

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

BUDGET AND FINANCE SUB-COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Malia Cohen, Chair
Budget and Finance Sub-Committee

FROM: Linda Wong, Assistant Clerk

DATE: May 15, 2017

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, May 16, 2017

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, May 16, 2017, at 2:00 p.m. This item was acted upon at the Sub-Committee Meeting on Thursday, May 11, 2017, at 10:00 a.m., by the votes indicated.

Item No. 48 File No. 170411

Ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims settlements, legal expenses and related costs due to the large volume of claims arising from the winter 2016-2017 storms in FY2016-2017.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Vote: Supervisor Malia Cohen - Aye
Supervisor Norman Yee - Aye
Supervisor Katy Tang - Aye

Ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims settlements, legal expenses and related costs due to the large volume of claims arising from the winter 2016-2017 storms in FY2016-2017; and placing \$3,000,000 on Budget and Finance Committee Reserve.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Malia Cohen - Aye
Supervisor Norman Yee - Aye
Supervisor Katy Tang - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Jon Givner, Deputy City Attorney
Alisa Somera, Legislative Deputy Director

File No. 170411

Committee Item No. 6

Board Item No. 48

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date May 4, 2017

Board of Supervisors Meeting

Date May 16, 2017

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" 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"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date May 5, 2017
 Completed by: Linda Wong Date May 15, 2017

FILE NO. 170411

ORDINANCE NO.

RO#17024
SA#40-24

[Appropriation - Wastewater Enterprise General Reserve - Claims Settlements and Related Expenses as a Result of Winter Storms - \$5,000,000 - FY2016-2017]

Ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims settlements, legal expenses and related costs due to the large volume of claims arising from the winter 2016-2017 storms in FY2016-2017; and placing \$3,000,000 on Budget and Finance Committee Reserve.

Note: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font.*
Deletions to Codes are in ~~italics Times New Roman font.~~
Board amendment additions are in double underlined Arial font.
Board amendment deletions are in ~~Arial font.~~
Asterisks (*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outlined below are herein appropriated reflected the funding available for FY2016-2017.

SOURCES Appropriation

Fund	Index Code / Project Code	Subobject	Description	Amount
5CAAAAAA	920109	098GR	DESIGNATED FOR	\$5,000,000
			GENERAL	
			RESERVE	
Total SOURCES Appropriation				\$5,000,000

1 Section 2. The uses of funding outlined below are herein appropriated in Subobject
 2 06P00 (Programmatic Projects - Budget), and reflect the projected uses of funding to pay the
 3 cost for claims settlements, legal expenses, litigation, judgments, and expenses related to
 4 mitigating damage alleged to be caused by Wastewater's operations or facilities for Fiscal Year
 5 2016-17. Additional funding is required in the Wastewater Enterprise budget for such expenses
 6 due to the extraordinary expenses incurred in response to the Winter 2016-17 storms.

7
 8 **USES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
5C AAA ACP –	*CWP5CAAAACP	06P00	Claims Settlements	\$5,000,000
Wastewater Continuing	PWW10301		and related expenses	
Capital Project Fund			as a result of the Winter Storms	
Total USES Appropriation				\$5,000,000

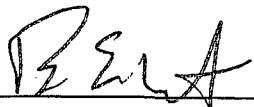
15
 16
 17
 18 Section 3. \$3,000,000 of the appropriation is hereby placed on Budget and Finance
 19 Committee Reserve.

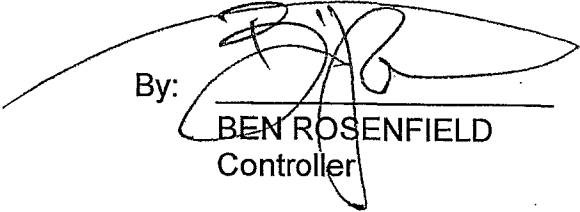
20
 21 Section 34. The Controller is authorized to record transfers between funds and adjust
 22 the accounting treatment of sources and uses appropriated in this ordinance as necessary to
 23 conform to Generally Accepted Accounting Principles.

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

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 
BUCK DELVENTHAL
Deputy City Attorney

By: 
BEN ROSENFELD
Controller

Item 6 File 17-0411	Department: San Francisco Public Utilities Commission (SFPUC)
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EXECUTIVE SUMMARY**Legislative Objectives**

- The proposed ordinance would appropriate \$5,000,000 from the San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise's fund designated for general reserve to pay for additional claims settlements, legal expenses and related costs arising from the 2016-17 winter storms.

Key Points

- The SFPUC Wastewater Enterprise operates a combined storm water and sewer system. This past winters' 2016-17 storms in San Francisco caused flooding and damage to various private properties. Property owners who suffered damage as a result of these storms can file claims against the City for compensation.
- The City Attorney's Office advises that they provided a confidential memorandum to the Board of Supervisors on April 13, 2017 explaining the Wastewater Enterprises' liability exposure from this past winter's storms.
- As of May 1, 2017 the City Attorney had responded to incidents at 23 properties and received 20 claims related to the 2016-17 winter storms. There are additional properties affected by the winter storms, which may result in additional claims. Individuals filing claims have up to six months to file a claim from the time of damage for personal property, and up to one year to file a claim from the time of damage for real property.

Fiscal Impact

- The requested \$5,000,000 amount is based on the total SFPUC expenses and liability exposure related to the 2014 flooding claims. SFPUC's Wastewater Enterprises' FY 2016-17 budgeted \$160,000 for claims have already been fully expended.
- To date, the SFPUC has incurred approximately \$637,000 to mitigate water damage and paid or received claims totaling approximately \$422,000, or a total of \$1,059,000.
- Given that the total amount of claims and related costs are not fully known, the Board of Supervisors should approve the requested \$5 million, making \$2 million immediately available and placing \$3 million on Budget and Finance Committee reserve, pending receipt of a SFPUC report detailing the total actual costs incurred.
- The Wastewater Enterprises' Fund designated for general reserve currently has a balance of \$23.9 million, which would be reduced to \$18.9 million, if the proposed supplemental appropriation of \$5 million is approved.

Recommendations

- Amend the proposed ordinance appropriating \$5 million as requested, placing \$3 million of the requested \$5 million on Budget and Finance Committee reserve.
- Request the SFPUC submit a report to the Budget and Finance Committee of the Board of Supervisors showing the actual costs of the claims, legal expenses and related costs arising from the 2016-17 winter storms.

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise operates a combined storm water and sewer system. The storms during this past 2016-17 winter caused flooding and damage to various private properties. Property owners who suffered damage as a result of these storms filed claims against the City for compensation. These claims are handled by the City Attorney's Office and paid from the operating budget of the SFPUC Wastewater Enterprise. Claims of \$25,000 or more require Board of Supervisors approval.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$5,000,000 from the SFPUC Wastewater Enterprise's fund designated for general reserve to pay for claims settlements, legal expenses and related costs from the claims arising from the winter 2016-17 storms.

The City Attorney's Office advises that they provided a confidential memorandum to the Board of Supervisors on April 13, 2017 explaining the Wastewater Enterprises' liability exposure from this past winter's storms.

As of May 1, 2017, the City Attorney had responded to incidents at 23 properties and received 20 claims related to the 2016-17 winter storms. Ms. Noreen Ambrose of the City Attorney's Office advises that there are additional properties affected by the winter storms, which may result in additional claims. Individuals filing claims have up to six months to file a claim from the time of damage for personal property, and up to one year to file a claim from the time of damage for real property. Litigation can be filed on claims not approved for settlement.

FISCAL IMPACT

The requested appropriation of \$5,000,000 would be used to pay for the additional claims settlements, legal expenses, litigation, judgments and other related expenses arising from the 2016-17 winter storms. The total number and amount of such claims are not yet known. The requested \$5,000,000 amount is based on the total expenses and liability exposure related to the 2014 claims received by the SFPUC related to flooding in San Francisco. According to Mr. Carlos Jacobo, SFPUC Budget Manager, SFPUC's Wastewater Enterprises' FY 2016-17 budgeted amount of \$160,000 for such claims has already been fully expended.

To date, the SFPUC has incurred approximately \$637,000 to immediately mitigate water damage to personal and real property by dispatching approved City vendors to remove water, dry and sanitize interiors to prevent mold and mildew and inventory and document damaged

personal and real property. In addition, the City has paid or received claims totaling approximately \$422,000. Together, these costs reflect a current total of \$1,059,000.

The SFPUC has only incurred total costs of \$1,059,000, although the proposed request is for \$5,000,000. However, as noted above, individuals have up to six months to file a claim from the time of damage to personal property and up to one year to file a claim from the time of damage to real property. Given that the total amount of such claims and related costs are not fully known, the Budget and Legislative Analyst recommends that the Board of Supervisors approve the requested \$5 million, making \$2 million immediately available and placing \$3 million on Budget and Finance Committee reserve. The SFPUC should submit a report to the Budget and Finance Committee of the Board of Supervisors showing the total actual costs of the claims, legal expenses and related costs arising from the 2016-17 winter storms.

The SFPUC Wastewater Enterprises' Fund designated for general reserve is the source of funding for this appropriation. If approved, the requested appropriation of \$5,000,000 would decrease the Wastewater Enterprises' Fund Designated for General Reserve by \$5 million from \$23.9 million to \$18.9 million.

RECOMMENDATIONS

1. Amend the proposed ordinance appropriating \$5 million as requested, placing \$3 million of the requested \$5 million on Budget and Finance Committee reserve.
2. Request the SFPUC submit a report to the Budget and Finance Committee of the Board of Supervisors showing the actual costs of the claims, legal expenses and related costs arising from the 2016-17 winter storms.



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

525 Golden Gate Avenue, 13th Floor
 San Francisco, CA 94102
 T 415.554.3155
 F 415.554.3161
 TTY 415.554.3488

March 30, 2017

The Honorable Edwin M. Lee

The Honorable Board of Supervisors

The Honorable Ben Rosenfield, Controller

Subject: SFPUC – Wastewater Claims Settlements
 Supplemental Appropriation Request \$5,000,000

Ladies and Gentlemen:

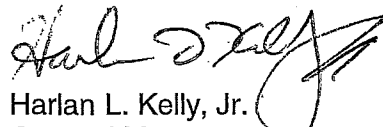
Attached is a completed copy of the Request for Supplemental Appropriation in the amount of \$5,000,000 for claims settlements and legal expenses related to winter storms.

The Wastewater Enterprise regularly budgeted funds to pay claims and related expenses which have been depleted due to the large volume of claims arising from the Winter 2016-17 storms.

The requested funding will allow the SFPUC to pay claims settlements, legal expenses litigation, judgements, and expenses relegated to mitigating damage alleged to be caused by Wastewater's operations or facilities.

Funding for this supplemental request will come from the Wastewater Enterprise's General Reserve.

Regards,


 Harlan L. Kelly, Jr.
 General Manager

Attachments

- Edwin M. Lee**
Mayor
- Anson Moran**
President
- Ike Kwon**
Vice President
- Ann Moller Caen**
Commissioner
- Francesca Victor**
Commissioner
- Vince Courtney**
Commissioner
- Harlan L. Kelly, Jr.**
General Manager



REQUEST FOR SUPPLEMENTAL APPROPRIATION

DEPARTMENT SFPUC DIVISION Wastewater Enterprise DATE 3/30/2017

To the Mayor:

Request is hereby made for supplemental appropriation from the following appropriations(s) or fund(s) in the amount(s) indicated:

APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND	AMOUNT
FD/GROUP FD 5C AAA AAA DEPT-DIV-SEC CWP0101 INDEX 920109 CHAR/SUB-OBJ 098GR	Designated for Reserve	\$5,000,000

to the credit of the following appropriation(s) or fund(s) in the amount(s) indicated:

APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND	AMOUNT REQUESTED	AMOUNT APPROVED MAYOR
FD/GROUP FD 5C AAA ACP DEPT-DIV-SEC CWPAA INDEX *CWP5CAAAACP CHAR/SUB-OBJ 06700 Project PWW103-01	Winter Storms		\$5,000,000

There are no surpluses in any of this department's appropriations available for transfer for the requested purposes(s). Complete detail as to the necessity for THIS appropriation is stated below.

APPLICABLE BOXES MUST BE CHECKED.

- This request includes capital projects (s.o.2020 or 2030); a separate copy has been sent to the Chair, Capital Improvement Advisory Committee
- These funds have not been previously requested.
- These funds were previously requested by: Supplemental Appropriation or Budget Estimate and were reduced or denied by: The Mayor, or The Board of Supervisors.

CERTIFIED AS TO FACTS AND AMOUNTS AS ABOVE STATED, AND RECOMMENDED:

Eric Sandler (Department Head)
Eric Sandler, AGM Business Services & CFO, SFPUC

APPROVED: Harlan L. Kelly, Jr. (C.A.O., Board or Commission)
Harlan L. Kelly, Jr., General Manager, SFPUC

Recorded Controller's Budget Division

By _____ Date _____ Request No. _____

FOR MAYOR'S USE

To the Controller:

The above request meets with my approval, as indicated above. You are hereby requested to prepare the necessary appropriation ordinance.

APPROVED:

Edwin M. Lee
MAYOR

By Edwin M. Lee Date _____

Member, Board of Supervisors
District 10



City and County of San Francisco

MALIA COHEN
馬莉亞郭嫻

DATE: May 11, 2017

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Malia Cohen *MC*

RE: Budget and Finance Committee
COMMITTEE REPORT

RECEIVED
BOARD OF SUPERVISORS
MAY 11 2017 10:18 AM
AK

Pursuant to Board Rule 4.20, as Chair of the Budget and Finance Committee, I have deemed the following matters are of an urgent nature and request they be considered by the full Board on Tuesday, May 16, 2017, as a Committee Report:

170411 [Appropriation - Wastewater Enterprise General Reserve - Claims Settlements and Related Expenses as a Result of Winter Storms - \$5,000,000 - FY2016-2017]

Sponsor: Mayor

Ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims settlements, legal expenses and related costs due to the large volume of claims arising from the winter 2016-2017 storms in FY 2016-2017.

President, District 5
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7630
Fax No. 554-7634
TDD/TTY No. 544-5227

ORIG - Comm
Clerk, BOS-11
Aides, COB, Rep. Files
Dep. City Mgr, Mayors
Office

London Breed

PRESIDENTIAL ACTION

Date: 4/26/2017

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 170411 Mayor
(Primary Sponsor)

Title. Appropriation - Wastewater Enterprise General Reserve - Claims Settlements and Related Expenses as a Result of Winter Storms -

Transferring (Board Rule No 3.3)

File No. _____
(Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2017 APR 26 PM 1:09
BY [Signature]

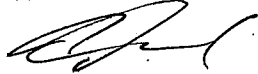
London Breed

London Breed, President
Board of Supervisors

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *For* Mayor Edwin M. Lee 
RE: Appropriation - \$5,000,000 from Wastewater Enterprise General Reserve
for Claims Settlements and related expenses as a result of Winter Storms
- FY2016-2017
DATE: April 11, 2017

Attached for introduction to the Board of Supervisors is an ordinance appropriating \$5,000,000 from Wastewater Enterprise designated for general reserve in the Public Utilities Commission Wastewater Enterprise to pay the claims settlements, legal expenses and related costs due to the large volume of claims arising from the Winter 2016-17 storms in FY2016-2017.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2017 APR 11 PM 1:41
ML



File # 170411
Received in
Committee
5/11/17
J.S.

Services of the San Francisco Public Utilities Commission

Flood Claims - 2017

May 11, 2017

Tommy T. Moala
Wastewater Enterprise

The Mercury News

News > California News

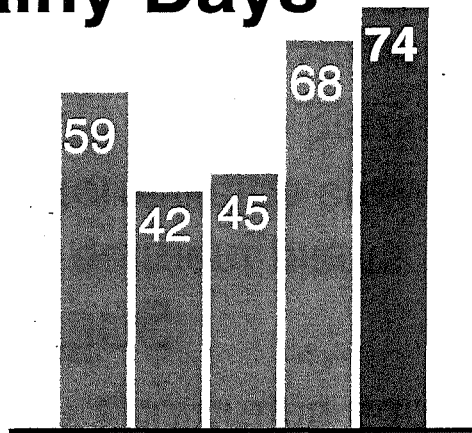
California storms: Wettest water year, so far, in 122 years of records





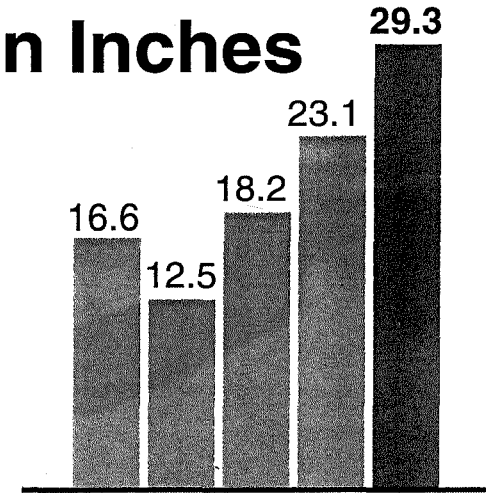
5 Years of Data: Rainfall and Treatment Plants

Rainy Days



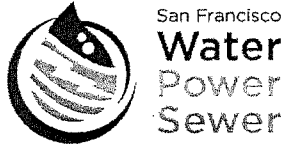
Fiscal Year 12-13 13-14 14-15 15-16 16-17

Rain Inches



Fiscal Year 12-13 13-14 14-15 15-16 16-17

	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
SEP in Wet Weather Mode	3,807 MG	3,014	3,656	4,822	7,725
SEP @ Capacity	155 hours	140 hours	189 hours	248 hours	343 hours
OSP in Wet Weather Mode	571	408	499	763	1,026
NPF Online	1,847	776	953	1,360	3,152



Storm Preparation & Response for Collection System

- Sewer inspections
- Catch basin cleaning
 - Goal: clean 5,000 per year (2015 & 2016: nearly 15,000 cleaned)
 - Prior to storms in flood-vulnerable areas
 - >1,500 drains adopted
- Staffing
 - Treatment plants
 - StormWatch crews
 - 17th/Folsom barriers
- Sandbag deliveries
 - 1245 delivered in 2017
- 311 response





2017 Storm Summary

- Combined system has performed very well in 2017
- 2 intense short-duration rain bursts exceeded system capacity on January 20 and March 4
 - Far more rain than predicted
 - Intense rain cells with flooding lasting 10-20 minutes
 - Very localized flooding hit some neighborhoods and spared others
- Best available forecasts could not predict them
- System handled the intense rainfall well, with relatively few properties affected, unlike flooding impacts statewide
- Even if we had a perfect forecast, it's not possible to manage all of the stormwater in such intense storms



Legislation

- Asking Committee to approve:
 - Ordinance appropriating funding to pay the claims settlements, legal expenses and related costs due to this year's storms.
- We have reviewed the BLA report and agree with the analyst's recommendations.
- Questions?