



**AGENDA ITEM**  
**Public Utilities Commission**  
*City and County of San Francisco*



DEPARTMENT Water Enterprise AGENDA NO. \_\_\_\_\_  
 MEETING DATE June 13, 2023

**Calendar:** Regular Calendar  
**Project Manager:** Paula Kehoe

**Authorize the General Manager to Accept and Expend California Department of Water Resources Grant Funds and to Execute the Local Project Sponsor Agreement with the Association of Bay Area Governments for the San Francisco Zoo Recycled Water Project**

<p><b>Summary of Proposed Commission Action:</b></p>	<p><b>Authorize</b> the General Manager to accept and expend, and to request approval from the Board of Supervisors under Administrative Code section 10.170-1(b) to accept and expend, grant funds of up to \$538,051 from the California Department of Water Resources for the pipeline construction of the San Francisco Zoo Recycled Water Project; and <b>authorize</b> the General Manager to execute the Local Project Sponsor Agreement with the Association of Bay Area Governments, to take such actions deemed necessary or appropriate to facilitate the execution of the Agreement, and to enter necessary or appropriate modifications to the Agreement. This action constitutes the Approval Action for the Project for the purposes of the California Environmental Quality Act (CEQA), pursuant to San Francisco Administrative Code section 31.04(h). The Planning Department has determined that this action is exempt from the CEQA. If the item is approved, the Commission will rely on that determination to make its decision.</p>
<p><b>Background:</b></p>	<p>The San Francisco Zoo (Zoo) currently relies on groundwater pumped from the Westside Groundwater Basin to supply an annual average of approximately 100 million gallons of water per year, or 307 acre-feet per year, to supply various non-potable demands such as landscape irrigation, animal exhibit washdown, and impoundment and animal pool filling.</p> <p>San Francisco Public Utilities Commission (SFPUC) staff have developed a project to construct a new recycled water pipeline to convert the Zoo’s current groundwater supply and distribution system to a recycled water supply and distribution system, except for end uses that require potable water (e.g., drinking water for animals). The project is known as Water Enterprise Capital Improvement Project No. 10037519, San Francisco Zoo Recycled Water Project (Project). Supplying these demands with recycled water will offset close to 100% of the Zoo’s annual groundwater use and will conserve high-quality groundwater to supplement potable water supplies in San Francisco. The estimated cost of construction for the Project is \$2.3 million.</p> <p>The Project will be a local water project that will provide regional water supply and reliability benefits to the SFPUC’s Regional Water System and the</p>

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	<p>Westside Groundwater Basin. This Project will enhance the region’s ability to address climate change impacts by maximizing the SFPUC’s potable water supply, thereby reducing pressure on existing supplies likely to be stressed by climate change.</p> <p>The State Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) grant program issued a grant to the Association of Bay Area Governments to fund local projects within the San Francisco Bay Area. On December 11, 2018, SFPUC applied to the California Department of Water Resources for a Proposition 1 grant. A copy of the grant application is attached. On July 23, 2019, SFPUC was selected to receive a Proposition 1 grant in the amount of \$538,051 for the pipeline construction component of the Project. The attached Grant Agreement between the California Department of Water Resources and the Association of Bay Area Governments includes the grant terms and budget and specifies that SFPUC must contribute a required cost share of \$422,849.</p> <p>With Commission and Board of Supervisors authorization, the SFPUC and the Association of Bay Area Governments would enter into the Local Project Sponsor Agreement for the Association of Bay Area Governments to disburse up to \$538,051 of Proposition 1 grant funds to the SFPUC for the construction of the pipeline. A draft of the Local Project Sponsor Agreement is attached. As reflected in the attached draft, the Local Project Sponsor Agreement would require the SFPUC to follow the terms of the Grant Agreement between the California Department of Water Resources and the Association of Bay Area Governments, including, but not limited to, contributing a cost share of \$422,849 and satisfying reporting and invoicing requirements. Water Enterprise Capital Improvement Project No. 10037519 would fund the SFPUC’s required cost share of \$422,849, as well as the remaining costs of construction.</p> <p>This Commission action is necessary for the SFPUC to proceed with requesting the approval of the Board of Supervisors to authorize the General Manager to accept and expend these grant funds as required by San Francisco Administrative Code section 10.170-1(b), and to authorize the General Manager to execute the Local Project Sponsor Agreement with the Association of Bay Area Governments, to take such actions deemed necessary or desirable to facilitate the execution of the Agreement, and to enter necessary or desirable modifications to the Agreement.</p>
<p><b>Description of Action:</b></p>	<p>Authorize the General Manager to accept and expend, and to request approval from the Board of Supervisors under Administrative Code section 10.170-1(b) to accept and expend, Proposition 1 grant funds of up to \$538,051 for the Project; authorize the General Manager to execute the Local Project Sponsor Agreement with the Association of Bay Area Governments, to take such actions deemed necessary or appropriate to facilitate the execution of the</p>

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	Agreement, and to enter necessary or appropriate modifications to the Agreement.
<b>Funding and Costs:</b>	The estimated cost of construction for the Project is \$2.3 million. The \$538,051 of grant funds would offset the pipeline construction costs of the Project. Funds for the remaining costs of the Project and the SFPUC's cost share would be available through Water Enterprise Capital Improvement Project No. 10037519 SF Zoo Recycle Water Pipeline Project.
<b>Schedule:</b>	<p>The Project will be advertised starting in June 2023. Staff intends to return to the Commission in February 2024 with a recommendation for award of the construction contract (Contract No. WD-2895) to construct the pipeline. The Project is expected to be completed by February 2025, with the pipeline construction portion completed by December 2024.</p> <p>The Local Project Sponsor Agreement would be executed after Commission and Board of Supervisors approval. To be eligible to receive the grant funding, the pipeline construction would need to be completed before or by December 31, 2024.</p>
<b>Environmental Review:</b>	<p>On July 26, 2021, the San Francisco Planning Department determined the Project to be categorically exempt from environmental review under the CEQA section 15303, Class 3 (New Construction or Conversion of Small Structures) (Case No. 2021-006486ENV). The exemption can be found here: <a href="https://sfpuc.sharefile.com/d-s15ad7a622a9c44f198110c79a52fc6d4">https://sfpuc.sharefile.com/d-s15ad7a622a9c44f198110c79a52fc6d4</a></p> <p>This action constitutes the Approval Action for the Project for the purposes of the CEQA, pursuant to San Francisco Administrative Code section 31.04(h).</p>
<b>Recommendation:</b>	SFPUC staff recommend that the Commission authorize the General Manager to accept and expend, and to request approval from the Board of Supervisors under Administrative Code section 10.170-1(b) to accept and expend, grant funds of up to \$538,051 from the California Department of Water Resources for the Project; and authorize the General Manager to execute the Local Project Sponsor Agreement with the Association of Bay Area Governments , to take such actions deemed necessary or appropriate to facilitate the execution of the Agreement, and to enter necessary or appropriate modifications to the Agreement.
<b>Attachment(s):</b>	<ol style="list-style-type: none"> <li>1. SFPUC's Proposition 1 Grant Application</li> <li>2. Excerpts of Grant Agreement Between the California Department of Water Resources and the Association of Bay Area Governments Proposition 1 Round 1 Integrated Regional Water Management Implementation Grant, Amendment 2</li> <li>3. Draft Local Project Sponsor Agreement</li> </ol>

## **PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. \_\_\_\_\_

WHEREAS, San Francisco Public Utilities Commission (SFPUC) staff have developed a project to construct a new recycled water pipeline to convert the San Francisco Zoo's current groundwater supply and distribution system to a recycled water supply and distribution system, otherwise known as Water Enterprise Capital Improvement Project No. 10037519, San Francisco Zoo Recycled Water Project (Project); and

WHEREAS, The Project will be a local water project that will provide regional water supply and reliability benefits to the SFPUC's Regional Water System and the Westside Groundwater Basin by maximizing the SFPUC's potable water supply, thereby reducing pressure on existing supplies likely to be stressed by climate change; and

WHEREAS, Under the State Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), the California Department of Water Resources issued a grant to the Association of Bay Area Governments to fund local projects within the San Francisco Bay Area; and

WHEREAS, On December 11, 2018, the SFPUC applied for a Proposition 1 grant, seeking funding for the Project as one of the local projects; and

WHEREAS, On July 23, 2019, SFPUC was selected to receive a Proposition 1 grant in the amount of \$538,051 for the pipeline construction component of the Project; and

WHEREAS, The estimated cost of construction for the Project is \$2.3 million, the Proposition 1 grant would fund up to \$538,051 to offset the pipeline construction costs of the Project, and the Water Enterprise Capital Improvement Project No. 10037519 would fund SFPUC's required cost share of \$422,849, as well as the remaining costs of construction; and

WHEREAS, The SFPUC desires to receive the Proposition 1 grant funds and is willing to cooperate in fulfilling grant requirements; and

WHEREAS, With Commission and Board of Supervisors authorization, the SFPUC and the Association of Bay Area Governments would enter into the Local Project Sponsor Agreement for the Association of Bay Area Governments to disburse up to \$538,051 of Proposition 1 grant funds to the SFPUC for the construction of the pipeline; and

WHEREAS, On July 26, 2021, the San Francisco Planning Department determined the Project to be categorically exempt from environmental review under the California Environmental Quality Act (CEQA) section 15303, Class 3 (New Construction or Conversion of Small Structures) (Case No. 2021-006486ENV); and

WHEREAS, In accordance with Section 10.170-1(b) of the San Francisco Administrative Code, approval by the San Francisco Board of Supervisors is required to accept and expend the Proposition 1 grant funds; now, therefore, be it,

RESOLVED, That this Commission recommends that the San Francisco Board of Supervisors authorize the SFPUC to accept and expend the Proposition 1 grant funds of up to \$538,051 from the California Department of Water Resources for the Project; and be it

FURTHER RESOLVED, That subject to approval by the Board of Supervisors, this Commission hereby authorizes the General Manager or the General Manager's designee to execute the Local Project Sponsor Agreement with the Association of Bay Area Governments and to accept and expend up to \$538,051 of Proposition 1 grant funds to the SFPUC for the construction of the pipeline; and be it

FURTHER RESOLVED, That this Commission hereby authorizes the General Manager or the General Manager's designee to take such actions to deliver and execute such certificates, agreements, requests, or other documents as they may deem necessary or appropriate to facilitate the execution and delivery of the Local Project Sponsor Agreement, including certifying disbursement requests on behalf of the SFPUC and complying with applicable requirements; and be it

FURTHER RESOLVED, That this Commission hereby authorizes the General Manager or the General Manager's designee to enter into any modifications to the Local Project Sponsor Agreement, including, but not limited to, an increase in duration, that the General Manager or designee determines, in consultation with the City Attorney, are in the best interests of the City and do not materially increase the obligations or liabilities of the City, are necessary or appropriate to effectuate the purposes of the grant or this Resolution, and are in compliance with all applicable laws, including the City's Charter.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of June 13, 2023.*

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*Secretary, Public Utilities Commission*