

File No. 151000

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 14, 2015

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date October 9, 2015
 Completed by: Linda Wong Date _____

1 [Appropriation - Wastewater Enterprise General Reserve - Claims Settlements and Related
2 Expenses as a Result of December 2014 Rain Storms - \$5,000,000 - FY2015-2016]

3 **Ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general**
4 **reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims**
5 **settlements, legal expenses and related costs due to the extraordinary expenses**
6 **incurred as a result of the December 2014 rain storms in FY2015-2016.**

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8 Note: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough-Arial font~~.
13 **Asterisks (***)** indicate the omission of unchanged Code
14 subsections or parts of tables.

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

16 Section 1. The sources of funding outlined below are herein appropriated reflected the
17 funding available for FY2015-2016.

18 **SOURCES Appropriation**

Fund	Index Code /	Subobject	Description	Amount
	Project Code			
5CAAAAAA	920109	098GR	DESIGNATED FOR	\$5,000,000
Wastewater Enterprise			GENERAL	
- Non Project Controlled			RESERVE	
Total SOURCES Appropriation				\$5,000,000

1 Section 2. The uses of funding outlined below are herein appropriated in Subobject
 2 06P00 (Programmatic Projects - Budget), and reflect the projected uses of funding to pay the
 3 cost for claims settlements, legal expenses, litigation, judgments, and expenses related to
 4 mitigating damage alleged to be caused by Wastewater's operations or facilities for Fiscal Year
 5 2015-16. Additional funding is required in the Wastewater Enterprise budget for such expenses
 6 due to the extraordinary expenses incurred in response to the December 2014 storms.

7
 8 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C AAA ACP –	*CWP5CAAAACP	06P00	Claims Settlements and related expenses as a result of the December 2014 Storms	\$5,000,000
Wastewater Continuing Capital Project Fund	PWW10301			
Total USES Appropriation				\$5,000,000

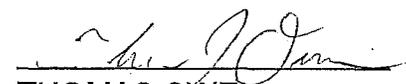
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20 Section 3. The Controller is authorized to record transfers between funds and adjust the
 21 accounting treatment of sources and uses appropriated in this ordinance as necessary to
 22 conform to Generally Accepted Accounting Principles.

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

FUNDS AVAILABLE
 BEN ROSENFELD, Controller

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

FUNDS AVAILABLE
BEN ROSENFELD, Controller

3
4 By: 
5 THOMAS OWEN
6 Deputy City Attorney

By: 
BEN ROSENFELD
Controller

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<p>Item 6 File 15-1000</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 \$5,000,000 from the SFPUC Wastewater Enterprise’s Designated for General Reserve to pay for future claims settlements, legal expenses, and related costs incurred as a result of the December 2014 storms in San Francisco. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise operates a combined stormwater and sewer system. The December 2014 storms in San Francisco caused flooding and damage to private property throughout the City. • As of August 2015, 247 claims related to the December 2014 storms had been filed. Property owners have until December 2015 to file claims for property damage, so the number of claims may increase. • According to Mr. Carlos Jacobo, PUC Budget Manager, the Wastewater Enterprise’s FY 2014-15 and FY 2015-16 budget of \$160,000 per year for claims and judgments has been fully expended. • Ms. Noreen Ambrose, Deputy City Attorney, commented that it was possible for more claims to be filed before the December 2015 deadline. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • According to Ms. Ambrose, the Wastewater Enterprise has paid more than \$2.2 million in claims settlements related to the December 2014 storms in San Francisco as of August 2015. • The requested appropriation of \$5,000,000 would be dedicated to pay for the additional claim settlements, legal expenses, litigation, judgements, and other expenses related to the December 2014 storms. According to Mr. Carlos Jacobo, PUC Budget Manager, the Wastewater Enterprise’s FY 2014-15 and FY 2015-16 budget of \$160,000 per year for claims and judgments has been fully expended. The requested appropriation of \$5,000,000 would decrease the Wastewater Enterprise’s Designated for General Reserve from \$6,126,439 to \$1,126,439. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

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

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise operates a combined stormwater and sewer system. The December 2014 storms in San Francisco caused flooding and damage to private property throughout the City. Property owners who suffered damage as a result of the flooding filed claims against the City for compensation. Claims are handled by the City Attorney's Office and paid from the operating budget of the Wastewater Enterprise. Claims of \$25,000 or more require Board of Supervisors approval.

The time limit to file claims is six months from the time of damage for personal property or approximately June 2015, and one year from the time of damage for real property or approximately December 2015. As of August 2015, 247 claims related to the December 2014 storms had been filed. Ms. Noreen Ambrose, Deputy City Attorney, commented that it was possible for more claims to be filed before the December 2015 deadline.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$5,000,000 from the SFPUC Wastewater Enterprise's Designated for General Reserve to pay for future claims settlements, legal expenses, and related costs incurred as a result of allegations arising from the December 2014 storms in San Francisco or related to the Wastewater Enterprise.

Ms. Ambrose will provide a confidential memo to the Board of Supervisors detailing the estimated costs of these claims. The City Attorney's Office is unable to disclose the specific amounts of the pending claims due to the confidentiality of active legal cases.

FISCAL IMPACT

According to Ms. Ambrose, the Wastewater Enterprise has paid more than \$2.2 million in claims settlements related to the December 2014 storms in San Francisco as of August 2015. These claims settlements were paid from the Wastewater Enterprise's FY 2014-15 and FY 2015-16 operating budgets and \$1,750,000 in Wastewater Enterprise funds previously appropriated by the Board of Supervisors. According to Ms. Ambrose, many of the claims are still being investigated, adjusted and negotiated.

The requested appropriation of \$5,000,000 would be dedicated to pay for the additional claim settlements, legal expenses, litigation, judgements, and other expenses related to the December 2014 storms. The \$5,000,000 amount was based on the estimated costs to pay the

additional claim settlements and related expenses. According to Mr. Carlos Jacobo, PUC Budget Manager, the Wastewater Enterprise's FY 2014-15 and FY 2015-16 budget of \$160,000 per year for claims and judgments has been spent in full. The requested appropriation of \$5,000,000 would decrease the Wastewater Enterprise's Designated for General Reserve from \$6,126,439 to \$1,126,439.

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 *SE*
RE: Appropriation - \$5,000,000 from Wastewater Enterprise General Reserve
for Claims Settlements and related expenses as a result of December
2014 Rain Storms - FY2015-2016
DATE: October 6, 2015

Attached for introduction to the Board of Supervisors is an ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims settlements, legal expenses and related costs due to the extraordinary expenses incurred as a result of the December 2014 rain storms in FY2015-2016.

I respectfully request a waiver of the 30-day hold and that this item be calendared in Budget and Finance Committee on October 14, 2015.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

APPROVED
2015 OCT 6 PM 4:31
AK