



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, May 10, 2022**

**1:30 PM**

**(Approved May 24, 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, Maxwell, and Paulson*

*Excused: Ajami*

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 22-0082](#))

*No public comment.*

*On motion to approve item 3:*

*Ayes: Moran, Maxwell, and Paulson*

4. Approval of the Minutes of April 26, 2022

*No public comment.*

*On motion to approve the Minutes of April 26, 2022:*

*Ayes: Moran, Maxwell, and Paulson*

5. General Public Comment

- *Eileen Boken discussed her comments provided at the April 11 and May 9 Rules Committee meetings regarding the transfer of the Auxiliary Water Supply System from the SFPUC to the City Administrator.*
- *Jeff (inaudible) discussed his whitewater rafting activities on the Tuolumne River and the need for adequate flows, asking that they continue.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, discussed their proposal regarding Bay Delta Plan unimpaired flows. He requested that an update be provided regarding a plan to improve conditions on the Tuolumne.*
- *Francisco DaCosta stated that attention needs to be paid accountability and transparency. He discussed costs for the SFPUC project on Marin Street and stated there is a need for outreach.*
- *Alita Dupree discussed electricity and CleanPowerSF (CPSF), stating that CPSF is a good value. She feels the CPSF's content label renewable non-hydro energy percentage should be higher.*

6. Communications

a) Advance Calendar

b) Contract Advertisement Report

c) Correspondence Log

d) 2009 Water Supply Agreement Update

e) Annual CleanPowerSF SuperGreen Multi-Year Service Agreement Update

f) Sewer Inspection and Replacement Program Update

*No public comment.*

7. Report of the General Manager (GM)

a) Drought Conditions Update

*Steve Ritchie, Assistant General Manager (AGM) Water stated that depending on location the states is in either severe or extreme drought. He reviewed (1) Other California Reservoirs: Shasta and Oroville Reservoirs have low capacity; (2) May 2, 2022 Reservoir Storage: Hetch Hetchy is at approximately 332,000-acre feet and storage is in good condition. He stated staff are preparing for spill. He indicated curtailments are still suspended and that water bank is being utilized; (3) Hetch Hetchy precipitation: Average precipitation received in April; (4) Upcountry Snowpack: Additional snow received in April; (6) Hetch Hetchy Storage: New slide which displayed lines for storage during water years 2021 and 2022. AGM Ritchie discussed the difference in storage between the two years; (7) Hetch Hetchy Inflows: New slide showing Tuolumne River Unimpaired Flow at Hetch Hetchy; (8) Tuolumne River Water Available to the City; (8) Upcountry 6-Station Precipitation Index: Year-to-date (YTD) total 23.48 inches; (9) Bay Area 7-Station Precipitation Index: YTD total 23.28 inches; (10) National Precipitation Forecast; (11) Total Deliveries: This year is tracking to 2015 levels which matches the 10% requested reduction; (12) Upper Tuolumne River Ecosystem Program: Utilizes the use of excess water and manage spill for multiple benefits the environment; (13) 2022 Planned Spill Management; and (14) Expected Poopenaut Valley Pond Fill: AGM Ritchie indicated that he would return to the Commission with program monitoring updates.*

*President Moran stated he liked the two new graphs but asked that the unimpaired flow graph contain fewer technical terms. He stated that the graph will be interesting to view at the end of the year and see the foreshadowing of the possible impacts of Global Warming.*

Public Comment

- *Peter Drekmeier, Tuolumne River Trust, discussed his letter to the Commission. He noted the importance of the Poopenaut Valley Pond Fill, stating it is a good program. He discussed the science of mimicking unimpaired (functional) flows.*
- *Francisco DaCosta stated callers need more time for comment. He asked who speaks for the salmon?*
- *Alita Dupree asked that the reservoirs hold more water that can be made available when required for basic needs.*

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

*None.*

8. New Commission Business

*None.*

*Commissioner Maxwell requested that Consent Calendar items 9d and 9e be removed for discussion.*

9. Consent Calendar

- a) Approve Amendment No. 2 to each of the following three contracts to provide as needed Sewer System Improvement Program and Hetchy System Improvement Program Environmental Services: (1) Contract No. CS-258.A with Environmental Science Associates/Orion Environmental Joint Venture; (2) Contract No. CS-258.B with ICF Jones & Stokes, Inc./Panorama Environmental, Inc., Joint Venture; and (3) Contract No. CS-258.C with URS Corporation, increasing each contract by \$1,000,000 and increasing the duration of each contract by 11 months, for a total amount not-to-exceed for each contract of \$8,300,000 and a total duration for each contract of nine years and 11 months; and authorize the General Manager to execute the three amendments. ([Resolution 22-0083](#))
- b) Approve Amendment No. 3 to Contract No. CS- 369.A, Program Scheduling and Cost Control Staff Augmentation Services, with ECS Inc., extending the duration by one year and six months, to provide program/project scheduling, critical path method scheduling, forecasting, change control, cost controls, and cost estimating for capital improvement projects in the Sewer System Improvement Program, Water Enterprise Capital Improvement Program, and Hetch Hetchy Capital Improvement Program, for a total duration of eight years and six months, with no change to the contract amount; and authorize the General Manager to execute this amendment. ([Resolution 22-0084](#))
- c) Approve Amendment No. 2 to Contract No. CS- 369.B, Program Scheduling and Cost Control Staff Augmentation Services, with PMA Consultants LLC - Dabri Joint Venture, extending the duration by one year and six months, to provide program/project scheduling, critical path method scheduling, forecasting, change control, cost controls, and cost estimating for capital improvement projects in the Sewer System Improvement Program, Water Enterprise Capital Improvement Program, and Hetch Hetchy Capital Improvement Program, for a total duration of eight years and six months, with no change to the contract amount; and authorize the General Manager to execute this amendment. ([Resolution 22-0085](#))
- d) Approve the San Francisco Unified School District (SFUSD) Work-Based Learning Program rules; award a grant agreement to SFUSD to fund career awareness and exposure opportunity for San Francisco youth through paid work-based learning opportunities at the San Francisco Public Utilities Commission; and authorize the General Manager to execute a grant agreement with a not-to-exceed grant amount \$6,000 and with a duration of one year. ([Resolution 22-0086](#))
- e) Approve the selection of Kennedy Jenks/ATS JV, AECOM/WRE JV, Woodard & Curran/SRT JV, and Brown and Caldwell/Lotus JV; award Agreement Nos. PRO.0188.A, PRO.0188.B, PRO.0188.C, and PRO.0188.D, As-Needed Specialized and Technical Services, Water Enterprise, to provide short-term, highly specialized work for the Water Enterprise; and authorize the General Manager to

negotiate and execute four professional services agreements with Kennedy/Jenks Consultants Inc/Applied Technology & Science Joint Venture (KJ/A-T-S JV) (PRO.0188.A), AECOM Technical Services Inc./Water Resources Engineering Inc. Joint Venture (AECOM/WRE JV) (PRO.0188.B), Woodard & Curran Inc/SRT Consultants Joint Venture (Woodard & Curran/SRT JV)(PRO.0188.C), and Brown and Caldwell/Lotus Joint Venture (Brown and Caldwell/Lotus JV) (PRO.0188.D), each for an amount not-to-exceed \$5,000,000, and each with a duration of five years, subject to the Board of Supervisors approval under Charter Section 9.118.

- f) Ratify correction of the contract award amount for Contract No. WD-2880R, Warehouse Office Suite Renovation, 1990 Newcomb Avenue, San Francisco, under Resolution No. 21-0126, adopted by the Commission on August 10, 2021, from \$1,328,039 to \$1,338,039. The agenda item, award Resolution, and Contract Monitoring Division memo incorrectly identified the total contract amount as \$1,328,039, when the Bid Submittal and Bid Tabulation identified it correctly as \$1,338,039. ([Resolution 22-0087](#))
- g) Accept work performed by Cratus, Inc., under Contract No. WW-703, Mission Street, 16th to Cesar Chavez Street, Brick Sewer Rehabilitation; approve Modification No. 6 (final) decreasing the contract amount by \$92,973, for a total contract amount of \$6,061,536, and increasing the contract duration by 31 consecutive calendar days, for a total contract duration of 426 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 22-0088](#))

*No public comment.*

*On motion to approve the Consent Calendar Items 9a, b, c, f, and g:  
Ayes: Moran, Maxwell, and Paulson*

*Item 9d: In response to Commissioner Maxwell's question as to how the \$6,000 grant amount and two participants were determined, Ronnie Versher, Director of Community Benefits, discussed the SFPUC's support of the SFUSD's Fellowship Programs and indicated that this program is just one of the many youth programs throughout the City supported by the SFPUC. He stated this program is part of the Mayor's Youth Job Plus Program.*

*No public comment.*

*On motion to approve the Consent Calendar Item 9d  
Ayes: Moran, Maxwell, and Paulson*

*Item 9e: Commissioner Maxwell questioned the evaluation process, selection, and points related to the Diversity, Equity, and Inclusion (DEI) portion of the submittal. She asked who was on the expert panel that evaluated the DEI submittal, how the points are determined, and if it is a new process.*

*Michelle Novotny, Water Enterprise, stated the contract was initially delayed while*

staff looked into inclusion of the Social Impact Partnership Program (SIPP) and that due to the timeliness of the item and the realization that the SIPP could not be included, a Racial Equity component was added.

Kendra Cox, Contract Administration Bureau, stated the agenda item's reference to a review panel was inaccurate and that the evaluation is "pass-fail" with a contractor awarded five points if they identify that they have a Racial Equity and Inclusion Plan. She stated the agenda item will be corrected with accurate reference to DEI scoring. Commissioner Maxwell emphasized the importance of inclusion of the SIPP and expressed concern with the wording referencing an expert panel when there was none. She also expressed concern with the allotment of five points which she stated doesn't adequately reflect the importance of Racial Equity to the Commission. She indicated she would not support the item as written.

GM Herrera stated that the item would be pulled, and that staff will review and resubmit the item to be in line with Commission policy. Commissioner Maxwell again expressed her concern with the allotment of just five points for DEI.

Commissioner Paulson expressed agreement with Commissioner Maxwell. In response to his question regarding potential impact if the item was delayed, Ms. Novotny indicated that a delay would not result in any tangible impact to operations.

10. Consider and adopt the proposed Wholesale Water Rates for Fiscal Year 2022-2023, which will become effective for meter readings on or after July 1, 2022. The San Francisco Public Utilities Commission developed the proposed rates in accordance with the terms of the Water Supply Agreement between the City and County of San Francisco and its Wholesale Customers, which was approved on April 28, 2009 by Commission Resolution No. 09-0069, and amended and restated on December 11, 2018 by Commission Resolution No. 18-0212, with subsequent approval by the Wholesale Customers. This action constitutes the Approval Action for the purposes of the California Environmental Quality Act (CEQA) pursuant to Section 31.04(h) of the San Francisco Administrative Code. The Planning Department has determined that this action is exempt from the CEQA. If the item is approved, the Commission will rely on that determination to make its decision. ([Resolution 22-0089](#))

Erin Franks, Rates Administrator, stated the setting of wholesale water rates are based on the Water Supply Agreement (WSA) with the wholesale customers. She indicated the rates are set at the beginning of the year and are based on budget and water forecast projections for the next fiscal year. She stated at the end of the year a review of wholesale customer's actual share of cost and a "true-up" is conducted, is audited by an independent auditor, and is reviewed by wholesale customers.

She discussed the drivers of the wholesale rate increase (1) Using up the balancing account. Approximately \$87M in the balancing account was owed to wholesale customers at end of FY 2020-21 (using half in FY 2021-22 (\$43M) and remaining half in FY 2022-23 (\$44M)); (2) Reduced wholesale water sales due to conservation (rebalanced rates to prevent volatility); and (3) Increase in costs (debt service and

operations and maintenance).

*Administrator Franks discussed the FY 2022-23 proposed 15.9% rate increase noting it comes off of five years of no rate increases to wholesale customers. She indicated debt refinancing offsets expense increases. She stated it is forecasted that wholesale sales volumes will be lower during the next two years and that the rates are based on the assumption of \$113.7 MGD wholesale water sales. She stated that debt service and operating expenses are increasing and the estimated wholesale share of expense is approximately \$302M. The \$44M of the balancing account will reduce wholesale customer costs and will be repaid by year-end.*

*Administrator Franks continued with a review of the untreated water rate discount which is applied to the wholesale water rate for the Coastside County Water District's purchases of untreated SFPUC water. She stated the discount is based on the unit cost of capital and operating expenses for the Harry Tracy Water Treatment Plant and that the untreated rate is \$0.43 per ccf.*

*She concluded with a review of historic and projected wholesale rates (FY 2012 through 2027) indicating the rate increase comes after a long stable rate period. She noted past volatility in wholesale rates and stated that it is a priority of the finance team to smooth volatility to prevent large rate swings. Administrator Franks responded to a question from Commissioner Paulson as to why the rates were stable for such a long period of time, indicating it is tied to the drought.*

*Administrator Franks responded to a question from Commissioner Maxwell regarding smoothing of rates, noting that conversations have taken place with wholesale customers as to the rate increase and forecasts.*

#### Public Comment

- *Peter Drekmeier, Tuolumne River Trust, discussed the rate increases and the formula presented at the July 16 Water Demand Workshop. He stated that the price signal will result in a three percent reduction in demand in the following two years. He stated the demand projections in the Urban Watershed Management Plan are inaccurate. He discussed information presented in the budget hearings and in subsequent presentations.*
- *Francisco DaCosta stated the Commission needs to be careful as to how public comment is treated. He asked about the history of BAWSCA and when they became a permanent customer. He stated a needs assessment should be conducted.*
- *Nicole Sandkulla, CEO BAWSCA, expressed support for the item and the rate increase. She stated that BAWSCA has been in active conversations with SFPUC finance staff and understands the need for the increase. She indicated the increase is in compliance with the WSA, with status of wholesale customers and their long-term contract with the SFPUC, and as co-grantees under the Raker Act.*

*On motion to approve item 10:*

*Ayes: Moran, Maxwell, and Paulson*

11. Adjournment

*President Moran adjourned the meeting at 2:47 PM*