



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

REGULAR MEETING MINUTES
Tuesday, April 26, 2022
1:30 PM
(Approved May 10, 2022)

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

Commissioners

Anson Moran, President
Newsha Ajami, Vice President
Sophie Maxwell
Tim Paulson

Dennis J. Herrera
General Manager

Donna Hood
Secretary



1. Call to Order
President Moran called the meeting to order at 1:30 PM.
2. Roll Call
Present: Moran, Ajami, Maxwell, and Paulson
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.
[\(Resolution 22-0074\)](#)

No public comment.

*On motion to approve item 3:
Ayes: Moran, Ajami, Maxwell, and Paulson*

4. Approval of the Minutes of April 12, 2022

No public comment.

*On motion to approve the minutes of April 12, 2022:
Ayes: Moran, Ajami, Maxwell, and Paulson*

5. General Public Comment
 - *Francisco DaCosta asked what is being done to adjudicate Community Benefits related to the Sewer System Improvement Project (SSIP). He stated a suspended contractor is being allowed to work on a project linked to the SSIP.*
 - *Marty (inaudible), whitewater rafting business owner indicated he and others met with Hetch Hetchy staff and thanked them for the management of Tuolumne River flows for whitewater rafting.*
 - *Nate Rangle, President, Outfitter Raft California, representing commercial outfitters including those on the Tuolumne River, stated he attended the meeting with Hetch Hetchy staff and expressed his thanks for the work being done to benefit the needs of SFPUC constituents along with others.*
 - *Theresa Lorejo-Simsiman, California Stewardship Director, American Whitewater, discussed their mission. She thanked Hetch Hetchy staff for hosting the meeting and indicated she looks for continued discussion regarding the impacts of changing energy markets to river flows.*

6. Communications
 - a) Advance Calendar
 - b) Contract Advertisement Report
 - c) Correspondence Log
 - d) Fiscal Year 2020-21 Report on CleanPowerSF Program Pursuant to Ordinance 223-15

e) Streetlight Program Update
Public Comment

- *Peter Drekmeier, Tuolumne River Trust, discussed item 6a and stated a request by former Commissioner Harrington from November 9, 2021 regarding the Drought Conditions Update for the addition of environmental measures was not listed and remains outstanding. He stated an item included with item 6c contains an inadequate response regarding the Department of Finance and Plan Bay Area Projections.*

7. San Francisco Public Utilities Commission Employee Retirement Recognitions for distinguished service to the San Francisco Public Utilities Commission and the City and County of San Francisco

John Martin: *Dennis Herrera, General Manager (GM), read the resolution that will be presented to Mr. Martin, who was unable to attend the meeting. He congratulated him for his 25 years of service to the SFPUC and wished him well.*

Manfred Wong: *GM Herrera read the resolution presented to Mr. Wong which recognized him for his 33 years of service to the City and County of San Francisco, with 25 of those years working for the SFPUC.*

Howard Fung, Manger, Project Management Bureau, discussed Mr. Wong's illustrious career and noted Mr. Wong helped to build many of the City's critical wastewater assets. He emphasized Mr. Wong's ability for tough negotiations with other departments and his willingness to mentor and guide others.

Marge Vizcarra

GM Herrera read the resolution presented to Ms. Vizcarra which recognized her for her 36 years of service to the City and County of San Francisco, with 34 of those years working for the SFPUC.

Aleda Graham, SFPUC Customer Service Operations Manager, reviewed Ms. Vizcarra's roles throughout her career. She emphasized Ms. Vizcarra's leadership, dedication, drive for excellence and increased customer satisfaction, organizational excellence, service quality, optimization of employee development, and improvement of IT solutions by leveraging available technology.

Mr. Wong thanked the Commission and staff for the recognition and kind words.

Ms. Vizcarra thanked the Commission and staff for their kind words. She stated she enjoyed her work and that she is grateful for the Customer Service staff all those she worked with. She thanked the Executive Team and Commission for their support in helping the Customer Services Bureau achieve their goals.

Mr. Wong thanked his colleagues in the Project Management Bureau (PMB) . He thanked his colleagues throughout the SFPUC for their support.

President Moran, Vice President Ajami, and Commissioners Maxwell and Paulson each offered words of congratulations and thanks to the retirees for their dedication and life-long work to the City and the SFPUC.

No public comment.

8. Bay Area Water Conservation Agency (BAWSCA) Update

Nicole Sandkulla, BAWSCA CEO, read a written statement that was provided to the Commission as to the SFPUC's responsibility to secure a satisfactory resolution to part of the Bay Delta Plan and its impacts on the BAWSCA agencies and their customers.

Commissioner Maxwell stated that BAWSCA's customers are SFPUC customers and stated everyone is on the same page.

Public Comment

- *Francisco DaCosta asked that the Commission read the Raker Act. He asked the Commission to look at how BAWSCA could have been involved in the distribution of water.*

9. Report of the General Manager

a) Drought Conditions Update

Steve Ritchie, Assistant General Manager (AGM) Water, provided the Drought Conditions update with discussion of (1) April 18, 2022 Reservoir Storage, stating Hetch Hetchy is at approximately 332,000 acre feet; (2) Other California Reservoirs, with Shasta Reservoir at 39% of capacity; (3) California Drought Monitor, indicating most of the state is in extreme or severe drought; (4) Hetch Hetchy precipitation; (5) Upcountry Snowpack; (6) Water availability to the City; (7) Tuolumne River Water available to the City has increased slightly; (8) Upcountry 6-Station Precipitation Index, year-to-date (YTD) total 21.94 inches and is 50% of average for the month; (9) Bay Area 7-Station Precipitation Index, YTD total 22.39 inches, with an above-average level after the recent April storms; (10) National Precipitation Forecast; (11) Total Deliveries with demand at 183 MGD system-wide; (12) Drought Tracker, with an approximate 7% total reduction for the period July 1, 2021 to April 14, 2022; and (13) Water Savings by Season. He noted it is a new slide which will be added to the standing presentation.

He stated on May 24th the State Water Board will meet to act on regulations to implement Governor Newsom's March 28th Executive Order calling for all water agencies to move to Level 2 of their water shortage contingency plans. He stated for San Francisco that means there could be between 11% and 20% water use reduction targets. He discussed possible reduction levels needed to meet those targets. He indicated summer reduction is key and that customer outreach is happening.

AGM Ritchie expressed appreciation for comments made by the rafters regarding their meeting with Hetch Hetchy staff. He stated that due to the amount of snow

and snow melt it will be a normal rafting year.

In response to a question from Commissioner Paulson, AGM Ritchie recapped the amount of reduction that will be sought.

In response to a question from Commissioner Maxwell, AGM Ritchie stated that the condition of the river is being looked at throughout the San Joaquin system.

Vice President (VP) Ajami noted that the amount of average annual precipitation is the same, but not in the conventional way, noting changing patterns that need to be considered. Brief discussion ensued.

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, discussed the slide referencing the Water Available to the City and recommend that for better comparison, a slide be added referencing how much water is gained in Bay Area reservoirs.*
- *Francisco DaCosta discussed leaking water pipes and stated a needs assessment should be conducted.*

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

GM Herrera discussed news reports regarding a study which was led by the SFPUC in conjunction with Lawrence Berkeley National Laboratory which looked at the future of storms. He indicated it can be expected a normal storm could result in an increase of 37% more water by the end of the century. He stated storms, such as the one in October 2021, will not be uncommon. He briefly discussed methodology and noted the study was first of its kind. He said a guidebook will be released by the end of the year.

VP Ajami noted the study indicated there will be more precipitation and less snow, and that snowpack is quickly being lost. She stated planning and management is required.

No public comment.

10. New Commission Business

None.

11. CONSENT CALENDAR

- a) Approve the terms and conditions and authorize the General Manager to execute an eight-year Communications Site Lease (Lease) to the County of San Mateo (San Mateo County) as tenant to use approximately 40,000 square feet of San Francisco Public Utilities Commission Parcel 31 located on the north peak of Montara Mountain in an unincorporated area in San Mateo County, California, to install, operate, maintain and repair a communications facility for the transmission and reception of radio communication signals for an annual rent of \$2,400, subject to four-percent annual increases. The Lease will replace an existing outdated revocable permit with San Mateo County. ([Resolution 22-0075](#))

- b) Accept work performed by A. Ruiz Construction Co. & Assoc., Inc., for Contract No. WD-2820R, San Francisco Local Water As-Needed Paving (FY 16-19); approve Modification No. 4 (Final), increasing the contract by \$921,406 for a total contract amount of \$22,940,706, with no change to the contract duration; and authorize final payment to the contractor. ([Resolution 22-0076](#))
- c) Approve an increase of \$101,000 to the contract cost contingency and an increase of 730 calendar days to the contract duration contingency for Contract No. WD-2851(I), 525 Golden Gate Avenue As-Needed Mechanical Systems Inspection, Maintenance, and Repairs (2019-2021); and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$706,000 and a total contract duration of up to 1,934 consecutive calendar days. ([Resolution 22-0077](#))

No public comment.

On motion to approve the Consent Calendar:

Ayes: Moran, Ajami, Maxwell, and Paulson

12. Approve the terms and conditions of and authorize the General Manager to recommend to the Board of Supervisors and Mayor approval of a First Amendment to Lease (First Amendment) with Kristian A. Akseth, Lilly B. Akseth, and Libkra Investment Corporation, a California corporation, collectively as Landlord (Landlord) and the City, through the SFPUC, as tenant. The First Amendment provides for the continued use by the SFPUC Water Enterprise City Distribution Division of a warehouse and offices at 1980 Oakdale Avenue in San Francisco, for a term of eight years from January 1, 2023 to December 31, 2030. Base rent for the extension term will be \$85,337.85 per month for the first year, subject to annual Consumer Price Index increases. The City will have the unilateral right to terminate the lease, without penalty, after December 31, 2027, upon 270 days advance notice to the Landlord. ([Resolution 22-0078](#))

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

No public comment.

On motion to approve item 12:

Ayes: Moran, Ajami, Maxwell, and Paulson

13. Adopt revised San Francisco Public Utilities Commission's Fund Balance Reserve Policy incorporating a CleanPowerSF Fund Balance Reserve and replace the existing CleanPowerSF Reserves Policy. ([Resolution 22-0079](#))

Kristina Alagar Cordero, Director of Financial Planning, indicated the policy was established in 2017 after the last drought. She stated it supports the SFPUC's Strategic Plan goal of financial suitability and financial best practices; provides

consistency in decision-making; signals financial sustainability to rating agencies and investors; and continues reliable service and rate stabilization in times of economic instability, drought, and natural disasters.

She reviewed (1) SFPUC's Fund Balance Reserve Policy (2017): minimum 90 days, 25% operations and maintenance expenses; and (2) CleanPowerSF Reserve Policy (2018): Operating Reserve fund – 90 days operating expenditures; and Rate Stabilization Reserve Fund – 15% annual revenues. She stated the CleanPowerSF-specific policy is needed as the program is influenced by volatile power supply market and susceptible to competitive pressures.

Director Cordero reviewed policy revision drivers, stating the CleanPowerSF program's maturity is driving the change which will simplify the policy into a single metric and document; set adequate reserves for expenditures while keeping in mind the volatile power supply cost; standardize timeframe of calculation; and establish a minimum and a target that reflects best practice of Community Choice Aggregation (CCA) programs.

She indicated the 2022 Power Rates Study consultant benchmarked it against other CCA programs and indicated there was one metric used (percent of operating expenditures); operating expenditures include operations and personnel costs and power supply costs; will be a quarterly evaluation; and at fiscal year-end a plan will be implemented to replenish reserves to target within three fiscal years if the reserves fall under the target.

Director Cordero responded to a question from Commissioner Maxwell as to how the new policy will deal with volatility, stating it provides more "cushion"; and to a question from VP Ajami regarding what needs to happen to implement the policy, noting on-going and fiscal year end processes.

President Moran stated the report provided was useful and took into account that the SFPUC is not a joint powers authority and has a different organizational structure.

No public comment.

*On motion to approve item 13:
Ayes: Moran, Ajami, Maxwell, and Paulson*

14. Public Hearing and possible action to approve the scope, schedule, and budget of the March 2022 Proposed Revised Water System Improvement Program (WSIP); and direct staff to send a Notice of Change Report to the State Water Resources Control Board and the Alfred E. Alquist Seismic Safety Commission in compliance with California Water Code Section 73500 et seq. ([Resolution 22-0080](#))

Katie Miller, WSIP Director, began with a summary of the 2022 proposed revised WSIP, noting that California Water Code Section 73500 et seq. requires public notification and hearing for the Commission to consider and adopt certain proposed changes to the WSIP. She stated that a notice of public hearing was posted on March

25, 2022 in compliance with the 30-day advance notice requirement. She indicated the proposed revised program completion date is February 1, 2027 and that the overall program budget of \$4,787.8M remains unchanged. She stated the SFPUC met with BAWSCA on April 6, 2022 to discuss the changes.

Director Miller stated the three projects have minor scope modifications and discussed revisions for (1) Regional Groundwater Storage and Recovery: Construction Status - Phase I - 98% complete. Phase 2 - construction not yet commenced; Schedule Revision - increase of 61 months, with a new project completion date of February 1, 2027; Cost Revision - increase of \$19.8M, with a new project budget of \$158.4M; She reviewed the following reasons for minor scope revisions - modifications to treatment chemicals; modifications to chemical treatment process; well rehabilitation, including for corrosion issues; and long lead time for permits, easements, and rights-of-way; (2) Alameda Creek Recapture Project: Construction Status - 7.6% complete; Schedule Revision - increase of 13 months, with a new project completion date of June 18, 2024; and Cost Revision - increase of \$10.0M with a new project budget of \$44.0M. She indicated the following reasons for revisions - delays to environmental approvals and permits; design changes due to environmental requirements; bid over engineer's estimate and escalation cost due to delays; coordination of erosion require with quarry operator; and additional time for facility start-up, testing, and operator training; and (3) Bioregional Habitat Restoration: Schedule Revision - increase of 1,095 days, with a new project completion date of October 1, 2024; No revision to budget of \$6.0M. She indicated the following reasons for revisions - delay in securing environmental approval and permits for the Trousdale Oaks Tree Removal sub-project; and construction to start in April 2022 with sub-project completion by October 2024.

In response to a request from Commissioner Maxwell, Director Miller provided further explanation regarding the need for modification of treatment chemicals.

In response to a question from Commissioner Paulson regarding the reasons for the cost revision for the Alameda Creek Recapture Project, Director Miller indicated that the bid over the engineer's estimate, permit delays, equipment, and erosion helped to contribute to cost increase.

Director Miller responded to a question from VP Ajami as to what permits were needed, why there was a delay in obtaining permits, and how staff can ensure delays do not happen again.

Public Comment

- Nicole Sandkulla, BAWSCA CEO, provided written comments and indicated BAWSCA has three concerns with the proposed changes (1) the proposed changes in the overall WSIP schedule are significant and will result in a need to extend existing State oversight; (2) there is not proposed change to the overall WSIP budget and BAWSCA feels additional funding will be needed to complete the project; and (3) The Notice-of-Change fails to discuss the distinct possibility that neither the Alameda Creek Recapture Project or the Regional Groundwater Storage and Recovery Project, once implemented, will meet the individual project water yield and

achieve the respective WSIP Level-of-Service goals as planned for by the SFPUC. She asked that the Commission direct staff, as part of adoption, to provide a written report by January 2023 that includes an updated cost and yield estimate for the Regional Groundwater Storage and Recovery Project and should reference what new or replacement WSIP Projects are included to address estimated LOS shortfalls to inform costs of any future notice-of-change.

- Francisco DaCosta discussed the budget and issues regarding the need for dirt removal at the Calaveras Dam Project site and with the pipe at the Irvington Tunnel.

On motion to approve item 14:

Ayes: Moran, Ajami, Maxwell, and Paulson

15. Public comment on matters to be addressed during Closed Session

- Francisco DaCosta discussed the citizen taking the Commission to court.

16. Motion on whether to assert the attorney-client privilege regarding the matter listed below as Conference with Legal Counsel

On motion to assert the attorney-client privilege regarding the matter listed below as Conference with Legal Counsel:

Ayes: Moran, Ajami, Maxwell, and Paulson

The Commission entered Closed Session at 3:25 PM.

Present in Closed Session: Commissioners Moran, Ajami, Maxwell, and Paulson; Dennis Herrera, General Manager; Ron Flynn, Chief-of-Staff; Sheryl Bregman, Deputy City Attorney; and Donna Hood, Commission Secretary.

17. CONFERENCE WITH LEGAL COUNSEL – Pursuant to California Government Code, Section 54956.9(d)(2), and San Francisco Administrative Code, Section 67.10(d)(2) Settlement of Unlitigated Claim
Annie Jew v. City and County of San Francisco
Unlitigated File No. 22-00926
Proposed settlement of an unlitigated claim by Annie Jew against the City and County of San Francisco, with the City to pay Annie Jew \$30,000 in exchange for a full and final release. (Resolution 22-0081)

The Commission exited Closed Session at 3:37 PM.

18. Announcement following Closed Session

President Moran announced that the Commission recommends the Board of Supervisors resolve and settle the existing unlitigated claim.

19. 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 the discussions during Closed Session:
Ayes: Moran, Ajami, Maxwell, and Paulson*

20. Adjournment

President Moran adjourned the meeting at 3:38 PM