



**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, March 8, 2022**  
**1:30 PM**  
**(Approved March 22, 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*

*The Commission Secretary announced that public comment on all items would be taken first from those attending the meeting in-person followed by those providing remote public comment.*

*President Moran welcomed everyone back. As a public service announcement, he recounted a personal experience and recommended that everyone have a carbon monoxide detector in their home.*

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 22-0046](#))

Public Comment

- *David Pilpel expressed no objection to the item. He requested the posting of any handouts provided at the meeting.*
- *Aleta Dupree expresses support for hybrid meetings.*

*On motion to approve item 3:*

*Ayes: Moran, Ajami, Maxwell and Paulson*

4. Approval of the Minutes of February 22, 2022

Public Comment

- *David Pilpel noted the incorrect spelling of a public speaker's last name on page eight (item 15) which should read "Lantsberg".*

*On motion to approve item 4:*

*Ayes: Moran, Ajami, Maxwell and Paulson*

5. General Public Comment

- *Peter Drekmeier, Tuolumne River Trust (TRT), discussed the Bay Delta Plan stating there has been little change during the past five-plus years. He discussed an October 9, 2016 San Francisco Chronicle op-ed by the SFPUC and the Bay Area Water Supply and Conservation Agency. He stated the Design Drought needs to be revisited. He noted the TRT's analysis of the Long-Term Vulnerability Assessment. He asked for response to correspondence submitted.*
- *Eileen Boken discussed the redundancy goal of the Westside Reliability Pump Station Improvement Project and expressed the need for similar redundancy for the Harry Tracy Water Treatment Plan and the Mountain*

*Tunnel Improvements Project.*

- *Aleta Dupree discussed the importance of the CleanPowerSF Program. She discussed the curtailment of solar energy.*
- *Doug Block, Teamsters Joint Council 7, on behalf of members working in San Francisco's public and private parking garages, asked for the termination of the lease at 2000 Marin with Tower Parking, noting it is non-union.*
- *Francisco DaCosta discussed the Commission's workshops related to the Tuolumne River. He stated there cannot be silence on community benefits.*

6. Communications

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) Increase to Declaration of Emergency Stern Grove Restoration Project
- e) Water System Improvement Program Status of Construction Change Orders

*Alan Johanson, Acting Assistant General Manager (AGM) Infrastructure responded to a question from Vice President (VP) Ajami regarding the increased costs to the Declaration of Emergency for Stern Grove, stating the initial cost estimate was based on site clean-up. He indicated additional scope is required for repairs to the festival buildings, stabilization of a previously unknown sewer pipe on the slope, tennis court support, and planting and site restoration to original condition.*

*GM Herrera stated the initial \$4M amount was to get the project started and there is now better understanding of the work required. Brief discussion ensued on the work to be performed.*

Public Comment

- *David Pilpel spoke to items 6c and asked if there was a cover letter or email for correspondence from Eileen Boken; and 6d, stating the Declaration of Emergency needs an approval date. He noted a typo on the document, third paragraph. He stated the Declaration requires Board of Supervisors approval. He questioned how much work will be done by Anvil vs. Hernandez.*

7. Annual Audited Financial Statements

*Nancy Hom, Deputy Chief Financial Officer (CFO) stated KPMG issued the Audited Financial Statement for Water, Wastewater, Hetch Hetchy Water and Power, and CleanPowerSF on January 27, 2022. She stated the report indicated (1) an unqualified opinion, (2) no material misstatements in the financial statements, and (3) no internal control deficiencies observed. Deputy CFO Hom introduced Lisa Avis, Managing Director, KPMG, LLP. Director Avis thanked the SFPUC for their cooperation during the audit and indicated that all deadlines were met. She stated opinions were submitted on three stand-alone set of financials and which received a "clean or unmodified opinion". She noted the release of the SFPUC's Annual Comprehensive Financial Report. She indicated there were no audit misstatements, unusual transactions, or significant matters to report during the audit and there were no control deficiencies.*

*She touched on key audit areas (1) cash and investments; (2) revenues; (3) audit results, noting there was no management bias and that the procedures the SFPUC uses for financial balances are consistent with industry practices, accounting guidance, and city policy. She indicated the Management's Discussion and Analysis provides management with the opportunity to provide overview of the fiscal year.*

*Director Avis stated new accounting standards were implemented for Fiscal Year 2021 and will also be implemented for Fiscal Years 2022 and 2023. She stated that KPMG will be working with SFPUC staff and the Controller's Office on implementation.*

*In response to a question from VP Ajami, Director Avis stated the audit is conducted on an annual basis.*

*No public comment.*

## **8. Report of the General Manager**

### **a) Alternative Water Supply (AWS) Planning Quarterly Report**

*Steve Ritchie, AGM Water, introduced Manisha Kothari, AWS Program Manager, who began with a review of the AWS roadmap (1) Project Planning Phase (2023 AWS Plan); (2) Project Development Phase (2028 AWS decisions); and (3) Project Implementation Phase.*

*She continued with a review of (1) Water supply needs and to plan for obligations and build for demands. As supply and demand drivers change the AWS water supply needs will be updated; (2) Current planning; (3) Ongoing progress; (4) AWS plan and Commission direction; (5) AWS plan elements: supply and demand drivers; AWS projects and other actions to be implemented consistent with the established policies and plans of the SFPUC; summaries of the technical, institutional, and financial feasibility of the projects identified under the AWS; and information that will help assess the AWS projects; and (6) AWS Plan preparation.*

*Manager Kothari responded to questions from VP Ajami as to what supply will fill the Calaveras Dam's extra capacity, and to a question about recycling, graywater, and on-site reuse.*

*In response to a question from Commissioner Maxwell regarding outreach to other stakeholders and who those are interested, Manager Kothari noted staff has reached out to the Citizens' Advisory Committee and that there is intention to reach out to additional interested groups and agencies.*

### **Public Comment**

- *Eileen Boken expressed opposition to making San Jose and Santa Clara permanent customers.*
- *Tom Francis, Bay Area Water Supply and Conservation Agency (BAWSCA) expressed appreciation for the AWS Program and thanked staff for their work.*
- *Peter Drekmeier, TRT, referenced a letter he and Dave Warner submitted to the Commission. He noted his respect for Manager Kothari and stated his comments*

are directed at policy decisions. He stated outdated demand projections and drought planning scenario are being used. He discussed the July 16, 2021 SFPUC workshop. He asked that staff respond to their correspondence.

- Francisco DaCosta stated a needs assessment is needed to determine how much water leeches into the ground. He stated clean water should not be used to flush toilets.
- David Pilpel noted the detail of the report and stated public outreach to discuss alternative water supply planning is needed. He thanked staff for their work.
- Dave Warner discussed the high cost of water and referenced information provided in the Long-Term Vulnerability Assessment (LTVA) on costs. He discussed the reduction of the length of the Design Drought, which he stated would reduce alternative supplies and cost.

b) Drought Conditions Update

AGM Ritchie reviewed (1) Reservoir storage levels, noting a total system storage is 74% of maximum. He indicated Hetch Hetchy has more in storage this year than last. He discussed the airborne study estimate; (2) Other California Reservoirs supply, stating that the Shasta Reservoir's storage is a driver for the state and noted that is at 37% of normal; (3) California Drought Monitor, indicating the majority of the state is in severe drought; (4) Hetch Hetchy precipitation which is below the median for the time of year; (5) Upcountry Snowpack which is below median for the time of year; (6) Water availability to the city; (7) Tuolumne River Water available to the city; (8) Upcountry 6-Station Precipitation Index, year-to-date (YTD) total 19.07 inches; (9) Bay Area 7-Station Precipitation Index, YTD total 20.12 inches; (10) National Precipitation Forecast; (11) Total Deliveries; and (12) Drought Tracker, with an 8.3% total reduction for the period July 1, 2021 to February 25, 2022.

Public Comment

- David Pilpel questioned if the Drought Emergency Declaration is still required given rainfall and snowpack levels. He asked when and how an assessment will be conducted to determine if the emergency no longer applies. He expressed concern with the effect on the budget due to reduction in use.
- Dave Warner discussed former Commissioner Harrington's request that a fish passage chart be included with the report. He discussed a California Department of Fish and Wildlife slide he viewed regarding salmon and unimpaired flows.

c) Quarterly Budget Status Report

Laura Busch, Budget Director, indicated there were positive operating results projected for Power and CleanPowerSF and operating shortfalls projected for Water and Wastewater. She reviewed (1) Water and Wastewater: lower revenues are a result of water conservation efforts due to drought, offset by 5% drought surcharge effective April 2022; delayed economic recovery; and temporary customer assistance programs; (3) Power: higher wholesale revenues from increased energy prices; higher retail revenues due to increased volumes offset by increased distribution, and power costs; and (4) CleanPowerSF: budget amended to incorporate rate increases and offsetting higher cost of power purchase. Savings are

*driven by vacant positions. She stated that year-end financial results projected to meet-or-exceed policy targets.*

*Director Busch stated sales revenue shortfalls increased in the second quarter with water sales \$8.3M lower vs. the first quarter. Wastewater sales \$5M lower vs. the first quarter. Incorporated into the first and second quarter variance report is a 5% retail drought surcharge that will commence April 1, 2022.*

*Director Busch reviewed FY 2021-22 budget variances (sources and uses) for (1) Water - net operating results (\$32.6M); (2) Wastewater - net operating results (\$25.0M); (3) Power – net operating result \$12.6M (curtailment could lead to lower generation and wholesale sales, leading to increased power purchases to meet demand); and (4) CleanPowerSF – net operating result \$3.3M. Director Busch reviewed key financial ratios for Water, Wastewater, and Power stating all are on target for the year.*

*VP Ajami noted that there is no guarantee that demand will return to prior levels and stated that a more strategic approach to rate setting may be needed.*

*VP Ajami discussed a bill making its way through the California Legislature regarding decoupling water rates and asked that staff monitor that legislation.*

*President Moran discussed the scheduled drought surcharge. He asked if it would change if the drought proceeded and requested the Commission be briefed.*

*VP Ajami reminded staff of her previous request for a graph showing demand projections from the financial team and the water team.*

#### Public Comment

- *David Pilpel thanked the budget team for their work managing the budget. He expressed difficulty hearing those at speaking in the room.*

- d) Water Enterprise Capital Improvement Program (WECIP) Quarterly Reports  
*Katie Miller, Director Water Capital Programs, reviewed the WECIP program status noting expenditures of \$903M, with 31% complete. Director Miller reviewed (1) WECIP cost summary; (2) Regional WECIP projects; (3) Proposed variance categories; (4) Regional projects with variances in the second quarter – 17 with negative or positive variance; (4) Sunol Valley Water Treatment Plant Ozone; (5) Local WECIP projects; (6) Local projects with variances in the second quarter; and (6) San Francisco Westside Recycled Water.*

#### Public Comment

- *Tom Francis, BAWSCA, discussed the projects and the critical work necessary to operate and maintain the regional water system. He noted the importance of BAWSCA's engagement. He stated that projects in the regional are in the planning stage and more work needs to be in the design and construction phases. He discussed possible budget deferrals that may affect the CIP. He*

*asked that BAWSCA be engaged in discussions including those on the asset management policy.*

- *David Pilpel indicated he has no concerns with the projects. He suggested that dates not be imbedded in photos and that photos be labeled. He asked that the use of acronyms be minimized.*

e) Water System Improvement Program (WSIP) Quarterly Report

*Director Miller reviewed the Regional WSIP cost summary and cost and schedule forecast. She discussed WSIP recent achievements for the Calaveras Dam Replacement Project and Peninsula closeout. Director Miller congratulated Susan Hou, WSIP Regional Project Manager, for her recognition by the American Society of Civil Engineers for receiving the 2022 Outstanding Projects and Leader Award as Project Manager of the Calaveras Dam Replacement Project.*

*Director Miller provided a brief review of the Alameda Creek Recapture Project and the Regional Groundwater Storage and Recovery Project.*

*No public comment.*

*Commissioner Paulson recounted his first visit to the Calaveras Dam site and congratulated staff for their work on the project.*

*In response to a question from Commissioner Maxwell as to how staff normally responds to correspondence, specifically in reference to Mr. Drekmeier's comments, GM Herrera discussed the process and noted some correspondence doesn't ask for response. He noted judgement on engagement is used and that response is taken seriously. Specifically related to Mr. Drekmeier's comments, GM Herrera indicated he has volunteered to meet with Mr. Drekmeier on a quarterly basis. He stated he met with him in December and asked for a follow-up meetings but has not yet heard back from Mr. Drekmeier. He assured the Commission follow-up meetings will take place.*

*Commissioner Ajami questioned the processes for tracking correspondence. Commissioner Paulson indicated he has no issues with correspondence and stated that letters are received in a timely manner and that he is comfortable with the current process.*

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

*None.*

9. New Commission Business

*None.*

10. Consent Calendar

- a) Approve the plans and specifications and award Contract No. HH-1005, San Joaquin Pipeline Valve and Safe Entry Improvements: Phase 1A, in the amount

of \$10,799,504, and with a duration of 852 consecutive calendar days to the responsible bidder submitting the lowest responsive bid, Sierra Mountain Construction, Inc., to replace a 60-inch diameter butterfly valve on San Joaquin Pipeline Number 2 (SJPL 2) at Tesla Valvehouse with a new, higher-pressure-rated 60-inch diameter butterfly valve; replace crossover butterfly valves connected to SJPL 2 with double knife gate valves in the Pelican, Roselle, and Emery Crossover Vaults; and install Removable Spool Pieces (RSPs) and new vaults for SJPL 2 at Tesla and Oakdale Portals. ([Resolution 22-0047](#))

- b) Approve the selection of Brown and Caldwell/SRT Consultants, Inc., a Joint Venture (BC/SRT); award Agreement No. PRO.0123, Engineering Services for Green Infrastructure, to BC/SRT to provide Green Infrastructure planning and design services for the Wastewater Enterprise Capital Improvement Program; and authorize the General Manager to execute the agreement for an amount not-to-exceed \$7,500,000 and a duration of seven and one-half years. ([Resolution 22-0048](#))
- c) Accept work performed by Minerva Construction, Inc. under Contract No. WW-627R; approve Modification No. 6 (Final), decreasing the contract by \$2,567, for a total contract amount of \$8,330,937, and increasing the contract duration by 219 consecutive calendar days to allow for the completion of additional planting and erosion work and to address delays resulting from the impact of the COVID-19 pandemic, for a total contract duration of 902 consecutive calendar days; and authorize final payment to the contractor. ([Resolution 22-0049](#))
- d) Approve an increase of 561 calendar days to the contract duration contingency for Contract No. WW-639, Oceanside Water Pollution Control Plant Digester Gas Utilization Upgrades with Monterey Mechanical Co.; and authorize the General Manager to approve future modifications to the contract for a total contract duration of up to 1,769 consecutive calendar days (approximately four years and ten months), with no change to the contract amount. ([Resolution 22-0050](#))
- e) Accept work performed by Cal State Constructors, Inc., under Contract No. WW-654, Southeast Water Pollution Control Plant Buildings 040, 041, 044, 060, 061, 062, 925, and 960 Mechanical Improvements; approve Modification No. 7 (Final), decreasing the contract amount by \$29,550, for a total contract amount of \$7,356,029, with no change to the contract duration; and authorize final payment to the contractor. ([Resolution 22-0051](#))

Public Comment

- *David Pilpel thanked staff for including site maps.*

*On motion to approve Consent Calendar Items 10a through 10e:  
Ayes: Moran, Ajami, Maxwell and Paulson*

- 11. Authorize the General Manager to designate a specific brand of distributed-process control system (DCS) by Emerson Process Management in the contract documents



to match other products in use and ensure system-wide consistency, for Contract No. DB-132 New Treasure Island Wastewater Treatment Plant, in conformance with San Francisco Administrative Code Section 6.73(e) and Public Contract Code Section 3400(c)(2). ([Resolution 22-0052](#))

*Acting AGM Johanson introduced the item and noted the need for new wastewater infrastructure on Treasure Island given the increase in housing. He discussed the necessity of the distributed-process control system.*

*VP Ajami asked if there is any work for on-site reuse systems for the housing projects in on Treasure Island. Acting AGM Johanson indicated he would research and provide response.*

#### Public Comment

- *Francisco DaCosta indicated the contractor was given a sole source bid. He stated transparency and accountability is needed.*
- *David Pilpel asked if there will be standardization of DCS at wastewater facilities, including those at the San Francisco Airport and Moccasin.*

*On motion to approve Item 11:*

*Ayes: Moran, Ajami, Maxwell and Paulson*

12. Approve modification of the San Francisco Public Utilities Commission's Green Infrastructure (GI) Grant Program Guidelines to reflect compliance with the City Administrative Code Chapter 21G; revise grant team experience and co-benefit eligibility criteria; increase cap on planning and design costs; and revise other program requirements.

*Greg Norby, AGM Wastewater, discussed the importance of GI to long-term resiliency in the face of climate change. He discussed their goal of 1B gallons per year of stormwater management and the strategies to achieve that goal, including GI as part of the overall strategy. He discussed the cost-effective focus on large parcels for GI efforts, noting large parcels provide the opportunity to be matched with other public benefits. He discussed the team's performance-based approach to their work and as part of that approach they have determined that updates to the large parcel grant program are necessary.*

*Sarah Bloom, Project Manager, indicated this is the first requested update to the program since 2019. She thanked the GI team and grantees for their participation. She noted nine projects have been awarded, \$8M in grant funds distributed, and construction on two projects is completed with two scheduled to begin in the summer.*

*She stated proposed updates are a result of lessons-learned and process improvements. She highlighted three proposed substantive changes (1) revisions to the program to align with Administrative Code Chapter 21G; (2) revise grant team experience and co-benefit eligibility criteria; and (3) increase cap on planning and*

design costs.

*VP Ajami thanked the team for their work. She questioned the reason for removal of the groundwater recharge from the benefits. Ms. Bloom stated the co benefit wasn't incentivizing any change in project design, noting stormwater infiltration will continued to be monitored at a program level.*

*In response to follow-up questions from VP Ajami, Ms. Bloom stated that there is no change to the maintenance or operation requirement. She discussed the difficulties with individuals navigating the city vendor process and requirements and that the change will help link participants and organizations together. VP Ajami noted the importance for data and information gathering.*

*In response to a question from Commissioner Paulson, Ms. Bloom discussed the removal of job training opportunities as a co-benefit. She stated grantees were unable to access those opportunities and that the intent is to focus job training opportunities and efforts around capital projects. Commissioner Paulson stressed the importance of job training opportunities and asked that it be added back. Commissioner Maxwell concurred with Commissioner Paulson.*

*Deputy City Attorney Bregman stated that the item will need amendment to make the suggested revision. The amended item will be placed on the March 22, 2022 regular meeting agenda.*

#### Public Comment

- *David Pilpel stated he had no concerns or objections to the item. He questioned if a 10-day notice is required.*

13. Public comment on the matter to be addressed during Closed Session

*None.*

14. 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 as Conference with Legal Counsel*

*Ayes: Moran, Ajami, Maxwell and Paulson*

*The Commission entered Closed Session at 4:15 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, Steve Ritchie, Assistant General Manager, Water Enterprise, and Donna Hood, Commission Secretary.*

15. CONFERENCE WITH LEGAL COUNSEL – Pursuant to California Government Code Section 54956.9(d)(1) and San Francisco Administrative Code Section 67.10(d)(1)

Existing litigation:

*City and County of San Francisco v. Pacific Gas & Electric Company  
San Francisco Superior Court Case No. CGC-17-561957/ Date Filed: October 17, 2017*

Proposed settlement of litigation arising out of a landslide that occurred in January 2016 on a hillside below Casitas Avenue, San Francisco. Material terms: Pacific Gas & Electric Company will pay the City and County of San Francisco \$6,750,000 and will repair construction defects in its trench on the 200 block of Casitas Avenue. Proposed settlement subject to final approval by the Board of Supervisors. (Resolution 22-0053)

*The Commission exited Closed Session at 4:24 PM.*

16. Announcement following Closed Session  
*President Moran stated that the Commission recommends the Board of Supervisors approve the proposed settlement.*
17. 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:*

*Ayes: Moran, Ajami, Maxwell and Paulson*

18. Adjournment  
*President Moran adjourned the meeting at 4:25 PM.*