

**CALENDAR ITEM  
C33**

A 20,21  
S 10,11

02/01/10  
W 25137  
J. Smith

**GENERAL LEASE - PUBLIC AGENCY USE**

**APPLICANT:**

City and County of San Francisco  
c/o San Francisco Public Utilities Commission  
1145 Market Street, 5<sup>th</sup> Floor  
San Francisco, California 94103

**AREA, LAND TYPE, AND LOCATION:**

Sovereign lands in San Francisco Bay, between the city of Newark in Alameda County and the city of Menlo Park in San Mateo County.

**AUTHORIZED USE:**

Excavation, construction, use, and maintenance of a 108-inch internal diameter water pipeline located within a 16-foot diameter concrete tunnel.

**LEASE TERM:**

25 years, beginning March 1, 2010.

**CONSIDERATION:**

The public use and benefit; with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest.

**SPECIFIC LEASE PROVISIONS:**

The lease will contain specific provisions addressing the Commission's engineering requirements.

**OTHER PERTINENT INFORMATION:**

1. Applicant owns and has a right to use the uplands adjoining the lease premises.
2. The City and County of San Francisco, through the San Francisco Public Utilities Commission (SFPUC), owns and operates the Hetch Hetchy Water System, a regional water system extending from the Sierra Nevada

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to San Francisco that delivers drinking water to approximately 2.5 million Bay Area residents. The water travels from the Hetch Hetchy Reservoir in Yosemite National Park across the state through a series of pipelines and tunnels. The water is delivered to the Bay Area through four large underground pipes known as the Bay Division Pipelines. The pipelines carry drinking water for customers in Alameda, Santa Clara, San Mateo and San Francisco Counties. A portion of Bay Division Pipelines (BDPLs) 1 and 2, built in the 1920s and 1930s, travel across San Francisco Bay between Fremont and Redwood City. BDPLs 3 and 4, built in 1952 and 1973, travel south around San Francisco Bay through the Silicon Valley, connecting with BDPLs 1 and 2 on the Peninsula. BDPLs 1 and 2 are not presently under lease and are the subject of a separate application submitted by the SFPUC that will be scheduled for consideration by the Commission at a future meeting.

3. Due to increasing water purchase requests and the need to upgrade the system, in 2005, the SFPUC established the Water System Improvement Program (WSIP). A component of the WSIP is the implementation of the Bay Division Pipeline Reliability Upgrade Project (Project). The primary goals of the Project are to increase the ability of the system to withstand major seismic events and prolonged droughts, to provide backup when other pipelines are shut off for repairs and maintenance, and to meet future water purchase requests through the year 2030.
4. The SFPUC has submitted an application to construct and maintain a new water pipeline (BDPL 5). The total length of the new pipeline running between the East Bay (Newark) and the San Francisco Peninsula (Menlo Park) is approximately 21 miles, including a five-mile segment that will be housed in a tunnel under San Francisco Bay (Bay Tunnel). The Bay Tunnel will be approximately 16 feet in diameter and will be constructed with a tunnel boring machine between two shafts, one in Menlo Park and the other in Newark. The tunnel will be bored at a depth of between 70 and 103 feet below San Francisco Bay bottom sediments. Upon completion of the concrete lined Bay Tunnel, a 108-inch internal diameter water pipeline will be installed. Construction of BDPL 5 is expected to take five years to complete.
5. The construction of the Bay Tunnel will avoid impacts to environmentally sensitive wetlands located within the Don Edwards National Wildlife Refuge. In addition, there will be no disruption of the public's use and enjoyment of San Francisco Bay.

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6. For the first five years after construction of BDPL 5, BDPLs 1 and 2 will remain functional as a backup. Thereafter, the SFPUC intends to abandon the pipelines in place. As mentioned above, the disposition of these pipelines will be subject to Commission consideration at a future meeting.
7. Any contaminated soil removed during construction will be disposed of at an approved hazardous-waste disposal facility. Suitable spoil material may be used as landfill or for use in conjunction with the South Bay Salt Pond Restoration Project.
8. An EIR (SCH #2006062002) was prepared for this project by the San Francisco Public Utilities Commission and certified on July 14, 2009. The Commission staff has reviewed such document and Mitigation Monitoring Program adopted by the lead agency.

Findings made in conformance with State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are contained on file in the Sacramento Office of the Commission.

A Statement of Overriding Considerations made in conformance with State CEQA Guidelines (Title 14, California Code of Regulations, section 15093) is contained on file in the Sacramento Office of the Commission.

9. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through CEQA review process, it is the staff's opinion that the project, as proposed is consistent with its use classification.

**APPROVALS OBTAINED:**

U.S. Army Corps of Engineers

**FURTHER APPROVALS REQUIRED:**

U.S. Fish and Wildlife Service  
Bay Area Air Quality Management District  
Department of Fish and Game  
San Francisco Bay Regional Water Quality Control Board  
San Francisco Bay Conservation and Development Commission  
State Water Resources Control Board

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**EXHIBITS:**

- A. Location and Site Map
- B. Land Description

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

Find that an EIR (SCH #2006062002) was prepared for this project by the San Francisco Public Utilities Commission and certified on July 14, 2009, and that the Commission has reviewed and considered the information contained therein.

Adopt the Findings made in conformance with Title 14, California Code of Regulations, Sections 15091 and 15096(h), as contained on file in the Sacramento Office of the Commission.

Adopt the Mitigation Monitoring Program, as contained on file in the Sacramento Office of the Commission.

Adopt the Statement of Overriding Considerations made in conformance with Title 14, California Code of Regulations, Section 15093, as contained on file in the Sacramento Office of the Commission.

**SIGNIFICANT LANDS INVENTORY FINDING:**

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code Sections 6370, et seq.

**AUTHORIZATION:**

Authorize issuance of a General Lease – Public Agency Use to the City and County of San Francisco, through the San Francisco Public Utilities Commission, beginning March 1, 2010, for a term of 25 years, for excavation, construction, use and maintenance of a 108-inch internal diameter water pipeline located within a 16-foot diameter concrete tunnel as shown on Exhibit A (for reference purposes only) and described on Exhibit B, attached and by this reference made a part hereof; consideration is the public use and benefit; with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest.

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Authorize the Executive Officer or his designee to enter into an agreement with project applicant to recover costs incurred in the consideration of this project.