



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**  
Mayor



**REGULAR MEETING MINUTES**

**Tuesday, February 14, 2023**

**1:30 PM**

**(Approved February 28, 2023)**

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

**Commissioners**

Newsha Ajami, President  
Sophie Maxwell, Vice President  
Tim Paulson  
Tony Rivera  
Kate Stacy

**Dennis J. Herrera**  
General Manager

**Donna Hood**  
Secretary

1. Call to Order

*President Ajami called the meeting to order at 1:32 pm.*

2. Roll Call

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

*Absent: Paulson (joined the meeting at 1:52 PM)*

*The Commission Secretary announced that item 15 was pulled from the agenda and rescheduled to the regular meeting of February 28, 2023.*

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 23-0026](#))

*No public comment.*

*On Motion to adopt State Urgency Legislation:*

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

4. Approval of the Minutes of the January 24, 2023 Regular Meeting and the January 30, 2023 Special Budget Hearing

*No public comment.*

*On Motion to approve the Minutes of January 24, 2023:*

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

*On Motion to approve the Minutes of January 30, 2023:*

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

5. Report of the General Manager (GM)

a) Drought Conditions Update

*Steve Ritchie, Assistant General Manager (AGM) Water, reviewed (1) February 6, 2023 Reservoir Storage: Hetch Hetchy is at 301,700-acre feet of storage. Water Bank is at 98.5% of maximum storage; (2) Other California Reservoirs: Shasta (86% of historical average), Oroville (113% of historical average), and Don Pedro (104% of historical average); (3) California Drought Monitor; (4) Hetch Hetchy Precipitation: In line with 1983 which was the wettest year on record; (5) Upcountry 6-Station Precipitation Index (as of February 5, 2023) Year-to-date (YTD) total is at 37.41 inches; (6) Bay Area 7-Station Precipitation Index (as of February 5, 2023) YTD total is at 29.45 inches; (7) Upcountry Snowpack: Good snowpack that is in line with 2017; (8) Tuolumne River Water Available to the City: Upcountry storage filling; (9) National Precipitation Forecast: Precipitation is forecasted for the coming weeks; and (10) Total Deliveries: Demand is down.*

*AGM Ritchie stated that the State's Drought Declaration of Emergency is still in effect.*

*He emphasized that the drought still exists, and it will be mid-April before any action or decision regarding the Drought Emergency Declaration will be taken.*

#### Public Comment

- *Peter Drekeimer, Tuolumne River Trust, stated the snow melt needs to be monitored. He stated Climate Change will result in earlier run-off with a three-week shift by the year 2070 and that the SFPUC will pick up an additional year's worth of water. He noted snow melt will be captured and placed into storage if space is available.*
- *Francisco DaCosta stated with full reservoirs it is time for reflection. He asked who will speak for the salmon.*

#### b) Commissioner Bond Disclosure Responsibility Training

*Nikolai Skarloff, Capital Finance Director, stated three bond transactions will be before the Commission for consideration in the coming months. He introduced Mark Blake, Deputy City Attorney, and Steve Spitz, Partner, Orrick Herrington & Sutcliffe, LLP who provided the Bond Disclosure Responsibility Training.*

*Commissioner Paulson joined the meeting at 1:52 PM.*

*Deputy City Attorney Blake stated that the training provides information as to the Commission's responsibilities under Federal Securities Laws regarding the issuance of bonds. When the SFPUC borrows money from the public capital markets to finance capital projects it does so by an Official Statement, which serves as the SFPUC's representation to the marketplace of key indicators of its financial position and operating information. Investors rely on those representations in making investment decisions regarding SFPUC's bonds. Information in the Official Statement must be accurate in all material respects and representations tested against antifraud provisions in terms of accuracy and completeness. The training is designed to provide tools to enable the Commission to discharge their responsibilities.*

*Mr. Spitz referenced the memo and presentation that were provided to the Commission. He discussed the sale of the SFPUC's revenue bonds through an Offering Document (Preliminary Official Statement) and Final Official Statement (post bond sale). He noted the purpose of the Preliminary Official Statement is to enable investors to make informed investment decision and that it must be accurate and complete, with no material misstatement or omissions. According to the Securities and Exchange Commission responsibility for compliance with federal security laws rests with the Commission. One way for the Commissioners to discharge their duties under the federal security law is by ensuring that a good process in place. He stated that a Draft Preliminary Official statement will be provided when a bond issue is sought and should be reviewed at a high level with focus on the Commissioner's particular area of interest. Any concerns should be brought to the attention of staff or the City Attorney's office. He stated Commissioners can get into trouble by (1) allowing inadequate process; (2) having a lack of understanding of organization; (3) failing to review proposed statements/disclosures; and (4) burying bad news.*

Public Comment

- *Francisco DaCosta stated a needs assessment should be conducted as to how money is spent. He questioned staff expertise regarding construction and engineering.*
- *Dave Warner discussed the need to understand the reasonableness of the SFPUC's debt. Full written comments provided and attached.*

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

*GM Herrera acknowledged the passing of Alameda County Supervisor Richard Valle, a long-time partner and friend of the SFPUC.*

*No public comment.*

6. CONSENT CALENDAR

- a) Approve Amendment No. 1 to Contract No. PRO.0144, Capital Project Control Systems Integration and Support Services, with Westland Management Solutions, Inc., to provide continued specialized support services utilizing Primavera-based Program Control system administration and integration tools for San Francisco Public Utilities Commission capital improvement programs and projects, increasing the agreement by \$3,250,000, and extending duration by three years, for a total not-to-exceed amount of \$8,000,000 and a total duration of eight years. ([Resolution 23-0027](#))
- b) Approve Amendment No. 1 to Contract Nos. PRO.0054.A-C, As-Needed Wastewater and Stormwater Services, with AECOM/Lotus, Joint Venture (JV) (PRO.0054.A), Brown and Caldwell/SRT, JV (PRO.0054.B), and Hazen and Sawyer/Avila and Associates, JV (PRO.0054.C), increasing each contract by \$2,000,000, and extending the duration of each Contract by two years and two months, for a total not-to-exceed amount of \$7,000,000 and a total duration of seven years and two months for each contract. ([Resolution 23-0028](#))
- c) Accept work performed by NTK Construction, Inc. for Contract No. WD-2686, Auxiliary Water Supply System Pumping Station No.1 Improvements (2014); approve Modification No. 15 (Final), increasing the contract by \$416,257, for a total contract amount of \$10,230,400, and increasing the contract duration by 1,828 consecutive calendar days, for a total contract duration of 2,538 consecutive calendar days to complete various additional work approved under previous modifications to resolve a generator vibration issue, and to perform final contract reconciliation; and authorize final payment to the contractor. ([Resolution 23-0029](#))
- d) Approve an increase of \$200,000 to the contract cost contingency and an increase of 180 calendar days to the contract duration contingency for Contract No. WD-2797, San Francisco Westside Recycled Water Pump Station and Reservoir, with JMB Construction to address on-going schedule and cost impacts due to COVID-19 related delays in equipment and material deliveries, and additional challenges to start-up testing due to lack of a permanent PG&E power source, and to address unanticipated changes through the remainder of the construction effort; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$18,396,520 and a total contract duration of up to 1,514 consecutive calendar days. ([Resolution 23-0030](#))

- e) Award Contract No. WD-2801, 8- and 12-Inch Ductile Iron Water Main Replacement, 16-Inch Earthquake Resistant Ductile Iron Water Main Installation, Sewer Replacement, and Pavement Renovation, from Mariposa Street to Cesar Chavez on York and Hampshire Streets, in the amount of \$18,353,105, and with a duration of 921 consecutive calendar days, to the responsible bidder that submitted the lowest responsive bid, JMB Construction, Inc., to replace and provide redundancy to the aging pipelines of San Francisco’s water distribution system, replace aging sewer facilities, and renovate pavement. This action constitutes the Approval Action for the water main installation portion of the Project 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 in its resolution. ([Resolution 23-0031](#))
- f) Accept work performed by Western Water Constructors, Inc., for Contract No. WD-2809, San Francisco Groundwater Supply Phase 2; Approve Modification No. 8 (Final), increasing the contract amount by \$112,601, for a total contract amount of \$11,073,772, and increasing the contract duration by 717 consecutive calendar days, for a total contract duration of 1,972 consecutive calendar days, to reconcile and finalize the quantities and costs of all bid items and change orders for additional electrical, mechanical, and plumbing at South Windmill Well Station, and to allow time for the completion of the remaining contract work; and authorize final payment to the contractor. ([Resolution 23-0032](#))
- g) Accept work performed by Cratus, Inc. under Contract No. WD-2842, 8-Inch Ductile Iron Water Main Replacement on Casitas Avenue from Lansdale Avenue to Yerba Buena Avenue and on Dalewood Way from Lansdale to Sherwood Court, for a total contract amount of \$3,961,427, and with a total contract duration of 417 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0033](#))
- h) Award Contract No. WD-2890R, Bay Division Pipeline Nos. 3 and 4 Slip Lining at Lafayette Street, in the amount of \$5,662,200, and with a duration of 349 consecutive calendar days (approximately 11 months) to the responsible bidder that submitted the lowest responsive bid, Ranger Pipelines Inc., to insert structural pipe liners (slip line) inside Bay Division Pipeline Nos. 3 and 4 (BDPL3&4) at Lafayette Street in the City of Santa Clara and provide temporary monitoring for safe pipe entry at the Alviso Valve Lot in Sunnyvale. This action constitutes the Approval Action for the Project 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 23-0034](#))

*Pauson Yun, Contract Administrator, responded to a question from Commissioner Stacy regarding item 6b as to what the meaning of “wastewater services” and “stormwater services”, and to the type of work being performed, indicating there is a variety of as-needed services performed, and includes Green Infrastructure, evaluation, and field work.*

*President Ajami questioned the need for contracting out work that could be performed by internal staff.*

*Commission Rivera spoke to item 6c and stated it was one of the first projects he worked on while at the San Francisco Fire Department. He indicated it was a challenging project and that SFPUC staff were professional and dealt effectively with project challenges.*

Public Comment

- *Eileen Boken spoke to item 6c and discussed the original contract, subsequent contract modifications, and cost overruns; and 6d, indicating she toured the site in November and is unclear as to why additional funding and contract extension is necessary.*
- *Francisco DaCosta concurred with comments made by Eileen Boken and stated accountability and transparency are needed.*

*Commissioner Paulson discussed the infrastructure work being performed outside his home and stated he receives few negative comments or complaints from the public. He indicated the work is well-coordinated between departments, is meticulous, and that the worksite is kept clean.*

*On Motion to approve Consent Calendar items 6a through 6h:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

7. Award Contract No. WW-733, As-Needed Sewer Inspection (FY23), in the amount of \$1,698,300, and with a duration of 570 consecutive calendar days (approximately one year and seven months), to the sole, qualified, responsible, and responsive bidder, Pipe and Plant Solutions, Inc., in accordance with San Francisco Administrative Code section 6.23(c)(2), to inspect existing sewers on an as-needed basis, at locations to be determined throughout San Francisco. ([Resolution 23-0035](#))

*Bessie Tam, Senior Project Manager, noted an immaterial error on the ninth resolution Whereas Clause, stating it should read sewer “inspection”, not “cleaning”. She also noted that same immaterial error on the staff report under “budget and cost funding” and in the header. She asked for Commission approval of the resolution as amended.*

*President Ajami noted the value to preserving pipes and recognizing problems early.*

*No public comment.*

*On Motion to approve Item 7 as amended:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

*At the request of the President, the Commission Secretary called items 8 through 11 together.*

8. Public Hearing to consider and possible action to amend the FY 2023-24 San Francisco Public Utilities Commission Operating Budget including the Revenue Transfer for Capital in the amount of \$1,785,419,481; and Biennial Programmatic Project Budget in the amount of \$57,207,941. ([Resolution 23-0036](#))
9. Public Hearing to consider and possible action to adopt the San Francisco Public Utilities Commission 10-Year Capital Plan for FY 2023-24 through FY 2032-33 totaling \$8,788,740,352.

[\(Resolution 23-0037\)](#)

10. Public Hearing to consider and possible action to adopt the FY 2023-24 Capital Budget of the San Francisco Public Utilities Commission of \$1,601,613,100; and authorize the General Manager to seek Board of Supervisors approval for the issuance of (1) \$358,985,453 aggregate principal amount of Water Revenue Bonds and other forms of indebtedness, including commercial paper and State Revolving Fund (SRF) loans, (2) \$1,047,288,286 aggregate principal amount of Wastewater Revenue Bonds and other forms of indebtedness, including commercial paper and SRF loans, and (3) \$41,031,367 aggregate principal amount of Power Revenue Bonds and other forms of indebtedness, including commercial paper and loans, subject to the terms of Charter Sections 9.107(6) and 9.107(8). ([Resolution 23-0038](#))
11. Public hearing to consider and possible action to adopt the San Francisco Public Utilities Commission 10-Year Financial Plan for FY 2023-24 through FY 2032-33. ([Resolution 23-0039](#))

*Nancy Hom, Chief Financial Officer (CFO) and AGM Business Services, provided a recap of the December 13, 2022 and January 30, 2023 budget hearings which addressed priorities, challenges, budget approach, and budget information for each enterprise, with a focus on the Capital Plan. Public input was provided at each of the hearings and met Administrative Code Section 3.3 obligations. She indicated policies that guide financial planning and set rate-setting guidelines and budgeting decisions include the Fund Balance Policy, Debt Service Coverage Policy, Capital Financing Policy, Affordability Level of Service, Ratepayer Assurance Policy, Technology Policy, and Asset Management Policy. CFO Hom discussed next steps and presented the following.*

*Item 8 – Mid-Cycle Changes to Operating Budget FY 2023-24*

*The Water Enterprise represents 38% of the budget (\$674.6 million), Wastewater 24% (\$426.2 million), CleanPowerSF 21% (\$369.6 million), and Hetch Hetchy Water and Power 17% (\$315.0 million), for a total FY 2023-24 budget of \$1,785 million. CFO Hom reviewed by breakdown by uses (capital uses 32% and purchase of power 25%, the largest source of uses) and sources (sale of water 38%, electricity 32% and sewer service 23%) and reviewed midcycle sources and uses and provided a list of major changes from the original FY 2023-24 budget.*

*Item 9 – 10-Year Capital Plan FY 2023-24 to FY 2032-33*

*CFO Hom described the Capital Planning approach, noting the prior Capital Plan was partially unfunded with a one-year FY 2022-23 Capital Budget having been adopted. She indicated that the goal was to develop balanced FY 2023-24 Capital Budget and 10-Year Capital Plan that meets the agency needs and focuses on ratepayer affordability and deliverability. She reviewed the Capital Plan process, which began in the spring of 2022, and discussed efforts taken to balance the Plan. The Plan total is \$8.788.7 million, which is an 11% reduction (\$9.9 billion) last year and represents hard choices to constrain capital spending and improve capital planning and delivery. CFO Hom reviewed the proposed 10-Year Capital Plan (sources and uses), and key projects for Wastewater (including Green Infrastructure), Water (including main replacement, and Regional and Local projects), Hetch Hetchy Water, and Power (Power and CleanPowerSF) Capital Plans. She presented a forward-looking chart showing prior unspent appropriations, 10-Year Plan, and post FY 2033 amounts.*

Item 10 – Capital Budget FY 2023-24

First year of the 10-Year Capital Plan is \$1,384.5 million, plus financing costs of \$217.1 million, for a total budget of \$1,601.6 million. The Wastewater Enterprise has the largest budget share at 71% (driven by the Biosolids Project), Water at 21%, Hetchy Water at 6% and Hetchy Power at 2%. CFO Hom reviewed capital financing authorizations, noting the to request Board of Supervisor is for authorization to issue debt associated with the Capital Budget and includes the bond amount, cost of debt issuance, and capitalized interest.

She reviewed FY 2023-24 Capital Budget key projects for Wastewater, Power, CleanPowerSF, Regional Water, Local Water, and Hetchy Water.

Item 11 – 10-Year Financial Plan FY 2023-24 to FY 2032-33

CFO Hom noted the Plan is updated annually, on a rolling basis, as required by the San Francisco Charter. The proposed plan meets all financial policies.

CFO Hom reviewed (1) Near-term rate increases for the next three years, highlighting the 10-year picture for the Plan; (2) Expense assumptions for operating expenses and capital financing; (3) Mitigating the risk of volume forecast uncertainty via conservative growth assumptions and by safeguards for the unexpected to ensure financial stability; (4) Water and Wastewater sales recovery by FY 2025-26, (5) Doubling of Wastewater expenses in the next 10-years; (6) Financial Challenge of Wastewater Capital Plans; (7) Projected Water and Wastewater (combined bill) rate increases in the next 10-years; (8) Growing Hetch Hetchy customer base with increase in CleanPowerSF customers; (9) Skyrocketing power supply costs and delivery expenses. Increase in Wholesale Distribution Tariff methodology increases interconnection costs for Hetchy customers; (10) Hetch Hetchy Power expenses with an average annual growth of 6.4% and debt service increasing from almost nothing to 13% of annual expenses; (11) CleanPowerSF steady expenses with an average annual growth of 2.2% driven by power supply costs and subject to resulting risks; and (12) Power rate increases with steady increase over time due to capital costs.

Vice President (VP) Maxwell thanked CFO Hom for her presentation and expressed appreciation for the changes.

President Ajami thanked CFO Hom and finance staff for their work to respond to the Commissioners' questions and emphasized the importance of communication and providing details with decision-making process. She recognized the volatility of the times and system-wide challenges that are faced by many utilities, expressed the need for proactive, not reactive actions, and noted the importance of the ratio between revenue and debt repayment and stated that attention must be paid. She discussed accountability, risk assessment, and deliverability as related to contracts and requested that staff be better at tracking contractors' work and the reasons for any delays or cost overruns. She stated different lenses are required for each individual project and that Environmental Justice is important and needs to be communicated as decisions are made.

VP Maxwell asked that there be an aggressive look at project management and contracts for better financial control.

*Commissioner Paulson thanked CFO Hom for the presentation and stated he was proud of the work of the SFPUC and the efforts to be diligent.*

*CFO Hom expressed appreciation for the feedback and guidance provided.*

*GM Herrera thanked CFO Hom, Budget Director Laura Busch, and the finance team for their work. He noted the difficult work that was required to prepare the budget and stated that the process was worthwhile, but not without issues, and thanked the Commission for their input and recommendations which were useful during the process. He addressed new ways of accountability, deliverability, and asset management in the Wastewater Enterprise and Infrastructure Bureau.*

Public Comment (Items 8, 9, 10, 11)

- Peter Drekmeier, Tuolumne River Trust, thanked staff for the presentation and their honesty with the challenges faced. He stated deferred maintenance and outdated policies, including the Design Drought, need to be revisited. He stated there needs to be focus on the reduction of the amount of alternate water supplies.*
- Nicole Sandkulla, BAWSCA, expressed support for the recommendations in items 8, 9, and 10. She stated that according to the Water Supply Agreement (WSA) earlier and increased engagement with SFPUC staff is expected and that there is expectation that the SFPUC will meet all of the WSA requirements with the adoption of the Capital Plan going forward.*
- Francisco DaCosta stated the Commission needs to read the Raker Act.*
- Dave Warner addressed affordability and stated the 2.5% metric for combined water and wastewater rates relate to State Water Board Guidance and should not be used for rationalizing water rates. He discussed his thoughts on what is wrong with the metrics and suggested a better metric would be to compare SFPUC rates to other large California metropolitan areas. Written comment provided and attached.*

*In response to a request from Commissioner Stacy, Mr. Drekmeier provided clarification as to his comment regarding the reduction of the amount alternate water supplies.*

*Commissioner Stacy echoed the comments made by other Commissioners, thanked staff for the presentation and expressed appreciation for the budget development and efforts to achieve budget balance. She noted the 10-Year Capital Plan is evolving and should respond to challenges as they arise. She discussed the need to respond to Climate Change for resiliency and to provide more clean energy.*

*President Ajami discussed the rate setting process and efforts to manage issues related to affordability, system health, quality of service, long-term operation, maintenance, conservation, and efficiency. In response to a comment made by Mr. Warner, President Ajami noted the 2.5% metric is an Environmental Protection Agency metric, not a State Water Board metric, and that it is outdated. She noted efforts being made across the country to address affordability and that comparing SFPUC rates to other metropolitan cities is not the right way, as each community has different resources, capacity, and systems.*

*On Motion to approve Item 8:*

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

*On Motion to approve Item 9:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

*On Motion to approve Item 10:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

*On Motion to approve Item 11:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

*At the request of the President, the Commission Secretary called items 12 and 13 together.*

12. Approve form of Letter of Credit agreement with Bank of America in the principal amount not to exceed \$125 million (exclusive of 270 days' interest) and approve a form of replacement dealer agreements in support of the Power Commercial Program; and authorize the General Manager to enter into an agreement with Bank of America N.A for a new Letter of Credit, and Barclays, Goldman Sachs, and RBC Capital Markets for amended dealer agreements related to the Program. ([Resolution 23-0040](#))
13. Approve credit facility and dealer agreements for the Interim Funding Program of the Wastewater Enterprise in the form of (1) Revolving Credit and Term Loan Agreement and Fee Agreement with Bank of America NA for a term of three years; and (2) Dealer Agreements for Citigroup, Morgan Stanley, RBC Capital Markets, and US Bancorp; and authorize the General Manager to enter into these associated agreements. ([Resolution 23-0041](#))

*Capital Finance Director Skarloff discussed Commercial Paper which is used to manage the cost of the debt program. He indicated it is a short-term instrument with a lower interest rate and allows for the aggregate expenditures for less frequent but larger bond issues. He reviewed details of the two items and the competitive process for items 12 and 13.*

*No public comment.*

*On Motion to approve Item 12:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

*On Motion to approve Item 13:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

14. Update the water waste restrictions for the use of potable water for construction or demolition projects, contained in Section E, Rule 12 of the San Francisco Public Utilities Commission Rules and Regulations Governing Water Service to Customers (Rules and Regulations), to provide additional detail regarding the restrictions and the process for requesting an exception. ([Resolution 23-0042](#))

*AGM Ritchie stated the item would amend Section E, Rule 12.1(g) (Water Use Restrictions) of the Rules and Regulations to: (1) Specify that potable water is not allowed for backfill consolidation around non-potable piping, soil compaction, or dust control for construction or demolition projects when recycled water, well water, or groundwater are available; (2) Remove*

*the reference to the use of foundation drainage, which is not required by Article 21 and not available in sufficient quantity for construction or demolition purposes; (3) Specify that any use of recycled water for construction or demolition purposes must comply with the requirements of the State Water Resources Control Board, the San Francisco Bay Regional Water Quality Control Board, and the SFPUC, in addition to the San Francisco Department of Public Health; and (4) Describe the process for a construction or demolition project to request a temporary water supply from low-pressured fire hydrants, if the SFPUC determines that recycled water, well water, and groundwater are not available, as required by Article 21.*

*AGM Ritchie responded to a question from Commissioner Stacy as to the use of non-potable water at construction sites, noting that staff try to ensure that contractors are using appropriate water when it is available. Brief discussion ensued on the use of potable water and availability of any tracking on type of water used.*

*No public comment.*

*On Motion to approve Item 14:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

*The Commission Secretary re-announced that item 15 was pulled and will be rescheduled to the meeting of February 28, 2023.*

15. Approve modifications to the San Francisco Public Utilities Commission Floodwater Management Grant Assistance Program Grant Requirements and Terms to increase the SFPUC cost share to 100% and authorize the General Manager or the General Manager's designee to execute Grant Agreements under the modified Grant Program.
16. Authorize the General Manager of the San Francisco Public Utilities Commission to execute an Amended and Restated Memorandum of Understanding (MOU) with the San Francisco Recreation and Parks Department (RPD) regarding the management of a portion of the SFPUC's Lake Merced lands. ([Resolution 23-0043](#))

*AGM Ritchie stated the MOU lays out the responsibilities between the RPD and the SPUC and provides for RPD management of recreation activities at various sites, particularly Harding Park, Lake Merced West, and Sunset Circle, and provides for SFPUC access to all necessary utility activities. The MOU also provides for SFPUC management of Lake Merced and its biological resources, in cooperation with RPD. AGM Ritchie thanked RPD and SFPUC staff for their work on the MOU.*

*AGM Ritchie responded to a question from President Ajami regarding lead shot in Lake Merced, noting that the site has been cleaned for recreational use. He stated there is an Environmental Impact Review process for the removal of the remaining building on the site.*

*No public comment.*

*On Motion to approve Item 16:  
Ayes: Ajami, Maxwell, Paulson, Rivera, and Stacy*

17. Communications

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) Annual Report on Dry Year Supply Progress Pursuant to AB 1823
- e) Green Infrastructure Grant Program Board of Supervisors Update
- f) Power Quarterly Report on Delegated Authority Contracts Pursuant to Administrative Code Section 21.43

18. General Public Comment

- *Dave Warner thanked the Commission for their comments on the budget and President Ajami for clarification on the affordability metric.*
- *Eileen Boken discussed Sunset Reservoir and stated that it should be classified as a dam.*

19. Items Initiated by Commissioners

*None.*

20. Public comment on the matters to be addressed during Closed Session

*None.*

*President Ajami announced her recusal from Closed Session item 23 noting she was a former member of the Regional Water Quality Control Board.*

*Commissioner Stacy requested to be recused from Closed Session item 22 as Bridge Housing Corporation is a client of her husband's firm.*

*On Motion to recuse Commissioner Stacy from Closed Session item 22:*

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

21. 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:*

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

*The Commission entered Closed Session at 4:05 pm.*

*Commissioner Stacy departed the room at 4:05 pm.*

*Present in Closed Session: Commissioners Ajami (item 22 only), Maxwell, Paulson, Rivera, and Stacy (item 23 only); Dennis Herrera, General Manager, Ron Flynn, Deputy General Manager, Sheryl Bregman, John Roddy, and Estie Kus, Deputy City Attorneys, and Donna Hood, Commission Secretary.*

22. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9, Administrative Code §67.10(d)(1)):

*BRIDGE Housing Corporation v. City and County of San Francisco (Unlitigated File No. 23-*

00416), filed September 8, 2022.

Proposed settlement of an unlitigated claim for property damage resulting from a ruptured water main with the City to pay BRIDGE Housing \$100,000 in exchange for a full and final release, subject to approval by the Board of Supervisors. (Resolution 23-0044)

*President Ajami departed the meeting and Commissioner Stacy rejoined the meeting at 4:12 pm.*

23. CONFERENCE WITH LEGAL COUNSEL regarding unlitigated claim (Government Code §54956.9, Administrative Code §67.10(d)(1)):

Various unlitigated regulatory claims regarding San Francisco's combined sewer system operations; San Francisco Bay Regional Water Quality Control Board v. City and County of San Francisco (unlitigated claim and stipulation); City and County of San Francisco v. U.S. Environmental Protection Agency (U.S. Court of Appeals for the Ninth Circuit, Case No. 21-70282); City and County of San Francisco v. California State Water Resources Control Board. (Alameda Superior Court, Case No. RG19042575)

*The Commission exited Closed Session at 4:29 pm.*

24. Announcement following Closed Session

*President Ajami announced that the Commission recommend the Board of Supervisors approve the settlement of unlitigated claim under item number 22.*

25. 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*

26. Adjournment

*President Ajami adjourned the meeting at 4:30 pm.*