February 20, 2013

The Honorable Michael Gardner, Chairman  
California Seismic Safety Commission  
1755 Creekside Oaks Drive, Suite 100  
Sacramento, CA 95833-3637

Dr. Ron Chapman, MD, MPH, Director  
California Department of Public Health  
P.O. Box 997377, MS 0500  
Sacramento, CA 95899-7377

Subject: Wholesale Regional Water System Security and Reliability Act  
Notice of Changes to Water System Improvement Program

Dear Commissioner Gardner and Dr. Chapman:

Pursuant to the reporting requirements of the Wholesale Regional Water System Security and Reliability Act, the San Francisco Public Utilities Commission (SFPUC) respectfully submits this Change Notice, describing changes adopted by the SFPUC Commission (Commission) on January 22, 2013 to the schedule of the Calaveras Dam Replacement project, which is being implemented as part of the Water System Improvement Program (WSIP).

The SFPUC continues to make significant progress towards completion of the WSIP. The program as a whole is now nearly 75 percent complete. Construction of 59 of the program’s 82 projects has been completed and 18 projects with a total value of $2.77 billion are currently in construction. Two of the five projects remaining in pre-construction are support projects that do not directly contribute to the level of service (LOS) goals established for the program. One of the WSIP’s most significant milestones was achieved on January 11, 2013 when the tunnel boring machine excavating the 5-mile Bay Tunnel (first tunnel under San Francisco Bay) reached the receiving shaft, thereby reducing the risks remaining on the overall program significantly.

On December 21, 2012, the SFPUC notified the Bay Area Water Supply & Conservation Agency (BAWSCA) that the Commission would be considering changes to the WSIP at a public hearing on January 22, 2013. We also asked BAWSCA to forward the notification to the 26 wholesale agencies it represents and as requested, BAWSCA confirmed the notification was forwarded. This notification was made to comply with the change notice requirements of the Wholesale Regional Water System Security and Reliability Act. In addition, the Notice of Public Hearing and all supporting documents submitted to BAWSCA were posted on the SFPUC Website. A copy of the notice is attached to this letter.
On January 22, 2013, following a 30-day review period, the Commission adopted a revised project schedule and budget for the Calaveras Dam Replacement Project (CDRP). Attached is a copy of a January 16, 2013 letter by BAWSCA which provides comments on these latest WSIP revisions. It should be noted that all of the recommendations in the BAWSCA letter were adopted as part of the resolution approved by the Commission. The revisions to the CDRP were the only changes to the WSIP considered by the Commission on January 22, 2013. The approved schedule and budget for all other projects remain the same. Also, no scope revisions were made to WSIP projects and no projects were deleted or added to the program as part of these latest revisions approved by the Commission.

The schedule and budget revisions to the CDRP are significant as described in the attached SFPUC Agenda Item. The unexpected geologic conditions that resulted in those revisions were described briefly in the last WSIP Annual Report sent to the California Department of Public Health (CDPH) and California Seismic Safety Commission (CSSC) on September 1, 2012. A more thorough description of the conditions discovered at the CDRP site and their potential impacts on the project was also provided in the Q1/FY12-13 WSIP Quarterly Report, which was made available to the CDPH and CSSC. To assist the State with their review of the revisions to the CDRP, we have also attached two extensive technical memoranda to this letter. The first memorandum outlines the program of geotechnical investigation prior to construction and the Project Team’s response to the unexpected geologic conditions once they were discovered in the field. The second memorandum provides the rationale for two critical decisions – the revised design to address the unexpected geologic conditions and the level of schedule acceleration to be implemented.

Because the delivery of the CDRP controls the overall schedule of the WSIP, the 25-month delay on that project will extend the WSIP completion date by the same amount of time. However, in an effort to save costs, we will discontinue all program-level resources as planned in July 2016 and complete the CDRP as a stand-alone project using the resources allocated to that project. The general impacts of the 25-month delay on public safety and public health are described in a separate memorandum attached to this letter.

As described in the attached SFPUC Agenda Item for the January 13, 2013 Commission meeting, additional changes to the CDRP and other WSIP projects are anticipated in the next few months. The WSIP Management Team just initiated a comprehensive assessment of the program implementation through completion. That assessment will culminate with proposed schedule and budget revisions to be considered for adoption by our Commission on April 23, 2013. Another Notice of Changes to WSIP will therefore be sent to the State in late May or early June 2013. Because this forthcoming notice will include refinements to the changes on the CDRP addressed under this notice, as well as changes on other projects, the State may want to consider combining the review of both notices to maximize efficiency.

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

Sincerely,

Harlan L. Kelly, Jr.
General Manager
Attachments:
Notice of Public Hearing issued on December 21, 2012
January 16, 2013 letter from BAWSCA (Comments on Proposed Budget and Schedule Revisions to the Water System Improvement Program)
Agenda Item No. 11 for January 13, 2013 SFPUC public meeting (including SFPUC Resolution No. 12-0099)
November 7, 2012 memorandum from SFPUC (WSIP Calaveras Dam Replacement Project - Response to Commission Questions Regarding Unexpected Geologic Conditions in Observation Hill)
November 5, 2012 memorandum from SFPUC (CUW37401 – Calaveras Dam Replacement Project - Rationale for Directing Contractor to Implement Full Slope Layback of Observation Hill and Proceed with Revised Construction Schedule that Adds 25 Months to Project Schedule)
February 20, 2013 memorandum from SFPUC staff to Commission (CDRP - System Impacts of 25-Month Project Delay)

c: (w/ attachment)
Arthur Jensen - Chief Executive Officer and General Manager, BAWSCA
Bruce Burton - Chief of Northern California Drinking Water Field Operations Branch, 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
Richard (Dick) McCarthy - Executive Director, California Seismic Safety Commission
Fred Turner - Structural Engineer, California Seismic Safety Commission

c: (w/o attachment)
The Honorable Art Torres - President, SFPUC Commission
The Honorable Vince Courtney - Vice President, SFPUC Commission
The Honorable Ann Moller Caen - Commissioner, SFPUC Commission
The Honorable Francesca Vietor - Commissioner, SFPUC Commission
The Honorable Anson B. Moran - Commissioner, SFPUC Commission
Assembly Member Ricardo Lara, Chair
California State Assembly - Joint Legislative Audit Committee
Senator Robert Dutton, Vice-Chair
California State Senate - Joint Legislative Audit Committee
Stefan Cajina, Chief of North Coastal Region, Drinking Water Field Operations Branch, California Department of Public Health
Irene O'Connell - Chair, BAWSCA
Randy Breault - Vice-Chair, BAWSCA
BAWSCA Member Agencies (distributed by BAWSCA)