereafter. 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 20-0044](#))

Rosanna Russell, Real Estate Director, introduced the item and requested approval.

On Motion to approve Consent Calendar item 10:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

11. Approve modification of the San Francisco Public Utilities Commission's Green Infrastructure Grant Program Guidelines to revise the timing and documentation requirements for disbursement of grant funds to grantees in four phases as follows: (1) up to 20% of total grant amount for planning and design, (2) 50% of the approved construction bid, (3) 40% of the approved construction bid, and (4) final payment of 10% of the approved construction bid. ([Resolution 20-0045](#))

On Motion to approve Consent Calendar item 11:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

12. Approve the selection of Woodard & Curran/SRT Consultants Joint Venture (W&C/SRT JV); award Agreement No. PRO.0166, Water Resources Professional Services, to provide specialized and technical services for water resources management, conservation planning, and program support for the Water Resources Division of the Water Enterprise; and authorize the General Manager to negotiate and

execute a professional services agreement with W&C/SRT JV for an amount not-to-exceed \$4,000,000, and with a duration of five years. ([Resolution 20-0046](#))

On Motion to approve Consent Calendar item 12:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

13. Approve the selection of Beta Engineering California, LP, a responsible bidder that submitted the lowest responsive bid; award Contract No. DB-130, Bay Corridor Transmission & Distribution - Phase 3 (2019), for an amount not to exceed \$3,271,051 for pre-construction services, and with a duration of 153 consecutive calendar days for soil investigations and design of an electrical substation and distribution system; and if the Commission approves the Project, increase the contract amount by not-to-exceed \$56,668,949, with a total project duration of 396 consecutive calendar days, for a total contract amount not to exceed \$59,940,000, for construction of the electrical substation, installation of electrical cables and equipment, and installation of potable water supply pipelines. This action authorizes the General Manager to issue a Notice-to-Proceed for pre-construction services, but construction services will not be authorized under this agreement unless and until the required review under the California Environmental Quality Act (CEQA) is complete, and this Commission reviews and considers the CEQA determination and approves the proposed project. ([Resolution 20-0047](#))

Ivy Fine, Program Administration Bureau, introduced the item. She responded to a question from Commissioner Moran regarding the contract awards for design and construction.

On Motion to approve Consent Calendar item 13:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

Public Comment

- *Dennis Callahan, Rogers, Joseph, O'Donnell, stated he was in attendance in the event the protestor attended the meeting to contest the award.*

Mr. Callahan responded to a question from Commissioner Paulson regarding the nature of the protest.

14. Public Hearing: Discussion and possible action to approve CleanPowerSF (CPSF) rate adjustment formula for the San Francisco Public Utilities Commission Power Enterprise CleanPowerSF Program. The proposal authorizes the formulaic adjustment of current CleanPowerSF rates based on three criteria: (1) CleanPowerSF rates shall be within +/- 1% of comparable PG&E generation rates, (2) CleanPowerSF rates shall recover program costs, and (3) the rate adjustment does not increase a customer's generation component of their bill more than 10% from the rates adopted per Commission Resolution 18-0209. These formulaic adjustments would be triggered only by PG&E rate changes which result in existing CleanPowerSF rates being either

(1) higher than or (2) more than 2% discounted from the equivalent PG&E rates. This action constitutes the Approved Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code. ([Resolution 20-0048](#))

Kristina Cordero reviewed the current rate setting formula and the requested action. She discussed CPSF customer account numbers (PCIA Vintage). She indicated the proposed rate action will allow formulaic adjustment of CPSF rates within specific limitations, otherwise Commission action is required. Formulaic adjustments initiated only when PG&E rate action results in CPSF rates greater than new PG&E rates or new PG&E rates are 2% greater than CPSF rates. She stated adjustments made under this framework will be reported through quarterly Commission updates. She presented limitations of formulaic rate adjustment, and noted steps after formulaic adjustments are initiated. She concluded with benefits of the proposed rate action.

Ms. Cordero responded to a question from Commissioner Paulson as to if CPSF rates are tied to PG&E rates. Brief discussion ensued.

On Motion to approve Consent Calendar item 14:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No 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:

Aye: Caen, Vietor, Moran, Maxwell and Paulson

No public comment.

The Commission entered Closed Session at 4:54 pm.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1)

Existing Litigation

Pacific Gas & Electric Corporation

Case No. 19-30088/Date Filed: January 29, 2019

Case No. 19-30089/Date Filed: January 29, 2019

United States Bankruptcy Court, Northern District of California

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1)

Existing Litigation

City and County of San Francisco v. Pacific Gas & Electric Company

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54965.9 (d)(1) and San Francisco Administrative Code Section 67.10 (d)(1) Existing Litigation
City and County of San Francisco v. Pacific Gas & Electric Federal Energy Regulatory Commission Complaint under Sections 206 and 306 of the Federal Power Act.
Case No. EL15-3-000/Date Filed: October 9, 2014

VP Vietor was excused from the meeting at 5:07 pm.

The Commission exited Closed Session at 5:13 pm.

20. Announcement following Closed Session
President Caen announced no action was taken.
21. 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:
Aye: Caen, Moran, Maxwell and Paulson

No public comment.

22. Adjournment
President Caen adjourned the meeting at 5:14 pm.