

File No. 130483

Committee Item No. 3

Board Item No. 1

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 06/05/2013

Board of Supervisors Meeting

Date: 6/18/13

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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Completed by: Victor Young Date May 31, 2013

Completed by: Victor Young Date 6/6/13

[Appropriation - Water Revenue Bonds for the Public Utilities Commission Calaveras Dam Project - \$55,064,799; and Re-Appropriation - Water System Improvement Projects - \$77,271,24 - FY2012-2013]

Ordinance appropriating \$55,064,799 of proceeds from San Francisco Public Utilities Commission (SFPUC) Water Revenue Bonds to fund the Water System Improvement Program (WSIP) Calaveras Dam Project and re-appropriating \$77,271,241 of WSIP Project appropriations to various WSIP Projects consistent with the revised April 2013 WSIP program budget adopted by the SFPUC.

Note: Additions are single-underline italics Times New Roman; deletions are ~~striketrough italics Times New Roman~~. Board amendment additions are double underlined. Board amendment deletions are ~~striketrough normal~~

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outline below are herein appropriated to reflect the funding available for the WSIP Calaveras Dam Project.

Sources Appropriation

Fund	Index Code / Project Code	Subsubject	Description	Amount
5W CPF 02E	*WTR5WCPF02E /	80111	Proceeds from Sale	\$55,064,799
2002 Prop E Bond Fund	CUW3000100		of Revenue Bonds	
	WSIP Bond Expense			
Total SOURCES Appropriation				<u>\$55,064,799</u>

1 Section 2. The uses of funding outlined below are herein appropriated in Subobject 06700
 2 (Buildings, Structures, and Improvement Project-Budget), 081C4 Internal Audits and 06B00
 3 Revenue Bond Oversight Committee and reflects the projected use of funding to support the
 4 WSIP Calaveras Dam Project.

7 **Uses Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF 02E	*WTR5WCPF02E	06C00 Capital	Calaveras Dam	\$54,927,412
2002 Prop E Bond Fund	CUW3740100	Projects Budget	Project	
5W CPF 02E	*WTR5WCPF02E /	081C4	City Service	\$109,855
2002 Prop E Bond Fund	CUW3000100	Internal Audits	Auditor	
5W CPF 02E	*WTR5WCPF02E /	06B00	Revenue Bond	\$27,532
2002 Prop E Bond Fund	CUW3000100	Programmatic Projects	Oversight Committee	
Total USES Appropriation				\$55,064,799

24 Section 3. Of the above appropriated amount, \$109,855, representing 0.2% of the
 25 expenditure budget net of audit costs is to be allocated and available to support the

1 Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$27,532 representing
 2 0.05% of gross bond proceeds is to be allocated and available to support the Public Utilities
 3 Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section
 4 5A.31. These appropriations may be increased or decreased by the Controller based on
 5 changes to expenditure appropriations or actual gross bond proceeds to conform to the
 6 applicable Charter and Administrative Code formulas.

7
 8 Section 4. The funding below was previously appropriated and no additional funding is
 9 requested in this supplemental appropriation ordinance as indicated by Attachment A. The
 10 uses of funding outlined below are herein de-appropriated.

11
 12
 13 **Uses De-Appropriation**

Fund	Index/Project Code	Subobject	Description	Amount
5W CPF 02A	Various	06C00 Capital	Sutro Reservoir	(\$5,099,144)
2002 Prop E Bond Fund	CUW337	Projects	Seismic Upgrade	
		Budget		
5W CPF 02A	Various	06C00 Capital	San Francisco	(\$1,465,985)
2002 Prop E Bond Fund	CUWSLV01	Projects	Local	
		Budget	Pipeline/Valves	
5W CPF 02E	*WTR5WCPF02E	06C00 Capital	Sutro Reservoir	(\$15,000,000)
2002 Prop E Bond Fund	CUW3370100	Projects	Seismic Upgrade	
		Budget		

	Fund	Index/Project Code	Subobject	Description	Amount
1					
2	5W CPF 02E	*WTR5WCPF02E	06C00 Capital	San Joaquin	(\$3,195,244)
3	2002 Prop E Bond Fund	CUW3730100	Projects	Pipeline System	
4			Budget		
5					
6	5W CPF 02E	Various	06C00 Capital	Bay Division Water	(\$40,754,257)
7	2002 Prop E Bond Fund	CUWBDI0100	Projects	System	
8			Budget	Improvements	
9					
10	5W CPF 02E	*WTR5WCPF02E	06C00 Capital	Program Reserve	(\$1,982)
11	2002 Prop A Bond Fund	CUW3950100	Projects		
12			Budget		
13					
14	5W CPF 02E	*WTR5WCPF02E	06C00 Capital	Program	(\$11,754,629)
15	2002 Prop A Bond Fund	CUW3920100	Projects	Management	
16			Budget	Services	
17					
18	Total USES De-Appropriation				(\$77,271,241)

20 Section 4. The uses of funding outlined below are herein re-appropriated in Subobject 06700
21 (Buildings, Structures, and Improvement Project-Budget), and reflects the projected uses of
22 funding to support the updated Water System Improvement Program (WSIP) project budgets
23 consistent with the revised April 2013 WSIP program budget adopted by the San Francisco
24 Public Utilities Commission for Fiscal Year 2013-2014.

25

1 **USES Re-Appropriation**

2	Fund	Index/Project Code	Subobject	Description	Amount
3	5W CPF 02A	*WTR5WCPF02A	06700 Buildings,	Crystal	\$6,565,129
4	2002 Prop A Bond	CUW3710100	Structures, and	Springs/San	
5	Fund		Improvement	Andreas	
6				Upgrade	
7					
8	5W CPF 02E	*WTR5WCPF02E	06700 Buildings,	Calaveras Dam	\$19,426,275
9	2002 Prop E Bond	CUW3740100	Structures, and	Project	
10	Fund		Improvement		
11					
12	5W CPF 02E	*WTR5WCPF02E	06700 Buildings,	Lake Merced	\$167,115
13	2002 Prop E Bond	CUW3090100	Structures, and	Pump Station	
14	Fund		Improvement	Upgrade	
15					
16	5W CPF 02E	*WTR5WCPF02E	06700 Buildings,	Regional	\$14,093,800
17	2002 Prop E Bond	CUW3010300	Structures, and	Groundwater	
18	Fund		Improvement P	Storage	
19					
20	5W CPF 02E	*WTR5WCPF02E	06700 Buildings,	Crystal	\$28,119,274
21	2002 Prop E Bond	CUW3710100	Structures, and	Springs/San	
22	Fund		Improvement	Andreas	
23				Upgrade	

	Fund	Index/Project Code	Subobject	Description	Amount
1					
2	5W CPF 02E	*WTR5WCPF02E	06700 Buildings,	Habitat Reserve	6,711,792
3	2002 Prop E Bond	CUW3880200	Structures, and	Program	
4	Fund		Improvement		
5					
6	5W CPF 02E	*WTR5WCPF02E	06700 Buildings,	System Security	2,187,856
7	2002 Prop E Bond	CUW3630200	Structures, and	Upgrade	
8	Fund		Improvement		
9					
10					
11	Total USES Re-Appropriation				<u><u>\$77,271,241</u></u>

13 Release of appropriation reserves by the Controller for construction related expenditures for
14 these projects, as applicable, is subject to the prior occurrence of 1) the SFPUC's and the
15 Board of Supervisors' discretionary adoption of California Environmental Quality Act (CEQA)
16 Findings for projects, following review and consideration of completed project related
17 environmental analysis, where required, and 2) the Controller's certification of funds
18 availability, including proceeds of indebtedness.

20 Section 5. The Finance Committee hereby releases the reserve on project CUW352 -
21 Alameda Creek Fishery Enhancements, \$15,314,352, and project CUW395 - Program
22 Reserve, \$1,982 as part of the project budget re-appropriation.

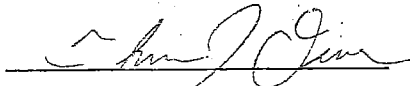
24 Section 6. The Controller is authorized to record transfers between funds and adjust the
25 accounting treatment of sources and uses appropriated in this Ordinance as necessary to

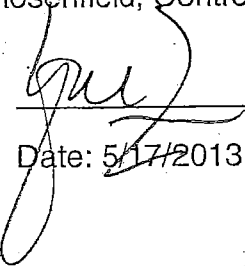
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conform with Generally Accepted Accounting Principles. Budgetary control will remain at the Regional Projects Level and Program Reserves may be released and allocated to Regional projects with the Controller's consent once approved by the SFPUC Commission.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: 
Deputy City Attorney

By: 
Date: 5/17/2013

Attachment A1 - WSIP Reallocation and Appropriation Table - Regional Projects

	SFPUC June, 2011 Total Approved Budget	SFPUC April, 2013 Total Approved Budget by San Francisco Public Utilities Commission	Change	Board Reserve	De- Appropriation	Re- Appropriation	Use Appropriation - Bond Proceeds
CUW364 LAWRENCE LIVERMORE SUPPLY IMPROVEMENTS	4,205,166	4,205,167	1				
CUW373 SAN JOAQUIN PIPELINE SYSTEM	232,204,401	228,734,280	(3,470,121)				
CUW384 TESLA TREATMENT FACILITY	113,395,460	113,670,336	274,876				
CUW387 TESLA PORTAL DISINFECTION STATION	2,081,278	2,081,278	0				
SAN JOAQUIN WATER SYSTEM IMPROVEMENT PROJECTS	351,886,305	348,691,061	(3,195,244)		(3,195,244)		
CUW352 ALAMEDA CREEK FISHERY ENHANCEMENT	45,746,807	24,403,000	(21,343,807)	15,314,352			
CUW355 STANDBY POWER FAC VARIOUS LOCATIONS	12,947,780	12,947,780	0				
CUW359 IRVINGTON TUNNEL ALTERNATIVES	385,970,477	388,816,000	2,845,523				
CUW370 PIPELINE REPAIR & READINESS IMPROVEMENTS	5,205,493	5,205,493	0				
CUW374 CALAVERAS DAM REPLACEMENT	589,195,551	677,993,554	88,798,003				
CUW381 SVWTP EXPANSION/TREATED WATER RESERVOIR	130,619,186	135,204,654	4,585,468				
CUW382 SVWTP TREATED WATER RES PRE PLAN/DESIGN	5,057,035	5,056,596	(439)				
CUW386 SAN ANTONIO PUMP STATION UPGRADE	13,425,768	12,894,707	(531,061)				
SUNOL VALLEY WATER SYSTEM IMPROVEMENT PROJECTS	1,188,168,097	1,262,521,784	74,353,687	15,314,352		19,426,275	54,927,412
CUW353 SEISMIC UPGRADE BDPL @ HAYWARD FAULT	119,214,369	105,223,119	(13,991,250)				
CUW363_01 INSTALLATION OF SCADA SYSTEM PH II	10,420,832	9,498,352	(922,480)				
CUW368 BDPL HYDRAULIC RELIABILITY UPGRADE	531,418,649	507,304,579	(24,114,070)				
CUW380 BDPL NO 3&4 CROSS CONNECTION	33,253,264	30,473,544	(2,779,720)				
CUW389 EBMUD INTERTIE	9,559,755	10,613,018	1,053,263				
CUW393 BDPL#4 CONDITION ASSESSMENT PCCP SECTION	1,966,891	1,966,891	0				
BAY DIVISION WATER SYSTEM IMPROVEMENT PROJECTS	705,833,760	665,079,503	(40,754,257)		(40,754,257)		
CUW354 LOWER CRYSTAL SPRINGS DAM IMPROVEMENTS	35,766,960	34,920,718	(846,242)				
CUW356 NEW CRYSTAL SPRINGS BYPASS TUNNEL	86,444,995	81,462,828	(4,982,167)				
CUW357 ADIT LEAK REPAIRS (CS/CALV RES)	2,787,322	2,787,322	0				
CUW361 PULGAS BALANCING RESERVOIR REHAB	32,322,579	30,871,420	(1,451,159)				
CUW365 CROSS CONNECTION CONTROLS	3,965,943	3,948,944	(16,999)				
CUW366 HTWTP SHORT TERM IMPROVEMENTS PH A	23,096,308	23,098,115	1,807				
CUW36701 HTWTP LONG TERM IMPROVEMENTS	276,896,409	283,238,337	6,341,928				
CUW36702 PENINSULA PIPELINE SEISMIC UPGRADE	30,616,959	42,093,629	11,476,670	10,242,545			
CUW369 CAPUCHINO VALVE LOT CAPACITY IMPROVEMENT	2,803,153	2,803,153	0				
CUW371 CRYSTAL SPRINGS/SAN ANDREAS UPGRADE	164,722,000	193,623,446	28,901,446				
CUW378 CRYSTAL SPRINGS PL #2 REPLACE (IN CITY)	57,469,321	57,195,477	(273,844)				
CUW379 SAN ANDREAS #3 PIPELINE INSTALLATION	29,910,051	27,500,388	(2,409,663)				
CUW391 BADEN AND SAN PEDRO VALVE LOT	27,110,368	25,052,994	(2,057,374)				
PENINSULA WATER SYSTEM IMPROVEMENT PROJECTS	773,912,368	808,596,771	34,684,403	10,242,545		6,565,129	28,119,274
CUW30103 REGIONAL GROUNDWATER STORAGE/RECOVERY	85,291,731	100,491,430	15,199,699	33,490,259			
CUW358 SUNSET RES - UPGRADE/REHAB NORTH BASIN	64,374,385	64,271,570	(102,815)				
CUW372 U MOUND RES - UPGRADE (NORTH BASIN)	44,423,084	43,420,000	(1,003,084)				
SAN FRANCISCO REGIONAL WATER SYSTEM PROJECTS	194,089,200	208,183,000	14,093,800	33,490,259		14,093,800	
CUW363_02 SYSTEM SECURITY UPGRADE	16,667,553	18,855,409	2,187,856			2,187,856	
CUW388 01 ENVIRONMENTAL IMPACT PROJECT (PEIR)	10,730,307	10,730,307	0				
CUW388 02 HABITAT RESERVE PROGRAM	89,236,983	95,948,775	6,711,792			6,711,792	
CUW388 03 VEGETATION RESTORATION WSIP SITES	2,200,000	2,200,000	0				
CUW392 PROGRAM MANAGEMENT SERVICES - WSIP	119,199,058	107,444,429	(11,754,629)		(11,754,629)		
CUW394 WATERSHED ENVIRONMENTAL IMPROVEMENTS	20,000,000	20,000,000	0				
SYSTEM WIDE REGION	258,033,901	255,178,920	(2,854,981)				
TOTAL REGIONAL PROJECTS	3,471,923,631	3,548,251,039	76,327,408	59,047,156			

Attachment A2 - WSIP Reallocation and Appropriation Table - Local Projects

	SFPUC June, 2011 Total Approved Budget	SFPUC April, 2013 Total Approved Budget by San Francisco Public Utilities Commission	Change	Board Reserve	De- Appropriation	Re- Appropriation	Use Appropriation Bond Proceeds
CUW307 SUMMIT RES REHAB/SEISMIC UPGRADE	13,050,000	13,050,000	0				
CUW319 HUNTERS POINT RES REHAB/SEISMIC UPGRADE	3,597,000	3,521,000	(76,000)				
CUW334 STANFORD HEIGHTS RES REHAB/UPGRADE	23,635,000	23,632,660	(2,340)				
CUW335 POTRERO HEIGHTS RES REHAB/UPGRADE	6,836,736	6,836,736	0				
CUW337 SUTRO RES - REHAB/SEISMIC UPGRADE	65,000,000	44,979,196	(20,020,804)				
SAN FRANCISCO LOCAL RESERVOIRS	112,118,736	92,019,592	(20,099,144)		(15,000,000)		(5,099,144)
CUW306 CROCKER AMAZON PUMP STATION UPGRADE	4,126,498	4,126,498	0				
CUW309 LAKE MERCED PUMP STATION UPGRADE	47,292,400	48,336,100	1,043,700				
CUW314 LA GRANDE TANK REHAB/SEISMIC UPGRADE	6,987,728	6,987,728	0				
CUW318 FOREST HILL TANK REHAB/SEISMIC UPGRADE	2,936,199	2,936,199	0				
CUW320 FOREST HILL PUMP STATION UPGRADE	7,583,000	7,546,000	(37,000)				
CUW321 FOREST KNOLLS PUMP STATION UPGRADE	6,245,000	6,197,184	(47,816)				
CUW322 LINCOLN PARK PUMP STATION UPGRADE	4,345,215	4,345,215	0				
CUW323 MCLAREN PARK PUMP STATION UPGRADE	29,210,000	29,210,000	0				
CUW324 MOUNT DAVIDSON PUMP STATION UPGRADE	4,578,500	4,327,966	(250,534)				
CUW325 PALO ALTO PUMP STATION UPGRADE	6,254,000	6,126,731	(127,269)				
CUW326 SKY VIEW/AQUA VISTA PUMP ST UPGRADES	4,751,094	4,751,094	0				
CUW327 SUMMIT PUMP STATION UPGRADE	6,546,113	6,546,113	0				
CUW328 MCLAREN #1 TANK REHAB/SEISMIC UPGRADE	4,659,910	4,659,741	(169)				
CUW329 POTRERO HEIGHTS TANK REHAB/UPGRADE	1,084,863	1,084,863	0				
CUW330 FOREST KNOLLS TANK REHAB/UPGRADE	3,575,000	3,546,789	(28,211)				
CUW331 LINCOLN PARK TANK REHAB/SEISMIC UPGRADE	2,690,656	2,690,656	0				
CUW332 MCLAREN #2 TANK REHAB/SEISMIC UPGRADE	4,458,201	4,458,201	0				
CUW333 MOUNT DAVIDSON TANK REHAB/UPGRADE	2,829,000	2,568,414	(260,586)				
CUW338 LE GRANDE PUMP STATION UPGRADE	5,225,000	5,170,000	(55,000)				
CUW339 POTRERO HEIGHTS PUMP STATION UPGRADE	605,670	605,670	0				
CUW340 VISTA FRANCISCO PUMP STATION UPGRADE	5,212,600	5,142,600	(70,000)				
CUW340 SF LOCAL PUMP STATIONS/TANKS	0	0	0				
SAN FRANCISCO LOCAL PUMP STATION/TANKS	161,196,647	161,363,762	167,115				167,115
CUW304 NORTH UNIVERSITY MOUND SYSTEM UPGRADE	11,450,000	10,000,010	(1,449,990)				
CUW308 KEY MOTORIZED/OTHER CRITICAL VALVES	10,984,746	10,984,746	0				
CUW311 SUNSET CIRCULATION IMPROVEMENTS	7,073,054	7,073,164	110				
CUW312 LINCOLN WAY TRANSMISSION LINE	13,950,000	13,950,000	0				
CUW313 NOE VALLEY TRANSMISSION MAIN PH2	5,657,000	5,641,390	(15,610)				
CUW315 EAST WEST TRANSMISSION MAIN	27,755,000	27,754,505	(495)				
CUW316 FULTON @ 6TH 30" MAIN REPLACEMENT	4,713,931	4,713,931	0				
CUW316 SF LOCAL PIPELINES VALVES	0	0	0				
SAN FRANCISCO LOCAL PIPELINE/VALVES	81,583,731	80,117,746	(1,465,985)		(1,465,985)		
CUW303 VEHICLE SERVICE & FACILITY UPGRADE	4,043,524	4,043,524	0				
CUW305 FIRE PROTECTION AT CDD	1,675,476	1,675,476	0				
CUW305 SF LOCAL MISCELLANEOUS	0	0	0				
SAN FRANCISCO LOCAL MISCELLANEOUS	5,719,000	5,719,000	0				
CUW30101 LAKE MERCED WATER LEVEL RESTORATION	32,667,508	32,667,508	0	22,919,437			
CUW30102 SAN FRANCISCO GROUNDWATER SUPPLY	61,557,004	61,557,004	0				
CUW30201 RECYCLED WATER PROJECT SAN FRANCISCO	155,141,889	155,141,889	0	120,827,000			
CUW30202 RECYCLED WATER PROJECT PACIFICA (Closed)	0	0	0				
CUW30204 HARDING PARK RECYCLED WATER	9,046,133	9,046,133	0				
CUW30205 SAN FRANCISCO EASTSIDE RECYCLED WATER	22,900,000	22,900,000	0				
CUW390 SF BAY AREA DESALINATION PLANT	0	0	0				
	281,312,534	281,312,534	0	143,746,437			
TOTAL LOCAL PROJECTS	641,930,648	620,532,634	(21,398,014)	143,746,437			
TOTAL - CUW395 PROGRAM RESERVE	1,982	0	(1,982)	1,982	(1,982)		
TOTAL WSIP PROJECTS	4,113,856,261	4,168,783,673	54,927,412	202,795,575	(77,271,241)	77,271,241	54,927,412
CUW300 BOND/COMMERCIAL PAPER EXPENSE	471,700,000	471,700,000	54,927,396				
TOTAL - WATER SYSTEM IMPROVEMENT PROGRAM	4,585,556,261	4,640,483,673					

Project	Index Code	SUB-OBJ	Description of Appropriation or Fund	Amount
CUW30001	*WTR5WCPF02E	80111	Bonds	54,927,412
			TOTAL	54,927,412

Reduction of Appropriation

CUWSLR0100	WTRSIPCPF02E	060-06700	San Francisco Local Reservoir	(20,089,144)
CUWSLV0100	WTRSIPCPF02E	060-67000	San Francisco Local Pipeline/Valves	(1,465,985)
CUWSJI0100	WTRSIPCPF02E	060-06700	San Joaquin Water System Improvement Projects	(3,195,244)
CUWBDI0100	WTRSIPCPF02E	060-06700	Bay Division Water System Improvement Projects	(40,754,257)
			System Wide Region	(2,854,981)
			Subtotal	(68,369,611)

Reallocation of Appropriation

CUWSVI0100	WTRSIPCPF02E	060-06700	Sunol Valley WSIP, Calaveras Dam	74,351,705
CUWSLP0100	WTRSIPCPF02E	060-67000	San Francisco Local Pump Station/Tanks	167,115
CUWSFR0100	WTRSIPCPF02E	060-06700	San Francisco Regional Water System Projects	14,093,800
CUWPWI0100	WTRSIPCPF02E	060-06700	Peninsula Water System Improvement Projects	34,684,403
			Subtotal	123,297,023

TOTAL	54,927,412
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Surplus / Shortfall	0
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Item 3
File 13-0483

Department:
Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

File 13-0483 is an ordinance (1) appropriating \$55,064,799 in Water Revenue Bond proceeds for the Public Utilities Commission's (PUC) Calaveras Dam project; and (2) de-appropriating and re-appropriating \$77,271,241 in surplus Water System Improvement Project (WSIP) funds.

Key Points

- The Water System Improvement Program is a \$4.6 billion multi-year capital improvement program to upgrade the City and regional water system, consisting of 35 local projects located within San Francisco and 47 regional projects. The requested supplemental appropriation represents a 1.2% net increase compared to the original WSIP budget.

Fiscal Impact

- The proposed ordinance would appropriate \$74,353,687 to the Calaveras Dam project, which replaces the existing dam on Alameda Creek in the Sunol Valley (Alameda County). The Calaveras Dam project budget has increased due to new landside hazards that were discovered in June 2012. The PUC also plans to re-allocate funds from other projects within the Sunol Valley Water System Improvement Projects budget to the Calaveras Dam project. The proposed ordinance would approve release of \$15,314,652 on Budget and Finance Committee Reserve, which was previously appropriated to the Alameda Creek Fishery Enhancement project and for which the spending plan has been reduced, to be re-allocated to the Calaveras Dam and other projects in the Sunol Valley Water System Improvement Projects budget.
- The proposed ordinance would re-appropriate \$57,677,851 to other WSIP projects due to increases in the project budgets, including:
 - The Crystal Springs/San Andreas Transmission Upgrade and Harry Tracy Water Treatment Plant projects on the Peninsula, which have site conditions that differ from the original projects' scope and claims by the construction contractor that PUC is currently trying to resolve;
 - The Regional Groundwater Storage project on the Peninsula, which has increased project costs due to instrumentation, security system and other costs;
 - The Habitat Reserve Program, which has increased costs to mitigate the environmental impact of WSIP construction projects;
 - The System Security Upgrades project, which has increased costs for cameras, network video recorders, and other security infrastructure; and
 - The Lake Merced Pump Station, which has modified construction requirements for the existing aging pump station building and unforeseen site conditions.
- The PUC expects the requested supplemental appropriation to fully fund the Calaveras Dam and other WSIP projects included in the proposed ordinance.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 requires Board of Supervisors' approval of Annual Appropriation Ordinance amendments, after the Controller certifies the availability of funds.

Background

The Public Utilities Commission (PUC) Water System Improvement Program (WSIP) is a \$4.6 billion multi-year capital improvement program to upgrade the City and regional water system, as shown in Table 1 below. The program consists of 35 local projects located within San Francisco and 47 regional projects.

Table 1: WSIP Budget

	Approved Budget as of April 2013
Local Capital Improvement Projects	\$339,220,116
Local Water Supply Projects	281,312,534
Regional Projects	3,548,251,039
Financing Costs	471,700,000
Total WSIP Budget	\$4,640,483,689

In 2002, San Francisco voters approved two propositions authorizing the PUC to issue revenue bonds to pay for the WSIP as follows:

- Proposition A authorized the PUC to issue up to \$1.63 billion in revenue bonds and other forms of financing to pay for the acquisition and construction of improvements to the City's water system. As of May 2013 PUC has previously issued \$1.35 billion and has remaining capacity to issue an additional \$280 million in Proposition A bonds, as shown in Table 2 below.
- Proposition E authorized the PUC to issue revenue bonds and other forms of financing for water and clean water facilities and services, subject to two-thirds vote of the Board of Supervisors¹. The Board of Supervisors has authorized \$3.26 billion in Proposition E bonds. PUC has previously issued \$2.68 billion and has remaining capacity to issue an additional \$580 million in Proposition E bonds, as shown in Table 2 below.

The Board of Supervisors also authorized PUC to issue up to \$500 million in refunding bonds (Ordinance 151-12), of which PUC has issued \$24 million with a remaining capacity of \$476 million, as shown in Table 2 below.

¹ Proposition E did not specify the amount of revenue bonds that PUC can issue, but rather authorized the Board of Supervisors to set the amount of revenue bonds that PUC can issue upon approval of two-thirds of Board members.

Table 2: Bond Authorization, Issuance, and Remaining Capacity

	WSIP	Non-WSIP	Total	Refunding Bonds
Proposition A Bonds				
Authorization	\$1,611,480,000	\$16,520,000	\$1,628,000,000	\$0
Issued (Series 2006A to 2012B)	<u>1,331,815,000</u>	<u>16,520,000</u>	<u>1,348,335,000</u>	<u>0</u>
Remaining Capacity	279,665,000	0	279,665,000	0
Proposition E				
Authorization	2,957,556,317	302,974,840	3,260,531,157	0
Issued (Series 2010A to 2012A)	<u>2,560,035,000</u>	<u>119,515,000</u>	<u>2,679,550,000</u>	<u>0</u>
Remaining Capacity	397,521,317	183,459,840	580,981,157	0
Total				
Total Authorization	4,569,036,317	319,494,840	4,888,531,157	500,000,000
Total Issued	<u>3,891,850,000</u>	<u>136,035,000</u>	<u>4,027,885,000</u>	<u>24,040,000</u>
Total Remaining Capacity	\$677,186,317	\$183,459,840	\$860,646,157	\$475,960,000

DETAILS OF PROPOSED LEGISLATION

File 13-0483 is an ordinance (1) appropriating \$55,064,799 in Water Revenue Bond proceeds for the PUC's Calaveras Dam project; and (2) de-appropriating and re-appropriating \$77,271,241 to various WSIP projects, as shown in Table 3 below.

Table 3: Requested Supplemental Appropriation

Calaveras Dam Project	
Source of Funds	Amount
2002 Proposition E Water Revenue Bonds	\$55,064,799
Use of Funds	
Calaveras Dam	\$54,927,412
City Services Auditor	109,855
Revenue Bond Oversight Committee	<u>27,532</u>
Total Use of Funds	\$55,064,799
Other WSIP Projects	
Source of Funds (De-Appropriation)	Amount
Bay Division Water System Improvements	\$40,754,257
Local: Sutro Reservoir Seismic Upgrade & Local Pipelines/Valves	21,565,129
San Joaquin Pipeline	3,195,244
Program Management	<u>11,756,611</u>
Total Source of Funds	\$77,271,241
Use of Funds	
Calaveras Dam	\$19,426,275
Peninsula Water System Improvement Project	34,684,403
Regional Groundwater Storage	14,093,800
Habitat Reserve Program	6,711,792
System Security Upgrade	2,187,856
Lake Merced Pump Station	<u>167,115</u>
Total Use of Funds	\$77,271,241

De-appropriation of WSIP Project Funds

The proposed ordinance de-appropriates funds of \$77,271,241 that are no longer needed for previously approved WSIP projects. The Commission approved reductions in the following budgets in April 2013:

\$40,754,257 - Bay Division Water System Improvements

- \$13,356,525 for Pipelines No. 3 and 4 adjacent to the Hayward fault in Alameda County, due to downward revision in project costs;
- \$20,708,439 for the tunnel that extends under the Bay between Newark in Alameda County and Ravenswood in San Mateo County due to downward revision in project costs; and
- \$6,689,293 for other Bay Division Water System Improvement projects that are either completed or the remaining project costs are less than the budget.

\$21,565,129 – Sutro Reservoir Seismic Upgrades and Local Pipelines and Valves

- \$20,099,144 for the Sutro Reservoir Seismic Upgrade project due to cost savings from lower than budgeted construction contract bids; and
- \$1,465,985 for local pipeline and valve improvements because the projects are completed and the remaining funds are not needed.

\$3,195,244 – San Joaquin Pipeline

The San Joaquin Pipeline budget is 91% complete with a revised project budget of \$348,691,063, which is \$3,195,244 less than the original budget of \$351,886,307.

\$11,756,611- Program Management

- \$11,754,629 in Program Management Services due to projected decreased spending for program management for the remainder of the WSIP;
- \$1,982 from the Program Reserve, which was created to accumulate savings from WSIP projects. Appropriation of \$1,982 will leave the reserve with a zero balance. According to Mr. Carlos Jacobo, PUC Budget Director, if WSIP projects are completed under budget, the PUC will deposit the savings into the reserve.

FISCAL IMPACT

Calaveras Dam Project Appropriation

The Calaveras Dam project replaces the existing dam on Alameda Creek in the Sunol Valley (Alameda County). The new dam is a seismically reliable, 210 foot high earth and rock dam, spillway, stilling basin and intake tower. Construction began in August 2011 and is expected to be completed in November 2017.

The Calaveras Dam project is part of the Sunol Valley Water System Improvement Project. The Calaveras Dam project budget has increased by \$88,798,019, from \$589,195,535 to \$677,993,554, due to landslide hazards that were identified in June 2012. As shown in Table 4, PUC has re-allocated funds within the Sunol Valley Water System Improvement Projects budget

to offset some of the increased costs of the Calaveras Dam project, and the proposed ordinance appropriates \$74,353,687 to fund the balance of Calaveras Dam project budget increase.

Table 4: Sources of Funds for the Increase to the Calaveras Dam Project Budget

	Appropriation/ Re-allocation of Funds
Sources of Funds	
Appropriation Revenue Bonds (File 13-0843)	\$54,927,412
Re-appropriation of WSIP Funds (File 13-0843)	<u>19,426,275</u>
Total Sources of Funds	74,353,687
Uses of Funds	
Calaveras Dam Project	\$88,798,019
Subtotal, Reallocation	<u>(14,444,332)</u>
Total Uses of Funds	74,353,687

Requested Release of Reserves

The proposed ordinance would approve the release of \$15,314,352 on reserve for the Alameda Creek Fishery Enhancement project, which is part of the Sunol Valley Water System Improvement Project. The Budget and Finance Committee reserved the \$15,314,352 for the Alameda Creek Fishery Enhancement Project pending review of updated expenditures plans. According to Mr. Jacobo, PUC has revised the Alameda Creek Fishery Enhancement Project expenditure plan, reducing the project budget so that the \$15,314,352 is no longer needed for the Alameda Creek Fishery Enhancement Project. PUC will re-allocate the \$15,314,352 within the Sunol Valley Water System Improvement Project, offset by other expenditures, resulting in net \$14,444,332 re-allocated within the Sunol Valley Water System Improvement Project to be used for the Calaveras Dam project.

According to Mr. Jacobo, the requested supplemental appropriation and re-allocation of other project funds to the Calaveras Dam project will fully fund the project.

Other WSIP Projects

The requested supplemental appropriation would approve funding of \$57,677,851 for the following projects, for which the revised budgets were approved by the Commission in April 2013:

\$34,684,403 – Peninsula Water System Improvement Projects

The Crystal Springs and San Andreas Reservoirs and Harry Tracy Water Treatment Plant are located in San Mateo County. The Crystal Springs/San Andreas Transmission Upgrade and Harry Tracy Water Treatment Plant projects are part of the Peninsula Water System Improvement Projects to (a) improve the existing water treatment facility, transmission pipelines, and Crystal Springs and San Andreas Reservoirs’ outlet structures; and (b) construct a new Crystal Springs Pump Station.

The requested supplemental appropriation increases the Peninsula Water System Improvement Projects budget by \$34,684,403 as shown in Table 5 below to fund increases in the project budgets for Peninsula Pipeline Seismic Upgrade, the Harry Tracy Water Treatment Plant Improvement, and the Crystal Springs/San Andreas Reservoir Transmission Upgrades.

Table 5: April 2013 Peninsula Water System Improvement Project Budget Revision

Project	SFPUC June, 2011 Total Approved Budget	SFPUC April, 2013 Total Approved Budget	Change	Budget and Finance Committee Reserve
LOWER CRYSTAL SPRINGS DAM IMPROVEMENTS	\$35,766,960	\$34,920,718	(\$846,242)	
NEW CRYSTAL SPRINGS BYPASS TUNNEL	86,444,995	81,462,828	(4,982,167)	
ADIT LEAK REPAIRS	2,787,322	2,787,322	0	
PULGAS BALANCING RESERVOIR REHAB	32,322,579	30,871,420	(1,451,159)	
CROSS CONNECTION CONTROLS	3,965,943	3,948,944	(16,999)	
HARRY TRACY WATER TREATMENT PLANT IMPROVEMENTS	299,992,717	306,336,452	6,343,735	
PENINSULA PIPELINE SEISMIC UPGRADE	30,616,959	42,093,629	11,476,670	10,242,545
CAPUCHINO VALVE LOT CAPACITY IMPROVEMENT	2,803,153	2,803,153	0	
CRYSTAL SPRINGS/SAN ANDREAS TRANSMISSION UPGRADE	164,722,000	193,623,446	28,901,446	
CRYSTAL SPRINGS PL #2 REPLACEMENT	57,469,321	57,195,477	(273,844)	
SAN ANDREAS #3 PIPELINE INSTALLATION (Partial in City)	29,910,051	27,500,388	(2,409,663)	
BADEN AND SAN PEDRO VALVE LOTS	27,110,368	25,052,994	(2,057,374)	
PENINSULA WATER SYSTEM IMPROVEMENT PROJECTS	\$773,912,368	\$808,596,771	\$34,684,403	\$10,242,545

Crystal Springs/San Andreas Reservoir Transmission Upgrades

According to the March 31, 2013 WSIP Regional Projects Quarterly Report, the Crystal Springs/San Andreas Transmission Upgrade project requires underwater work on existing structures in the Crystal Springs and San Andreas Reservoir in San Mateo County. The project is currently behind schedule by approximately seven months and the PUC is attempting to resolve with the construction contractor the reasons for the project delay. According to the report, project costs have increased due to increases (a) the need to stabilize the existing culvert connecting the Upper and Lower Crystal Spring Reservoirs, (b) claims submitted by the contractor claiming increased costs due to schedule changes, (c) increased regulatory costs, and (d) increased costs associated with unforeseen underwater conditions.

Harry Tracy Water Treatment Plant Improvements

According to the March 31, 2013 WSIP Regional Projects Quarterly Report, construction of Harry Tracy Water Treatment Plant improvements requires several scheduled shutdowns of the plant. The project was originally scheduled for completion in December 2014 but may be delayed until January 2015. PUC has entered into dispute resolution with the contractor to resolve the contractor's requested increases in overhead rates and cost markups. The project budget increases are due to potential project delays and increased costs for upgrades to plant structures.

Peninsula Pipeline Upgrade

The draft Environmental Impact Report (EIR) for the Peninsula Pipeline Seismic Upgrade project was published for public review in March 2013 and the final EIR is expected to be completed in November 2013. According to Mr. Jacobo, the increase in the budget for the Peninsula Pipeline Seismic Upgrade project is due to improved scope definition from the conceptual phase to the detailed design phase and additional site specific surveys.

The Board of Supervisors' Budget and Finance Committee previously reserved \$10,242,545 in the Peninsula Water System Improvement Projects budget for the Peninsula Pipeline Seismic Upgrade Project because these funds are designated for construction costs and are not needed until after certification of the Project EIR. According to Mr. Jacobo, the PUC is not requesting release of these reserved funds at this time because the Project EIR has not been certified.

Funding of Peninsula Water System Improvement Projects

According to Mr. Jacobo, PUC expects this supplemental appropriation to represent full funding for these projects.

\$14,093,800 – Regional Groundwater Storage Project

The Regional Groundwater Storage project is to develop a groundwater supply during dry years for regional customers on the Peninsula. According the March 31, 2013 WSIP Regional Projects Quarterly Report, the draft Environmental Impact Report (EIR) was completed in April 2013 and the final EIR is planned for November 2013. PUC expects to complete project design in August 2013 and advertise for construction bids in November 2013.

The Regional Groundwater Storage project is part of the San Francisco Regional Water System project, for which the budget increased by \$14,093,800, from \$194,089,200 to \$208,183,000. According to Mr. Jacobo, this budget increase is due to additional requirements for instrumentation and controls, and electrical and security systems.

Budget and Finance Committee Reserve

The Board of Supervisors' Budget and Finance Committee previously reserved \$33,490,259 in the San Francisco Regional Water System project budget for the Regional Groundwater Storage Project. According to Mr. Jacobo, the PUC is not requesting release of these reserved funds at this time because environmental review is still in progress and the funds are not needed until construction.

According to Mr. Jacobo, PUC expects this supplemental appropriation to represent full funding for the Regional Groundwater Storage project.

\$6,711,792 – Habitat Reserve Program

The Habitat Reserve Program is intended to mitigate the environmental impact of the WSIP construction projects. The program includes projects to preserve, enhance, restore, or create acres of tidal marsh, vernal pools, and woodland, savannah and grasslands. The program currently includes seven sites in Alameda County and 11 sites on the Peninsula.

The program budget has increased by \$6,711,792, from \$89,236,983 to \$95,948,775, of which (a) approximately \$6.2 million is required for State fire permit requirements, mitigation of the impact of WSIP construction in the Bay Division, Peninsula and Sunol Valley (Alameda

County), and other mitigation projects; and (b) approximately \$0.5 million is necessary to repair damage caused flash flooding in the San Antonio Creek in the Sunol Valley in December 2012.

\$2,187,856 – System Security Upgrade

The System Security Upgrade project includes identification, planning, design and construction of all necessary security components associated with WSIP facilities. Phase A includes design of security equipment, such as conduit routing incorporated into WSIP projects, which will be bid as part of WSIP construction projects. According to the March 31, 2013 WSIP Regional Projects Quarterly Report, Phase A design is nearly complete. Phase B includes design and completion of security of project security system components that will be purchased, installed and tested by a specialist in security integration.

According to Mr. Jacobo, the budget for the System Security Upgrade project has increased by \$2,187,856, from \$16,667,553 to \$18,855,409 because of design changes, schedule extensions, and purchase of equipment. PUC expects this supplemental appropriation to represent full funding for the System Security Upgrade project.

\$167,115 – Lake Merced Pump Station

The Lake Merced Pump Station, which rebuilds the existing pump station, is part of the San Francisco Local Pump Station/Tank project. The Lake Merced Pump Station project budget has increased by \$1,043,700, from \$47,292,400 to \$48,336,100 to address construction modifications required at the aging pump station building and unforeseen site conditions, including discovery of contaminated soils. This increase has been offset by decreases in other subprojects with the San Francisco Local Pump Station/Tank project, for a net increase of \$167,115, as shown in Table 6 below.

Table 6: April 2013 San Francisco Local Pump Station/Tank Project Budget Revision

Project	SFPUC June, 2011 Total Approved Budget	SFPUC April, 2013 Total Approved Budget	Change
CROCKER AMAZON PUMP STATION UPGRADE	\$4,126,498	\$4,126,498	\$0
LAKE MERCED PUMP STATION UPGRADE	47,292,400	48,336,100	1,043,700
LA GRANDE TANK REHAB/SEISMIC UPGRADE	6,987,728	6,987,728	0
FOREST HILL TANK REHAB/SEISMIC UPGRADE	2,936,199	2,936,199	0
FOREST HILL PUMP STATION UPGRADE	7,583,000	7,546,000	(37,000)
FOREST KNOLLS PUMP STATION UPGRADE	6,245,000	6,197,184	(47,816)
LINCOLN PARK PUMP STATION UPGRADE	4,345,215	4,345,215	0
MCLAREN PARK PUMP STATION UPGRADE	29,210,000	29,210,000	0
MOUNT DAVIDSON PUMP STATION UPGRADE	4,578,500	4,327,966	(250,534)
PALO ALTO PUMP STATION UPGRADE	6,254,000	6,126,731	(127,269)
SKY VIEW/AQUA VISTA PUMP ST UPGRADES	4,751,094	4,751,094	0
SUMMIT PUMP STATION UPGRADE	6,546,113	6,546,113	0
MCLAREN #1 TANK REHAB/SEISMIC UPGRADE	4,659,910	4,659,741	(169)
POTRERO HEIGHTS TANK REHAB/UPGRADE	1,084,863	1,084,863	0
FOREST KNOLLS TANK REHAB/UPGRADE	3,575,000	3,546,789	(28,211)
LINCOLN PARK TANK REHAB/SEISMIC UPGRADE	2,690,656	2,690,656	0
MCLAREN #2 TANK REHAB/SEISMIC UPGRADE	4,458,201	4,458,201	0
MOUNT DAVIDSON TANK REHAB/UPGRADE	2,829,000	2,568,414	(260,586)
LE GRANDE PUMP STATION UPGRADE	5,225,000	5,170,000	(55,000)
POTRERO HEIGHTS PUMP STATION UPGRADE	605,670	605,670	0
VISTA FRANCISCO PUMP STATION UPGRADE	5,212,600	5,142,600	(70,000)
SAN FRANCISCO LOCAL PUMP STATION/TANKS	\$161,196,647	\$161,363,762	\$167,115

RECOMMENDATION

Approve the proposed ordinance.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *EL*
RE: Appropriation - Water Revenue Bonds of \$55,064,799 for the Public Utilities Commission Calaveras Dam Project and De-Appropriation and Re-Appropriation - Water System Improvement Projects – FY2012-2013
DATE: May 21, 2013

Attached for introduction to the Board of Supervisors is the ordinance appropriating \$55,064,799 of proceeds from San Francisco Public Utilities Commission (SFPUC) water revenue bonds to fund the Water System Improvement Program (WSIP) Calaveras Dam Project and re-appropriating \$77,271,241 of WSIP project appropriations to various WSIP projects consistent with the revised April 2013 WSIP program budget adopted by the San Francisco Public Utilities Commission.

I request that this item be calendared in Budget and Finance Committee.

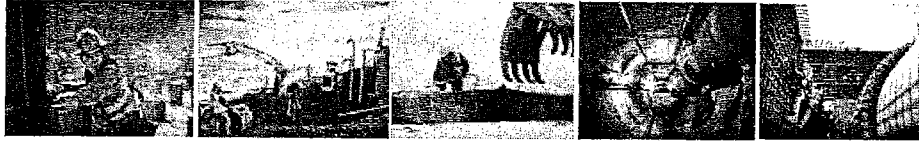
Should you have any questions, please contact Jason Elliott (415) 554-5105.

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Services of the San Francisco Public Utilities Commission



Water System Improvement Program Supplemental Appropriation Request

San Francisco Board of Supervisors
Budget and Finance Committee

June 5, 2013

Emilio Cruz, Assistant General Manager - Infrastructure



Program Status

- Program activities 72% complete (based on proposed revisions)
- Construction completed on 61 of 82 projects
- 6 months past peak of construction

206,400 (peak)	➔	126,344
August 2012		April 2013
- Only 3 projects left in pre-construction
- Major progress on system lifeline



Revision Summary

- Major scope changes to 2 projects
 - Calaveras Dam Replacement Project
 - Alameda Creek Recapture Project
- Revised Program Completion: April 11, 2019
 - + 8 months
- Revised Program Budget: \$4,640M
 - + \$55.1M (or 1.2%)
- No change to system LOS goals

3



Proposed Schedule Revisions

- All but 2 projects are scheduled to be completed by July 2016
- Calaveras Dam Replacement Project (August 31, 2018)
 - As adopted by Commission on January 22, 2013
- Alameda Creek Recapture Project (April 11, 2019)
 - New design concept
 - Schedule tied to Calaveras Dam Replacement Project
 - Will assess options to accelerate

4



Proposed Actions

- Consistent with March 2013 Revised WSIP Budget adopted by San Francisco Public Utilities Commission:
 - Appropriate \$55.1M Water Revenue Bond proceeds to fund the Calaveras Dam Replacement Project
 - De-appropriate and re-appropriate \$77M of WSIP projects within the Program
 - Adjust Water Enterprise \$1.5B 10-Year Capital Plan to compensate for \$55.1M WSIP budget increase

7