



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

**London N. Breed**  
Mayor

**REGULAR MEETING MINUTES**  
**Tuesday, March 28, 2023**  
**1:30 PM**  
**(Approved April 11, 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, Rivera, and Stacy  
Commissioner Paulson arrived at 2:00 pm.*

3. Approval of the Minutes of March 14, 2023

*No public comment.*

*On motion to approve the Minutes of March 14, 2023:*

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

4. Report of the General Manager (GM)

a) Water Supply Conditions Update

*Steve Ritchie, Assistant General Manager (AGM) Water Enterprise, reviewed (1) March 20, 2023 Reservoir Storage: Hetch Hetchy is at 360,360-acre feet of maximum storage and Water Bank is at 100% of maximum storage; (2) Other California Reservoirs: Shasta is at 98% of historical average, Oroville is at 122% of historical average, and Don Pedro is at 118% of historical average; (3) California Drought Monitor: More areas of the state are coming out of drought; (4) Hetch Hetchy Precipitation: Above 50" and climbing; (5) Upcountry 6-Station Precipitation Index (as of March 18, 2023) Year-to-date (YTD) total is at 54.83 inches; (6) Bay Area 7-Station Precipitation Index (as of March 18, 2023) YTD total is at 38.54 inches; (7) Upcountry Snowpack: Almost to 250% of April 1<sup>st</sup> median. Could present issues when melting starts; (8) Tuolumne River Water Available to the City: Increasing and at about 950,000 acre feet; (9) National Precipitation Forecast: Additional precipitation forecasted; (10) Total Deliveries: Remains low and below prior years; and (11) Drought Tracker: San Francisco and Wholesale Customers have saved 13% of water from July 1, 2022 through March 10, 2023.*

*AGM Ritchie discussed the Governor's recent Declaration which lifted the 15% water reduction for agencies throughout the state and indicated the State Water Board must take action regarding their regulations. He stated that at the April 11, 2023 Commission meeting staff will recommend that the Commission find that a Local Water Shortage no longer exists, that it be rescinded, and that the surcharge end. He stated the Systemwide Water Use Reduction will remain in effect consistent with the State Water Board regulations but will be removed once the State Water Board modifies its regulations.*

*In response to a question from Vice President (VP) Maxwell as to whether flooding on the Tuolumne is record setting, AGM Ritchie stated that 1983 and 1997 had significant flooding. He noted the Irrigation Districts have flood control responsibility on the Tuolumne. In response to other questions, AGM Ritchie discussed strategies for space in the Don Pedro Reservoir if there is a quick snow melt; the potential need for a drought emergency if the drought returns; and the level of Trinity Reservoir storage.*

### Public Comment

- *Peter Drekmeier, Policy Director, Tuolumne River Trust, spoke to the title, content, and scheduling of this report in past years.*

### b) Hetch Hetchy Capital Improvement Program (HCIP) Quarterly Report

*Randy Anderson, Project Manager, Mountain Tunnel Improvement Project, reviewed the HCIP program status as of December 2022, noting expenditures of \$651 million with the HCIP 27% complete. Project Manager Anderson reviewed the HCIP cost summary and budget and schedule variances.*

*Project Manager Anderson provided project status updates for the following: (1) Moccasin Powerhouse and Generator Step-Up Transformer Rehabilitation; (2) Moccasin Penstock Rehabilitation; and (3) Mountain Tunnel Improvements (water pipes in flow control shaft, New Pries Adit, New Priest Adit and Bulkhead, and roadway improvements).*

*Project Manager Anderson responded to a question from Commissioner Rivera regarding access issues on washed-out roads and the status of repairs, stating a Declaration of Emergency was issued for emergency work. He discussed the work being performed. Brief discussion ensued.*

*Commissioner Paulson arrived at 2:00 pm.*

*President Ajami discussed planning and design of projects and noted the need to reimagine design and planning to anticipate for future events and Climate Change.*

*Project Manager Anderson responded to a question from VP Maxwell regarding the materials to be used for the replacement of the penstocks .*

### Public Comment

- *Nicole Sandkulla, BAWSCA CEO, discussed the Mountain Tunnel Project timeline. She noted BAWSCA's support of the project and praised staff for a successful shutdown.*
- *Peter Drekmeier, Policy Director, Tuolumne River Trust, stated more water is needed on the Tuolumne River and that the environment should have higher priority.*
- *Francisco DaCosta stated the first contractor did not do a good job with the inspection of the tunnel. He stated there is a responsibility to Native American Tribes regarding water supply.*

### c) Wastewater Enterprise Quarterly Report including Southeast Area Major Projects Update (1) Biosolids, and (2) Headworks

*Carolyn Chiu, Senior Project Manager, provided construction updates for the Oceanside Plant Digester Gas Utilization Upgrade, Wawona Area Stormwater Improvement Project, and Southeast Plant Power Feed and Primary Switchgear Upgrades.*

*She reviewed the Sewer System Improvement Program (SSIP) Phase I status stating the project count by phase as of December 2022 is 52.6% complete with \$3,646 million expended. She reviewed the SSIP status cost summary and variances, and the facilities and infrastructure cost summary and variances.*

*Project Manager Chiu discussed capital program milestones, noting those projects awarded construction contract, and those that have completed conceptual engineering. She congratulated the team for receiving the San Francisco's 5<sup>th</sup> Annual Collaborative Partnering Awards, 2022.*

*She provided progress and status updates for: (1) Southeast Plant Digester Facilities Project: Project cost \$2,373 million; (2) Southeast Plant New Headworks Facilities Project: Project cost increased from \$679 million to \$6789 million; and (3) Southeast Community Center 1550 Evans: Project cost increased from \$114 million to \$115 million.*

*No public comment.*

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

*GM Herrera announced that there was a date change for the public hearing to consider Sewer and Water rates from May 9, 2023 to May 23, 2023. He indicated the original Prop 218 noticing was mailed to customers on Friday, March 24, 2023 which contained an error, with the time of the hearing missing from the notice. Prop 218 requires notice to be mailed 45 days in advance of a rate hearing, therefore, the revised Prop 218 notice will be mailed by Friday, April 7, 2023 for the March 23, 2023 hearing.*

*No public comment.*

5. Bay Area Water Supply and Conservation Agency (BAWSCA) Report

*Nicole Sandkulla, BAWSCA CEO, discussed California's progress on meeting the Governor's call for 15% voluntary water reduction as compared to July 2021; and how much water for urban use was conserved from July 2021 to February 2023 as compared to 2020. She indicated that BAWSCA customers have used 26% less water today in the BAWSCA region as compared to FY 1986/87, despite a 33% population increase. She noted that residential per capita water use has decreased by 42% in the BAWSCA region since FY 1986/87. CEO Sandkulla indicated that BAWSCA is working for a reliable water supply for its member agencies and the customers they serve, provided in accordance with San Francisco's existing legal and contractual obligations.*

*CEO Sandkulla responded to a request from Commissioner Paulson for clarification to her reference that the Voluntary Agreement for the Tuolumne River offers a potential to address the needs of Tuolumne River fish and water users as an alternative to the adopted Bay Delta Plan; and to a question from Commissioner Stacy for information as to efforts being taken by BAWSCA's member agencies for conservation and recycling. President Ajami expressed the need to incorporate on-site use for future development projects. CEO Sandkulla concurred and discussed current efforts being discussed.*

Public Comment

- *Peter Drekmeier, Policy Director, Tuolumne River Trust, discussed the Voluntary Agreement and commented on the National Marine Fisheries Service Peer Review of the Tuolumne River Fish Models. He discussed the new Tuolumne River Voluntary Agreement and recent*

*State Water Board hearings.*

6. CONSENT CALENDAR

- a) Accept work performed by Mountain Cascade, Inc. under Contract No. HH-1002R, O’Shaughnessy Dam Fall Protection Improvements and Spillway Access; approve Modification No. 2 (Final), decreasing the contract amount by \$8,000, and increasing the contract duration by 141 consecutive calendar days, to complete warranty submissions and to negotiate a credit for reduced scope, for a total contract amount of \$1,578,355 and a total contract duration of 470 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 23-0060](#))
  
- b) Rescind the award of Agreement No. PRO.0233.C to CPM Associates, Inc. and Carlson Management, Inc. Joint Venture (CPM-CMI JV) under Resolution No. 22-0204, at the request of the contractor; award Agreement No. PRO.0233.C to Townsend Management, Inc.-CM Pros JV Partners (TMI-CM Pros JV), to provide construction management services for San Francisco Public Utilities Commission construction projects on an as-needed basis as part of Resolution No. 22-0204; and authorize the General Manager to execute a professional services agreement, in an amount not to exceed \$4,000,000 and with a duration of five years. ([Resolution 23-0061](#))
  
- c) Approve an increase of \$6,550,000 to the contract cost contingency, and an increase of 270 calendar days to the contract duration contingency for Contract No. WD-2717, College Hill Reservoir Outlet Structure and Pipeline, with Ranger Pipelines Inc., to entirely replace the College Hill Reservoir roof’s wooden substructure and associated plywood sheathing rather than up to thirty-five percent of the plywood sheathing anticipated at the time of bid due to the discovery of unforeseen conditions after draining the reservoir, which allowed for a more robust inspection; and authorize the General Manager to approve future modifications to the contract for a total contract amount of up to \$19,948,546 and a total contract duration of up to 1,100 consecutive calendar days. ([Resolution 23-0062](#))

*Mario Valdez, Contract Manager, responded to President Ajami’s request for clarification regarding item 6b by detailing the process for the award/rescind/re-award of the contract and the bidding process.*

*Ryan Freeborn, Project Manager, responded to a question from President Ajami as to whether there are things that can be done to ensure a similar situation doesn’t happen again, noting it is hard to take reservoir out of service and that staff can attempt in the future to plan longer term when reservoir is drained to inspect and clean. Brief discussion ensued.*

*Commissioner Paulson discussed a video he saw regarding the SFPUC reservoirs. He requested a tour be arranged and that the Commission receive a copy of the video.*

*No public comment.*

*On motion to approve Consent Calendar Items 6a through 6c:  
Ayes: Maxwell, Paulson, Rivera, and Stacy*

*Commissioner Rivera was excused from the meeting at 3:07 pm.*

7. Authorize the Issuance of up to \$865 million of 2023 Series AB Bonds for new money and to refund commercial paper, potentially provide funds sufficient to refund approximately \$185 million of outstanding 2013 Series A and Series B Bonds, subject to minimum savings thresholds set by Commission Debt Policy and prevailing market conditions at time of sale, and the issuance of the 2023 Series C Bonds to refund approximately \$179 million of outstanding 2018 Series C Wastewater Revenue Bonds (collectively, the “2023 Wastewater Bonds”); delegate to the General Manager authorization to appoint underwriters and enter into one or more bond purchase contracts with underwriters selected from the City’s pool of pre-qualified underwriters subject to a competitive procurement process and in accordance with the City’s policies and procedures with respect thereto, subject to the limits on Underwriters’ compensation set forth in the resolution. The Commission resolution will approve bond sales as follows: (1) the 2023 Series A and Series B Wastewater Revenue Bonds, including Series A (SSIP) (Green Bonds) to fund Sewer System Improvement Program (SSIP) improvements and Series B (Non-SSIP) to fund non-SSIP improvements, fund capitalized interest to mitigate short-term budget impacts and may also include current refunding of up to \$184,240,000 of the outstanding 2013A and B Bonds for debt service savings, and (2) the 2023 Series C Wastewater Revenue Bonds (Series C (SSIP) (Green Bonds)) to refund outstanding 2018 Series C Bonds subject to a mandatory put, and approve the form of, and authorize the execution and delivery of, related documents, and authorize the General Manager to sell the 2023 Wastewater Bonds in one or more series of bonds on a negotiated basis, as the General Manager determines is in the best financial interest of the San Francisco Public Utilities Commission. ([Resolution 23-0063](#))

*Nikolai Sklaroff, Capital Finance Director, reviewed the FY 2022-23 Capital Financing Plan, and outlined actions taken in November 2022 and February 2023 and noting actions that will be requested through September 2023.*

*Director Sklaroff discussed the Capital Financing strategy for the Wastewater Enterprise (WWE): (1) Mitigate upward pressure on rates and charges; and (2) Actively manage capital financing costs via alternatives to long-term, fixed-rate debt, low-cost alternative ways to issue bonds, refinancing outstanding debt for savings and flexibility, and leverage investor demands for green bond. He reviewed: (1) WWE debt overview; (2) WWE debt ratings (Moody’s, S&P Global, and Fitch); and (3) Low-cost borrowing alternatives (State Revolving Fund (SRF) Loans and WIFIA Loans).*

*Director Sklaroff indicated the bonds will fund the Sewer System Improvement Project (SSIP) and non-SSIP projects, including Renewal and Replacement, via three series of bonds: Series A: Up to \$630 million. SSIP/Green Bonds – funding and refunding of outstanding commercial paper), Series B: Up to \$418 million. Non-SSIP – funding and refunding outstanding commercial paper, and may include refunding of 2013 AB Bonds, subject to market conditions; and Series C: Up to \$178.6 million. SSIP/Green Bonds – refunding of 2018C put bonds. Rate will be fixed until the initial put date.*

*He continued with a review of: (1) Series 2023C structure; (2) Plan of Finance; (3) Sources and Uses of Funds (Series 2023 ABC Wastewater Revenue Bonds); (4) “Good Faith Estimate”, indicating that SB 450 enacted in October 2017 requires local agencies to disclose estimates of certain debt financing-related information at authorization, and he provided true interest cost,*

*finance charge of the bonds, amount of proceeds received, and total payment amount of net CAPI. Director Sklaroff reviewed the current market overview (tax-exempt interest rates); projected aggregate net debt service; and Green Bonds Program.*

*He reviewed the form of transaction documents: Preliminary Official Statement; Continuing Disclosure Certificate; 15<sup>th</sup> Supplemental Indenture; Bond Purchase Contracts; and Escrow Agreements. He noted the Commission's legal obligations and provided the anticipated financing schedule.*

*Director Sklaroff responded to questions from VP Maxwell regarding the underwriting process; President Ajami regarding changes to the debt ratio; and Commissioner Stacy regarding the sale of Green Bonds. Brief discussion ensued.*

#### Public Comment

- *Francisco DaCosta discussed the Infrastructure Bill and solar projects, clean energy, solar farms, and green bonds.*

*On motion to approve item 7:*

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

8. Approve Amendment No. 1 to Agreement No. CS-1242(G), San Francisco Unified School District Work Based Learning Grant, with San Francisco Unified School District to provide career awareness and exposure opportunities through paid and unpaid work based learning opportunities at the San Francisco Public Utilities Commission; and authorize the General Manager to execute this amendment to increase the contract by \$28,350 and increase the contract duration by three years, for a total not-to-exceed amount of \$34,350 and for a total duration of four years. ([Resolution 23-0064](#))

*Lisa Kim, Senior Workforce Analyst, External Affairs Bureau, indicated the grant extension will enable the SFPUC to continue to engage San Francisco public school summer student interns to increase their career awareness and provide exposure to opportunities in the utility sector, with priority to students from Environmental Justice communities.*

*Analyst Kim provided a program overview and noted work experience that the program interns will gain. The proposed amendment will add three years to the program and add \$28,350 for the ability to host additional student interns each summer. The program contributes to multiple components of the SFPUC's Strategic Plan and falls in accordance with the SFPUC's Community Benefits Policy and Racial Justice Resolution. She presented past participant comments as to their experiences in the program and the positive impact of their participation.*

*In response to a question from VP Maxwell, Analyst Kim stated the amendment will allow for three additional students for the next three years. Commissioner Stacy noted the importance of the program and suggested its expansion beyond high school to community college and state college students. Discussion ensued on the program and competitiveness. GM Herrera noted that this grant program is only one of several, with other programs that include college interns. VP Maxwell requested information on all of the grant programs.*

### Public Comment

- *Gloria Berry, San Francisco Reparations Advisory Committee, stated that it is a good program. She recommended that the SFPUC partner with the Reparations Committee for additional high school intern programs.*
- *Francisco DaCosta referenced a United Nations report on water. He stated a needs assessment is need regarding the water taken from Hetch Hetchy. He stated young people need to monitor companies who use water as a coolant and that there should be curricula in school regarding water.*

*On motion to approve item 8:*

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

9. Recommend that the Board of Supervisors (BOS) adopt a Special Ordinance that will allow the San Francisco Public Utilities Commission to enter into Cooperative Agreements with the California Department of Transportation (Caltrans) to perform engineering design review, constructability review and other technical services for the Lower Alemany Area and Folsom Area Stormwater Improvement Projects. The Special Ordinance would exempt the Cooperative Agreements from the requirements of the San Francisco Administrative Code, such as requirements regarding contract assignment, contract modification, and audits of contractor records; and Environment Code such as requirements regarding food waste reduction. Upon the BOS's enactment of this Special Ordinance, SFPUC would enter into the Cooperative Agreements with Caltrans. The Cooperative Agreements would allow SFPUC to provide funding to Caltrans' staff to review and coordinate with SFPUC to complete the design of the Lower Alemany and Folsom Area Stormwater Improvement Projects. ([Resolution 23-0065](#))

*Suzanne Huang, Project Manager, Lower Alemany Area and Folsom Area Stormwater Improvement Projects, provided a brief background of the project and reviewed the work and technical reviews. She stated the BOS will be requested to adopt a special ordinance to exempt the Cooperative Agreement with Caltrans for the Lower Alemany Area and Folsom Area Stormwater Improvement Project from applicable administrative and environmental code requirements. She emphasized that the action does not approve the projects but rather puts in place a process to continue ongoing coordination with Caltrans so design can be completed.*

*In response to a question from Commissioner Paulson as to whether if there is anything in Caltrain requirement that weaken labor standards, Project Manager Huang stated that Caltrans would have to pay prevailing wages and would follow City and County of San Francisco contracting rules .*

### Public Comment

- *Francisco DaCosta noted the relationship between the SFPUC and Caltrans. He discussed flooding at the Alemany Farmers Market area and noted efforts to remedy the situation. He noted failure at Folsom and flood damage.*

*On motion to approve item 9:*

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

10. Communications (information only)

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) Water Pipeline Assessment

11. General Public Comment

- *Peter Drekmeier, Tuolumne River Trust, discussed the fish population returning to the Tuolumne. He discussed the Federal Energy Regulatory Commission settlement agreement. He discussed Fish and Game Code 5937. He requested that environmental metrics be updated.*
- *Francisco DaCosta questioned who speaks for the salmon. He stated conversations need to be held with the First People regarding salmon. He stated empirical data is needed.*

12. Items initiated by Commissioners

*None.*

13. Adjournment

*President Ajami adjourned the meeting at 4:07 pm.*