

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Harlan Kelly, Jr., General Manager, Public Utilities Commission  
Ben Rosenfield, City Controller, Office of the Controller  
Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Jon Givner, Deputy City Attorney, Office of the City Attorney

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee

DATE: October 4, 2017

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation:

**File No. 171010**

**Ordinance amending Ordinance No. 112-16, as amended by Ordinance No. 154-17, to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$286,730,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including in addition to the purposes heretofore approved, certain Bioregional Habitat Restoration costs (as described below) pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002, as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the Commission to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Office of the Controller  
Michelle Allersma, Office of the Controller  
Juliet Ellis, Public Utilities Commission  
Amanda Kahn Fried, Treasurer, Office of the Treasurer and Tax Collector

1 [Ordinance Amendment - Increasing the Public Utilities Commission Water Revenue Bond  
2 Issuance - Not to Exceed \$286,730,430]

3 **Ordinance amending Ordinance No. 112-16, as amended by Ordinance No. 154-17, to**  
4 **authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue**  
5 **Bonds and other forms of indebtedness (as described below) by the San Francisco**  
6 **Public Utilities Commission (Commission) in an aggregate principal amount not to**  
7 **exceed \$286,730,430 to finance the costs of various capital water projects benefitting**  
8 **the Water Enterprise, including in addition to the purposes heretofore approved,**  
9 **certain Bioregional Habitat Restoration costs (as described below) pursuant to**  
10 **amendments to the Charter of the City and County of San Francisco enacted by the**  
11 **voters on November 5, 2002, as Proposition E; authorizing the issuance of Water**  
12 **Revenue Refunding Bonds; declaring the Official Intent of the Commission to**  
13 **reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms**  
14 **of indebtedness; and ratifying previous actions taken in connection therewith.**

15 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.  
16 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
17 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
18 **Board amendment additions** are in double-underlined Arial font.  
19 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
20 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
21 subsections or parts of tables.

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

23 Section 1. Findings. The Board of Supervisors (the "Board") of the City hereby finds  
24 and declares as follows:

25 A. On November 5, 2002, the voters of the City and County of San Francisco (the  
"City") approved Proposition E ("Proposition E"), which among other things, authorized the

1 San Francisco Public Utilities Commission (the "Commission") to issue revenue bonds,  
2 including notes, commercial paper or other forms of indebtedness, when authorized by  
3 ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of  
4 reconstructing, replacing, expanding, repairing or improving water facilities or clean water  
5 facilities or combinations of water and clean water facilities under the jurisdiction of the  
6 Commission; and

7 B. The Commission adopted the Amended and Restated Indenture dated as of  
8 January 1, 2002, as further amended and supplemented from time to time (the "Indenture"),  
9 between the Commission and U. S. Bank National Association and in connection therewith,  
10 has from time to time issued revenue bonds to finance projects benefitting the Water  
11 Enterprise; and

12 C. This Board adopted Ordinance No. 112-16 to authorize the issuance of not to  
13 exceed \$264,997,468 of the Commission's Water Revenue Bonds and other forms of  
14 indebtedness (including SRF Loans, as defined therein) (the "Initial Ordinance") to finance the  
15 costs of various capital projects benefitting the Water Enterprise (the "Capital Improvement  
16 Projects" such projects being more fully described in the Commission Resolution 16-0035):  
17 and

18 D. In order to finance the costs of the purchase of property located at 1657-1663  
19 Rollins Road, Burlingame, California (the "Rollins Road Property") that served as the primary  
20 work location for SFPUC staff from Water Quality Division, the Natural Resources & Land  
21 Management Division, and the Water Supply & Treatment Division, the Board amended the  
22 Initial Ordinance and adopted Ordinance No. 154-17 to increase the bonding authorization by  
23 \$9,132,962 to provide funds to acquire the Rollins Road Property; and

24 E. In order to comply with federal and state permit requirements to compensate for  
25 impacts to a broad range of habitats and special-status species associated primarily with the

1 Calaveras Dam Replacement Project, the Lower Crystal Springs Dam Improvement Project,  
2 the Crystal Springs/ San Andreas Transmission Upgrade Project, and the Bay Division  
3 Pipeline No. 5 Project, the SFPUC is required, among other things, to undertake activities  
4 required by the Bioregional Habitat Restoration (BHR) program.

5 F. In order to finance costs related to the BHR program, the Board has determined  
6 to increase the bonding authorization of the Initial Ordinance, as amended, by \$12,600,000 to  
7 provide funds for constructing wetlands, removing non-native species, and planting native  
8 species on watershed lands owned by the SFPUC ("BHR Costs").

9 Section 2. Authorization to Issue Water Revenue Bonds and other forms of  
10 indebtedness. The Board hereby amends the Ordinance No. 112-16, as amended by  
11 Ordinance 154-17, to increase the authorization of the issuance and sale of Water Revenue  
12 Bonds in one or more series from time to time by the Commission pursuant to Proposition E  
13 and in accordance with the Commission Resolution, and the execution and delivery of SRF  
14 Loan agreements, in an aggregate principal amount not to exceed \$286,730,430 (inclusive of  
15 financing costs), at a maximum rate or rates of interest of not to exceed twelve percent (12%)  
16 per annum to finance a portion of the costs of the design, acquisition and construction of the  
17 Capital Improvement Projects, including in addition to the purposes heretofore approved, the  
18 BHR Costs. All other terms and conditions of Ordinance No. 112-16, as amended by  
19 Ordinance 154-17, are hereby incorporated by reference as if set forth in full herein, and  
20 except as amended by the terms of this Ordinance remain in full force and effect.

21 Section 3. General Authority. The Controller, Treasurer, the City Attorney and other  
22 officers of the City and their duly authorized deputies and agents are hereby authorized and  
23 directed, jointly and severally, to take such actions and to execute and deliver such  
24 certificates, agreements, requests or other documents, as they may deem necessary or  
25 desirable to facilitate the issuance, sale and delivery of the Water Revenue Bonds, Refunding

1 Bonds, to obtain bond insurance or other credit enhancements with respect to such  
2 obligations, to obtain surety, to obtain title and other insurance with respect to the facilities to  
3 be financed, and otherwise to carry out the provisions of this Ordinance. The Commission is  
4 hereby directed to provide the final form to the Clerk of the Board of any disclosure document  
5 prepared in connection with the execution of any Water Revenue Bonds or Refunding Bonds,  
6 and the final executed Installment Sale Agreement or other document reflecting the  
7 incurrence of an SRF Loan, within 30 days of the closing of such transactions.

8 Section 4. Ratification of Prior Actions. All actions authorized and directed by this  
9 Ordinance in connection with the issuance of the Water Revenue Bonds or other forms of  
10 indebtedness (including SRF Loans), Refunding Bonds, and heretofore taken are hereby  
11 ratified, approved and confirmed by this Board.

12 Section 5. File Documents. All documents referred to as on file with the Clerk of the  
13 Board are in File Nos. 160472.

14 Section 6. Effective Date. Pursuant to Charter Section 8B.124, this Ordinance shall  
15 take effect thirty (30) days after its adoption.

16  
17 APPROVED AS TO FORM:  
18 DENNIS J. HERRERA, City Attorney

19  
20 By:

  
21 Mark D. Blake  
22 Deputy City Attorney

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