

File No. 170649

Committee Item No. 8
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee Date July 13, 2017

Board of Supervisors Meeting Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <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 |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date July 7, 2017
Completed by: Linda Wong Date _____

1 [Emergency Declaration - Replacement of Generators Serving Treasure and Yerba Buena
2 Islands - Total Estimated Cost of \$1,660,050]

3 **Resolution approving an emergency declaration of the San Francisco Public Utilities**
4 **Commission pursuant to Administrative Code, Section 21.15(c), for the replacement of**
5 **two generators that serve Treasure and Yerba Buena Islands in the event of a**
6 **significant loss of grid power; with a total estimated cost of \$1,660,050.**

7
8 WHEREAS, The San Francisco Public Utilities Commission (SFPUC) is the electric
9 utility provider to Treasure and Yerba Buena Islands; and

10 WHEREAS, If there is an all-island grid-power outage of expected duration greater
11 than four hours, SFPUC staff operate two, two megawatt semi-trailer mounted generators
12 capable of serving all of Treasure and Yerba Buena Islands until the outage is repaired and
13 grid-power may be restored; and

14 WHEREAS, The two existing generators were put into service in 1989; and

15 WHEREAS, One of the two existing generators has failed; and

16 WHEREAS, Because the generators are beyond their useful life, the cost of repair is
17 not in the City's best interests; and

18 WHEREAS, The inability to provide electric service in the event of a significant grid-
19 power outage poses a regional health and safety risk as power would be unavailable to all
20 residents, businesses, and government services, such as the Treasure Island wastewater
21 treatment plant and the Treasure Island Coast Guard Station, that are critical for ensuring the
22 health and safety of the public and protecting the water quality of the San Francisco Bay; and

23 WHEREAS, Administrative Code, Chapter 21, Section 21.15(c), authorizes department
24 heads responsible for operations for which commodities or services are needed to declare an
25

1 emergency to make repairs to maintain public health or welfare as a result of the breakdown
2 of any plant equipment, structure, street or public work; and

3 WHEREAS, On May 11, 2017, the SFPUC General Manager declared an emergency,
4 approved by the President of the SFPUC, for the immediate procurement of two generators to
5 serve Treasure and Yerba Buena Islands; and

6 WHEREAS, It is necessary to procure two generators because the generators need to
7 be operated synchronously to be reliable; and

8 WHEREAS, Administrative Code, Section 21.15(c), requires that the General Manager
9 seek Board of Supervisors' approval of the declaration of emergency for commodities or
10 services with an estimated cost in excess of \$100,000; and

11 WHEREAS, The SFPUC General Manager estimated that the procurement of two
12 generators would cost approximately \$1,500,000; and

13 WHEREAS, The SFPUC has attempted to obtain at least three bids for the
14 procurement of two generators to serve Treasure and Yerba Buena Islands; and

15 WHEREAS, After obtaining estimates, the SFPUC executed an emergency contract
16 with Cummins Pacific LLC, for the procurement of two generators for roughly \$1,660,050; and

17 WHEREAS, The Controller has certified that funds are available for this emergency
18 procurement; now, therefore, be it

19 RESOLVED, That the Board of Supervisors approves the emergency declaration for
20 the immediate procurement of two generators, replacing the two existing generators that
21 serve Treasure and Yerba Buena Islands in the event of a significant loss of grid power made
22 by the SFPUC General Manager on May 11, 2017; and, be it

23 FURTHER RESOLVED, That actions taken to date by the San Francisco Public
24 Utilities Commission to secure such emergency contracts and resolve the emergency
25 condition are hereby ratified.

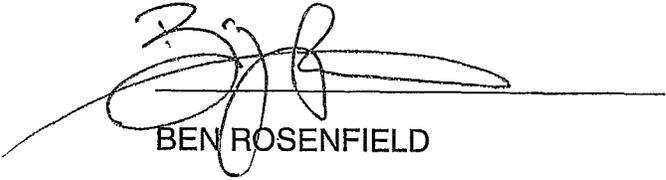
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RECOMMENDED:



HARLAN L. KELLY, JR.
General Manager of the SFPUC

FUNDS AVAILABLE:



BEN ROSENFELD
Controller

Item 8 File 17-0649	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • The proposed resolution would approve San Francisco Public Utilities Commission's (SFPUC) emergency declaration to replace two back-up generators that serve Treasure and Yerba Buena Islands in the event of a significant loss of electric grid power, with a total estimated cost of \$1,660,050. 	
Key Points	
<ul style="list-style-type: none"> • The SFPUC is the electric utility provider to Treasure and Yerba Buena Islands. In addition to the 1,800 residents, the SFPUC provides electricity to the SFPUC's wastewater treatment plant and the U. S. Coast Guard Station. • The SFPUC maintains two back-up generators, which were put into service in 1989, to supply the islands in the event of electric grid power loss or maintenance that affects the electricity transmitted to the islands. • On February 10, 2017, one of the two back-up generators failed a test by the SFPUC Power Enterprise crew members during the weekly inspection. • On May 11, 2017, the General Manager of the SFPUC declared an emergency, approved by the President of the SFPUC, and called for the immediate procurement of two generators to serve Treasure and Yerba Buena Island. • SFPUC solicited quotes from three businesses, and Cummins Pacific, LLC was determined to be the lowest bidder. • The contract for purchase from Cummins Pacific, LLC was effective May 23, 2017 and the backup generators are expected to be delivered in August 2017. 	
Fiscal Impact	
<ul style="list-style-type: none"> • The budget for the emergency replacement of two back-up generators on Yerba and Treasure Island, including the \$1,660,050 contract between SFPUC and Cummins Pacific to purchase, permit, and commission the generators, is \$1,671,050. • Funds to pay for the two back-up generators will come from the Treasure Island Improvement Fund, which is used for capital improvements to the Treasure Island Redevelopment Project. The current available balance of the fund is \$10.2 million, and if the resolution is approved, the remainder of the fund will be approximately \$8.53 million. 	
Recommendation	
<ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

Administrative Code Section 21.15(c) states that approval of the Board of Supervisors must be obtained for any emergency contracts for goods and services in excess of \$100,000.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) is the electric utility provider to Treasure and Yerba Buena Islands, a formal naval station, which is currently home to approximately 1,800 San Francisco residents. In addition to residents, the SFPUC provides electricity to the SFPUC's wastewater treatment plant and the U. S. Coast Guard Station. The SFPUC maintains two back-up generators, which were put into service in 1989, to supply the islands in the event of electric grid power loss or maintenance that affects the electricity transmitted to the islands. According to Mr. Richard Stephens, Utility Field Services Manager, the electric transmission line to the islands has gone down two times in the past five years due to a failure on the electric circuit. The electric transmission line has also been taken out of service for maintenance five times in the past five years, resulting in use of the backup generators.

On February 10, 2017, one of the two back-up generators failed a test by the SFPUC Power Enterprise crew members during the weekly inspection. Staff at the SFPUC contacted Cummins Pacific, LLC to repair the back-up generator. Cummins Pacific determined during initial repairs on May 4, 2017, that the damage was more extensive than first anticipated and that a major repair was needed to put the generator back into service.

On May 11, 2017, the General Manager of the SFPUC declared an emergency, approved by the President of the SFPUC, and called for the immediate procurement of two generators to serve Treasure and Yerba Buena Island. SFPUC solicited quotes from three businesses: Cummins Pacific, LLC, Peterson Cat, and Cresco. Only Peterson Cat and Cummins Pacific, LLC responded, and Cummins Pacific, LLC was determined to be the lowest bidder. The contract for purchase was effective May 23, 2017. This resolution was submitted to the Board on June 6, 2017.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve SFPUC's emergency declaration to replace two back-up generators that serve Treasure and Yerba Buena Islands in the event of a significant loss of electric grid power, with a total estimated cost of \$1,660,050.

In accordance with City Administrative Code Section 21.15(c), because the project was declared an emergency, the SFPUC awarded the emergency contract to Cummins Pacific, LLC for the purchase of two generators without undergoing a formal competitive bidding process. The SFPUC determined that there was insufficient time to go through a competitive bid process due to the regional health and safety risk caused by the inability to provide electric service in the event of a significant grid-power outage. As previously mentioned, the electric transmission lines have been taken out of service five times in the past five years, resulting in the use of backup generators, one of which failed a test. The current traditional bidding process takes a minimum of 18 weeks to obtain a purchase order. According to Mr. Stephens, the amount of

time from the purchase order to the delivery date is between 9 and 12 weeks, which would have left the islands without backup generators for a total of 27 to 30 weeks, or more than half a year.

Although only one back-up generator failed, the SFPUC declared an emergency to replace both back-up generators. According to Mr. Stephens, the electricity system on the islands has approximately three megawatts of load, and each generator is rated for two megawatts each, for a total of 4 megawatts of load. The replacement of only one back-up generator would leave the islands vulnerable to power outages if the remaining back-up generator fails. During the inspection by Cummins Pacific, LLC, both generators, which were put into service in 1989, were determined to be in the same condition.

The back-up generators are expected to be delivered in August 2017. According to Mr. Stephens, the SFPUC has a power curtailment plan in the event of power grid loss until the generators are delivered.

FISCAL IMPACT

The budget for the emergency replacement of two back-up generators on Yerba and Treasure Island, including the \$1,660,050 contract between SFPUC and Cummins Pacific to purchase, permit, and commission the generators, is \$1,671,050, as seen in Table 1 below.

Table 1: Estimated Expenditures for Replacement Back-up Generators

Purpose	Estimated Cost
Cummins Pacific	\$1,530,000
Taxes	<u>130,050</u>
Subtotal	1,660,050
Fluid Containment Apparatus	8,000
SFPUC Labor	3,000
Total	1,671,050

Funds to pay for the two back-up generators will come from the Treasure Island Improvement Fund, which is used for capital improvements to the Treasure Island Redevelopment Project. The current available balance of the fund is \$10.2 million, and if the resolution is approved, the remainder of the fund will be approximately \$8.53 million.

RECOMMENDATION

Approve the proposed resolution.



San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

Power Enterprise
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.554.0725
F 415.554.1854

INTER-OFFICE MEMORANDUM

Date: 11 May, 2017
To: The Honorable Anson Moran
President, San Francisco Public Utilities Commission
From:  Harlan L. Kelly, Jr.
General Manager
Subject: Declaration of Emergency - Treasure and Yerba Buena Islands
Generators

I recommend a declaration of emergency to enable staff to immediately procure generators to serve Treasure and Yerba Buena Islands in the event of a significant loss of grid power. The purchase is estimated at \$1.5 million.

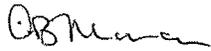
As you know, Power Enterprise is the electric utility provider to Treasure and Yerba Buena Islands. When there is an all-island grid-power outage of expected duration greater than 4 hours, Power staff operate two, 2 MW semi-trailer mounted generators capable of serving all of Treasure and Yerba Buena Islands until the outage is repaired and grid-power may be restored.

One of the two existing generators has failed. The repair estimate is \$250,000, but the two units were put into service in 1989. I recommend new (or previously-owned, newer models) be purchased, and the existing units be salvaged.

The inability to provide electric service in the event of a significant grid-power outage poses a regional health and safety risk. Power would be unavailable to all residents, businesses, and government services, including the wastewater treatment plant and the Coast Guard Station. These facilities are critical to San Francisco Bay waters and users' health and safety.

I am therefore declaring the existence of an emergency. I trust that this meets with your concurrence and approval.

CONCUR AND APPROVE:



Anson Moran, President
San Francisco Public Utilities Commission

cc:

I. Kwon
A. Moller Caen
F. Vietor
V. Courtney
K. How
B. Hale
M. Carlin
E. Sandler
P. Husing
S. Laraño

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





San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.554.3155
F 415.554.3161
TTY 415.554.3488

TO: Angela Calvillo, Clerk of the Board
FROM: John Scarpulla, Policy and Government Affairs
DATE: May 18, 2017
SUBJECT: Emergency Declaration – Replacement of generators serving Treasure and Yerba Buena Islands

Attached please find an original and one copy of a proposed resolution approving an emergency declaration of the San Francisco Public Utilities Commission pursuant to Administrative Code, Section 21.15(c) for the replacement of two generators that serve Treasure and Yerba Buena Islands in the event of a significant loss of grid power, with a total estimated cost of \$1,660,050.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Resolution
2. Letter from the PUC Commission President Ratifying Declaration
3. Form SFEC-126 for Cummins Pacific LLC

Please contact John Scarpulla at (415) 934-5782 if you need additional information on these items.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2017 MAY 18 PM 12:39
BY: [Signature]

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



FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
 (S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Cummins Pacific LLC	
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>1) Gregory Ehlinger – CEO 2) Michael Cowden – CFO 3) Barry Kreuzer – VP Power Generation 4) N/A 5) N/A</p>	
Contractor address: 14775 Wicks Blvd San Leandro, CA 94577	
Date that contract was approved: pending	Amount of contract: \$ 1,530,000.00 plus applicable sales tax
Describe the nature of the contract that was approved: Sale of two 2000KW Portable Diesel Generators	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Relocation Appeals Board, and Local Workforce Investment Board) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed