

File No. 230314

Committee Item No. 1

Board Item No. 32

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date March 27, 2024

Board of Supervisors Meeting Date April 2, 2024

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- 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

OTHER (Use back side if additional space is needed)

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Completed by: Brent Jalipa Date March 21, 2024

Completed by: Brent Jalipa Date March 28, 2024

1 [Appropriation - General Reserve - San Francisco Public Utilities Commission -
2 \$500,000 - FY~~2022-2023~~2023-2024]

2

3 **Ordinance appropriating \$500,000 of General Fund General Reserves to the San**
4 **Francisco Public Utilities Commission for independent analysis and research on**
5 **sea level rise and groundwater impacts in the Hunters Point Shipyard in Fiscal Year**
6 **(FY) ~~2022-2023~~2023-2024.**

7

8 Note: Additions are *single-underline italics Times New Roman*;
9 deletions are *strikethrough italics Times New Roman*.
10 Board amendment additions are double underlined.
11 Board amendment deletions are ~~strikethrough normal~~.

10

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

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12

13 Section 1. The sources of funding outlined below are herein appropriated to
14 reflect the projected sources of funding for FY~~2022-2023~~2023-2024.

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15

16 **SOURCES Appropriation**

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19

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
10020 / 230018	10023237- 0001	598040	Designated For	\$500,000
GF Continuing	17064	Designated	General Reserve	
Authority Ctrl/ GEN	General Reserve /	For General		
General City	General Reserve	Reserve		
Responsibility				

23

24

25

	Fund /	Project &	Account	Description	Amount
1	Department ID	Activity /			
2		Authority			
3	Total SOURCES Appropriation				\$500,000

6 Section 2. The uses of funding outlined below are herein appropriated to reflect
7 the funding available for FY~~2022-2023~~2023-2024.

9 **USES APPROPRIATION**

	Fund /	Project &	Account	Description	Amount
11	Department ID	Activity /			
12		Authority			
14	25950 / 232396	10036785-0001	506070	Research and	\$500,000
15	WTR Annual	20474/	Programmatic	analysis on sea	
16	Authority Ctrl/	Water Addbacks	Projects	level rise and	
17	WTR01	Master Project/		groundwater	
18	Administration	WTR Neighborhood		impacts in	
19		Steward Program		Hunters Point	
20				Shipyard	
21					
22					
23	Total USES Appropriation				\$500,000

<p>Item 1 Files 23-0314 <i>(Continued from 3/20/24 meeting)</i></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 proposed ordinance would appropriate \$500,000 from the General Reserve to the Public Utilities Commission’s Water Enterprise to fund independent analysis and research on sea level rise and groundwater impacts in the Hunters Point Shipyard. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The June 2022 Civil Grand Jury Report, “Buried Problems and a Buried Process: The Hunters Point Shipyard in the Time of Climate Change,” concluded that the City was not adequately monitoring the impact of sea level rise on the environmental contamination in the Hunters Point area. The report recommended that the Mayor and/or City Administrator commission a report on potential interactions of groundwater with hazardous materials and planned modifications to the site under multiple sea level rise scenarios and that the Mayor and Board provide funding for the study. • The Mayor’s Office responded to the report on August 11, 2022, stating that it disagreed (in whole or in part) with the Civil Grand Jury’s six findings and would not implement any of the six recommendations directed to the Mayor’s Office because it deemed them not warranted or unreasonable. The Board of Supervisors agreed with the findings and recommendations related to the sea level rise study. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$500,000 from the General Reserve. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • If the Board of Supervisors approves the proposed appropriation, the General Reserve balance would be reduced by \$0.5 million to \$128.2 million. Any uses of the reserve during the current year (FY 2023-24) will increase the required deposit in the next budget year (FY 2024-25) by a like amount. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

The June 2022 Civil Grand Jury Report, “Buried Problems and a Buried Process: The Hunters Point Shipyard in the Time of Climate Change,” concluded, among other things, that the City was not adequately managing and monitoring the impact of sea level rise on the environmental contamination in the Hunters Point area (Finding #1). Recommendation #1 of the Civil Grand Jury was:

“By September 1st, 2022, the Mayor and/or the City Administrator should direct the Office of Resilience and Capital Planning, in collaboration with the Department of Public Health, to commission and manage an independent, third-party study of Hunters Point Shipyard to predict the future shallow groundwater surface, groundwater flows, and potential interactions of groundwater with hazardous materials and planned modifications to the site under multiple sea level rise scenarios.”

Recommendation #2 stated, “the Mayor and the Board of Supervisors should collaborate to provide funding for the study recommended in R1, in the Fiscal Year 22-23 budget, or by October 1st, 2022.” The Board of Supervisors agreed with Finding #1 and Recommendations #1 and #2 (File 22-0721).

The Mayor’s Office responded to the report on August 11, 2022, stating that it disagreed (in whole or in part) with the Civil Grand Jury’s six findings and would not implement any of the six recommendations directed to the Mayor’s Office because it deemed them not warranted or unreasonable.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$500,000 from the General Reserve to the Public Utilities Commission’s Water Enterprise to fund independent analysis and research on sea level rise and groundwater impacts in the Hunters Point Shipyard. The ordinance was amended in the March 20, 2024 Budget & Appropriations meeting to change the budget year from FY 2022-23 to FY 2023-24. The Committee also discussed changing the source of funds from the General Reserve to the PUC Water Enterprise fund balance, pending a determination from the City Attorney and Controller on whether Water Enterprise monies could be used for this purpose.

FISCAL IMPACT**General Reserve**

Administrative Code Section 10.60 requires the City to budget a General Reserve of at least 3.0 percent of General Fund revenues to address revenue weakness, excess spending, or other needs not anticipated during the annual budget process. The balance requirement is reduced to 1.5 percent of General Fund revenues if the City withdraws from the Rainy Day Reserve and then increases by 0.25 percent per year until the 3.0 percent balance requirement is fully restored. The General Reserve balance is required to be 2.0 percent of budgeted regular General Fund revenues in FY 2023-24 and 2.25 percent of budgeted General Fund Revenues in FY 2024-25.

According to the Controller's Office FY 2023-24 Six-Month Budget Status Report, the General Reserve's FY 2023-24 ending balance is projected to be \$128.7 million.

If the Board of Supervisors approves the proposed appropriation, the General Reserve balance would be reduced by \$0.5 million to \$128.2 million. Any uses of the reserve during the current year (FY 2023-24) will increase the required deposit in the budget year (FY 2024-25) by a like amount.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

<p>Item 1 File 23-0314</p>	<p>Department: Public Utilities Commission</p>
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increases by 0.25 percent per year until the 3.0 percent balance requirement is fully restored. The General Reserve balance is required to be 2.0 percent of budgeted regular General Fund revenues in FY 2023-24 and 2.25 percent of budgeted General Fund Revenues in FY 2024-25.

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RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

March 22, 2024

Supervisor Shamann Walton
1 Dr. Carlton B. Goodlett Place
San Francisco, Ca. 94102

Dear Supervisor Walton,

I hope this message finds you well. I am writing to follow up on your request regarding the management and procurement of an independent third-party study, in response to Recommendation 1 of the June 2022 Civil Grand Jury Report titled "Buried Problems and a Buried Process: The Hunters Point Shipyard in the Time of Climate Change."

By September 1st, 2022, the Mayor and/or the City Administrator should direct the Office of Resilience and Capital Planning, in collaboration with the Department of Public Health, to commission and manage an independent, third-party study of Hunters Point Shipyard to predict the future shallow groundwater surface, groundwater flows, and potential interactions of groundwater with hazardous materials and planned modifications to the site under multiple sea level rise scenarios.

I appreciate your efforts in advancing this study and securing funding for it. However, during the recent discussions at the Budget and Appropriations Committee on Wednesday, March 20, 2024, there was a suggestion to shift the funding responsibility to the San Francisco Public Utilities Commission (SFPUC). While the SFPUC is open to collaboration with you and the Office of Community Investment and Infrastructure (OCII) to facilitate this study, I want to reiterate and confirm that I do not see this as an expense that can be borne by the SFPUC's ratepayers.

The California Constitution explicitly prohibits the use of utility ratepayer revenue for general government services. It mandates that rates be proportional to the cost of providing utility service and not exceed the cost of service delivery. This provision ensures that ratepayers are not burdened with funding services that should be supported by general taxation. The SFPUC's revenue is generated almost entirely through the rates charged for water, power, and sewer service and that revenue must be spent in a way that directly supports the delivery of those services.

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

London N. Breed
Mayor

Tim Paulson
President

Anthony Rivera
Vice President

Newsha K. Ajami
Commissioner

Sophie Maxwell
Commissioner

Kate H. Stacy
Commissioner

Dennis J. Herrera
General Manager



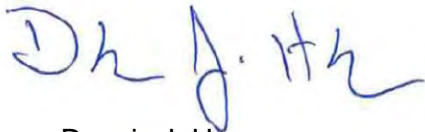
If the SFPUC were to contribute to funding for the study, it would need to be strictly limited in scope to assessing the impacts of sea level rise on the utility's infrastructure. Additionally, depending on which enterprise funded the study, the scope would need to be confined to the impacts on that specific system alone. For instance, if funding were sourced from the Wastewater Enterprise, the study would only be able to consider the impact of sea level rise on the sewer system.

The SFPUC has been engaged with citywide resilience, sea level rise, and climate change efforts for decades. We conducted a Long-Term Vulnerability Assessment in 2021 to better plan for the protection of our vital systems and adapt to a changing climate. We are moving forward with the Ocean Beach Climate Change Adaptation Project to protect the Oceanside Treatment Plant on the west side of the city and partnering closely with the Port of San Francisco as they develop the Seawall project to protect the essential infrastructure on the east side. We do not believe an additional study to analyze the impacts of water or sewer infrastructure in Hunters Point is needed at this time, and such a study would not accomplish the goals described by the Civil Grand Jury.

Given the intended scope of this study, which includes analyzing the interactions of groundwater with hazardous materials and potential modifications to the site, and the constraints on SFPUC ratepayer funds, an alternative source of funding must be identified. If the Board of Supervisors allocates resources, the SFPUC would be more than willing to collaborate with OCII and your office to procure an independent third-party consultant to carry out the study.

Thank you for your attention to this matter, and I look forward to further discussion on how we can move forward collaboratively to address the concerns outlined in the Civil Grand Jury Report.

Sincerely,



Dennis J. Herrera
General Manager

CC: President Aaron Peskin, Supervisor Connie Chan, Supervisor Rafael Mandelman, Supervisor Myrna Melgar, Sheryl Bregman, Anne Pearson

From: [regina.sneed](#)
To: [Jalipa, Brent \(BOS\)](#)
Cc: [Stefani, Catherine \(BOS\)](#); Shamman.Walton@sfgov.org; [Peskin, Aaron \(BOS\)](#); [MelgarStaff \(BOS\)](#); [MandelmanStaff \(BOS\)](#); [ChanStaff \(BOS\)](#)
Subject: Re: agenda item 230314 concerning 500,00.00 allocation from general fund to SFPUC for Hunters Point Shipyard analysis of sea level rise and groundwater impacts due to climate change: in support of adoption
Date: Monday, March 25, 2024 10:53:02 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors Chan, Mandelman, Melgar, Walton and Peskin:

I have lived in the city since the early 1970's. I remember when the Shipyard was turned over to the city and what was decided about remediation of the toxic soil. We buried it instead of removing it. While this was deemed a safe remedy back then, it clearly is not now.

We know what the issues are. The city has been planning for sea level rise. It's urgent that our planning include, in my opinion, an overdue analysis of the impacts of sea level rise in Hunters Point. The Civil Grand Jury report recommendations are key and can no longer be ignored. I don't want these radioactive and harmful chemical and metal waste to be leached out of the soil into our bay and possibly into our underground stream of fresh water.

We need to spend the money now and develop solutions while we still can. Please vote to pass this appropriation.

I am unable to come down and testify in person since the Board has eliminated remote public comment. I'm taking the time to write this email to you today because I saw a slide show about the toxic waste sites in the Hunters Point area including the shipyard. I am shocked at how much worse things are now. I worked on these issues when I was on the Board of San Francisco Tomorrow for many years.

We cannot allow people to build housing in the area until the land is properly cleaned up. That would be another environmental crime.

Thank you for the opportunity to share my concerns.

Regina Sneed
District Two resident

Sent from my iPhone

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor inquires..."
- 5. City Attorney Request
- 6. Call File No. from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: