COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee
Board of Supervisors Meeting

Date: 05/8/2013
Date: 5/14/2013

Cmte Board

☑ Motion
☑ Resolution
☑ Ordinance
☑ Legislative Digest
☑ Budget and Legislative Analyst Report
☑ Legislative Analyst Report
☑ Youth Commission Report
☑ Introduction Form (for hearings)
☑ Department/Agency Cover Letter and/or Report
☑ MOU
☑ Grant Information Form
☑ Grant Budget
☑ Subcontract Budget
☑ Contract/Agreement
☑ Form 126 – Ethics Commission
☑ Award Letter
☑ Application
☑ Public Correspondence

OTHER
(Use back side if additional space is needed)

________________________
________________________
________________________
________________________
________________________
________________________
________________________
________________________

Completed by: Victor Young
Date: May 3, 2013

Completed by: Victor Young
Date: 5/9/2013
[De-Appropriation and Re-Appropriation - $16,546,000 to Public Utilities Commission for Expenditures - FY2012-2013]

Ordinance de-appropriating $16,546,000 in existing Wastewater Capital Improvement Program project budgets and re-appropriating the funds to Wastewater Sewer System Improvement Program budgets adopted by the Public Utilities Commission.

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. The sources of funding were previously appropriated and no additional funding is requested in this supplemental appropriation ordinance. The uses of funding outlined below are herein de-appropriated to reflect the funding available for Fiscal Year 2012-2013.

Uses De-appropriation

<table>
<thead>
<tr>
<th>Fund</th>
<th>Index/Project Code</th>
<th>Subobject</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5C CPF 12A</td>
<td><em>CWP5CCPF12A</em></td>
<td>06C00 Capital</td>
<td>Interim CIP –</td>
<td>$12,746,000</td>
</tr>
<tr>
<td>2012 Wastewater</td>
<td>CENMSCICSR00</td>
<td>Projects</td>
<td>Sewer Repairs</td>
<td></td>
</tr>
<tr>
<td>Bond Fund</td>
<td></td>
<td>Budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fund</td>
<td>Index/Project Code</td>
<td>Subobject</td>
<td>Description</td>
</tr>
<tr>
<td>---</td>
<td>----------------------</td>
<td>--------------------</td>
<td>--------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>2</td>
<td>5C CPF 13A</td>
<td>*CWP5CCPF12A</td>
<td>06700</td>
<td>SSIP – Collection</td>
</tr>
<tr>
<td>3</td>
<td>2013 Wastewater</td>
<td>CWWSIPCS00</td>
<td>Buildings,</td>
<td>System</td>
</tr>
<tr>
<td>4</td>
<td>Commercial Paper – FY13</td>
<td></td>
<td>Structures &amp;</td>
<td>Improvement</td>
</tr>
<tr>
<td>5</td>
<td>Capital Projects</td>
<td></td>
<td>Improvement</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td>Project Budget</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Total USES De-appropriation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section 2. The uses of funding outlined below are herein re-appropriated in Subobject 06700 (Buildings, Structures, and Improvement Project-Budget), and reflects the projected uses of funding to support the re-appropriation of existing Wastewater Sewer System Improvement Program (SSIP) projects for Fiscal Year 2012-2013.

**USES Re-appropriation**

<table>
<thead>
<tr>
<th></th>
<th>Fund</th>
<th>Index/Project Code</th>
<th>Subobject</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>5C CPF 12A</td>
<td>573550</td>
<td>06700 Buildings,</td>
<td>North Shore to</td>
<td>$16,546,000</td>
</tr>
<tr>
<td>17</td>
<td>2012 Wastewater</td>
<td>CWWSIPNC01</td>
<td>Structures,</td>
<td>Channel Force</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Bond Fund</td>
<td></td>
<td>Improvement</td>
<td>Main Drainage</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td>Project-Budget</td>
<td>Improvement</td>
<td>Project</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Total USES Re-appropriation</td>
<td></td>
<td></td>
<td></td>
<td>$16,546,000</td>
</tr>
</tbody>
</table>

Mayor Edwin M. Lee
BOARD OF SUPERVISORS  
Page 2 of 3  
4/22/2013
Section 3. The SFPUC has authorized its General Manager to enter into a reimbursement agreement with Pacific Gas and Electric to fully fund trenchless pipeline sewer improvements requested by Pacific Gas and Electric and arising from utility system coordination work required under Wastewater Enterprise Contract Number WW-483RR, North Shore to Channel Drainage Improvement and Pavement Renovation Project. The funds received from Pacific Gas and Electric pursuant to the reimbursement agreement are appropriated for use by the SFPUC to pay North Shore to Channel Drainage Improvement project costs attributable to utility coordination work necessitated by Pacific Gas and Electric's utilities in the project area.

Section 4. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform with Generally Accepted Accounting Principles.

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

By: [Signature]
Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: [Signature]
Date: April 22, 2013
EXECUTIVE SUMMARY

Legislative Objectives

- The proposed supplemental appropriation ordinance (1) de-appropriates $16,546,000 in surplus Wastewater Capital Improvement Program (CIP) and Sewer System Improvement Program (SSIP) project funds and re-appropriates these funds to the North Shore to Channel Force Main Drainage Improvement Project; and (2) authorizes the PUC General Manager to enter into a reimbursement agreement with Pacific Gas and Electric (PG&E) for PG&E to fully fund trenchless pipeline sewer improvements requested by PG&E.

Key Points

- The North Shore to Channel Force Main Drainage Improvement Project (the Project) will provide an auxiliary sewer force main for a portion of the North Shore to the Channel Force Main. PUC initiated the Project due to previous failures of a portion of the North Shore Force Main in 2008 and 2012.

- PUC has a contract with KJ Woods Construction to construct the Project. The Public Utilities Commission approved a contract modification in March 2013 to address (1) unforeseen site conditions, increasing the Project scope, (2) redesigning a portion of the Project around PG&E facilities, and (3) re-routing traffic and buses. The contract increased from $17,036,800 to $32,360,800 and the term was extended from the original completion date in November 2013 to a new completion date in February 2015.

Fiscal Impact

- The proposed supplemental appropriation ordinance approves funding of $19,246,000 for the Project, including $16,546,000 in de-appropriation and re-appropriation of CIP and SSIP funds, and $2,700,000 under a reimbursement agreement in which PG&E will reimburse PUC for the costs to redesign a portion of the Project around PG&E’s lines.

- $15,324,000 of the $19,246,000 will fund a modification to the contract between PUC and JK Wood Construction. PG&E will reimburse PUC up to $2,100,000 for the contract modification for the contract work attributable to PG&E lines.

- $3,922,000 of the $19,246,000 will pay for City departments’ staff costs, including the San Francisco Municipal Transportation Agency’s (SFMTA) staff costs for traffic and bus re-routing; PUC staff costs to redesign a portion of the Project around PG&E lines; and PUC and Department of Public Works (DPW) staff costs for engineering, construction management, and other work related to the expanded Project scope due to unforeseen conditions. PG&E will reimburse PUC up to $600,000 for PUC staff work attributable to PG&E lines.

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.

Background
Master planning for the Public Utilities Commission’s (PUC) Sewer System Improvement Program (SSIP) began in 2004. The SSIP’s goal is to bring the City’s sewer system to a state of good repair and to ensure continued regulatory compliance and system reliability. The SSIP consists of approximately 20 capital improvement projects to be completed from 2011 through 2040, a period of approximately 30 years, with an estimated cost of $6 billion. Funding for the SSIP includes revenue bonds issued by the PUC on behalf of the Wastewater Enterprise and commercial paper, subject to appropriation approval of the Board of Supervisors. The costs of the program are paid by the City’s residential and commercial ratepayers for sewer services.

DETAILS OF PROPOSED LEGISLATION

As shown in Table 1 below, the proposed supplemental appropriation ordinance (1) de-appropriates $16,546,000 in surplus Wastewater Capital Improvement Program (CIP) and SSIP project funds and re-appropriates these funds to the North Shore to Channel Force Main Drainage Improvement Project; and (2) authorizes the PUC General Manager to enter into a reimbursement agreement with Pacific Gas and Electric (PG&E) for PG&E to fully fund trenchless pipeline sewer improvements requested by PG&E.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>De-appropriation</td>
<td>Interim CIP Sewer Repairs</td>
<td>$12,746,000</td>
</tr>
<tr>
<td>2012 Wastewater Bond Fund</td>
<td>SSIP Collection System Improvement</td>
<td>$3,800,000</td>
</tr>
<tr>
<td>2013 Wastewater Commercial Paper</td>
<td></td>
<td>$16,546,000</td>
</tr>
<tr>
<td>Total De-appropriation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-appropriation</td>
<td>North Shore to Channel Force Main Drainage Improvement Project</td>
<td>$16,546,000</td>
</tr>
<tr>
<td>2012 Wastewater Bond Fund</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The North Shore to Channel Force Main Drainage Improvement Project (the Project) will provide an auxiliary sewer force main\(^1\) for a portion of the North Shore to the Channel Force Main, as shown in Exhibit 1 below. PUC initiated the Project due to previous failures of a portion of the North Shore Force Main in 2008 and 2012. As part of the project, PUC is installing approximately 3,000 feet of pipe under City streets and constructing a valve-vault in the sidewalk area on The Embarcadero, between Washington and Broadway Streets.

---

\(^1\) A “force main” is a pressurized main pipe transporting sewage.

SAN FRANCISCO BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

5

544
PUC Construction Contract

PUC entered into a construction contract with KJ Woods Construction in May 2012 through a competitive bid process to construct the North Shore to Channel Force Main Drainage Improvement Project. The original contract was for not-to-exceed $17,036,800 and 553 consecutive calendar days (extending the contract until November 2013). The Public Utilities Commission (Commission) approved a contract modification of $15,324,000 and extension of 466 days in March 2013. Therefore, the existing construction contract is for not-to-exceed $32,360,800 and extends through February 2015.²

According to the PUC staff report to the Commission, the contract increase was necessary to address:

- Unforeseen site conditions, including numerous abandoned concrete slabs, abandoned shoring, abandoned utilities and underground storage tank;
- Design modifications required to avoid existing utilities not previously identified by utility companies, including PG&E; and

² Construction contracts themselves are not subject to Board of Supervisors approval, but funding for the construction contracts are subject to Board of Supervisors appropriation approval.
• Rerouting of traffic and Municipal Railway (Muni) buses.

**Reimbursement Agreement with PG&E**

According to the PUC staff report to the Commission, because PG&E cannot resolve conflicts between the PG&E’s utility lines and the North Shore to Channel Force Main Drainage Improvement Project in a timely manner, PG&E has agreed to pay PUC to redesign a portion of the Project around PG&E’s lines. PUC will enter into a Reimbursement Agreement with PG&E, in which PG&E will pay an estimated $2,700,000, including:

- $2,100,000 to reimburse PUC for PG&E utility line work performed by KJ Woods Construction under their existing contract with PUC; and
- $600,000 to reimburse for PUC staff work for engineering, project management, construction management, and other related staff work.

**Memorandum of Understanding with the San Francisco Municipal Transportation Agency**

The additional Project work under the contract between PUC and KJ Woods Construction requires temporary re-routing of traffic and overhead-wired buses. PUC will modify the existing Memorandum of Understanding (MOU) with the San Francisco Municipal Transportation Agency (SFMTA), in which PUC will pay SFMTA for the costs of re-routing traffic and buses, totaling $3,920,000 as follows:

- $1,420,000 for work performed under the contract between KJ Woods Construction and PUC; and
- $2,500,000 to SFMTA to pay for SFMTA staff time related to the traffic and bus re-routing.

**FISCAL IMPACT**

As noted above, the proposed ordinance would approve (1) the de-appropriation of $16,546,000 in Wastewater CIP and SSIP funds and re-appropriation of these funds to the North Shore to Channel Force Main Drainage Improvement Project; and (2) a reimbursement agreement between PUC and PG&E.

PUC proposes to de-appropriate $16,546,000, as shown in Table 1 above, as follows:

- $12,746,000 for sewer repairs (Interim CIP Sewer Repairs project). According to the PUC, these funds are not necessary and are considered surplus funds because the Interim CIP Program is fully funded and near completion.
- $3,800,000 for the SSIP Collections System Improvement program that was set aside for planning and design work for rehabilitation of the existing North Shore Force Main. According to PUC, the $3,800,000 is no longer needed and is considered surplus funds because the North Shore Force Main planning and design work was addressed when PUC issued emergency contracts funded by Interim CIP funds, rather than SSIP funds, to rehabilitate the existing force main after a recent failure in 2012.

Table 2 below shows the proposed use of $16,546,000, requested by PUC in the supplemental appropriation, and $2,700,000 under the proposed agreement between PUC and PG&E, totaling $19,246,000 for the North Shore to Channel Force Main Drainage Project.
Table 2: Sources and Uses of Funds

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Uses of Funds</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental Appropriation</td>
<td>JK Wood Construction Contract Modification:</td>
<td></td>
</tr>
<tr>
<td>PG&amp;E Reimbursement Agreement</td>
<td>PUC North Force Main Construction</td>
<td>$11,804,000</td>
</tr>
<tr>
<td></td>
<td>SFMTA Traffic and Bus Re-routing</td>
<td>1,420,000</td>
</tr>
<tr>
<td></td>
<td>PG&amp;E Utility</td>
<td>2,100,000</td>
</tr>
<tr>
<td></td>
<td>Subtotal, Contract Modification</td>
<td>$15,324,000</td>
</tr>
<tr>
<td></td>
<td>SFMTA Staff Costs for Traffic and Bus Re-routing</td>
<td>$2,500,000</td>
</tr>
<tr>
<td></td>
<td>PUC Staff Costs Reimbursed by PG&amp;E</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>PUC and Department of Public Works Staff Costs</td>
<td>822,000</td>
</tr>
<tr>
<td></td>
<td>Subtotal, City Department Staff Costs</td>
<td>$3,922,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$19,246,000</td>
</tr>
</tbody>
</table>

City staff costs of $822,000 pay for Department of Public Works construction management and engineering staff and PUC project management and environmental and project control staff.

RECOMMENDATION

Approve the proposed ordinance.
TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Mayor Edwin M. Lee

RE: Re-Appropriation – Expenditures of $16,546,000 – FY2012-2013

DATE: April 23, 2013

Attached for introduction to the Board of Supervisors is the ordinance de-appropriating $16,546,000 in existing Wastewater Capital Improvement Program project budgets and re-appropriating the funds to Wastewater Sewer System Improvement Program (SSIP) budgets adopted by the San Francisco Public Utilities Commission.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.