



**SF Environment**

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EDWIN M. LEE  
Mayor

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Director

**CITY AND COUNTY OF SAN FRANCISCO  
COMMISSION ON THE ENVIRONMENT  
POLICY COMMITTEE**

**REGULAR MEETING APPROVED MINUTES  
MONDAY, MAY 13, 2013, 5:00 P.M.  
CITY HALL, ROOM 421  
SAN FRANCISCO, CA 94102**

COMMITTEE MEMBERS: Commissioners Johanna Wald (Chair), Ruth Gravanis (Vice-Chair), Nicholas Josefowitz

**ORDER OF BUSINESS**

Public comment will be taken before the Committee takes action on any item.

- 1. Call to Order and Roll Call.** The Policy Committee meeting convened at 5:10 p.m. Present: Commissioners Wald and Josefowitz; Excused: Commissioner Gravanis. Commissioner Arce joined the meeting for Items 1 - 4.
- 2. Approval of Minutes of the April 8, 2013 Commission on the Environment Policy Committee Meeting.** (Explanatory Document: April 8, 2013 Approved Minutes) (Discussion and Action) Upon Motion by Commissioner Josefowitz, second by Commissioner Wald, the April 8, 2013 Meeting Minutes were approved without objection (AYES: Commissioners Wald and Josefowitz; Absent: Commissioner Gravanis).
- 3. Public Comments:** Members of the public may address the Committee on matters that are within the Committee's jurisdiction and are not on today's agenda. There was no public comment at this time.
- 4. Update on CleanPowerSF Program.** (Explanatory Document: CleanPowerSFUpdate) Sponsor: Commissioner Joshua Arce; Speaker: Kim Malcolm, Director, CleanPowerSF, Power Enterprise, San Francisco Public Utilities Commission (Informational Report and Discussion)

Commissioner Arce reported that the Commission at its March meeting requested information from the San Francisco Public Utilities Commission (SFPUC) on the status of the CleanPowerSF program relative to proposed rates, local job creation, and energy resource-mix portfolio. He stated that the Commission supports the program for its ability to help reach the City's 100% renewable energy and greenhouse gas emission reduction goals in addition to building local renewable energy sources and creating local jobs.

Ms. Kim Malcolm presented an update on SFPUC's CleanPowerSF program reporting on the April 23 presentation to the SFPUC Commission and Local Agency Formation Commission (LAFCo) on options for residential rate levels, energy resource mix portfolios, and reserve levels to support local build-out efforts. An outline of local build-out strategies and information about PG&E's Green Tariff proposal was presented at that meeting. She reported that at the May 14 SFPUC meeting, CleanPowerSF will present additional ratemaking scenarios, an analysis of potential bonding capacity, and an overview of other Community Choice aggregation rates and energy products in other jurisdictions. (Reference Presentation)

Ms. Malcolm reported that it is hoped that the SFPUC at the May 14 meeting will adopt not to exceed rates and charges that would allow for implementation of the program. The recommendation proposed is to adopt the initial rate and resource mix contained in presentation slide 6. If approved, the program would be launched in approximately January 2014 to allow for program approvals, adoption of the Shell contract, customer education, and outreach. The goal is a program that will satisfy everyone as much as possible from an environmental and consumer standpoint and accomplish the goal of a local build-out.

Commissioner Arce inquired about other jurisdictions that have Community Choice Aggregation rates that are at parity or below the incumbent utility in that area and whether CleanPowerSF's rates would be competitive with PG&E's rates. Ms. Malcolm reported on information contained in presentation slide 8 that shows comparisons between national Community Choice Aggregation programs. She explained that many jurisdictions rates are lower than the local utilities because they do not have policy goals or a local build-out and are able to purchase inexpensive coal. Ms. Malcolm reported that if the CleanPowerSF rate were to be 11.9 cents, it would be over 40% higher than PG&E's normal rate for power, which is about 8 cents, although it is competitive with PG&E's proposed green tariff which is being reported as 3 ½ cents over their basic rate. It is hoped that the rate agreed to in final negotiations with Shell and Noble would be lower than the 11.9 cents not to exceed rate.

Commissioner Josefowitz inquired about the differences between the CleanPowerSF and the Marin County program. Ms. Malcolm reported that the Marin program is less expensive because a different rate design was secured at initial start-up of the program, and that they have a larger residential customer base with high usage. Marin started with a 20-30 percent green product and San Francisco is starting with a 100% green product. Commissioner Josefowitz inquired and Ms. Malcom discussed the Renewables Portfolio Standard (RPS) "buckets" and benefits of bundled products (presentation slide 3).

Commissioner Arce inquired about the letter received from IBEW Local 1245 claiming that the SFPUC proposal would increase instead of decrease greenhouse gas emissions. Ms. Malcolm reported that there is no scenario proposed that wouldn't reduce greenhouse gas emissions. Ms. Calla Ostrander, Department of the Environment Climate staff, reported that all of the scenarios proposed would reduce greenhouse gas emissions and help meet the City's climate action strategy goals.

Commissioner Wald requested a written response to Local 1245 and inquired whether any of the scenarios would help us reach climate action goals faster. Ms. Danielle Murray, Department of the Environment Renewable Energy Program Manager, reported that there would be greenhouse gas benefits from the program, whether through the use of Renewable Energy Credits (REC's) or a local build-out because the product will all be 100% renewable.

The greenhouse gas impacts do not change significantly by scenario, what changes is the local economic implications from local build-out versus purchasing from Shell or purchasing RECs. Ms. Malcolm reported that she would provide information on the greenhouse gas reductions achieved for each of the scenarios.

Commissioner Arce expressed his concern that the number of jobs that would be created from this program would be very low. Ms. Malcolm clarified that the jobs estimated in her outline did not include the effects of leveraging or the multiplier effect from CleanPowerSF's investments in renewable projects. Commissioner Arce and Ms. Malcolm discussed the initial rate-making tradeoffs presented at the April 23 meeting and reasons for the price increase for the not-to-exceed rate to be proposed on May 14.

Commissioner Wald inquired about what activities would take place in the six to eight-month period between potential approval of the rate and actual launch of the program. Ms. Malcolm reported that there would be an outreach and education campaign to San Francisco residents working with Department of the Environment EnvironmentNow staff and work with Shell to redesign the pricing structure and finalize the agreement. Commissioner Josefowitz inquired how long the price structure would be set for. Ms. Malcolm reported that it would be a 4 ½ year contract with an escalator, and that prices would include a premium for rate stability. Commissioner Josefowitz inquired whether there would be multiple pricing options for consumers. Ms. Malcolm reported that this option would be discussed with SFPUC.

#### Public Comment:

Mr. Eric Brooks, San Francisco Green Party and Our City, stated that he is one of the community advocates who has been working on campaigning for this program. He stated that the rates and rate revenue in the various scenarios is based only on the 30MW per year Shell contract, but that our peak load is approximately 900MW. Mr. Brooks stated that the initial startup of the program is the beginning of a bigger program that was established in 2004 that includes a carefully designed mix of hundreds of megawatts of solar, wind, efficiency, demand response, cogeneration, combined heat and power mixed together in a way so that when you do the build-out it is not only self-funding through revenue bonds, but also is not more expensive than current PG&E rates for brown power. The one difference is that the build-out is what creates most of the bondability to build hundreds of megawatts of power.

Mr. Brooks stated that Local Power's plan would create ten times more jobs than the incremental SFPUC build-out plan. He reported that the SFPUC did drop Local Power's proposed plan and discussed the presentation that was made to the full Commission in March suggesting that the Department of the Environment play a role in implementation of the local build-out proposal along with SFPUC. He suggested that the highest Renewable Energy Credits be selected for the 30MW of power because that gives more money to kick start the bigger planning process to do larger buildout and funds itself. Mr. Brooks stated that this is just the stepping stone to the bigger project.

Ms. Jessica Dervin-Ackerman, Conservation Organizer, Sierra Club, spoke in support of Ms. Malcolm's flexibility in working with community advocates and decision-makers and in helping to achieve a great program that will help reach goals.

Ms. Fish reported that Mr. Hunter Stern, Local 1245, submitted public comment on the CleanPowerSF program that was included in the Commission's meeting documents.

**5. Update from Recology on Refuse Rate Application.** Sponsor: Melanie Nutter, Director;  
Speaker: Jon Braslow, Recology (Informational Report and Discussion)

Mr. Jon Braslow, Assistant Group Manager of San Francisco Operations, Recology, provided an informational report on Recology's refuse rate application. He explained that Recology provides San Francisco with residential, apartment, and commercial collection and processes all of the collected material. He reported that San Francisco, with the help of Recology, has reached an 80 percent landfill diversion rate. As San Francisco moves toward zero waste, use of the recycling and composting bins are becoming more prevalent than the black landfill bins. Since rates are based on black bins, there are challenges in meeting program revenues and, for this and other reasons a price increase is being requested. Mr. Braslow reported on proposed program changes, the rate setting process, what's included in the rate proposal, what it means, recycling incentives, and timelines. Mr. Paul Giusti, Director of Community and Government Affairs for Recology, reported on community presentations that have been done and planned for with community groups, apartment buildings, and businesses to understand the rates and changes being proposed. (Reference Presentation)

Commissioner Josefowitz inquired how much lower Recology's revenue projections are than what was expected in the last rate process. Mr. Braslow stated that the last projection in 2011 indicated an approximate \$28-30 million shortfall than what was expected. Commissioner Wald confirmed with Mr. Braslow that a lifeline rate would be available to low-income customers. She asked if the change in the rate structure was for the purpose of including a charge for recycling and composting. Mr. Braslow reported that the current rate is only for the black bin and includes composting and recycling bin services. The proposed rate structures include small charges for recycling and composting. Commissioner Wald stated that residents may feel that they are being punished for the success of the program, but stated that changing the structure to where the real costs are makes sense.

Commissioner Wald inquired about requirements for residents to have a black bin. Mr. Braslow reported that there is a requirement for a black bin because of the inability to verify that material would only be distributed to compost and recycling, and that other waste would not be channeled elsewhere. He reported that a less expensive 20-gallon bin is available for customers who produce less waste. Commissioner Josefowitz inquired whether residents have an option to share a bin. Mr. Braslow reported that units within a building have that option, but not separate buildings.

Commissioner Josefowitz inquired about the proportion of residents that have 20-gallon black bins. Mr. Braslow reported that 25,000 out of 140,000 residential customers have 20-gallon bins. He discussed a test program that would offer a special rate to customers who don't put their bin out every week as an incentive to generate less material. The idea is to see what type of behavioral change it will promote.

Mr. Robert Haley, Zero Waste Manager, reported that the staff report by the Department of Public Works and SF Environment has recommended adjustments to the application rate reducing the increase to 19.14%. He stated that hearings are being held, and that he expects that rates will be in place by August or September 1.

Public Comment:

Ms. Darby Hoover stated that the pay as you throw system is one that has encouraged a lot of cities to move residents towards increasing recycling and composting. She stated that San Francisco is achieving higher diversion rates than other cities because we are moving beyond the pay as you throw system for the first time and costs cover everything else. To eliminate the pie structure is the first step toward evolving from pay as you throw, which is the superior evolution that San Francisco is setting the groundwork for. It is an important step that a lot of cities will follow.

Mr. David Pilpel stated that although Recology has done good work and is proposing reasonable changes in the structure to reflect the evolution of the program, the public process has been transparent, but less than adequate to his way of thinking. He suggested increasing the amount of public involvement including meetings at the Commission, this Committee, and with staff and discussed his exclusion from meetings to engage in discussion on these matters. Mr. Pilpel stated that there are complicated issues in terms of operations, customer service, processing, disposal, and policy choice that don't coincide with a simple rate application process. He stated that there is a new environmental review process to explore the landfill agreement that has been terminated, and that the new cost is unknown. He asked that there be more conversation on the new facilities in Brisbane and on Tunnel Road and to be included in discussions.

Mr. Braslow reported that there is a website with information about the application, rate increase proposals, workshop presentations, and a rate calculator for customers. He reported that there is also a Ratepayer Advocate available to represent ratepayers.

**6. Review and Approval of Draft Resolution of Commission Support for Assembly Bill (AB) 521 (Hueso and Stone) Marine Plastic Pollution Producer Responsibility for recommendation to the Commission on the Environment.** (Continued from the April 8, 2013 Meeting) (Explanatory Documents: AB521, AB521 Fact Sheet, and Commission Draft Resolution of Support) Sponsor: Commissioner Ruth Gravanis; Speaker: Darby Hoover, Senior Resource Specialist, Natural Resources Defense Council (NRDC) (15 minutes) (Discussion and Action)

Ms. Darby Hoover reported that Assembly Bill 521, a bill that would help reduce the amount of plastic waste in California waterways, coastlines, and oceans, has moved from the Natural Resources Committee to Appropriations. It is hoped that through the bill, a new program will be established to prevent plastic pollution from getting into the marine environment by requiring producers of the most prevalent products found in marine plastic pollution to take the responsibility for reducing that pollution. Under AB521, California would adopt a statewide goal to reduce marine plastic pollution from land-based sources 75% by 2020 and 95% by 2025. The bill would direct CalRecycle in coordination with the Ocean Protection Council and the State Water Resource Control Board to establish a program that would define the items that are primary contributors to plastic pollution, set reduction targets, require producers to meet targets in the established timeframes, and to pay for the administration of the program.

There is currently an option whereby producers can pay into a compliance program rather than participate in the reductions. Producers would be provided with the flexibility to determine how they would best achieve the targets through source reduction, support for enhanced recycling measures, waste prevention and litter removal, and installation of full capture devices on storm drains.

Ms. Hoover reported that this bill is attempting to fund a broad range of mechanisms to prevent plastics from entering the environment. It is intended to be California-specific and to be compatible with existing local and state pollution control measures. It aims to reduce the source of the plastic pollution and to provide support and funding for cleanup and recycling efforts. The bill would take some of the burden off of taxpayers and the city who pay into these programs to producers. Ms. Hoover asked that the Commission approve the Resolution supporting the key tenets of the producer responsibility program for the marine plastic pollution program in California. (Reference Resolution)

Mr. Jack Macy, Department of the Environment Zero Waste Staff, stated that he appreciates the work that NRDC has been doing on this bill. He stated that Department staff on behalf of the City, made a request to the City lobbyist to support this bill through submittal of a letter to the Assembly Natural Resources Committee. He stated that the bill mostly deals with problem materials with a focus on reducing pollution in the marine environment, and that staff is recommending that the Resolution include that the bill also support landfill reduction goals.

Public Comment: Mr. David Pilpel stated that marine pollution is a bad problem and that Assembly Bill 521 is a good and comprehensive solution that he hopes will be enacted. He confirmed through Mr. Macy that the state legislative plan was adopted through the Mayor's Legislative Committee so that it gives the Department and Commission the umbrella to support the bill. He suggested that the Department's legal counsel review the Resolution before it goes to the Commission, so it can be confirmed that the Commission is within its jurisdiction to pass a Resolution to commend legislators for their acts.

Upon Motion by Commissioner Josefowitz, second by Commissioner Wald, Draft Resolution File 2013-07-COE was approved for recommendation to the Commission with a request to confirm with legal counsel whether the reference on page 3 line 24 of the Resolution commending assembly members for authoring the bill would be appropriate to include and to correct on page 2, line 13, the misspelling of the word "tenants" to "tenets" (AYES: Commissioners Josefowitz and Wald; Absent: Commissioner Gravanis).

**7. Review and Approval of Draft Resolution in support of Zero Waste Grant Award Funding Recommendations for recommendation to the Commission on the Environment.** (Explanatory Documents: Amended Draft Resolution, Amended Grant Funding Recommendations, and Zero Waste Grant Request for Proposal) Sponsor: Melanie Nutter, Director; Speaker: Alexa Kielty, Residential Zero Waste Assistant (Discussion and Action)

Ms. Alexa Kielty reported that the Zero Waste program is recommending that the Commission approve grant funding awards to ten organizations as referenced in funding recommendations for Fiscal Year 2013-15 (reference amended Resolution and Funding Recommendations). She provided information on available funding, the interview and selection process, and projects selected for funding.

Commissioner Josefowitz inquired whether award recipients were selected based on tons diverted. Ms. Kielty reported that selections were made based on a mix of criteria. Commissioner Wald inquired whether proposed projects were required to accomplish at least one Zero Waste goal. Ms. Kielty reported that most of the award recipients were required to meet more than one goal. Commissioner Wald suggested that requirements be more rigorous in the future so that grantees are required to meet more than one program goal. She confirmed that she and Commissioner Josefowitz do not have a financial interest with the awarded organizations and asked that the Commission be sent a request to excuse themselves from a vote if they do.

Public Comment: Mr. David Pilpel discussed discrepancies between the funding recommendations narrative and the amended Resolution. Ms. Kielty pointed out that an amended Resolution has been provided and an amended version of the funding recommendations would be provided with the correct information. Mr. Pilpel spoke in favor of assessing the cost per ton diverted as suggested by Commissioner Josefowitz and encouraged that it be included in the narrative before the full Commission. He suggested including the summary/scope of the project that organizations have provided in the Commission packet in addition to a staff summary.

Mr. Pilpel stated that the narrative is not clear as to what the program is achieving and how it will result in diversion. He pointed out that funding is coming from ratepayers and that it should be used for diversion that benefits ratepayers. Commissioner Wald asked to take this information into account when preparing the materials for the full Commission. Commissioner Josefowitz suggested adding a cost-per-ton for each award recipient. Commissioner Wald suggested quantifying expectations. Mr. Kevin Drew reported on challenges in providing information on cost-per-ton and discussed the wide range of applicants applying for grants. Mr. Pilpel suggested requesting grantee presentations and highlighting grantees at an awards event or a Commission community meeting.

Upon Motion by Commissioner Josefowitz, second by Commissioner Wald, Draft Resolution File 2013-08-COE was approved with amendments for recommendation to the Commission to consider at its May 28, 2013 meeting (AYES: Commissioners Wald and Josefowitz; Absent: Commissioner Gravanis).

**8. Director's Report and Updates.** (Explanatory Document: Director's Report) Speaker: Melanie Nutter, Director (Informational Report and Discussion)

Director Nutter provided a written Director's Report and highlighted activities, community outreach, and events that include (1) the success of the Earth Day Breakfast, (2) her attendance at the Clinton Initiative Mid-Year meeting to discuss climate change, mitigation, and adaptation and to showcase San Francisco's achievements and future plans; (3) submittal and status of Department Climate Action plans; (4) Blue and Green Awards scheduled for this summer to recognize departments that have been successful in mitigating carbon; (5) participation in the San Francisco SunShares program by City employees; (5) status of compliance with the Commercial Benchmarking Ordinance; and (6) Department's new office space Open House targeted for June. Commissioner Wald requested a report at a future Policy Committee meeting on Department Climate Action Plans.

Mr. Pilpel complimented the comprehensive Director's Report and encouraged explanation of acronyms. He spoke of his concern that all solar contracts were awarded only to City employees and potential negative coverage by the media as a result. Director Nutter reported that the program is designed to benefit City employees and other large employer organizations. Mr. Pilpel asked for a more thorough explanation of the context in order to avoid potential bad press. He spoke of the recent negative article in the media about the vehicle reduction ordinance, and suggested that a story be written to counteract the article by discussing efforts that have been made to reduce the City vehicle fleet and meet Bay Area goals.

- 9. Communications.** (Explanatory Document: Correspondence Log) (Information and Discussion) Commission Secretary Fish referenced the correspondence log listing the status of all communications received to date.
- 10. Announcements.** (Discussion) There were no announcements made at this time.
- 11. New Business/Future Agenda Items.** (Discussion) Director Nutter reported that Department Climate Action Plans would be scheduled for a future Policy Committee meeting. Commissioner Wald requested that the discussion be held at the July meeting.
- 12. Public Comments:** Members of the public may address the Committee on matters that are within the Committee's jurisdiction and are not on today's agenda. There was no public comment at this time.
- 13. Adjournment.** The Commission on the Environment Policy Committee meeting adjourned at 7:15 p.m.

**The next meeting of the Commission on the Environment Policy Committee meeting is scheduled for Monday, June 10, 2013 at 5:00 p.m., in City Hall, Room 421.**

Respectfully submitted by Monica Fish, Commission Secretary  
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\*\* Copies of explanatory documents are available at (1) the Commission's office, 1455 Market Street, Suite 1200, San Francisco, California 94103 between the hours of 9 a.m. and 5 p.m., (2) may be available on the Policy Committee's website <http://www.sfenvironment.org/commission/agendas> with each set of minutes, or (3) upon request to the Commission Secretary at telephone number 415-355-3709, or via e-mail at [Monica.Fish@sfgov.org](mailto:Monica.Fish@sfgov.org). The meeting audio can be reviewed at this website link by meeting date <http://www.sfenvironment.org/commission/audio>.

Approved: June 10, 2013