

File No. 100295

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 3/31/10

Board of Supervisors Meeting

Date _____

Cmte Board

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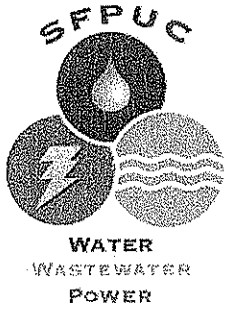
Completed by: Gail Johnson

Date 3/26/10

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554.3488



TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Nathan Purkiss, 554-3404

File 100295

DATE: 2/26/10

SUBJECT: SFPUC Release of Reserved Funds \$800,000

GAVIN NEWSOM
MAYOR

F.X. CROWLEY
PRESIDENT

FRANCESCA VIETOR
VICE PRESIDENT

ANN MOLLER CAEN
COMMISSIONER

JULIET ELLIS
COMMISSIONER

ANSON B. MORAN
COMMISSIONER

ED HARRINGTON
GENERAL MANAGER

Please find the original and 4 copies of a letter requesting a release of \$800,000 reserved funds for Hetch Hetchy's Capital Project CUH977.

Please calendar this matter at the Budget and Finance Committee.

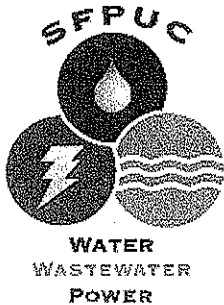
Departmental representative to receive a copy of the adopted resolution:

Name: Nathan Purkiss

Phone: 554-3404

Interoffice Mail Address: 1155 Market Street, 11th Floor

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February 22, 2010

Angela Calvillo
Clerk of the Board of Supervisors
1 Drive Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

File 100295

GAVIN NEWSOM
MAYOR

F.X. CROWLEY
PRESIDENT

FRANCESCA VIOTOR
VICE PRESIDENT

ANN MOLLER CAEN
COMMISSIONER

JULIET ELLIS
COMMISSIONER

ANSON B. MORAN
COMMISSIONER

ED HARRINGTON
GENERAL MANAGER

Subject: SFPUC Release of Reserved Funds \$800,000

Dear Ms. Calvillo,

I would like to request your assistance to have calendared the release of reserve on Hetchy's Capital Project CUH977 Hetch Hetchy Water R&R.

During the FY 2007-08 budget review, the Board of Supervisors' Budget and Finance Committee reserved \$800,000 in Project CUH977 "pending review of project fund balance".

The \$800,000 release is requested to continue the retrofit of Hetchy facilities for the remainder of FY 2009-10.

Regards,

Ed Harrington
General Manager

Item 4 File 10-0295	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
<p>Legislative Objective</p> <ul style="list-style-type: none"> • Requested release of \$800,000 of Public Utilities Commission (PUC) Hetch Hetchy Continuing Project Operating Subfund monies placed on reserve during the FY 2007-2008 budget deliberations to fund improvements and maintenance activities for Hetch Hetchy's water delivery and power generation/transmission infrastructure. <p>Key Points</p> <ul style="list-style-type: none"> • During the PUC's FY 2007-2008 budget review, because the subject Hetch Hetchy Continuing Project Operating Subfund had a balance of \$4,645,177, the Budget and Finance Committee placed on reserve \$800,000 of the additional requested \$2,500,000 FY 2007-2008 appropriation, pending future review of the Hetch Hetchy Subfund balance. • The PUC is now requesting release of the \$800,000 on reserve to continue the improvement and maintenance of Hetch Hetchy facilities for the remainder of FY 2009-2010. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • As of the writing of this report, the subject Hetch Hetchy Continuing Project Operating Subfund has an unreserved, unencumbered appropriated balance of \$92,661. • The PUC has described a need for the subject reserved funds for the remainder of FY 2009-2010, as shown in Attachments II and III. <p>Recommendation</p> <ul style="list-style-type: none"> • Given that the PUC has demonstrated a need for the Subfund's current unencumbered unreserved appropriated balance of \$92,661 as well as for the \$800,000 in previously reserved funds for the remainder of FY 2009-2010, the Budget and Legislative Analyst recommends approval of the requested release of \$800,000 in reserved funds. 	

BACKGROUND/MANDATE STATEMENT

During the PUC’s FY 2007-2008 budget deliberations, the Budget Analyst noted that the Hetch Hetchy Continuing Project Operating Subfund had an appropriated yet unexpended balance of \$4,645,177. At the same time, the PUC had only expended \$138,331 in FY 2006-2007 as of May of 2007 from this Subfund, yet the PUC was requesting an additional \$2,500,000 appropriation for FY 2007-2008. As a result, the Budget Analyst recommended, and the Budget and Finance Committee concurred, placing \$800,000 of the requested additional \$2,500,000 appropriation on reserve for improvements and maintenance activities for Hetch Hetchy infrastructure, pending future review of the Hetch Hetchy Continuing Project Operating Subfund balance.

DETAILS OF PROPOSED LEGISLATION

The PUC is now requesting the release of the entire \$800,000 to fund improvements and maintenance activities for Hetch Hetchy’s water delivery and power generation/transmission infrastructure for the remainder of FY 2009-2010.

Attachment I, provided by Mr. Carlos Jacobo, Budget Director of the PUC, includes a description, justification, and budget for the subject Hetch Hetchy capital project (“Hetch Hetchy Facilities/Roads/Buildings/ROW”) through FY 2017-2018 totaling \$72,600,000.¹

FISCAL ANALYSIS

Table 1 below, compiled by the Budget and Legislative Analyst and based on information provided by Mr. Jacobo, shows the appropriations, carry forwards, expenditures, and balances in the Hetch Hetchy Continuing Project Operating Subfund for four fiscal years, from FY 2006-2007 through FY 2009-2010. As shown in Table 1, the unexpended balance, as of March 19, 2010, is \$1,356,855.

Table 1

	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010
Appropriations	\$5,300,000	\$2,500,000	\$1,500,000	\$0
Carry Forward	0	5,044,265	5,271,399	4,617,053
Expenditures	(255,735)	(2,272,866)	(2,154,346)	(3,260,198)
Balance	\$5,044,265	\$5,271,399	\$4,617,053	\$1,356,855

¹The Hetch Hetchy Facilities/Roads/Buildings/ROW project includes three subfunds. The subject Hetch Hetchy Continuing Project Operating Subfund is only one of three subfunds in the project that finance major improvements and maintenance activities for Hetch Hetchy’s infrastructure.

As shown in Table 2 below, of the remaining unexpended \$1,356,855 appropriated balance, Mr. Jacobo states that \$464,194 was encumbered as of March 19, 2010 and \$800,000 is the subject reserved funds, leaving an unencumbered unreserved appropriated balance of \$92,661 available for use.

Table 2

Current Balance	\$1,356,855
Encumbered	(464,194)
Subject Reserve	(800,000)
Available	\$92,661

Attachment II, provided by Mr. Jacobo, is a budget showing the expenditure plan for the remainder of FY 2009-2010 for \$892,661 (\$92,661 available plus the \$800,000 in subject reserved funds, if released).

As shown in Attachment II, the PUC intends to expend the requested reserved funds for three projects, including (a) \$200,000 for the Camp Mather Visitor Center, (b) \$350,000 for the Moccasin Fiber Project, and (c) \$311,183 for Hetch Hetchy Roads and Right-of-Way. Attachment III, provided by Mr. Jacobo, is a description of these three projects for which the subject reserved funds would be used, if released. In addition, as shown in Attachment II, \$31,478 (\$35 + \$26,219 + \$5,224) would correct for prior year surplus appropriations from three other projects.

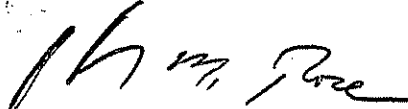
As shown in Table 1, although large appropriations were made to the Subfund in FY 2006-2007 and FY 2007-2008, it has taken several years for the PUC to make comparative levels of expenditures. In the past three fiscal years, the Subfund has had an automatic carryforward of at least \$4,617,053 from the previous year. This, as previously noted, was the reason the reserve was placed on the \$800,000 during the FY 2007-2008 budget deliberations. However, it should be noted that the balance at the end of FY 2009-2010 will be significantly lower, as the PUC has described their plans to encumber or expend the entire balance of \$892,661.

POLICY CONSIDERATIONS

The Budget and Legislative Analyst notes that it will again review this Hetch Hetchy Continuing Project Operating Subfund during the FY 2010-2011 budget review in May of 2010. Mr. Jacobo states that the PUC intends to request \$3,500,000 in additional appropriations for the Hetch Hetchy Continuing Project Operating Subfund in FY 2010-2011 to pay for future Hetch Hetchy improvements and maintenance. As described in the text of Attachment I, the PUC intends to use \$1,000,000 of the FY 2010-2011 appropriation for the construction of new facilities at Moccasin and the remaining \$2,500,000 for large rehabilitation projects (e.g. roofing, electrical, and plumbing projects) at Hetch Hetchy facilities.

RECOMMENDATION

Given that the PUC has demonstrated a need for the Subfund's current unencumbered unreserved appropriated balance of \$92,661 as well as for the \$800,000 in previously reserved funds for the remainder of FY 2009-2010, the Budget and Legislative Analyst recommends approval of the requested release of \$800,000 in reserved funds.



Harvey M. Rose

cc: Supervisor Avalos
Supervisor Mirkarimi
Supervisor Elsbernd
President Chiu
Supervisor Alioto-Pier
Supervisor Campos
Supervisor Chu
Supervisor Daly
Supervisor Dufty
Supervisor Mar
Supervisor Maxwell
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

SFPUC Project Budget Report

FAMIS Project CUH977_FM
Project Title Hetch Hetchy Facilities/Roads/Buildings/ROW
Department HETCH HETCHY WATER **Division** ADMINISTRATION
Section
Project Manager Dan Lehr **Project Type** Facilities Maintenance
Classification Renewal & Replacement **Source of Fund** Hetch Hetchy Revenue

Project Description

This project funds rehabilitation of support infrastructure throughout the HHP system (buildings, roads and the row-of-way from O'Shaughnessy Dam to the Coast Range Tunnel in Sunol). This project will fund a number of specific projects involving shared support infrastructure throughout the project, such as: HHP road rebuilding, which consists of new roads, and repairs to roads and bridges throughout the project; facilities maintenance-support structures, including maintenance and repairs to structures on the project; and addressing right-of-way issues, which consists largely of purchasing lands in sensitive areas.

New Moccasin Facilities-HHP has developed a master plan for Moccasin. The project will provide sufficient work space for all employees and meets current safety and security standards. The cost of the new facilities (shops, administration and Moccasin Dispatch Center) is estimated at \$38m. HHP is requesting \$1m in FY10-11 and \$4m in FY11-12 for environmental, planning and design. Construction is planned for FY14-15.

Existing HHP Facilities- This project will fund large rehabilitation projects for all HHP facilities (rentals, office space and shops, Park and Recreation Mather facilities). Work includes roofs, electrical and plumbing. HHP is requesting \$2.5m in FY10-11 and \$2.5m in FY11-12.

Road/Right of Way Improvements - This project includes the design of new roads as well as ongoing road and bridge repairs. FY 10-11 \$0.0, FY 11-12 \$1.0 million.

Project Justification

Facilities are up to 80 years old and need to be upgraded or replaced.

Operating Impact

Facilities must meet HHP staff needs, meet current safety and electrical codes.

	Total Project Cost	Budget to Date	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 - FY2020
Planning	7,481,947	851,947	240,000	510,000	1,000,000	1,350,000	1,560,000	1,970,000
Env. Review	7,431,947	851,947	240,000	510,000	990,000	1,340,000	1,540,000	1,960,000
Design	27,012,667	3,042,667	870,000	1,870,000	3,620,000	4,870,000	5,620,000	7,120,000
Construction	66,244,108	7,424,108	2,150,000	4,610,000	8,890,000	11,940,000	13,780,000	17,450,000
Total	108,170,669	12,170,669	3,500,000	7,500,000	14,500,000	19,500,000	22,500,000	28,500,000

Project	Project Title	Appropriation	Expenditures to Date	Encumbered	Current Balance	Proposed Use for Subject Reserve
CUH97700	FACILITIES MAINTENANCE - BUDGET	50,000	0	0	50,000	
CUH97701	FACILITIES MAINT - SUPPORT STRUCTURES	361,556	361,591	0	(35)	35
CUH97702	ROOR REPLACEMENT ENGINEERING BLDG	236,670	229,765	0	6,905	
CUH97703	MATHERS VISITORS CENTER	104,897	101,664	0	3,233	200,000
CUH97704	MOCCASIN/EL FIBER	3,304,480	2,961,347	50,980	292,153	350,000
CUH97705	HETCH HETCHY ROADS & RIGHT OF WAY	1,036,000	1,016,851	0	19,149	311,183
CUH97707	REPAVE HETCHY ROADS-TESLA TO OSH	125,000	24,325	0	100,675	
CUH97708	HETCHY HVAC UNITS	120,000	115,350	0	4,650	
CUH97709	SCADA/HMI SYSTEM REPLACEMENT	475,000	357,772	0	117,228	
CUH97710	FIRE SUPPRESSION SYSTEM - OPS BUILDING	95,000	76,902	0	18,098	
CUH97711	HETCHY ELECTRICAL UPGRADES	355,000	301,201	133	53,666	
CUH97712	WARNERVILLE BIO-DIESEL TANK	37,828	37,828	0	0	
CUH97713	REPLACEMENT SCADA MASTER	310,000	302,831	0	7,169	
CUH97715	O'SH COT 1 ROOF/ADA IMPROVEMENTS	560,000	534,929	14,256	10,816	
CUH97717	BIO DIESEL TANK/FACILITIES REPAIRS	457,000	433,329	17,626	6,045	
CUH97718	REPLACE WOOD WATER TANKS	380,000	404,113	2,107	(26,219)	26,219
CUH97719	EMERGENCY BACK UP POWER MOCCASIN	51,852	1,278	0	50,574	
CUH97720	ENGINEERING OFFICE HVAC	70,000	66,723	0	3,277	
CUH97721	SECURITY GATES ADIT SITES	25,000	14,797	0	10,203	
CUH97722	REPAIR MOCCASIN COTTAGES	253,000	115,597	0	137,403	
CUH97723	OIL CONTAINMENT PROJECT	225,000	90,355	121,039	13,606	
CUH97724	HHWP SMALL WATER SYSTEM IMPROVEMENTS	350,000	133,317	197,393	19,290	
CUH97725	WEST PORTAL TANK PIPING IMPROVEMENTS	24,000	29,058	167	(5,224)	5,224
CUH97726	PERMIT HHWP ROW MAINTENANCE	292,717	232,223	60,494	0	
	TOTAL	\$9,300,000	\$7,943,145	\$464,194	\$892,661	\$892,661

PROJECTS TO BE FUNDED WITH RESERVED FUNDS, FY 2009-2010

CUH 977-03 – CAMP MATHER VISITOR’S CENTER

Funds are needed to complete the design and environmental review on the construction of a Visitor’s Center at Camp Mather to inform visitors on the SFPUC System. The Visitor’s Center will be constructed at the intersection of Evergreen Road and Mather Road and the time frame for construction will be two to three months. Construction on this project will begin as soon as the design and environmental review are complete.

CUH 977-04 – MOCCASIN FIBER OPTIC CABLE

Funds are needed for design and construction to upgrade Hetch Hetchy Water’s primary means of communication to a fiber optic cable system. Phase I of this project from Moccasin to Early Intake has been completed and Phase II will install the fiber optic cable from Moccasin to Warnerville. We are regulated by the Western Electric Coordinating Council (WECC), whose regulations require that we have a redundant communication control system in addition to our existing licensed microwave communications system.

CUH 977-05 – HETCH HETCHY ROADS & RIGHT-OF-WAY

Funds are needed for rehabilitation work at Mitchell Canyon to stabilize rock piles that will mitigate sediment migration into the Corral Hollow Drainage. This work needs to be performed in response to a clean and abatement order from the Regional Water Quality Board.

