

File No. 141055

Committee Item No. 2
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 22, 2014

Board of Supervisors Meeting

Date _____

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- Grant Information Form
- Grant Budget
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- Form 126 – Ethics Commission
- Award Letter
- Application
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Completed by: Linda Wong Date October 10, 2014
 Completed by: _____ Date _____



San Francisco
Water Power Sewer
 Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor
 San Francisco, CA 94102
 T 415.487.5254
 F 415.487.5258
 TTY 415.554.3488

RECEIVED
 BOARD OF SUPERVISORS
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October 3, 2014

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

Subject: WSIP Regional Groundwater Storage & Recovery Release of Reserve, \$33,490,259.

I would like to request your assistance to have calendared the release of reserve \$33,490,259 from WSIP's Regional Groundwater Storage & Recovery Project CUW30103.

The release of the reserved funding is needed to award the contract to start the construction work on the Regional Groundwater Storage Recovery Project.

Sincerely,

Harlan L. Kelly, Jr.

Harlan L. Kelly, Jr.
 General Manager

Edwin M. Lee
 Mayor

Vince Courtney
 President

Ann Moller Caen
 Vice President

Francesca Vietor
 Commissioner

Anson Moran
 Commissioner

Art Torres
 Commissioner

Harlan L. Kelly, Jr.
 General Manager



Item 2
File 14-1055

Department:
Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- The Public Utilities Commission (PUC) is requesting the release of \$33,490,259 in Water Revenue Bonds previously appropriated and reserved by the Budget and Finance Committee for the Regional Groundwater Storage and Recovery project. The Budget and Finance Committee reserved \$33,490,259 for construction costs until the Environmental Impact Report (EIR) was completed and construction could begin. The Planning Commission certified the EIR on August 7, 2014, and a resolution adopting the EIR is calendared for the October 22, 2014 Budget and Finance Committee meeting.

Key Points

- The purpose of Regional Groundwater Storage and Recovery (GSR) project is to balance the use of both groundwater and surface water in the South Westside Basin to increase dry-year groundwater availability. Over time, the reduced groundwater pumping in wet-years would result in storage of up to 60,500 acre-feet of water for use in dry-years.
- To extract the stored groundwater, 16 recovery wells, well stations, pumps and associated piping would be constructed as part of the GSR project. The wells could extract the stored groundwater at a rate of up to 7.2 million gallons per day
- The Regional Groundwater Storage and Recovery project is one project in the PUC's Water System Improvement Program (WSIP), a \$4,765,000,000, multi-year capital program to upgrade the City of San Francisco's regional and local drinking water systems.

Fiscal Impact

- The Board of Supervisors previously appropriated \$113,580,000 in Water Revenue Bonds for the Regional Groundwater Storage and Recovery project. Of that, the Budget and Finance Committee reserved \$33,490,259 allocated to construction costs until the Environmental Impact Report (EIR) was completed (File 10-0337).
- According to PUC, release of the requested \$33,490,259 will fully fund the Regional Groundwater Storage and Recovery project.

Recommendation

- Approve the release of \$33,490,259, subject to Board of Supervisors approval of the Environmental Impact Report (File 14-0945).

MANDATE STATEMENT

Section 3.3 of the City's Administrative Code provides that the committee of the Board of Supervisors that has jurisdiction over the budget (i.e., Budget and Finance Committee) may place requested expenditures on reserve, which are then subject to release by the Budget and Finance Committee.

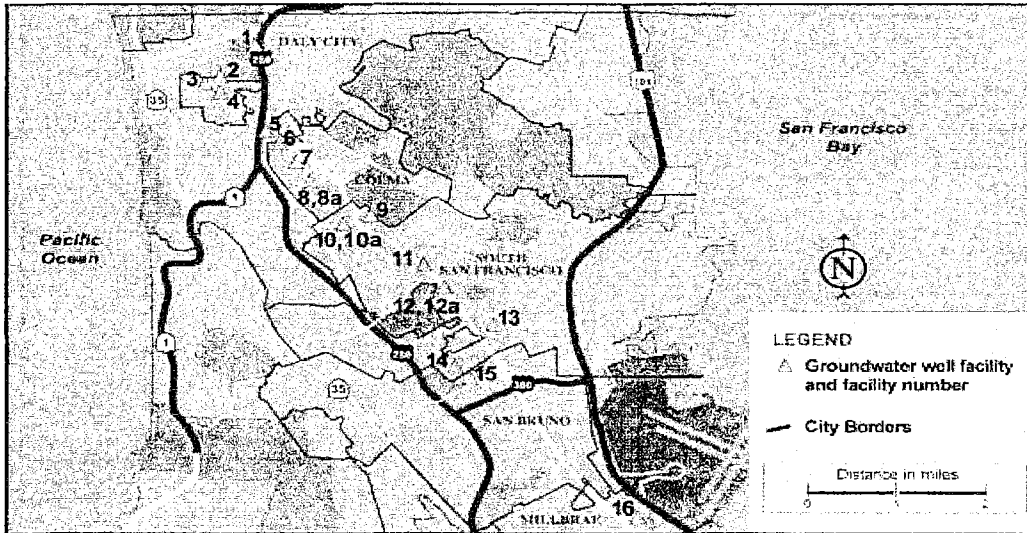
BACKGROUND

Regional Groundwater Storage and Recovery (GSR)

The Public Utilities Commission (PUC) Regional Groundwater Storage and Recovery project is part of the PUC's Water System Improvement Program (WSIP), a multi-year capital program to upgrade the City of San Francisco's regional and local drinking water systems. The purpose of the Regional Groundwater Storage and Recovery project is to develop dry-year water supplies through conjunctive management of the South Westside Groundwater Basin in partnership with California Water Services Company, the City of Daly City and the City of San Bruno. The project would balance the use of both groundwater and surface water to increase dry-year water supplies. During years of normal or heavy rainfall, the project would provide additional PUC surface water to the partner agencies in order to reduce the amount of groundwater pumped from the Basin. Over time, the reduced pumping would result in storage of up to 60,500 acre-feet of water. The dry-year groundwater supply would be blended with water from the PUC's regional water system and would as a result increase the available water supply to all regional water system customers during dry years.

To extract the stored groundwater, the PUC will construct 16 new groundwater well facilities within the South Westside Groundwater Basin. Each of the well facilities would consist of a groundwater well pump station, distribution piping and utility connections. The wells could extract the stored groundwater at a rate of up to 7.2 million gallons per day. The wells will be connected to three wholesale customer water systems on the Upper Peninsula (California Water Services Company, the City of Daly City and the City of San Bruno.) and to the PUC transmission system. Disinfection will be required for all wells and treatment may be required at some of the wells for the removal of manganese. These 16 well facilities are located at various places as shown in a map on the following exhibit.

Exhibit: Regional Groundwater Storage and Recovery Wells



The Board of Supervisors previously appropriated \$113,580,000 in Water Revenue Bonds for the Regional Groundwater Storage and Recovery (GSR) project.¹ Of that amount, the Budget and Finance Committee reserved \$33,490,259 allocated to construction costs until the Environmental Impact Report (EIR) was completed (File 10-0337). The Planning Commission certified the EIR on August 7, 2014, and a resolution adopting the EIR is calendared for the October 22, 2014 Budget and Finance Committee meeting.

DETAILS OF PROPOSED LEGISLATION

Based on completion of the EIR report, the PUC is now requesting the release of \$33,490,259 of Water Revenue Bond proceeds previously appropriated by the Board of Supervisors and placed on Budget and Finance Committee reserve for the Regional Groundwater Storage and Recovery project, a project to develop dry year water supplies, through the construction of 16 new ground water well facilities.

FISCAL IMPACT

The total Regional Groundwater Storage and Recovery project budget, approved by the Public Utilities Commission in August 2014, is \$113,580,000, as shown in Table 1 below. The \$113,580,000 was previously appropriated by the Board of Supervisors from Water Revenue Bond proceeds. According to Mr. Carlos Jacobo, PUC Budget Director, this project budget

¹ Files 10-0337, 11-1031, 13-0483 appropriated funds for GSR; additional funds for GSR were funded from previous WSIP appropriations in files 92-10, 104-03, 65-04, 54-05, 196-05, 89-06, 22-07, 53-08, 247-08, 311-08, 37-09, and 230-11.

includes the \$33,490,259 previously appropriated by the Board of Supervisors and placed on reserve by the Bond's Budget and Finance Committee.

Table 1: Regional Groundwater Storage and Recovery Project Budget

Project Phase	Approved Budget	Expended to date	Unexpended Balance
Project Management	\$6,757,119	\$3,407,448	\$3,149,671
Planning	2,031,881	2,031,881	0
Environmental Review	4,755,000	3,895,262	735,738
Right-of-Way	2,118,000	838,405	1,279,595
Design	10,852,000	9,832,280	1,343,720
Bid and Award	373,000	10,866	362,134
Construction Management	11,324,000	500,785	10,823,215
Environmental Mitigation	732,196	4,438	727,758
Subtotal, Project Planning, Design, Management, Environmental, Other	\$38,943,196	\$20,521,365	\$18,421,831
Prior Construction (Completed)	4,388,804	4,393,854	(5,050)
Construction 13 Wells (Includes 10% Contingency)	57,156,000	0	57,156,000
Construction 2 Wells (Includes 10% Contingency) ¹	8,382,000	0	8,382,000
Other Construction	4,710,000	0	4,710,000
Subtotal, Construction	\$74,636,804	\$4,393,854	\$70,242,950
Total	\$113,580,000	\$24,915,219	\$88,664,781

Source: PUC

¹ Located in or near Golden Gate National Cemetery

PUC has expended \$24,915,220, as shown in Table 1 above, for project planning, design, environmental review, right of way easement, and construction costs for test well drilling. According to Mr. Greg Bartow, PUC Groundwater Manager, the design phase is complete for fourteen of the sixteen wells. Two more wells are still to be designed, thus the overall design phase is 88% complete.

PUC advertised a Request for Bids on September 22, 2014 for a contractor to construct 13 of the 16 groundwater well facilities, as identified in the map in the Exhibit above in Daly City, Colma, San Bruno, South San Francisco, and Millbrae beginning in early 2015, with a construction cost budgeted at \$57,156,000, including a 10 percent contingency, as shown in the table above.

The 14th groundwater well facility is on hold and may not be needed pending the outcome of the above work. The 15th and 16th groundwater well facilities are planned for the Golden Gate National Cemetery in San Bruno on land owned by the U.S. Department of Veterans Affairs. PUC is currently working with the Department of Veterans Affairs on the design and specific

location of the groundwater well facility with the Golden Gate National Cemetery. PUC expects to advertise the Request for Bids by early 2016 to select a construction contractor for the Golden Gate National Cemetery groundwater well facilities (or alternate nearby locations) and begin construction in mid-2016. At this time, Mr. Bartow expects the Regional Groundwater Storage and Recovery project to be completed July 2018 within the previously approved budget of \$113,580,000.

According to Mr. Jacobo, the release of the requested \$33,490,259 in previously appropriated Water Revenue Bonds will fully fund the \$113,580,000 Regional Groundwater Storage and Recovery project. As Table 1 above shows, the balance of the project budget has an unexpended balance of \$88,664,780. Such funds are expected to be fully expended by July 2018. The PUC will recover project costs through its water sales agreements with its regional partners benefiting from this project.

RECOMMENDATION

Approve the release of \$33,490,259, subject to Board of Supervisors' approval of the Environmental Impact Report (see File 14-0945 on the Budget and Finance Committee Calendar of 10/22/2014).

