SFPUC
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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Office of the General Manager
1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-1600 • Fax (415) 554-3161

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September 20, 2010

The Honorable Assembly Member Alyson L. Huber, Chair
The Honorable Senator Roy Ashburn, Vice Chair
California State Assembly
Joint Legislative Audit Committee
1020 N. Street, Room 107
Sacramento, CA 95814

The Honorable Mark Church, Chairman
California Seismic Safety Commission
1755 Creekside Oaks Drive, Suite 100
Sacramento, CA 95833

Dr. Mark Horton, M.D., MSPH, Director
California Department of Public Health
P.O. Box 997377, MS 0500
Sacramento, CA 95899-7377

Subject: San Francisco Public Utilities Commission (SFPUC)
Fiscal Year 2009-2010 Annual Report
Water System Improvement Program (WSIP)

Dear Assembly Member Huber, Senator Ashburn, Supervisor Church, and Dr. Horton:

In accordance with Section 73502(c) of the California Water Code, the Francisco Public Utilities Commission (SFPUC) on September 1, 2010 submitted the Annual Report describing progress made on the implementation of the Water System Improvement Program (WSIP) during Fiscal Year (FY) 2009-2010.

On September 17, 2010 the SFPUC issued a revised report which included a new section (Section 5) that outlines a recovery plan or schedule for the adoption of a revised schedule for all project currently identified as being behind schedule. Unfortunately, typographical errors were found in that revised version of the report that the SFPUC wishes to correct.

Attached is the latest revised version of our FY 2009-2010 WSIP Annual Report. We ask that you please discard the two earlier versions of the report dated September 1, 2010 and September 17, 2010 and replace them with the enclosed version dated September 20, 2010. We apologize for the inconvenience these multiple submittals may have caused.

The WSIP is a multi-billion dollar, multi-year program to upgrade the SFPUC's Regional and Local Water Systems. The program will deliver capital improvements that enhance the SFPUC's ability to provide reliable, affordable, high quality drinking water to its 26 wholesale customers and regional retail customers in Alameda, Santa Clara and San Mateo Counties, and to 800,000

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retail customers in the City and County of San Francisco, in an environmentally sustainable manner. The proposed WSIP is structured to cost-effectively meet water quality requirements, improve seismic and delivery reliability through the year 2030, and meet water supply objectives until the year 2018.

This report addresses progress made on meeting program Level of Service (LOS) goals and objectives, and implementation of specific improvement projects for the SFPUC Regional Water System. Section 1 of the report describes major program-level accomplishments, whereas Section 2 focuses on project-level accomplishments in the various WSIP regions. The last two sections of the report document formal actions and financial aspects associated with the WSIP.

Significant progress was made on the implementation of the WSIP during FY 2009-2010, especially in the areas of environmental review/permitting and engineering design. Project-specific environmental impact reports (EIRs) were certified for 5 of the largest and most critical projects in the WSIP and the design documents of 10 projects were completed. Achieving these key milestones has allowed the program as a whole to transition from pre-construction to construction. To further illustrate this progress, the program's environmental and design phases are now 81% and 90% complete, respectively.

As of the end of the fiscal year, 2 regional projects are in planning; 7 in design; 3 in bid & award; 14 in construction; 5 in closeout; 5 in multiple phases; and 10 regional projects are completed. The total value of the 14 projects currently in construction and the 15 projects that have completed construction is $1.3 billion and $183 million, respectively. The 3 projects in bid and award, which are only months away from beginning construction, have a total value of $553 million.

During FY 2009-2010, the SFPUC awarded 11 regional project construction contracts totaling $679 million. These 11 contracts will generate approximately 1,600 new jobs here in California and approximately 2.4 million work hours in various trades.

With the program's greatest project value now in the construction phase, the focus of the WSIP has shifted to the construction activities taking place in the field. The construction completion percentage more than doubled in FY 2009-2010 and is expected to increase more significantly during FY 2010-2011. The program's completion date remains at December 2015, with all but 4 projects completing construction prior to 2015.

Please do not hesitate to contact me at (415) 554-1600 if you have questions or need additional information.

Sincerely,

Ed Harrington
General Manager
San Francisco Public Utilities Commission

Attachment: WSIP Annual Report

cc: (w/ attachment)

The Honorable F. X. Crowley - President, SFPUC Commission

The Honorable Francesca Vietor – Vice President, SFPUC Commission

The Honorable Ann Moller Caen - Commissioner, SFPUC Commission

The Honorable Juliet Ellis - Commissioner, SFPUC Commission

The Honorable Anson B. Moran - Commissioner, SFPUC Commission

Arthur Jensen - Chief Executive Officer and General Manager, BAWSCA

Richard J. McCarthy - Executive Director, California Seismic Safety Commission

Rufus B. Howell - Deputy Director, Center for Environmental Health, California Department of Public Health

Betty Graham - San Francisco District Engineer, Drinking Water Field Operations Branch, California Department of Public Health

(w/o attachment)

John Fannon - Chair, BAWSCA

Barbara Pierce - Vice Chair, BAWSCA

Member Agencies - BAWSCA