

SFGate.com www.sfgate.com [Return to regular view](#)

SAN FRANCISCO

Hetch Hetchy project may be done early

- [Katia Hetter, Chronicle Staff Writer](#)

Wednesday, August 25, 2004

The San Francisco Public Utilities Commission's rebuild and expansion of the Sierra-fed Hetch Hetchy waterworks may be completed two years ahead of schedule in 2014, but the \$3.6 billion project could cost an additional \$194 million to complete, according to a state-mandated report released Tuesday.

Agency deputy manager Harlan Kelly, whose office issued the report, said the increased cost estimates are still very preliminary, but the report cites increased planning, engineering, construction and soil disposal costs on specific projects.

New commission General Manager Susan Leal, who resigned as San Francisco treasurer Monday and took over the long-troubled water, power and sewer agency Tuesday morning, said she wasn't surprised by the increases.

"I think there is going to be some refinement of the cost estimates, but it's no surprise, that on the second anniversary of the project going forward, that costs are going up," said Leal, attending her first commission hearing Tuesday.

Mayor Gavin Newsom selected Leal to replace Pat Martel, who was appointed by then-mayor Willie Brown in 2001 to lead the rebuild.

Leal, who has set up a transition team of people inside and outside the agency, promised personnel and organizational changes.

Her appointment comes at a critical time for an agency that has faced criticism from state lawmakers who have threatened to take over the system and from suburban customers who have questioned San Francisco's stewardship of the regionally vital Hetch Hetchy system.

The commission has been criticized for allowing the city to raid \$600 million in agency revenue over the past two decades while the water system fell into disrepair.

San Francisco built the 160-mile system in the early 1900s running from the Sierra Nevada to the Bay Area, and its aging pipelines and tunnels, reservoirs and dams need to be upgraded to meet seismic, building and health codes. The system has been left vulnerable to breaks and collapse that could cut water supplies to the region for up to two months, according to a city consultant's report.

"We need to learn where we need some organizational change and where we need some management changes," Leal said. "There are a lot of very outstanding employees at the PUC, but have they had management to be their most productive?"

The agency provides water to 2.4 million customers in San Francisco, Alameda, Santa Clara and San Mateo counties. It also runs San Francisco's sewer system and supplies electricity to city agencies.

Two years ago, San Francisco voters approved a \$1.6 billion bond to pay for the city's share of the upgrades, while suburban customers agreed to pay the remaining \$2 billion cost.

Search for Bay Area homes on the MLS.



City
San Francisco ▼

Bed/Bath
3Bd 2Ba ▼

Sq. Ft.
1200 ▼



We give you 20% of our commission.

The upgrade will more than double the monthly bills of suburban users of the system to about \$71. San Francisco customers' bills will almost triple to about \$43.

Arthur Jensen, head of the group representing suburban water agencies, said the agency has been responsive to his members' concerns. But he said he will be watching to make sure the commission sticks to its own upgrade schedule.

"If they're late, we'll tell them," said Jensen, general manager of the Bay Area Water Supply and Conservation Agency, which represents the suburban cities and water districts in San Mateo, Santa Clara and Alameda counties that purchase water from the PUC.

State and local laws now regulate the utility. A state law mandates annual progress reports by the city on the upgrade and a first-ever state Department of Health Services audit of maintenance on Hetch Hetchy. One recent measure approved by voters created a citizen oversight panel to monitor commission spending while another makes it harder for the Board of Supervisors to shift commission funds to other city programs.

The commission staff will host a special four-hour meeting Sept. 9 to brief commissioners and the public on the report, including the schedule and the overall environmental impact report for the project.

The agency will welcome public comment on the report and the capital improvement program at its regular Sept. 28 meeting, where the commission expected to approve the report.

The report is available online at www.sfwater.org.

E-mail Katia Hetter at khetter@sfnchronicle.com.

Page B - 4

URL: <http://sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2004/08/25/BAGBB8DVEQ1.DTL>

[©2004 San Francisco Chronicle](#) | [Feedback](#) | [FAQ](#)