



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

London N. Breed
Mayor

MINUTES
Tuesday, April 25, 2023
1:30 PM
(Approved May 9, 2023)

1 Dr. Carlton B. Goodlett Place
City Hall, Room 400

Commissioners
Newsha Ajami, President
Sophie Maxwell, Vice President
Tim Paulson
Anthony Rivera
Kate H. Stacy

Dennis J. Herrera
General Manager

Donna Hood
Commission Secretary

1. Call to Order

President Ajami called the meeting to order at 1:30 PM.

2. Roll Call

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

3. Approval of the Minutes of April 11, 2023

No public comment.

On motion to approve the Minutes of April 11, 2023:

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

4. Report of the General Manager

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

None.

5. Revenue Bond Oversight Committee (RBOC) Annual Report

Ettore Leale, Chair, RBOC presented their annual report for July 2021 to June 2022 with note of highlights from the reporting period (1) January 2022 audit report of six revenue bonds with two material findings and recommendations to improve quality assurance and reporting; (2) Monitoring of bond sales and ongoing debt plans; and (3) Visit to the Southeast Treatment Plant.

Chair Leale thanked Chief Financial Officer and Assistant General Manager (AGM) Nancy Hom for the quick response to RBOC's audit finding. He stated that the RBOC is following up with quality assurance within the Infrastructure Bureau and is working on a second audit of select bond expenditures with publication expected by the end of the fiscal year. Chair Leale thanked SFPUC, Board of Supervisors (BOS), and Controller staffs for their guidance, support and facilitation of the Committee's work.

The Commission thanked Chair Leale for the presentation and the RBOC for their dedicated work and expertise.

Public Comment

- *Francisco DaCosta stated clarity regarding bonds is needed and a line item for green bonds is needed.*

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

Nicole Sandkulla, CEO, BAWSCA stated (1) BAWSCA member agencies have used 29% less water today in the BAWSCA region compared to FY 1986/87 despite a 33% population increase; (2) Since FY 1986-87 BAWSCA member agencies have been investing in conservation and recycled water; (3) BAWSCA member agencies are committed to more investment in new supplies and conservation from today to 2045; (4) BAWSCA member agencies are planning for more recycled water in the future; and (5) BAWSCA is initiating its Long-Term Reliable Water Supply Strategy 2045 and will update the Commission as work progresses.

CEO Sandkulla responded to a question from Commissioner Stacy related to the recycled water statistics that were presented, stating that statistics shown were for centralized plants and that different member agencies have further requirements dependent on development requirements for on-site recycled water.

No public comment.

7. CONSENT CALENDAR

- a) Award Job Order Contract No. JOC-94, General Engineering (A License) Construction, San Joaquin, Stanislaus, and Tuolumne Counties, Hetch Hetchy, 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, Big Valley Electric, to perform general engineering work in San Francisco Public Utilities Commission systems and operations around Hetch Hetchy. ([Resolution 23-0080](#))
- b) Accept work performed by Pipe and Plant Solutions, Inc. for Contract No. WW-695, As-Needed Sewer Cleaning and Inspection (FY20); approve Modification No. 6 (Final), decreasing the contract amount by \$42,889, for a total contract amount of \$2,009,233, with no change to the contract duration; and authorize final payment to the contractor. ([Resolution 23-0081](#))
- c) Approve an increase of 110 calendar days to the contract duration contingency for Contract No. WW-715, As-Needed Spot Sewer Replacement No. 43, 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 550 consecutive calendar days, with no change to contract amount, to allow the contractor to continue to perform as-needed replacement of localized sections of existing sewer pipelines, if needed, until August 2023, which is when the San Francisco Public Utilities Commission anticipates to issue Notice to Proceed for Contract No. WW-716, As-Needed Spot Sewer Replacement No. 44. ([Resolution 23-0082](#))

No public comment.

*On motion to approve Consent Calendar items 7a through 7c:
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

- 8. Approve an increase to the San Francisco Public Utilities Commission FY 2022-23 overtime budget by \$1,500,000 and an offsetting decrease in the regular salary budget of \$1,500,000 to cover the anticipated overspend in overtime through the end of the fiscal year; and authorize the General Manager to request the Mayor to submit a supplemental appropriation request to the Board of Supervisors. ([Resolution 23-0083](#))

Laura Busch, Budget Director, stated San Francisco Administrative Code 3.17 requires certain city departments, including the SFPUC, to obtain BOS approval if they expect to spend more on overtime (OT) than the amount appropriated in the annual budget, also known as the “Annual OT Supplemental (Supplemental).” She indicated the Supplemental is routinely requested with the exception being the last two years when the requirement was waived due to the COVID

emergency. She stated there is an expectation that the OT budget will be exceeded and indicated the SFPUC will join other city departments with a joint supplemental OT request. She stated that given expenditures to-date and projected spending through June 30, 2023, an additional \$1.5 million is needed with \$800,000 allocated for Wastewater, \$450,000 for Water, and \$250,000 for Hetch Hetchy. Director Bush indicated the primary driver of OT is for staff emergency response to the winter storms, with vacant permanent positions also contributing. Director Busch indicated the current OT budget was set over one year ago and did not anticipate the severe winter storms. She indicated the requested Supplemental will be off set with a reduction to the regular salary budget due to vacancy savings, resulting in no net budgetary increase.

The Commission thanked staff for their work especially during emergency situations at all hours.

No public comment.

On motion to approve Consent Calendar item 8:

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

9. Approve Amendment No. 3 to Contract No. PRO.0078, Helicopter Services for Hetch Hetchy Water and Power, with A&P Helicopters, Inc., to increase the contract amount by \$240,000 and extend the contract termination date by two years to provide continued use of helicopter services for aerial inspection of transmission towers and lines, and transport for emergency response and equipment to inaccessible areas; and authorize the General Manager to execute this amendment, for a total contract amount of \$990,000. ([Resolution 23-0084](#))

Steve Ritchie, AGM Water Enterprise, introduced the item and requested approval.

No public comment.

On motion to approve Consent Calendar item 9:

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

10. Award Contract No. WW-716, As-Needed Spot Sewer Replacement No. 44, in the amount of \$9,796,468, and with a duration of 400 consecutive calendar days, to the sole, qualified, responsible, and responsive bidder, J. Flores Construction Company, Inc., to replace sections of existing sewer pipe on an as-needed basis at locations to be determined throughout the City of San Francisco, California. In accordance with San Francisco Administrative Code section 6.23(c)(2), a single bid may be accepted if the bid amount is lower than the engineer's estimate, and Contractor's bid was below the engineer's estimate. ([Resolution 23-0085](#))

Bessie Tam, Project Manager, introduced the item and stated the bid was under the engineers estimate. In response to a question from President Ajami, Project Manager Tam discussed why only one bid was received and indicated that significant outreach took place and that staff will continue to work to promote more competition with contract bidding.

Public Comment

- *Francisco DaCosta questioned how many miles of sewer pipes the SPUC has under its jurisdiction and how many sewer lines have been replaced.*

President Ajami noted the importance of asset management and for the establishment of a priority system.

*On motion to approve Consent Calendar item 10:
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

11. Authorize the General Manager to execute a Memorandum of Understanding (MOU) with the San Francisco Local Agency Formation Commission (SF LAFCo) to perform services for CleanPowerSF, for an amount including remaining funds and up to \$600,000 in new funds over the duration of the agreement, for a term of three years and two months commencing May 1, 2023. ([Resolution 23-0086](#))

Mike Hyams, Deputy AGM CleanPowerSF, stated the revised MOU was recently approved by SF LAFCo and proposes several studies SF LAFCo would undertake for CleanPowerSF that would focus on opportunity, impediments, and barriers to clean energy innovation and could support the implementation of the city's energy-related Climate Action Plan Goals. He discussed the reservations the Commission expressed in January when the item was first brought to the Commission and stated the revised MOU addresses those concerns (1) New funding was reduced to \$600,000 for a term of three years and two months. Work will commence with the \$129,000 in existing funding from the 2009 MOU plus additional funds to be identified from CleanPowerSF's operating budget, subject to the budget appropriation process; (2) Clarification that if funds allotted for a fiscal year are not expended by the end of that fiscal year the SFPUC may, after consideration, recommend to the Mayor that those funds carryover to the next fiscal year. He discussed "financial guardrails" that were added to the MOU; (3) Funding for SF LAFCo's monitoring and advising to the BOS of the CleanPowerSF program was removed from the scope. As a mature program that is the role of the SFPUC and any such monitoring by SF LAFCo should be funded by SF LAFCo's general fund.

Deputy AGM Hyams reviewed the scope of activity and the five specific studies that SF LAFCo will prepare under the MOU (1) Natural Gas System Decommissioning; (2) Batter Storage, (3) Electric Vehicle Charging; (4) Green Bank Financing; (5) Emerging Clean Energy Technologies. He stated the study areas were decided via collaboration between SFPUC and SF LAFCo staff and may be modified with subject to written approval.

Commissioner Paulson expressed concern with potential "fishing expeditions" and expressed appreciation for the financial guardrails. Deputy AGM Hyams responded to Commissioner Paulson's question as to the reason for the carryover funds and what triggers the spending of the \$600,000 appropriation. He stated that SF LAFCo will develop reports which will be provided to the Commission.

Commissioner Stacy questioned what was removed from the scope of work. Deputy AGM Hyams stated that the scope for SF LAFCo's monitoring and advising to the BOS for the CleanPowerSF Program was removed. She indicated she was pleased to see more SFPUC financial control.

President Ajami indicated that the studies need to include quality research and expects CleanPowerSF staff to keep a close watch on the research to ensure value.

Commissioner Paulson discussed the future of the partnership with SF LAFCo and indicated there is no requirement or need to continue beyond the term of the MOU if value is not achieved.

No public comment.

*On motion to approve Consent Calendar item 11:
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

12. Communications (information only)

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) Annual Electric Reliability Compliance Program Report
- e) Water Supply Conditions Update

President Ajami stated that the Water Supply Conditions update will be provided as a written communication unless a presentation is needed.

13. General Public Comment

- *Eileen Boken discussed item #9 on the BOS agenda regarding the Ocean Beach Climate Adaptation Project status and related updates. She recounted her comments to the Capital Planning Commission under item #4 on their agenda.*
- *Francisco DaCosta asked that the Commission look at the force main by Pier 18 and questioned when it will be replaced. He requested an update on the seawall and force main by the Ferry Building.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, expressed appreciation for continuing remote public comment. He discussed the Irrigation District's petition to the Federal Energy Regulatory Commissions to waive the State Water Board's authority to issue a Water Quality Certification for the licenses of Don Pedro and LaGrange Dam, and reviewed subsequent legal actions that were taken. He discussed the new Tuolumne River Voluntary Agreement and the 2018 Bay Delta Plan.*

14. Items initiated by Commissioners

President Ajami requested a table detailing which SFPUC bonds are green and which are not. She encouraged everyone to watch the documentary "Water from the Wilderness."

Public Comment

- *Peter Drekmeier, Policy Director, Tuolumne River Trust, stated that the documentary "Rivers End" is excellent and provides a perspective on the concerns of the environmental community.*

15. Public comment on the 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 regarding the matters listed as Conference with Legal Counsel:

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

The Commission entered Closed Session at 2:43 PM.

Present in Closed Session: Commissioners Ajami, Maxwell, Paulson, Rivera, and Stacy, Dennis Herrera, GM, Sheryl Bregman, Deputy City Attorney, David Hobsetter, Deputy City Attorney, Steve Ritchie, AGM Water Enterprise, Stephen Robinson, AGM Infrastructure Bureau, and Donna Hood, Commission Secretary

17. CONFERENCE WITH LEGAL COUNSEL regarding litigation Government Code §54956.9, Administrative Code §67.10(d)(1):
Perez Farms Inc. v. City and County of San Francisco, et al.
Stanislaus County Superior Court Case No. CV-18-000202
City and County of San Francisco v. Richard F. Bettencourt, et al.
Stanislaus County Superior Court Case No. CV-19-006916 [related cases]/Date Filed: November 15, 2019
Proposed settlement of dispute concerning damage to property owned by the City and County of San Francisco under the jurisdiction of the San Francisco Public Utilities Commission; parties to pay San Francisco \$300,000, subject to final approval by the Board of Supervisors. (Resolution 23-0087)
18. CONFERENCE WITH LEGAL COUNSEL – regarding anticipated litigation (Government Code §54956.9, Administrative Code §67.10(d)(1):
Wing Kwok and Lai Leng Lei v. City and County of San Francisco
Unlitigated Claim File No.: 23-00682/Date Filed: November 8, 2022
Proposed settlement of an unlitigated claim for property damage resulting from a ruptured water main with the City to pay Wing Kwok and Lai Leng Lei \$71,000 in exchange for a full and final release, subject to final approval by the Board of Supervisors. (Resolution 23-0088)
19. CONFERENCE WITH LEGAL COUNSEL – regarding anticipated litigation (Government Code §54956.9, Administrative Code §67.10(d)(1):
Con-Quest Contractors, Inc. v. Esquivel Grading & Paving, Inc., et al.
San Francisco County Superior Court Case No. CGC-20-587321/Date Filed: October 27, 2020
Proposed settlement of a contract dispute under Public Works Contract No. 2267J, Columbus Avenue Pavement Renovation and Water Main Replacement, where the City will pay \$250,000 to Con-Quest Contractors, Inc., in exchange for a full and final release. Action to approve settlement subject to final approval by the Board of Supervisors. (Resolution 23-0089)

The Commission exited Closed Session at 3:07 PM.

20. Announcement following Closed Session

President Ajami announced that the Commission recommend that the Board of Supervisors approve the settlements referenced in the agenda.

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

22. Adjournment

President Ajami adjourned the meeting at 3:08 PM.