

File No. 120216

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee Date: March 14, 2012

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126 |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Victor Young

Date: March 9, 2012

Completed by: Victor Young

Date: _____

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



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

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 cpage*
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File 120216

February 29, 2012

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

RECEIVED
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**Subject: Water System Improvement Program (WSIP)
 Release of Reserve Projects: CUW388-02 – \$41,659,458;
 CUW395 Program Reserve – \$670,000**

Dear Ms. Calvillo:

I would like to request your assistance to have calendared the release of reserves for WSIP Projects CUW388-02 – Habitat Reserve Program and CUW395 Program Reserve.

The release of reserved funding from Project 388-02 Habitat Reserve is needed to award the construction contract for habitat mitigation. I'm also requesting the release of reserved funding from Project CUW395 Program Reserve and reallocate these funds to Project CUW384 Tesla Treatment Facility to complete construction at this facility.

Regards,

[Signature]
 Ed Harrington
 General Manager

- Edwin M. Lee**
Mayor
- Anson Moran**
President
- Art Torres**
Vice President
- Ann Moller Caen**
Commissioner
- Francesca Vietor**
Commissioner
- Vince Courtney**
Commissioner
- Ed Harrington**
General Manager



Item 7
File 12-0216

Department:
Public Utilities Commission

EXECUTIVE SUMMARY

Legislative Objectives

- PUC is requesting the release of (a) \$41,659,458 currently on reserve for the Bioregional Habitat Restoration Program; and (b) \$670,000 from the Water System Improvement Program (WSIP) Program Reserve of \$144,459,649 for the Tesla Water Treatment Facility project.

Fiscal Impacts

- The Bioregional Habitat Restoration Program creates or restores approximately 2,375 acres of tidal marsh, sycamore and oak woodland, grassland, and other sites, to compensate for the WSIP's environmental impact in San Joaquin, Alameda, and San Mateo Counties. The Board of Supervisors has appropriated \$90,363,839 for the Bioregional Habitat Restoration Program, of which \$48,704,381 is available and \$41,659,458 is on reserve. Of the \$48,704,381 in available funds, \$45,573,926 has been expended or encumbered and \$3,130,455 is unexpended. PUC has provided a budget of \$44,221,219 for the remaining Bioregional Habitat Restoration Program, which includes \$3,130,455 in unexpended funds, and \$41,090,764 in funds currently on reserve. PUC plans to award 20 contracts through a competitive process for Bioregional Habitat Restoration Program projects in San Joaquin, Alameda, and San Mateo Counties on or before December 2012.
- The Tesla Water Treatment Facility project, located in Tracy in San Joaquin County, consists of a new ultra-violet disinfection facility, chemical storage, office, laboratory, piping and valves, and emergency engine generators to provide treatment of Hetch Hetchy flow. Construction began in March 2009 and was substantially completed in June 2011. The original Tesla Water Treatment Facility project budget was \$114,162,348. In June 2011, PUC determined that the Tesla Water Treatment Facility project would be completed for \$110,683,233, resulting in a savings of \$3,479,115, which was reappropriated by the Board of Supervisors to the WSIP Program Reserve (File 11-1159). Since substantial completion of the Tesla Water Treatment Facility project in June 2011, PUC has incurred higher than expected costs for PUC staff and professional services contracts to (a) supervise the construction contractor in completing construction items which had not been sufficiently completed as of June 2011, and (b) comply with environmental requirements for water discharge and incorporation of renewable energy technology into the water treatment facility. PUC is requesting release of \$670,000 from the WSIP Program Reserve funds to pay for the PUC staff and existing construction management professional services contracts to complete the Tesla Water Treatment Facility project by June 2012.

Policy Consideration

- The remaining Bioregional Habitat Restoration Program budget of \$41,090,764 is \$568,694 less than the requested release of \$41,659,458 from the Bioregional Habitat Restoration Program Reserve. The balance of \$568,694 should be allocated to the WSIP Program Reserve and made available to other WSIP projects, subject to Board of Supervisors approval.

Recommendations

- Approve the release \$41,090,764, which is \$568,694 less than the requested \$41,659,458 for the Bioregional Habitat Restoration Program; and re-allocate the difference of \$568,694 to the WSIP Program Reserve.
- Approve the release \$670,000 from the WSIP Program Reserve for the Tesla Water Treatment Facility project.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with Section 3.3 of the City's Administrative Code, the committee of the Board of Supervisors that has jurisdiction over the budget (i.e., Budget and Finance Committee) may place any proposed budget expenditures on reserve, subject to approval by the Board of Supervisors. Subsequently, the Budget and Finance Committee may release such funds from reserve.

Background

The San Francisco Public Utilities Commission (PUC)'s Water System Improvement Program (WSIP) consists of 86 projects organized into 11 project regions to repair, replace, and seismically upgrade the Hetch Hetchy water system's aging pipelines, tunnels, pumps, tanks, reservoirs and dams. PUC commenced the WSIP in FY 2002-03 and is scheduled to complete all projects by July 2016. WSIP is funded with PUC Water Revenue Bonds, which will be repaid from water rate revenues paid by PUC water customers.

The Board of Supervisors had previously appropriated \$4,113,856,261 in Water Revenue Bonds for WSIP projects. Of the \$4,113,856,261, \$450,639,237 is on Budget and Finance Committee Reserve, as shown in Table 1 below.

Table 1
WSIP Project Appropriations on Budget and Finance Committee Reserve

Project	Budget and Finance Committee Reserve
WSIP Program Reserve	\$144,459,649
Recycled Water Project San Francisco	120,827,000
Bioregional Habitat Restoration Program	41,659,458
Program Management Services - WSIP	34,897,331
Regional Groundwater Storage/Recovery	33,490,259
Calaveras Dam Replacement	26,829,206
Lake Merced Water Level Restoration	22,919,437
Alameda Creek Fishery Enhancement	15,314,352
Peninsula Pipeline Seismic Upgrade	10,242,545
Total	\$450,639,237

DETAILS OF PROPOSED LEGISLATION

PUC is requesting the release of:

- (1) \$41,659,458 currently on reserve for the Bioregional Habitat Restoration Program; and
- (2) \$670,000 from the WSIP Program Reserve, which has a current balance of \$144,459,649, for the Tesla Water Treatment Facility project.

FISCAL IMPACTS

Bioregional Habitat Restoration Program

The Bioregional Habitat Restoration Program, which is a WSIP project, creates or restores approximately 2,375 acres of tidal marsh, sycamore and oak woodland, grassland, and other sites, to compensate for the WSIP's environmental impact in San Joaquin, Alameda, and San Mateo Counties. The Bioregional Habitat Restoration Program includes (1) design, environmental permitting, construction and construction management, maintenance, and performance monitoring during a three-year period in which the new habitats are established, and (2) establishment of a long-term maintenance endowment account.

The Board of Supervisors has previously appropriated \$90,363,839 for the Bioregional Habitat Restoration Program, of which \$48,704,381 is available and \$41,659,458 is on reserve, as shown in Table 2.

Table 2
Bioregional Habitat Restoration Program Appropriation

Expended to Date	\$16,526,372
Encumbered to Date	<u>29,047,554</u>
Subtotal, Expended and Encumbered	45,573,926
Unexpended Balance	<u>3,130,455</u>
Total Available Funds	48,704,381
Total Reserved Funds	<u>41,659,458</u>
Total Appropriation	\$90,363,839

PUC has provided a budget of \$44,221,219 for the remaining Bioregional Habitat Restoration Program, which includes \$3,130,455 in unexpended funds (see Table 2) and \$41,090,764 in funds currently on reserve. The remaining Habitat Restoration Program budget is shown in Table 3 below.

Table 3
Remaining Bioregional Habitat Restoration Program Budget for Funds on Reserve

Project	Amount
Contractual Services	
<u>San Joaquin County</u>	
Vernal Pool Creation and Preservation	\$2,600,000
California Tiger Salamander Habitat	282,000
<u>San Mateo County</u>	
Crystal Springs/San Andreas Oak Restoration	1,700,000
Lower Crystal Springs Dam Oak Restoration	3,050,000
Boat Ramp Tree Removal	1,700,000
Sherwood Park, Adobe Gulch Creek, Skyline Boulevard/ Creek, Upper San Mateo Creek	7,277,399
Fountain Thistle Establishment	1,000,000
<u>Alameda County</u>	
Sheep Camp Creek and Goat Rock	5,600,672
Watershed Baseline Survey	600,000
<u>Program Wide</u>	
Long-Term Management Endowment Fund	12,000,000
Land Use Endowment Accounts for Land Trusts	1,120,000
Annual Monitoring of Habitat Restoration Sites	<u>1,200,000</u>
Subtotal, Contractual Services	38,130,071
City Staff Costs from March 2012 to July 2016	<u>6,091,148</u>
Total Budget for Remaining Bioregional Habitat Restoration Program	44,221,219
Less Unexpended Balance (see Table 2)	<u>(3,130,455)</u>
Total Budget for Funds on Reserve	\$41,090,764

Source: PUC

Attachment I, provided by PUC, describes the Bioregional Habitat Restoration Program projects, as shown in Table 3 above, to be funded by the above budget of \$44,221,219 budget¹. Attachment II, provided by PUC, gives the approximate contract award dates for each of the Bioregional Habitat Restoration Program projects with a total contractual services budget of \$38,130,071, as shown in Table 3 above. Attachment III, provided by the PUC, provides PUC and City Attorney additional staffing costs, totaling \$6,091,148, as shown in Table 3 above.

According to Mr. Surinderjeet Bajwa, PUC WSIP Deputy Director Pre-construction, environmental review for the Bioregional Habitat Restoration Program was completed as part of other WSIP projects. As shown in Attachment II, PUC plans to award 20 contracts for the Bioregional Habitat Restoration Program projects on or before December 2012. PUC plans to award contracts to establish plants at Goat Rock, Grimes and portions of Sheep Camp Creek, and to manage the land use endowment accounts for land trusts in February 2013.

Tesla Water Treatment Facility

The Tesla Water Treatment Facility project, located in Tracy in San Joaquin County, which is a WSIP project, consists of a new ultra-violet disinfection facility, chemical storage, office, laboratory, piping and valves, and emergency engine generators to provide treatment of Hetch

¹ As noted above, the remaining Bioregional Habitat Restoration Program budget is \$44,221,219, which includes \$41,090,764 in requested release of reserves and \$3,130,455 in unexpended balance of previously appropriated and available funds.

Hetchy flow. The water treatment facility project received environmental approval in December 2008. Construction began in March 2009 and was substantially completed in June 2011.

In June 2011, PUC determined that the Tesla Water Treatment Facility project would be completed for \$3,479,115 less than the approved budget, as shown in Table 4 below. The Board of Supervisors approved a reappropriation of the \$3,479,115 to the PUC WSIP Program Reserve in November 2011 (File 11-1159).

Table 4
Original and Revised Tesla Water Treatment Facility Budget

	June 2009 Adopted Budget	June 2011 Revised Budget	November 2011 Reappropriation (File 11-1159)	Estimated Total Budget at Completion	Increase/ (Decrease) From June 2011
Project Management	\$4,892,920	\$4,252,617	\$640,303	\$4,562,000	\$309,383
Construction					
Management	10,290,156	8,398,613	1,891,543	9,095,000	696,387
Construction	85,839,518	84,683,818	1,155,700	84,357,000	(326,818)
Design	10,484,956	10,667,559	(182,603)	10,667,559	0
Environmental					
Review	1,080,000	1,111,025	(31,025)	1,111,025	0
Planning	1,520,610	1,515,413	5,197	1,515,413	0
Right of Way	54,188	54,188	0	54,188	0
TOTAL	\$114,162,348	\$110,683,233	\$3,479,115	\$111,362,185	\$678,952

Source: PUC

Since substantial completion of the water treatment facility in June 2011, PUC has incurred higher than expected costs for PUC project management support staff and professional services contractors to (a) supervise the construction contractor in completing construction items which had not been sufficiently completed as of June 2011, and (b) comply with environmental requirements for water discharge and incorporation of renewable energy technology into the water treatment facility. According to the WSIP Quarterly Report for the quarter ending December 31, 2011, the estimated final completion date of the Tesla Water Treatment Facility project is June 2012.

As shown in Table 4 above, PUC now expects to spend \$678,952 more than the June 2011 revised budget for the Tesla Water Treatment Facility project. PUC is requesting release of \$670,000 from the WSIP Program Reserve to pay for the increased costs. According to Mr. Bajwa, the balance of \$8,952 (\$678,952 less \$670,000) will be absorbed within the Tesla Water Treatment Facility project budget. Table 5 below shows the budget for the \$670,000 in additional PUC and contractual services costs.

Table 5
Release of Reserves for Tesla Water Treatment Facility Project

Project Expenditure	Amount
PUC Project Management and Program Controls Staff	\$58,000
PUC Operations and Regulatory Support Staff	252,000
PUC Construction Management and Design Staff	217,000
Construction Management Professional Services Contracts	469,000
Construction Contract Contingency Savings	<u>(326,000)</u>
Total Release of Reserves	\$670,000

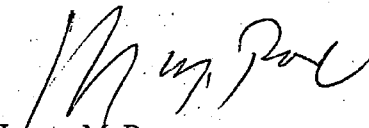
Source: PUC

POLICY CONSIDERATION

The total Bioregional Habitat Restoration Program budget of \$41,090,764 (see Table 3 above) is \$568,694 less than the amount of \$41,659,458 requested for release from reserve for the Bioregional Habitat Restoration Program. Therefore, the balance of \$568,694 should be re-allocated to the WSIP Program Reserve and made available to other WSIP projects, subject to Board of Supervisors approval.

RECOMMENDATIONS

1. Approve the release \$41,090,764, which is \$568,694 less than the requested \$41,659,458 for the Bioregional Habitat Restoration Program; and re-allocate the difference of \$568,694 to the WSIP Program Reserve.
2. Approve the release \$670,000 of the WSIP Program Reserve for the Tesla Water Treatment Facility project.



Harvey M. Rose

- cc: Supervisor Chu
- Supervisor Avalos
- Supervisor Kim
- President Chiu
- Supervisor Campos
- Supervisor Cohen
- Supervisor Elsbernd
- Supervisor Farrell
- Supervisor Mar
- Supervisor Olague
- Supervisor Wiener
- Clerk of the Board
- Cheryl Adams
- Controller
- Kate Howard

Bioregional Habitat Restoration Board of Supervisors Release Request

Goat Rock	Prepare Storm Water Pollution Prevention Plan (SWPPP) and install SWPPP Best Management Practices (BMPs); install pumps and controllers; install solar panels and wiring; install water pipes and cattle troughs, install fences and gates, remove temporary fencing and restore disturbed areas
Sheep Camp Creek	Prepare SWPPP, install SWPPP BMPs, install Wildlife Exclusion Fence (WEF), temporary protection fence and permanent fence; design and install permanent cattle water supply and drill well; earthwork to repair pond outfalls and install bypass flow pipes; install erosion control features and repair several drainages; relocate access road; treat non-native invasive weeds; collect, store, propagate, divide and transplant seeds, plugs, plants and trees; install browse protection, perform 3 years of plant maintenance, remove temporary fencing and SWPPP BMPs
Sherwood Park, Adobe Gulch Creek, Skyline Boulevard/ Creek, Upper San Mateo Creek	Develop access from Highway 35 (Skyline Blvd) and Highway 92 (Sherwood, Skyline Quarry, Adobe Gulch Creek and Upper San Mateo Creek), Install Wildlife Exclusion Fence, develop tree removal plan, develop SWPPP, install SWPPP BMPs, construct road improvements, collect rare plant seed and bunch grasses from within project area, collect native grass seed for revegetation, store seed and grow grass plugs, install protection fencing, excavate wetlands, haul and dispose of surplus soil, collect, propagate, divide, store and plant seasonal wetlands plants, remove non-native vegetation, scrub and trees, install fencing, install irrigation, remove temporary fencing, remove SWPPP BMPs, provide three years plant establishment period maintenance
Boat Ramp Vegetation Removal	Develop access from Highway 35 (Skyline Blvd), Install WEF, develop tree removal plan, develop SWPPP, install SWPPP BMPs, collect lessingia seed and bunch grasses from within project area, collect native grass seed for revegetation, store seed and grow grass plugs, install protection fencing, Remove scrub and trees from upland area (Zone 1), Build temporary road 'Spur C', remove scrub and trees from FT area (Zone 2), remove, 'Spur C', staging area and access improvements, replace fence and gate, remove protective fencing and WEF, Remove SWPPP BMPs.
Crystal Springs/ San Andreas Oaks	Weed suppression where black acacia removed, planting of oak trees, tree protection, 3 years of maintenance
Lower Crystal Springs Dam Oaks	Remove non-native trees, weed suppression for two growing seasons, plant oak trees, tree protection, maintenance for 3 years
Fountain Thistle Expansion Sites	Installation of Storm Water Pollution Protection measures, Wildlife Exclusion Fence, temporary protection fencing and permanent fencing; remove vegetation and trees from selected sites, fill and grade selected eroded drainage channels and install erosion protection features to create seasonal wetlands; remove SWPPP measures, WEF and temporary fences; rare plant seed collection, storage and propagation; rare plant transplanting and seed amplification; wetland plant collection, storage, division, propagation and transplanting; native grass seed collection, storage, propagating and amplification; native grass transplanting; non-native invasive weed suppression; three year plant establishment period

	Estimated Budget	Estimated Contract Award Date
San Joaquin Vernal Pool Preservation	600,000	November-11
San Joaquin Vernal Pool Creation	2,000,000	May-12
Subtotal, San Joaquin Vernal Pool Creation and Preservation	2,600,000	
San Joaquin California Tiger Salamander	282,000	May-12
Sheep Camp Creek (Includes 10% Contingency)	2,914,450	May-12
Sheep Camp Creek (Construction Management)	600,000	June-12
Goat Rock Pipe, Tank, Trough, Power & Pump (Includes 10 % Contingency) (micro- LBE)	336,222	May-12
Goat Rock Pipe, Tank Trough, Solar, Power (Construction Management)	150,000	June-12
Contractor for Plant Establishment at Goat Rock, Grimes, and portions of Sheep Camp Creek	1,600,000	February-13
Subtotal, Sheep Camp Creek and Goat Rock	5,600,672	
Crystal Springs Oaks	1,200,000	June-12
Crystal Springs Oaks (Construction Management)	500,000	June-12
Subtotal, Crystal Springs/ San Andreas Oak Restoration	1,700,000	
Lower Crystal Springs Dam Oaks	2,000,000	November-12
Lower Crystal Springs Dam Oaks (Construction Management)	1,050,000	November-12
Subtotal, Lower Crystal Springs Dam Oak Restoration	3,050,000	
Boat Ramp Tree Removal	1,200,000	May-12
Boat Ramp Tree Removal (Construction Management)	500,000	May-12
Subtotal, Boat Ramp Tree Removal	1,700,000	
Sherwood, Adobe Gulch, Skyline Boulevard/ Creek, Upper San Mateo Creek (Includes 10% Contingency)	7,127,399	March-12
Sherwood, Adobe Gulch, Skyline Boulevard/ Creek, Upper San Mateo Creek (Construction Management)	150,000	March-12
Subtotal, Sherwood Park, Adobe Gulch Creek, Skyline Boulevard/ Creek, Upper San Mateo Creek	7,277,399	
Fountain Thistle Establishment	500,000	December-12
Fountain Thistle Establishment (Construction Management)	500,000	December-12
Subtotal, Fountain Thistle Establishment	1,000,000	
Baseline Surveys for Alameda Watershed	600,000	May-12
Habitat Long-term Management Endowment Fund	12,000,000	October-12
Land Use Endowment Accounts for Land Trusts	1,120,000	February-13
Annual Monitoring of BHR sites	1,200,000	July-12
Total	\$38,130,071	

	March 2012 through June 2012	FY 2012- 13	FY 2013- 14	FY 2014- 15	FY 2015- 16	July 2016	Total
Project Management- Utilities Engineering Bureau	\$180,000	\$420,000	\$360,000	\$240,000	\$240,000	\$0	\$1,440,000
Project Management - Natural Resources	80,000	180,000	180,000	180,000	180,000	0	800,000
City Attorney	160,000	480,000	360,000	240,000	0	0	1,240,000
Right of Way- Utilities Engineering Bureau	40,000	120,000	120,000	120,000	30,000	0	430,000
Right of Way - Water Supply and Treatment Division	24,000	72,000	60,000	60,000	60,000	0	276,000
Environmental Review - Utilities Engineering Bureau	72,000	0	0	0	0	0	72,000
Environmental Review - City Planning	18,148	0	0	0	0	0	18,148
Design - Utilities Engineering Bureau	160,000	180,000	0	0	0	0	340,000
Construction Management - Utilities Engineering Bureau	80,000	420,000	420,000	300,000	240,000	0	1,460,000
Project Close Out - Various	0	0	0	0	0	15,000	15,000
Total	\$814,148	\$1,872,000	\$1,500,000	\$1,140,000	\$750,000	\$15,000	\$6,091,148