

File No. 130365

Committee Item No. 5

Board Item No. 1

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 05/8/2013

Board of Supervisors Meeting

Date: JUNE 25, 2013

### 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 checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input 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

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Completed by: Victor Young Date May 3, 2013

Completed by: Victor Young Date \_\_\_\_\_

5/8/13

FILE NO. 130365

ORDINANCE NO. RO#14001  
SA#01

[De-Appropriation and Re-Appropriation - Operating Budget Amendment of \$5,096,000 and Capital Improvement Projects of \$42,178,878 for Public Utilities Commission - FY2013-2014]

Ordinance amending the adopted FY2013-14 Appropriation Ordinance and other adopted biennial capital appropriation ordinances for the San Francisco Public Utilities Commission, including \$3,100,000 in de-appropriation and re-appropriation for the Hetch Hetchy Enterprise operating budget, and de-appropriating \$16,414,070 and re-appropriating \$7,513,665 in capital projects in the Hetch Hetchy Capital Improvement Program projects, and de-appropriating and re-appropriating \$1,996,000 in the Water Enterprise operating budget, and de-appropriating ~~\$70,995,900~~ \$70,955,900 and re-appropriating \$55,169,000 in the in the Water Enterprise Capital Improvement Program projects, and de-appropriating \$56,370,059 and re-appropriating \$38,878,486 in the Wastewater Enterprise Capital Improvement Program.

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

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

Section 1. Ordinance de-appropriating and re-appropriating \$3,100,000 of the Hetch Hetchy adopted operating budget for Fiscal Year 2013-2014.

1 Section 1.1. This supplemental appropriation authorizes the re-appropriation of \$3,100,000  
 2 in operating funds for the fiscal year 2013-14, to fund the Camp Mather Project, \$1,000,000;  
 3 Facilities Maintenance, \$1,600,000; and WECC/NERC Compliance of \$500,000.  
 4

5 **USES De-Appropriation – Hetch Hetchy Operating Budget**

Fund	Index Code/ Project Code	Subobject	Description	Amount
5T AAA AAA – Hetchy Operating Fund	320000	098GR	Designated for General Reserve	(\$519,184)
5T AAA AAA – Hetchy Operating Fund	326112	05241	Payments to Other Government	(\$1,568,000)
5T CPF LOC Hetchy Capital Projects Local Fund	320001	097CI	Reserve for Capital Improvements	(\$1,012,816)
<b>Total USES De-Appropriation – Hetch Hetchy Operating</b>				<b>(\$3,100,000)</b>

1 **USES Appropriation – Hetch Hetchy Operating Budget**

2	Fund	Index Code/ 3 Project Code	Subobject	Description	Amount
4	5T AAA ACP –	519981	06700	Camp Mather Leach	\$1,000,000
5	Hetchy Continuing	CUH99801	Buildings	Field Project	
6	Capital Project Fund		Structures and		
7			Improvements		
8					
9	5T AAA AAP	500107	06F00	Facilities Maintenance	\$1,600,000
10	Hetchy Operating	FUH10001			
11	Annual Project Fund				
12					
13	5T AAA AAP	515041	06F00	WECC/NERC	\$500,000
14	Hetchy Operating	PUH50401		Compliance	
15	Annual Project Fund				
16					
17	<b>Total USES Appropriation – Hetch Hetchy Operating Budget</b>				<b>\$3,100,000</b>

18

19 Section 1.2 Ordinance de-appropriating a total of \$8,900,405, consisting of de-

20 appropriation of \$16,414,070 in existing Hetch Hetchy Capital Improvement Program project

21 budgets and re-appropriating \$7,513,665 of proceeds from existing Revenue Bonds, Hetch

22 Hetchy Fund Balance, and Cap and Trade Allowance for Fiscal Year 2013-2014.

23

24 Section 1.3 The sources of funding were previously approved and are herein de-

25 appropriated and appropriated, and no additional funding is requested in this supplemental

1 appropriation ordinance as indicated by Attachment A. The supplemental appropriation  
 2 requests appropriation of \$1,169,798 of Hetchy Cap and Trade Allowance funds, which will  
 3 be substituted for Hetchy revenues. Hetchy Operating Fund Balance of \$2,000,000 will be  
 4 used as a source of funds for the GoSolar SF program. The sources of funding outlined  
 5 below are herein de-appropriated and appropriated to reflect the funding available for Fiscal  
 6 Year 2013-14:

7  
 8 **SOURCES De-appropriation / Appropriation – Hetch Hetchy Capital Improvement**  
 9 **Projects**

Fund	Index Code/ Project Code	Subobject	Description	Amount
5T CPF 13A –	*HHP5TCPF13A	80111	Proceeds From	(\$13,700,070)
2013A Hetchy Water Revenue Bonds	CUH30000		Sale of Bonds	
5T AAA ACP –	UHUHZZZ505T	9505T	ITI from Hetch	(\$1,169,798)
Hetchy Continuing Capital Project Fund	CUHZZZ00		Hetchy Revenue	
5T CPF 14A –	*HHP5TCPF14A	80111	Proceeds From	\$2,799,665
2014A Power Enterprise Revenue	CUH30000		Sale of Bonds	
Bonds				

Fund	Index Code/ Project Code	Subobject	Description	Amount
5T AAA ACP – Hetchy Continuing Capital Project Fund	548294 PUHCAP00	99999B	Hetchy Cap and Trade Allowance	\$1,169,798
5T AAA AAA – Hetchy Operating Fund	320000 CUH94763	99999B	Fund Balance	\$2,000,000
<b>Total SOURCES De-appropriation/Appropriation – Capital Improvement Projects</b>				<b><u>(\$8,900,405)</u></b>

Section 1.4 The uses of funding outlined below are herein de-appropriated and appropriated in Subobject 06700 Buildings Structures and Improvements, 081C4 Internal Audits and 06B00 Revenue Bond Oversight Committee and reflects the projected uses of funding to support the Hetch Hetchy Capital Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year 2013-14.

**USES De-appropriation/ Appropriation – Hetch Hetchy Capital Improvement Projects**

Fund	Index Code/ Project Code	Subobject	Description	Amount
5TCPF13A – 2013A Hetchy Water Revenue Bonds	HHPX5TCPF13A CUH10000	06700 Buildings Structures and Improvements	Hetchy Water – Water Only Project	(\$9,400,000)

	Fund	Index Code/ Project Code	Subsubject	Description	Amount
3	5TAAAACP –	511011	06700	Hetchy Water –	(\$2,276,150)
4	Hetchy Continuing	CUH10100	Buildings	Power Only Projects	
5	Capital Project Fund		Structures and		
6			Improvements		
8	5TCPF13A –	HHPX5TCPF13A	06700	Hetchy Water	(\$4,714,216)
9	2013A Hetchy Water	CUH30000	Buildings	Financing Cost	
10	Revenue Bonds		Structures and		
11			Improvements		
13	5TCPF13A –	HHPX5TCPF13A	081C4	Hetchy Water –	(\$16,854)
14	2013A Hetchy Water	CUH30000	Internal Audits	City Services Auditor	
15	Revenue Bonds				
17	5TCPF13A –	HHPX5TCPF13A	06B00	Hetchy Water –	(\$6,850)
18	2013A Hetchy Water	CUH30000	Revenue Bond	Revenue Bond	
19	Revenue Bonds		Oversight	Oversight Committee	
20			Committee		
22	5TAAAACP –	519463	06700	GoSolar SF	\$2,000,000
23	Hetchy Continuing	CUH94763	Buildings		
24	Capital Project Fund		Structures and		
25			Improvements		

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Fund	Index Code/ Project Code	Subobject	Description	Amount
5TAAAACP –	518961	06700	Streetlights	\$1,741,000
Hetchy Continuing Capital Project Fund	CUH89601	Buildings Structures and Improvements		
5TCPF14A –	HHPX5TCPF14A	06700	Hetchy Water –	\$2,276,150
2014A Power Enterprise Revenue Bonds	CUH10100	Buildings Structures and Improvements	Power Only Projects	
5TCPF13A –	HHPX5TCPF13A	06700	Hetchy Joint Projects	\$437,850
2013A Hetchy Water Revenue Bonds	CUH10200	Buildings Structures and Improvements	– Water	
5TAAAACP –	511021	06700	Hetchy Joint Projects	\$535,150
Hetchy Continuing Capital Project Fund	CUH10200	Buildings Structures and Improvements	– Power	



Fund	Index Code/ Project Code	Subobject	Description	Amount
5TCPF14A – 2014A	HHPX5TCPF14A	06700	Hetchy Power	\$518,633
Power Enterprise	CUH30000	Buildings	Financing Costs	
Revenue Bonds		Structures and Improvements		
5TCPF14A – 2014A	HHPX5TCPF14A	081C4	Hetchy Power –	\$3,482
Power Enterprise	CUH30000	Internal Audits	City Services Auditor	
Revenue Bonds				
5TCPF14A – 2014A	HHPX5TCPF14A	06B00	Hetchy Power –	\$1,400
Power Enterprise	CUH30000	Revenue Bond	Revenue Bond	
Revenue Bonds		Oversight Committee	Oversight Committee	
<b>Total USES De-Appropriation/Appropriation–Hetch Hetchy Capital Improvement Projects</b>				<b><u>(\$8,900,405)</u></b>

Section 1.5 Of the above de-appropriated amount for Hetch Hetchy Water, \$4,714,216 is for financing costs, \$16,854 for the City Services Auditor, and \$6,850 is for the Revenue Bond Oversight Committee.

1 Section 1.6 Of the above appropriated amount for Hetch Hetchy Power, \$518,633 is for  
 2 financing costs, \$3,482 for the City Services Auditor; and \$1,400 is for the Revenue Bond  
 3 Oversight Committee.

4  
 5 Section 1.7 The appropriations herein are effective as of July 1, 2013. The bond-funded  
 6 portion of all included appropriation shall be placed on Controller's Reserve pending the  
 7 availability of funds. Release of project-related appropriation reserves by the Controller is  
 8 also subject to the prior occurrence of the SFPUC's and the Board of Supervisors'  
 9 discretionary adoption of CEQA findings for projects, following review and consideration of  
 10 completed project-related environmental analysis, where required, pursuant to CEQA, the  
 11 State CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

12  
 13 Section 2.1 Ordinance de-appropriating and re-appropriating \$1,996,000 of the Water  
 14 Enterprise adopted operating budget for Fiscal Year 2013-2014 to fund the Watershed  
 15 Protection Programmatic Project through reduction in reserve for the capital projects.

16  
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 18 **USES De-Appropriation/Appropriation – Water Enterprise Operating Budget**

Fund	Index Code / Project Code	Subobject	Description	Amount
5W AAA AAA –	500106	06R00	Watershed	(\$1,996,000)
Water Capital	FUW10201	Capital Renewal	Protection	
Project - Local		Projects		
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Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF LOC –	470003	097CI	Reserve for Capital	\$1,996,000
Water Capital	CUWZZZZZ	Reserve for	Improvements	
Project - Local		Capital		
Fund		Improvement		
<b>Total USES Appropriation – Water Enterprise Operating Budget</b>				<b>\$0</b>

Section 2.2 Ordinance de-appropriating \$70,955,900 in existing Water Capital Improvement Program project budgets and re-appropriating \$55,169,000 of proceeds from Water Enterprise revenues and capacity fee revenues for Fiscal Year 2013-2014.

Section 2.3 The sources of funding were previously approved and are herein de-appropriated and appropriated, and no additional funding is requested in this supplemental appropriation ordinance as indicated by Attachment B. This supplemental appropriation requests an appropriation of \$1,727,924 of Water capacity fees and the substitution of BAWSCA pre-payment funds received by the SFPUC for Water Revenue Bonds appropriated in the FY 2012-13 budget approved by Ordinance 109-12. The sources of funding outlined below are herein appropriated to reflect the appropriation for Fiscal Year 2013-2014.

1 **SOURCES De-appropriation / Appropriation – Water Enterprise Capital Improvement**

2 **Projects**

3	Fund	Index Code /	Subobject	Description	Amount
4		Project Code			
5	5W CPF 13A –	*WTR5WCPF13A	80111	Proceeds from Sale	(\$67,559,900)
6	Water Enterprise-	WTR3000100		of Revenue Bonds	
7	2013A Bond				
8	Fund				
9					
10	5W CPF LOC -	UWUWZZZI505W -	9505W	Water Enterprise	(\$10,850,000)
11	Capital Projects –	CUWZZZZZ		Revenue	
12	Local Fund				
13					
14	5W CPF WCF –	UWUWZZZG505W	9505W	Water Enterprise	(\$2,207,400)
15	Wholesale Capital	CUWZZZZZ		Revenue	
16	Project Fund				
17					
18	5W AAA ACP –	UWAAAACP505W	9505W	Water Enterprise	\$9,661,400
19	Water Continuing	CUWZZZZZ		Revenue - Water	
20	Capital Project			Revenue Transfer	
21	Fund				
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Fund	Index Code / Project Code	Subobject	Description	Amount
5W AAA ACP – Water Continuing Capital Project Fund	UWAAAACP505W CUWZZZZZ	9505W	Water Enterprise Revenue (BAWSCA Pre-Payment Funds)	\$52,041,076
5W CPF ACP Water Capital Projects – Retail	UWUWZZZK505W CUWZZZZZ	9505W	Water Enterprise Revenue - Water Revenue Transfer	\$1,400,000
5W CPF CAP – Capacity Fees	*WTR5WCPFCAP CUW68301	79993	Water Capacity Fees	\$1,727,924
<b>Total SOURCES De-appropriation/Appropriation – Water Enterprise Capital Improvement Projects</b>				<b><u>(\$15,786,900)</u></b>

Section 2.4 The uses of funding outlined below are herein de-appropriated and re-appropriated in Subobject 06700 Buildings Structures and Improvements, 06R00 Capital Renewal Projects, 081C4 Internal Audits, and 06B00 Revenue Bond Oversight Committee and reflects the projected uses of funding to support the Water Capital Improvement Program at the San Francisco Public Utilities Commission for Fiscal Year 2013-2014.

1 **USES De-Appropriation/Appropriation – Water Enterprise Capital Improvement**

2 **Projects**

3	Fund	Index Code /	Subobject	Description	Amount
4		Project Code			
5	5W CPF 13A	WTRX5WCPF13A	06700	Town of Sunol –	(\$3,900,000)
6	Water Enterprise -	CUW26308	Buildings,	Fire Suppression	
7	2013A Bond Fund		Structures, and	System	
8			Improvements		
9					
10	5W CPF LOC	WTRX5WCPFLOC	06R00	Watershed & Land	(\$278,600)
11	Capital Projects –	CUW27500	Capital Renewal	Management	
12	Local Fund		Projects		
13					
14	5W CPF WCF –	WTRX5WCFWCF	06R00	Watershed & Land	(\$517,400)
15	Wholesale Customer	CUW27500	Capital Renewal	Management	
16	Fund		Projects		
17					
18	5W CPF 13A –	WTRX5WCPF13A	06700	Buildings &	(\$4,300,000)
19	Water Enterprise-	CUW27700	Buildings,	Grounds Regional	
20	2013A Bond Fund		Structures, and		
21			Improvements		
22					
23	5W CPF LOC –	WTRX5WCPFLOC	06R00	Buildings &	(\$910,000)
24	Capital Projects –	CUW27700	Capital Renewal	Grounds Regional	
25	Local Fund		Projects		

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Fund	Index Code / Project Code	Subobject	Description	Amount
5W CPF WCF - Wholesale Customer Fund	WTRX5WCPFWCF CUW27700	06R00 Capital Renewal Projects	Buildings & Grounds Regional	(\$1,690,000)
5W CPF 13A - Water Enterprise- 2013A Bond Fund	WTRX5WCPF13A CUW28000	06700 Buildings, Structures, and Improvements	Local Water Conveyance/ Distribution	(\$44,185,000)
5W CPF 13A - Water Enterprise- 2013A Bond Fund	WTRX5WCPF13A CUW27001	06700 Buildings, Structures, and Improvements	Treasure Island Capital Improvements	(\$3,000,000)
5W CPF 13A - Water Enterprise- 2013A Bond Fund	WTRX5WCPF13A CUW68801	06700 Buildings, Structures, and Improvements	Building & Grounds Improvements - Local	(\$500,000)
<u>5W CPF 13A - Water Enterprise- 2013A Bond Fund</u>	<u>WTRX5WCPF13A WTR3000100</u>	<u>06700 Buildings, Structures, and Improvements</u>	<u>Financing Costs</u>	<u>(\$11,632,896)</u>

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5W CPF 13A –	WTRX5WCPF13A /	081C4 Internal	City Services	(\$8,224)
4	Water Enterprise-	WTR3000100	Audits	Auditor	
5	2013A Bond Fund				
6					
7	5W CPF 13A –	WTRX5WCPF13A /	06B00	Revenue Bond	(\$33,780)
8	Water Enterprise-	WTR3000100	Revenue Bond	Oversight	
9	2013A Bond Fund		Oversight	Committee	
10			Committee		
11	5W AAA ACP –	WTRX5WAAAACP	06700	Town of Sunol –	\$6,084,000
12	Water Continuing	CUW26808	Buildings,	Fire Suppression	
13	Capital Project		Structures, and	System	
14	Fund		Improvements		
15					
16	5W AAA ACP –	WTRX5WAAAACP	06700	Local Water	\$42,457,076
17	Water Continuing	CUW28001	Buildings,	Conveyance/	
18	Capital Project		Structures, and	Distribution	
19	Fund		Improvements		
20					
21	5W CPF CAP –	WTRX5WCPFAP	06700	Local Water	\$1,727,924
22	Capacity Fee	CUW28000	Buildings,	Conveyance/	
23			Structures, and	Distribution	
24			Improvements		
25					



	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5W AAA ACP –	WTRX5WAAAACP	06700	Treasure Island	\$3,000,000
4	Water Continuing	CUW27001	Buildings,	Capital	
5	Capital Project		Structures, and	Improvements	
6	Fund		Improvements		
8	5W AAA ACP –	WTRX5WAAAACP	06700	Building &	\$500,000
9	Water Continuing	CUW68801	Buildings,	Grounds	
10	Capital Project		Structures, and	Improvements -	
11	Fund		Improvements	Local	
13	5W CPF ACP –	502811	06R00	Pacific Rod &	\$1,400,000
14	Water Capital	CUW28100	Capital Renewal	Gun Club	
15	Projects - Retail		Projects	Remediation	
17	<b>Total USES De-Appropriation/Appropriation – Water Enterprise Capital Improvement</b>				
18	<b>Projects</b>				<b>(\$15,786,900)</b>

Section 2.5 Of the above De-appropriated amount, \$8,224 representing 0.2% of the expenditure budget net of bond financing and audit costs, is to be de-appropriated from the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$33,780 representing 0.05% of gross bond proceeds is to be de-appropriated and available from the Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative Code

1 Section 5A.31. These appropriations may be increased or decreased by the Controller  
2 based on changes to expenditure appropriations or actual gross bond proceeds to conform  
3 to the applicable Charter and Administrative Code formulas.  
4

5 Section 2.6. The appropriations herein are effective as of July 1, 2013. The bond-funded  
6 portion of all included appropriation shall be placed on Controller's Reserve pending the  
7 availability of funds. The portion of appropriation funded by FY 2013-14 local operating  
8 revenues shall be placed on Controller's Reserve until July 1, 2013. Release of project-  
9 related appropriation reserves by the Controller is also subject to the prior occurrence of the  
10 SFPUC's and the Board of Supervisors' discretionary adoption of CEQA findings for  
11 projects, following review and consideration of completed project-related environmental  
12 analysis, where required, pursuant to CEQA, the State CEQA Guidelines, and Chapter 31 of  
13 the San Francisco Administrative Code.  
14

15 Section 2.7 Associated Bond financing costs is also hereby de-appropriated by  
16 \$11,632,896, including but not limited to, issuance costs, debt service reserve, capitalized  
17 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt of  
18 bond proceeds. To the extent that net available bond proceeds after financing costs are  
19 more than budgeted, the Department may use such surplus bond proceeds as a substitute  
20 for other sources budgeted in this appropriation.  
21

22 Section 3.1 Ordinance de-appropriating \$56,370,059 in the existing Wastewater Capital  
23 Improvement Program for Fiscal Year 2013-2014 project budgets and appropriating  
24 \$38,878,486 of proceeds from existing revenue bonds and capacity fee revenues fund  
25 balance for revised Fiscal Year 2013-2014, placing \$28,500,000 on Controller's reserve

1 pending receipt of proceeds of indebtedness. and releasing \$134,950,000 of the SSIP  
 2 program funds for Fiscal Year 2013-2014 on July 1, 2013 from Budget and Finance  
 3 Committee Reserve, pending the approval of the sizing, timing and scope by the Budget  
 4 and Finance Committee.

5  
 6 Section 3.2 The sources of funding were previously appropriated and are herein de-  
 7 appropriated and re-appropriated, and no additional funding is requested in this  
 8 supplemental appropriation ordinance as indicated by Attachment C. This supplemental  
 9 appropriation requests an appropriation of \$9,578,486 of Wastewater capacity fees fund  
 10 balance which will be substituted for Wastewater Revenue Bonds. The sources of funding  
 11 outlined below are herein appropriated to reflect the appropriation for Fiscal Year 2013-  
 12 2014.

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 15 **SOURCES De-appropriation/Appropriation – Wastewater Enterprise Capital**  
 16 **Improvement Projects**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 13A - WWE- Capital Projects-2013A Bond Fund	*CWP5CCPF13A / - WWE30001 - Wastewater Bond/Commercial Paper	80111	Proceeds Sale of Bonds	(\$27,870,059)

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Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF CAP - WWE- Capacity Fee	*CWP5CCPF10B / - CWWRNRCS0000 - Wastewater RnR Collection System	99999B	Capacity Fees - Fund Balance	\$9,578,486
5C CPF 10B - 2010B WWE Revenue Bond Fund(Taxable BAB)	*CWP5CCPF10B - WWE30001 - Wastewater Bond/Commercial Paper	99999B	Interest Income - Fund Balance	\$800,000
<b>Total SOURCES De-appropriation/Appropriation — Wastewater Enterprise Capital Improvement Projects</b>				<b><u>(\$17,491,573)</u></b>

Section 3.3 The uses of funding outlined below are herein de-appropriated and re-appropriated in Subobject 06700 Buildings Structures and Improvements, 06R00 Capital Renewal Projects, 081C4 Internal Audits and 06B00 Revenue Bond Oversight Committee and reflects the projected uses of funding to support the Commission approved Phase 1 Implementation of the SSIP for Fiscal Year 2013-14. Pending the approval by the Budget and Finance Committee regarding sizing, timing, and scope of the SSIP, \$134,950,000 \$241,608,000 for the Wastewater Enterprise's FY2013-14 capital budget is released from Budget and Finance Committee reserve July 1, 2013.

1 **USES De-appropriation/Appropriation – Wastewater Enterprise Capital Improvement**

2 **Projects**

Fund	Index Code /	Subobject	Description	Amount
	Project Code			
5C CPF 13A - WWE-	CWPX5CCPF13A /	06700 Buildings,	SSIP Treatment	(\$4,900,000)
Capital Projects-	CWWSIPTP00	Structures, and	Plant Improvements	
2013A Bond Fund		Improvements		
5C CPF 13A - WWE-	CWPX5CCPF13A /	06700 Buildings,	SSIP Central	(\$3,700,000)
Capital Projects-	CWWSIPCT00	Structures, and	Bayside System	
2013A Bond Fund		Improvements	Improvements	
5C CPF 13A - WWE-	CWPX5CCPF13A /	06700 Buildings,	SSIP Collection	(\$15,730,000)
Capital Projects-	CWWSIPCS00	Structures, and	System	
2013A Bond Fund		Improvements	Improvements	
5C CPF 13A - WWE-	CWPX5CCPF13A /	06700 Buildings,	SSIP Stormwater	(\$18,131,000)
Capital Projects-	CWWSIPFC00	Structures, and	Management	
2013A Bond Fund		Improvements		
5C CPF 13A - WWE-	CWPX5CCPF13A /	06R00 Capital	Renewal &	(\$10,378,486)
Capital Projects-	CWWRNRC0000	Renewal Projects	Replacement –	
2013A Bond Fund			Collection System	

	Fund	Index Code / Project Code	Subobject	Description	Amount
3	5C CPF 13A - WWE-	CWPX5CCPF13A /	06700 Buildings,	Financing Cost	(\$3,488,716)
4	Capital Projects-	CWW30001	Structures, and		
5	2013A Bond Fund		Improvements		
7	5C CPF 13A - WWE-	CWPX5CCPF13A /	081C4 Internal	City Services	(\$27,922)
8	Capital Projects-	CWW30001	Audits	Auditor	
9	2013A Bond Fund				
11	5C CPF 13A - WWE-	CWPX5CCPF13A /	06B00	Revenue Bond	(\$13,935)
12	Capital Projects-	CWW30001	Revenue Bond	Oversight	
13	2013A Bond Fund		Oversight	Committee	
14			Committee		
15	5C CPF 13A - WWE-	CWPX5CCPF13A /	06700 Buildings,	Planning / Budget	\$8,000,000
16	Capital Projects-	CWWSIPRPL00	Structures, and		
17	2013A Bond Fund		Improvements		
19	5C CPF 13A - WWE	CWPX5CCPF13A /	06700 Buildings,	Treatment Plant	\$500,000
20	Capital Projects-	CWWSIPSE00	Structures, and	Improvements -	
21	2013A Bond Fund		Improvements	Southeast	
23	5C CPF CAP - WWE	CWPX5CCPF13A /	06R00 Capital	Renewal &	\$9,578,486
24	Capacity Fee	CWWRNRCS0000	Renewal Projects	Replacement -	
25				Collection System	

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Fund	Index Code / Project Code	Subobject	Description	Amount
5C CPF 10B - 2010B	CWPX5CCPF10B /	06700 Buildings,	Renewal &	\$800,000
WWE Revenue Bond Fund (Taxable BAB)	CWWRNRCS0000	Structures, and Improvements	Replacement - Collection System	
5C CPF 13A - WWE- Capital Projects- 2013A Bond Fund	CWPX5CCPF13A / CWWFAC02	06700 Buildings, Structures, and Improvements	Collection System Consolidation	\$10,000,000
5C CPF 13A - WWE- Capital Projects- 2013A Bond Fund	CWPX5CCPF13A / CWWFAC03	06700 Buildings, Structures, and Improvements	Southeast Community Center Improvements	\$10,000,000
<b>Total USES De-appropriation / Appropriation – Wastewater Enterprise Capital Improvement Projects</b>				<b><u>(\$17,491,573)</u></b>

Section 3.4 Of the above de-appropriated amount, \$27,922 representing 0.2% of the expenditure budget net of bond financing and audit costs is to be de-appropriated from the Controller's Audit Fund, pursuant to Charter Appendix F1.113; and \$13,935, representing 0.05% of gross bond proceeds is to be de-appropriated and available from the Public Utilities Commission Revenue Bond Oversight Committee, pursuant to Administrative Code Section 5A.31. These appropriations may be increased or decreased by the Controller based on changes to expenditure appropriations or actual gross bond proceeds to conform

1 to the applicable Charter and Administrative Code formulas.

2  
3 Section 3.5 Of the above de-appropriated amount, \$3,488,716 is de-appropriated for bond  
4 financing costs, including but not limited to, issuance costs, debt service reserve, capitalized  
5 interest, rating agency, and disclosure costs, all on Controller's reserve pending receipt of  
6 bond proceeds. To the extent that net available bond proceeds after financing costs are  
7 more than budgeted, the Department may use such surplus bond proceeds as a substitute  
8 for other sources budgeted in this appropriation.

9  
10 Section 3.6 The appropriations herein are effective as of July 1, 2013. The bond-funded  
11 portion of all included appropriation shall be placed on Controller's Reserve pending the  
12 availability of funds. Release of project-related appropriation reserves by the Controller is  
13 also subject to the prior occurrence of the SFPUC's and the Board of Supervisors'  
14 discretionary adoption of CEQA findings for projects, following review and consideration of  
15 completed project-related environmental analysis, where required, pursuant to CEQA, the  
16 State CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

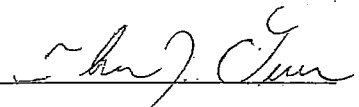
17  
18 Section 3.7 The Controller is authorized to record transfers between funds and adjust the  
19 accounting treatment of sources and uses appropriated in this ordinance as necessary to  
20 conform to Generally Accepted Accounting Principles.

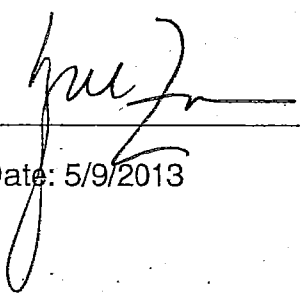


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APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE:  
BEN ROSENFELD, Controller

By:   
Deputy City Attorney

By:   
Date: 5/9/2013

Attachment A - Hetch Hetchy Enterprise

Funding Source

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	Amount
CUH30000	*HHP5TCPF13A	5TCPF13A	80111	Water Revenue Bonds	(13,700,070)
CUHZZZ00	UHUHZZZ505T	5TAAAACP	9505T	ITI from Hetchy Funds (Hetchy Revenue)	(1,169,798)
CUH30000	*HHP5TCPF14A	5TCPF14A	80111	Power Revenue Bonds	2,799,665
PUHCAP00	548294	5TAAAACP	9999B	Hetchy Cap and Trade Allowance	1,169,798
CUH94763	320000	5TAAAAAA	99999B	GoSolar SF	2,000,000
TOTAL - Sources Adjustments					(8,900,405)

Use of Funds

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	Amount
<b>Reduction of Appropriation</b>					
CUH10000	HHPX5TCPF13A	5TCPF13A	06700	Hetchy Water - Water Only Projects	(9,400,000)
CUH10100	511011	5TAAAACP	06700	Hetchy Water - Power Only Projects	(2,276,150)
CUH30000	HHPX5TCPF13A	5TCPF13A	06700	Hetchy Water Financing Costs	(4,714,216)
CUH30000	HHPX5TCPF13A	5TCPF13A	081C4	Hetchy Water - City Services Auditor	(16,854)
CUH30000	HHPX5TCPF13A	5TCPF13A	081XX	Hetchy Water - Revenue Bond Oversight Committee	(6,850)
Subtotal					(16,414,070)

Reallocation of Appropriation

CUH94763	519463	5TAAAACP	06700	GoSolar SF	2,000,000
CUH89601	518961	5TAAAACP	06700	Streetlights	1,741,000
CUH10100	HHPX5TCPF14A	5TCPF14A	06700	Hetchy Water - Power Only Projects	2,276,150
CUH10200	HHPX5TCPF13A	5TCPF13A	06700	Hetchy Joint Projects - Water	437,850
CUH10200	511021	5TAAAACP	06700	Hetchy Joint Projects - Power	535,150
CUH30000	HHPX5TCPF14A	5TCPF14A	06700	Hetchy Power Financing Costs	518,633
CUH30000	HHPX5TCPF14A	5TCPF14A	081C4	Hetchy Power - City Services Auditor	3,482
CUH30000	HHPX5TCPF14A	5TCPF14A	081XX	Hetchy Power - Revenue Bond Oversight Committee	1,400
Subtotal					7,513,665

TOTAL - Uses Adjustments	(8,900,405)
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Surplus/Shortfall	0
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Attachment B - Water Enterprise

Funding Source

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	Amount
WTR3000100	*WTR5WCPF13A	5WCPF13A	80111	Proceeds from Sale of Bonds	(67,559,900)
CUWZZZZZ	UWUWZZZI505W	5WCPFLOC	9505W	ITI from Water Enterprise Funds	(10,850,000)
CUWZZZZZ	UWUWZZZG505W	5WCPFWCF	9505W	ITI from Water Enterprise Funds	(2,207,400)
CUWZZZZZ	UWAAAACP505W	5WAAAACP	9505W	ITI from Water Enterprise Funds	9,661,400
CUWZZZZZ	UWAAAACP505W	5WAAAACP	9505W	ITI from Water Enterprise Funds	52,041,076
CUWZZZZZ	UWUWZZZK505W	5WCPFACP	9505W	ITI from Water Enterprise Funds	1,400,000
CUW68301	*WTR5WCPFCAP	5WCPFCAP	9999B	Water Capacity Fee	1,727,924
TOTAL - Sources Adjustments					(15,786,900)

Use of Funds

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	Amount
CUW26308	WTRX5WCPF13A	5WCPF13A	06700	Town of Sunol-Fire Suppression System	(3,900,000)
CUW27500	WTRX5WCPFLOC	5WCPFLOC	06R00	Watershed & Land Management	(278,600)
CUW27500	WTRX5WCPFWCF	5WCPFWCF	06R00	Watershed & Land Management	(517,400)
CUW27700	WTRX5WCPF13A	5WCPF13A	06700	Buildings & Ground Regional	(4,300,000)
CUW27700	WTRX5WCPFLOC	5WCPFLOC	06R00	Buildings & Ground Regional	(910,000)
CUW27700	WTRX5WCPFWCF	5WCPFWCF	06R00	Buildings & Ground Regional	(1,690,000)
CUW28000	WTRX5WCPF13A	5WCPF13A	06700	Local Water Conveyance/Distribution	(44,185,000)
CUW27001	WTRX5WCPF13A	5WCPF13A	06700	Treasure Island Capital Program	(3,000,000)
CUW68801	WTRX5WCPF13A	5WCPF13A	06700	Building & Grounds Improvements Local	(500,000)
WTR3000100	WTRX5WCPF13A	5WCPF13A	06700	Financing Costs	(11,632,896)
WTR3000100	WTRX5WCPF13A	5WCPF13A	081C4	City Services Auditor	(8,224)
WTR3000100	WTRX5WCPF13A	5WCPF13A	081XX	Revenue Bond Oversight Committee	(33,780)
Subtotal					(70,955,900)
CUW26808	WTRX5WAAAACP	5WAAAACP	06700	Town of Sunol-Fire Suppression System	6,084,000
CUW28001	WTRX5WAAAACP	5WAAAACP	06700	Local Water Conveyance/Distribution	42,457,076
CUW28000	WTRX5WCPFCAP	5WCPFCAP	06700	Local Water Conveyance/Distribution	1,727,924
CUW27001	WTRX5WAAAACP	5WAAAACP	06700	Treasure Island Capital Program	3,000,000
CUW68801	WTRX5WAAAACP	5WAAAACP	06700	Building & Grounds Improvements Local	500,000
CUW28100	502811	5WCPFACP	06R00	Pacific Rod & Gun Club Remediation	1,400,000
Subtotal					55,169,000
TOTAL - Uses Adjustments					(15,786,900)
Surplus/Shortfall					0

Attachment C - Wastewater Enterprise

Funding Source

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	Amount
WWE30001	*CWP5CCPF13A	5CCPF13A	80111	Proceeds Sale of Bonds	(27,870,059)
CWWRNRCS0000	*CWP5CCPF13A	5CCPF13A	9999B	Wastewater Capacity Fee	9,578,486
WWE30001	*CWP5CCPF10B	5CCPF10B	99999B	Interest Income-Fund Balance	800,000
TOTAL - Sources Adjustments					(17,491,573)

Use of Funds

Project	Index Code	SUB FUND	SUB-OBJ	Description of Appropriation or Fund	Amount
<b>Reduction of Appropriation</b>					
<b>SSIP</b>					
CWWSIPT00	CWPX5CCPF13A	5CCPF13A	06700	Treatment Plant Improvements	(4,900,000)
CWWSIPT00	CWPX5CCPF13A	5CCPF13A	06700	Central Bayside System Improvements	(3,700,000)
CWWSIPCS00	CWPX5CCPF13A	5CCPF13A	06700	Collection System Improvements	(15,730,000)
CWWSIPFC00	CWPX5CCPF13A	5CCPF13A	06700	Stormwater Management	(18,131,000)
SSIP Reduction					(42,461,000)
<b>Other Sewer Projects</b>					
CWWRNRCS0000	CWPX5CCPF13A	5CCPF13A	06R00	Renewal & Replacement-Collection System	(10,378,486)
CWW30001	CWPX5CCPF13A	5CCPF13A	06700	Financing Cost	(3,489,116)
CWW30001	CWPX5CCPF13A	5CCPF13A	081C4	City Services Auditor	(27,922)
CWW30001	CWPX5CCPF13A	5CCPF13A	081XX	Revenue Bond Oversight Committee	(13,535)
Subtotal					(13,909,059)
Subtotal					(56,370,059)

Reallocation of Appropriation

<b>SSIP</b>					
CWWSIPRPL00	CWPX5CCPF13A	5CCPF13A	06700	Program-Wide Planning & Management	8,000,000
CWWSIPSE00	CWPX5CCPF13A	5CCPF13A	06700	Treatment Plant Improvements - Southeast	500,000
SSIP Increase					8,500,000
<b>Other Sewer Projects</b>					
CWWRNRCS0000	CWPX5CCPF13A	5CCPF13A	06R00	Renewal & Replacement-Collection System	9,578,486
CWWRNRCS0000	CWPX5CCPF10B	5CCPF10B	06700	Renewal & Replacement-Collection System	800,000
CWWFAC02	CWPX5CCPF13A	5CCPF13A	06700	Collection System Consolidation	10,000,000
CWWFAC03	CWPX5CCPF13A	5CCPF13A	06700	Southeast Community Center Improvements	10,000,000
Subtotal					30,378,486
Subtotal					38,878,486
Total SSIP Adjustment					(33,961,000)
Other - Increase					16,469,427
TOTAL - Uses Adjustments					(17,491,573)
Surplus/Shortfall					0

Item 5  
File 13-0365

Department:  
Public Utilities Commission (PUC)

## EXECUTIVE SUMMARY

### Legislative Objectives

- The proposed ordinance amend the FY 2012-13 and FY 2013-14 Appropriation Ordinance to (1) re-appropriate \$5,096,000 in the Public Utilities Commission's (PUC) FY 2013-14 operating budget designated for maintenance and repair projects, and (2) de-appropriate \$42,178,878 in PUC's FY 2013-14 capital budget.

### Key Points

- The Board of Supervisors appropriated \$122,516,450 in the PUC's FY 2013-14 budget for capital improvements in the Hetch Hetchy Water and Power Enterprise, Water Enterprise, and Wastewater Enterprise. Approval of the proposed ordinance would de-appropriate \$42,178,878, resulting in a FY 2013-14 capital budget of \$80,887,572

### Fiscal Impact

- The proposed ordinance would re-appropriate \$5,096,000 within the PUC operating budget designated for capital projects, including (1) \$3,100,000 in the Hetch Hetchy Water and Power operating budget to pay for improvements to the Camp Mather drainage system, maintenance of Moccasin facilities, and compliance with electricity regulations; and (2) \$1,996,000 in the Water Enterprise to pay for watershed protection projects.
- The proposed ordinance would de-appropriate \$42,178,878 in the PUC's FY 2013-14 capital budget, including:
  - \$8,900,405 in the Hetch Hetchy Water and Power Enterprise due primarily to postponing the Moccasin Tunnel Lining Project to a later date in the PUC's 10-year Capital Improvement Program (CIP). As a result, PUC will issue a lower amount of 2013 Hetch Hetchy Water Revenue Bonds than previously anticipated.
  - \$15,786,900 in the Water Enterprise due largely to savings in bond issuance and financing costs. The PUC will receive a payment of \$356,138,828 from the Bay Area Water Supply and Conservation Agency (BAWSCA), representing PUC's wholesale customers, as part of the 2009 Water Supply Agreement, in which the wholesale customers must pay PUC for the regional water system's existing regional assets (see File 12-1203). Due to this payment, PUC will issue a lower amount of 2013 Water Revenue Bonds.
  - \$17,491,573 in the Wastewater Enterprise due to revised Sewer System Improvement Program (SSIP) service goals, scope and schedule changes. As a result of the revised SSIP scope, the PUC will issue a lower amount of 2013 Wastewater Revenue Bonds. The PUC will postpone certain SSIP projects, previously appropriated in FY 2013-14, and re-appropriate funds to other capital projects. New expenditures in FY 2013-14 include \$8,000,000 for SSIP Phase I planning and \$10,000,000 for improvements to the Southeast Community Center.

### 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.

Charter Section 9.101 authorizes the Mayor and Board of Supervisors by resolution to determine in an even-numbered fiscal year that the upcoming budgetary cycle shall be a fixed budgetary cycle for some or all City Departments. In a fixed budgetary cycle, the Board of Supervisors does not adopt a new budget for the second fiscal year of the cycle, but may adjust the second-year budget if certain conditions are met.

### Background

The Board of Supervisors approved a resolution in 2011 (Resolution 464-11), adopting a fixed two-year budget for the Airport, Port, and Public Utilities Commission. The Board of Supervisors approved the Public Utilities Commission's (PUC) FY 2012-13 and FY 2013-14 budget in July 2012. Table 1 shows the PUC's FY 2012-13 and FY 2013-14 capital budget appropriations, previously approved by the Board of Supervisors.

**Table 1: PUC's FY 2013-14 Capital Budget Appropriation**

	FY 2012-13	FY 2013-14	Total
Hetch Hetchy	\$34,574,200	\$47,893,450	\$82,467,650
Water	22,216,000	37,623,000	59,839,000
Wastewater	<u>33,000,000</u>	<u>37,000,000</u>	<u>70,000,000</u>
<b>Total</b>	<b>\$89,790,200</b>	<b>\$122,516,450</b>	<b>\$212,306,650</b>

Source: Annual Appropriation Ordinance

## DETAILS OF PROPOSED LEGISLATION

As shown in Table 2 below, the PUC is now requesting a supplemental appropriation to amend the (1) FY 2013-14 operating budget to re-appropriate \$5,096,000 designated for maintenance and repair projects, and (2) FY 2013-14 capital budget to de-appropriate \$42,178,878.

**Table 2: Proposed Amendment to the PUC's FY 2013-14 Operating and Capital Budget**

	Amount
<b>FY 2013-14 Operating Budget</b>	
Hetch Hetchy	\$3,100,000
Water	1,996,000
<b>Total Operating Budget Re-appropriation</b>	<b>\$5,096,000</b>
<b>FY 2013-14 Capital Budget</b>	
Hetch Hetchy	(\$8,900,405)
Water	(15,786,900)
Wastewater	(17,491,573)
<b>Total Capital Budget De-appropriation</b>	<b>(\$42,178,878)</b>

The Attachment to this report provides details of the proposed supplemental appropriation.

## **FISCAL IMPACT**

### **FY 2013-14 Operating Budget Re-appropriation: \$5,096,000**

The proposed ordinance re-appropriates PUC operating funds as follows:

- \$3,100,000 in the Hetch Hetchy Water and Power operating budget from funds designated for reserves or payments to other governments to the following three projects:
  - \$1,000,000 to leach field<sup>1</sup> repairs at Camp Mather to improve sewage drainage and prevent seepage into the Hetch Hetchy watershed;
  - \$1,600,000 to facilities maintenance at Moccasin to fund a portion of the maintenance backlog; and
  - \$500,000 to comply with electricity compliance regulations.
- \$1,996,000 in the Water Enterprise operating budget to fund watershed protection projects that do not qualify as capital projects and therefore are not eligible for bond funding.

### **FY 2013-14 Capital Budget De-appropriation: (\$42,178,878)**

The PUC is proposing a net decrease in the FY 2013-14 capital budget of \$42,178,878, as shown in Table 2 above. The PUC de-appropriates capital funds as follows:

#### **Hetch Hetchy Water and Power: (\$8,900,405)**

According to Mr. Carlos Jacobo, PUC Budget Director, the Hetch Hetchy Water and Power Enterprise is reducing the capital budget by a net of \$8,900,405 due primarily to postponing the Moccasin Tunnel Lining Project to a later date in the PUC's 10-year Capital Improvement Program (CIP). As a result, PUC will issue a lower amount of 2013 Hetch Hetchy Water Revenue Bonds than previously anticipated.

Major reductions to the FY 2013-14 Hetch Hetchy capital budget include:

- \$9,400,000 reduction due to defunding of the Moccasin Water Tunnel Lining Project that will be funded in future years; and
- \$4,714,216 reduction in bond financing costs by issuing a lower amount of 2013 Hetch Hetchy Water Revenue Bonds.

These reductions are offset by the funding of two new programs, including:

- \$2,000,000 for the Mayor's Go Solar SF project to facilitate development of solar projects; and
- \$1,741,000 for streetlight improvements on the Van Ness Avenue Corridor.

Details of the \$8,900,405 reduction in the FY 2013-14 Hetch Hetchy capital budget are shown in the Attachment to this report.

<sup>1</sup> A leach field, or septic drain field, is used to remove contaminants and impurities from liquid that emerges from a septic tank.

*Controller's Reserve*

Some of the proposed FY 2013-14 Hetch Hetchy capital program projects are funded by Hetch Hetchy Water Revenue Bonds or Power Enterprise Revenue Bonds. In accordance with the proposed ordinance, bond-funded projects will be placed on Controller's reserve pending the availability of funds.

**Water Enterprise: (\$15,786,900)**

The FY 2013-14 Water Enterprise capital budget is being reduced by \$15,786,900 due largely to savings in bond issuance and financing costs. The proposed ordinance de-appropriates previously-appropriated 2013A Water Enterprise Revenue Bond Proceeds. PUC will receive a payment of \$356,138,828 from the Bay Area Water Supply and Conservation Agency (BAWSCA), representing PUC's wholesale customers, as part of the 2009 Water Supply Agreement, in which the wholesale customers must pay PUC for the regional water system's existing regional assets (see File 12-1203). Due to this payment, PUC will issue a lesser amount of 2013 Water Revenue Bonds, resulting in savings for bond financing and issuance costs of \$11,674,900.

The PUC is also proposing to postpone \$6,900,000 in regional water system facility improvements to a later date, based on updated project schedules and spending forecasts.

These reductions are offset by (1) a \$2,184,000 increase in the Sunol Fire Suppression project<sup>2</sup>, from \$3,900,000, as previously appropriated, to \$6,084,000, due to a re-evaluation and scoping of the project; and (2) new expenditures of \$1,400,000 for the remediation of Lake Merced as part of a \$10,000,000 remediation project (see Policy Consideration section below).

Details of the \$15,786,900 net reduction in the FY 2013-14 Water Enterprise capital budget are in the Attachment to this report.

**Wastewater Enterprise: (\$17,491,573)**

The FY 2013-14 Wastewater capital budget is being reduced by \$17,491,573 due to revisions to the Sewer System Improvement Program (SSIP) and schedule changes. The Public Utilities Commission (Commission) endorsed the revised SSIP service goals and scope in August 2012. As a result of the revised SSIP scope, the PUC will issue a lower amount of 2013 Wastewater Revenue Bonds, resulting in a net reduction of \$3,530,573 in bond issuance and financing costs.

The PUC will postpone certain SSIP projects, previously appropriated in FY 2013-14, and re-appropriate funds to other capital projects. New expenditures in FY 2013-14 include \$8,000,000 for SSIP Phase I planning and \$10,000,000 for improvements to the Southeast Community Center.

Details of the \$17,491,573 net reduction in the FY 2013-14 Wastewater Enterprise capital budget are in the Attachment to this report.

*Budget and Finance Committee Reserve*

The Sewer System Improvement System budget is \$255,600,000, which the Board of Supervisors placed on Budget and Finance Committee reserve during the FY 2012-13 and FY

<sup>2</sup> The Sunol Fire Suppression project will improve the potable water pipelines leading to or in the town of Sunol, including upgrading the transmission and distribution pipes and installing new fire hydrants.



2013-14 budget review, pending further review of the SSIP timing, sizing and scope of work. The PUC will need to request release of SSIP funds from the Budget and Finance Committee prior to expenditure of these funds.

*Controller's Reserve*

Further, some of the proposed FY 2013-14 Wastewater capital program projects are funded by Wastewater Revenue Bonds. In accordance with the proposed ordinance, bond-funded projects will be placed on Controller's reserve pending the availability of funds.

## **POLICY CONSIDERATION**

### **The Pacific Rod and Gun Club Continues on a Month-to-Month Lease on PUC Property Adjacent to Lake Merced**

The Pacific Rod and Gun Club has leased PUC property at Lake Merced since 1934 through an agreement with the Recreation and Park Department. The Pacific Rod and Gun Club's use of lead shot prior to 1994 has resulted in lead contamination of the surface soil around Lake Merced. PUC estimates that the costs to clean up the lead contamination are \$10,000,000, of which \$1,400,000 is included in the FY 2013-14 capital budget request, as noted above. According to Mr. Jacobo, the PUC is actively reviewing their options to recover these remediation costs.

The Pacific Rod and Gun Club currently occupies the site on a month-to-month lease. The Board of Supervisors approved settlement of an unlawful detainer lawsuit in December 2012 (see File 12-1106) that provides for PUC to enter into an amended month-to-month lease with the Pacific Rod and Gun Club to improve the requirements for insurance, indemnity and other provisions to protect the City.

## **RECOMMENDATION**

Approve the proposed ordinance.

Fund	Program	Amount
<b>FY 2013-14 Operating Budget</b>		
<b>HETCH HETCHY</b>		
<u>Sources of Funds</u>		
Hetch Hetchy Operating Budget	General Reserve	(519,184)
Hetch Hetchy Operating Budget	Payments to Other Government	(1,568,000)
Capital Projects Fund	Reserve for Capital Improvements	(1,012,816)
<b>Net Sources of Funds</b>		<b>(3,100,000)</b>
<u>Uses of Funds</u>		
Re-appropriation		
Hetch Hetchy Operating Budget	Camp Mather	1,000,000
Hetch Hetchy Operating Budget	Facilities Maintenance	1,600,000
Hetch Hetchy Operating Budget	WECC/NERC Compliance	500,000
<b>Net Uses of Funds</b>		<b>3,100,000</b>
<b>WATER</b>		
<u>Sources of Funds</u>		
Water Capital Projects	Watershed Protection	(1,996,000)
<u>Uses of Funds</u>		
Water Capital Projects	Reserve for Capital Improvements	1,996,000
<b>Total Operating Budget Re-appropriation</b>		<b>5,096,000</b>
<b>FY 2013-14 Capital Budget</b>		
<b>HETCH HETCHY</b>		
<u>Sources of Funds</u>		
2013A Hetch Hetchy Water Revenue Bonds	Bond Proceeds	(13,700,070)
Hetch Hetchy Continuing Project Capital Fund	Internal Transfer	(1,169,798)
2014A Power Enterprise Revenue Bonds	Bond Proceeds	2,799,665
Hetch Hetchy Continuing Project Capital Fund	Cap and Trade Allowance	1,169,798
Hetch Hetchy Operating Budget	Fund Balance	2,000,000
<b>Net Sources of Funds</b>		<b>(8,900,405)</b>
<u>Uses of Funds</u>		
2013A Hetch Hetchy Water Revenue Bonds	Water Projects	(9,400,000)
Hetch Hetchy Continuing Project Capital Fund	Power Projects	(2,276,150)
2013A Hetch Hetchy Water Revenue Bonds	Financing Costs	(4,714,216)
2013A Hetch Hetchy Water Revenue Bonds	Internal Audits	(16,854)
2013A Hetch Hetchy Water Revenue Bonds	Revenue Bond Oversight Committee	(6,850)
Hetch Hetchy Continuing Project Capital Fund	Go Solar SF	2,000,000
Hetch Hetchy Continuing Project Capital Fund	Streetlights	1,741,000
2014A Power Enterprise Revenue Bonds	Power Projects	2,276,150
2013Hetch Hetchy Water Revenue Bonds	Water Projects	437,850
Hetch Hetchy Continuing Project Capital Fund	Power Projects	535,150
2014A Power Enterprise Revenue Bonds	Financing Costs	518,633
2014A Power Enterprise Revenue Bonds	Internal Audits	3,482
2014A Power Enterprise Revenue Bonds	Revenue Bond Oversight Committee	1,400
<b>Net Uses of Funds</b>		<b>(8,900,405)</b>

Fund	Program	Amount
<b>WATER</b>		
<u>Sources of Funds</u>		
2013A Water Enterprise Bond Fund	Bond Proceeds	(67,559,900)
Capital Projects Fund	Water Enterprise Revenues	(10,850,000)
Wholesale Capital Project Fund	Water Enterprise Revenues	(2,207,400)
Water Continuing Capital Project Fund	Water Enterprise Revenues	9,661,400
Water Continuing Capital Project Fund	Suburban Water Payers	52,041,076
Water Continuing Capital Project Fund	Water Revenue Transfer	1,400,000
Capacity Fees	Capacity Fees	1,727,924
Net Sources of Funds		(15,786,900)
<u>Uses of Funds</u>		
2013A Water Enterprise Bond Fund	Sunol Fire Suppression	(3,900,000)
Water Continuing Capital Project Fund	Watershed & Land Management	(278,600)
Wholesale Capital Project Fund	Watershed & Land Management	(517,400)
2013A Water Enterprise Bond Fund	Regional Buildings & Grounds	(4,300,000)
Capital Projects Fund	Regional Buildings & Grounds	(910,000)
Wholesale Capital Project Fund	Regional Buildings & Grounds	(1,690,000)
2013A Water Enterprise Bond Fund	Local Water Conveyance and Distribution	(44,185,000)
2013A Water Enterprise Bond Fund	Treasure Island Capital Improvements	(3,000,000)
2013A Water Enterprise Bond Fund	Local Buildings and Grounds	(500,000)
2013A Water Enterprise Bond Fund	Financing	(11,632,896)
2013A Water Enterprise Bond Fund	Internal Audits	(8,224)
2013A Water Enterprise Bond Fund	Revenue Bond Oversight Committee	(33,780)
Water Continuing Capital Project Fund	Sunol Fire Suppression	6,084,000
Water Continuing Capital Project Fund	Local Water Conveyance and Distribution	42,457,076
Capacity Fees	Local Water Conveyance and Distribution	1,727,924
Water Continuing Capital Project Fund	Treasure Island Capital Improvements	3,000,000
Water Continuing Capital Project Fund	Local Buildings and Grounds	500,000
Capital Projects Fund	Pacific Rod & Gun Club Remediation	1,400,000
Net Uses of Funds		(15,786,900)
<b>WASTEWATER</b>		
<u>Sources of Funds</u>		
2013A Wastewater Enterprise Bonds	Bond Proceeds	(\$27,870,059)
Capacity Fees	Capacity Fees	9,578,486
2010B Wastewater Revenue Bonds	Interest	800,000
Net Sources of Funds		(17,491,573)
<u>Sources of Funds</u>		
2013A Wastewater Enterprise Bonds	SSIP Treatment Plant Improvements	(4,900,000)
2013A Wastewater Enterprise Bonds	SSIP Central Bayside	(3,700,000)
2013A Wastewater Enterprise Bonds	SSIP Collection System Improvements	(15,730,000)
2013A Wastewater Enterprise Bonds	SSIP Stormwater Management	(18,131,000)
2013A Wastewater Enterprise Bonds	Renewal & Replacement	(10,378,486)
2013A Wastewater Enterprise Bonds	Financing	(3,488,716)
2013A Wastewater Enterprise Bonds	Internal Audits	(27,922)
2013A Wastewater Enterprise Bonds	Revenue Bond Oversight Committee	(13,935)
2013A Wastewater Enterprise Bonds	Planning	8,000,000
2013A Wastewater Enterprise Bonds	SE Treatment Plant	500,000
Capacity Fees	Collection System	9,578,486
2010B Wastewater Revenue Bonds	Collection System	800,000
2013A Wastewater Enterprise Bonds	Collection System Consolidation	10,000,000
2013A Wastewater Enterprise Bonds	SE Community Center	10,000,000
Net Uses of Funds		(17,491,573)
<b>Total Capital Budget De-appropriation</b>		<b>42,178,878</b>

