

File No. 160744

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date July 20, 2016

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
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- Legislative Digest
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- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

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Completed by: Linda Wong Date July 15, 2016
 Completed by: Linda Wong Date _____



San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

ORIG: Leg Clerk B+F
COB B+F Chair, Clerk
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
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June 17, 2016

Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
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BY [Signature]

**Subject: WSIP San Francisco Westside Recycled Water Project CUW30201
Release of Reserve, \$120,827,000**

I would like to request your assistance to have calendared the release of reserve of \$120,827,000 from San Francisco Westside Recycled Water Project CUW30201.

The appropriation to fund the construction costs for WSIP projects with costs in excess of \$100,000,000 were placed on Budget and Finance Committee reserve pending review by the Committee.

The release of the reserved funding is needed to award the contracts for the construction work on the San Francisco Westside Recycled Water Project.

Sincerely,

[Signature]
Harlan L. Kelly, Jr.
General Manager

- Edwin M. Lee
Mayor
- Francesca Vietor
President
- Anson Moran
Vice President
- Ann Moller Caen
Commissioner
- Vince Courtney
Commissioner
- Ike Kwon
Commissioner
- Harlan L. Kelly, Jr.
General Manager



<p>Item 5 File 16-0744</p>	<p>Department: Public Utilities Commission (PUC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The Board of Supervisors appropriated \$120,827,000 in Water Enterprise Revenue Bond funds to the Westside Recycled Water Project in April 2010 (Ordinance 92-10) and November 2011 (Ordinance 230-11) and placed these funds on Budget and Finance Committee Reserve. The SFPUC General Manager is now requesting release of \$120,827,000 from Budget and Finance Committee Reserve for the Westside Recycled Water Project. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The San Francisco Westside Recycled Water Project (Project) is a component of the San Francisco Public Utilities Commission’s (SFPUC) Water System Improvement Program (WSIP). The primary purpose of the Project is to reduce San Francisco’s reliance on potable water for nonpotable uses, such as irrigation, through the production and distribution of highly treated recycled water. The Project will bring recycled water from the recycled water treatment facility, to be constructed at the Oceanside Water Pollution Control Plant, to Golden Gate Park, Lincoln Park Golf Course, the Presidio Golf Course and the National Cemetery to be used for irrigation. • Environmental review for the Project began in 2006, and the Final Environmental Impact Report (FEIR) was certified by the Planning Commission in September 2015. A resolution adopting findings under the California Environmental Quality Act, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations related to the San Francisco Westside Recycled Water Project, is calendared at the July 20, 2016 Budget and Finance Committee (File 16-0720). • Completion of the Project, including the recycled water pipeline, recycled water treatment facility at the Oceanside Water Pollution Control Plan, and recycled water pump station and underground reservoir in Golden Gate Park, is anticipated in September 2020. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The total Waterside Recycled Water Project budget is \$186,220,000, which includes \$120,827,000 on Budget and Finance Committee Reserve. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the requested release of reserves. 	

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Westside Recycled Water Project (Project) is a component of the San Francisco Public Utilities Commission's (SFPUC) Water System Improvement Program (WSIP). The primary purpose of the Project is to reduce San Francisco's reliance on potable water for nonpotable uses, such as irrigation, through the production and distribution of highly treated recycled water. The Project will bring recycled water from the recycled water treatment facility, to be constructed at the Oceanside Water Pollution Control Plant, to Golden Gate Park, Lincoln Park Golf Course, the Presidio Golf Course and the National Cemetery to be used for irrigation.

The Project will construct the following facilities:

- A recycled water treatment facility at the Oceanside Water Pollution Control Plant;
- A new pump station and underground recycled water storage reservoir at Golden Gate Park's existing Central Reservoir; and
- New recycled water distribution pipelines.

The Public Utilities Commission approved a Memorandum of Understanding between the SFPUC and the Recreation and Park Department at the June 14, 2016 Commission meeting, describing each departments' responsibilities for construction and operation of the recycled water, storage and distribution facilities on Recreation and Park Department properties.

LEGISLATION

The Board of Supervisors appropriated \$120,827,000 in Water Enterprise Revenue Bond funds, to the Westside Recycled Water Project in April 2010 (Ordinance 92-10) and November 2011 (Ordinance 230-11) and placed these funds on Budget and Finance Committee Reserve. The SFPUC General Manager is now requesting release of \$120,827,000 from Budget and Finance Committee Reserve for the Westside Recycled Water Project.

Project Planning, Environmental Review and Design

According to Ms. Barbara Palacios, SFPUC Project Manager, planning for the Westside Recycled Water Project was started in 2003 as part of the updating of the Recycled Water Master Plan.

Environmental review for the Project began in 2006, and the Final Environmental Impact Report (FEIR) was certified by the Planning Commission in September 2015. A resolution adopting findings under the California Environmental Quality Act, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations related to the San Francisco Westside Recycled Water Project, is calendared at the July 20, 2016 Budget and Finance Committee (File 16-0720).

Project design was begun in 2009. Design of the recycled water pipeline was completed in June 2016. Design of the recycled water treatment facility at the Oceanside Water Pollution Control Plant is scheduled to be completed in August 2016. The design of the recycled water pump station and reservoir in Golden Gate Park is scheduled to be completed in December 2016.

Project Construction

Construction of the Project is scheduled to begin in April 2017 with the construction of the recycled water pipeline. Completion of the Project, including the recycled water pipeline, recycled water treatment facility at the Oceanside Water Pollution Control Plan, and recycled water pump station and underground reservoir in Golden Gate Park, is anticipated in September 2020, with final close out in March 2021.

FISCAL IMPACT

The total Waterside Recycled Water Project budget is \$186,220,000, which includes \$120,827,000 on Budget and Finance Committee Reserve, as shown in the Table below.

Table: Westside Recycled Water Project Budget

Sources of Funds	Appropriation	Budget and Finance Committee Reserve
<u>Water Enterprise Revenue Bonds</u>		
Ordinance 53-08	\$3,457,718	
Ordinance 311-08	14,217,812	
Ordinance 92-10	110,146,222	\$91,608,000
Ordinance 230-11	\$29,219,000	29,219,000
Subtotal, Water Enterprise Revenue Bonds	\$157,040,752	\$120,827,000
<u>Budget Appropriations</u>		
FY 2016-17 Budget	\$21,306,000	
FY 2017-18 Budget	6,500,000	
FY 2018-19 Budget	1,373,248	
Subtotal, Budget Appropriations	\$29,179,248	
Total	\$186,220,000	\$120,827,000
<u>Uses of Funds</u>		
Project Management	\$8,910,031	
Planning	3,895,169	
Environmental	3,897,000	
Right of Way	438,000	
Design + Bid/Award	16,503,000	
Construction Management	15,718,000	
Construction ¹	136,858,800	
Total Project Budget	\$186,220,000	

Source: SFPUC Finance

¹ Construction budget includes \$123,478,000 in construction "base bid", \$12,347,800 in construction contingency (10%) contingency. The remaining costs are for construction-related environmental monitoring and mitigation.

RECOMMENDATION

Approve the requested release of reserves.